



August 24, 2017

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

- Sub.: 1. Proceedings of the Tenth Annual General Meeting of Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) (“the Company”) held on August 23, 2017.**
- 2. Annual Report of the Company for the Financial Year 2016-17 duly approved by the Members.**

Ref.: Regulations 30 & 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)
[Scrip Code: BSE - 535755; NSE - ABFRL]

Dear Sirs,

The Tenth Annual General Meeting of the Company was held on August 23, 2017 at 3:00 p.m. at Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400028, Maharashtra, India (“*said AGM*”).

In terms of the provisions of the Companies Act, 2013 read with the Rules made thereunder and provisions of the SEBI Listing Regulations, the Company had provided the E-voting facility to the Members whereby they could cast their votes from place other than the venue of the said AGM i.e. Remote E-voting or at the venue of the said AGM.

The following items, forming part of the Notice for the said AGM, were considered by the Members through Remote E-voting and E-voting at the said AGM:-

Item No.	Resolution	Type of Resolution	Method of Voting	Result
1	Adoption of Audited Financial Statements	Ordinary	Remote E-voting and E-voting at the AGM	Passed with requisite Majority
2	Appointment of Director	Ordinary		
3	Ratification of appointment of Statutory Auditors	Ordinary		
4	Appointment of Mr. Sanjeeb Chaudhuri as an Independent Director	Ordinary		
5	Issuance of Non-Convertible Debentures of the Company for an amount of upto ₹ 1,250 Crore, on private placement basis	Special		

Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited)

701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village, Andheri East,
Mumbai, Maharashtra-400059, India

CIN L18101MH2007PLC233901
Tel. +91 86529 05000
Fax +91 86529 05400

Website www.abfrl.com
E-mail abfrl@adityabirla.com





Item No.	Resolution	Type of Resolution	Method of Voting	Result
6	Introduction of the "Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017"	Special	Remote E-voting and	Passed with requisite Majority
7	Extension of benefits of the "Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017" to the Employees of Holding and the Subsidiary Companies of the Company	Special	E-voting at the AGM	

Mr. Dilip Bharadiya, Proprietor of M/s. Dilip Bharadiya & Associates, Company Secretaries was appointed as the Scrutinizer to scrutinize the entire E-voting process (i.e. Remote E-voting and E-voting at the said AGM).

Results of the voting will be intimated to you separately alongwith the report of the Scrutinizer.

Further, please note that, a copy of the Annual Report of the Company for Financial Year 2016-2017, duly approved and adopted by the Members at the said AGM as per the provisions of the Companies Act, 2013, is enclosed herewith in terms of the provisions of Regulation 34(1) of the SEBI Listing Regulations.

The above is for your information and record.

Thanking You,
For Aditya Birla Fashion and Retail Limited

Geetika Anand

Asst. Vice President & Company Secretary



CC:

Central Depository Services (India) Ltd.
16th & 17th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400 023.

National Securities Depository Ltd.
Tradeworld , 4th & 5th Floors,
Kamala Mills Compound,
Lower Parel, Mumbai - 400 013.

Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited)

701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village, Andheri East,
Mumbai, Maharashtra-400059, India

CIN L18101MH2007PLC233901
Tel. +91 86529 05000
Fax +91 86529 05400

Website www.abfrl.com
E-mail abfrl@adityabirla.com



ANNUAL REPORT
2016-17
ADITYA BIRLA FASHION AND RETAIL LIMITED



BIG ON MILESTONES



Mr. Aditya Vikram Birla

We live by his values.
Integrity, Commitment, Passion, Seamlessness and Speed.



Dear Shareholder,

Global Economy

The global economy continued to be subdued in 2016. The slowdown in the advanced economies of the West adversely impacted growth levels, resulting in the slowing of the world economic growth to 3.1% from 3.4% in the earlier year. The growth in emerging markets and developing economies was encouraging. However, China and India experienced a deceleration. Financial markets reflected a broad uptrend, notwithstanding Brexit and the rate hikes by the US Fed.

Recent data reveals that the global economy is gaining momentum. PMIs (Purchasing Managers' Indexes), accelerating trade flows and better business and consumer confidence are the key pointers. The IMF has projected global growth to notch up to 3.5% in 2017 from 3.1% last year. Growth in the advanced economies is estimated at 2%, with US growth at 2.3%, the Euro area at 1.7% and Japan at 1.2%. Growth in the emerging markets is pegged at 4.5%, driven largely by China, India and the ASEAN region. Latin America is expected to grow only 1.1%, affected by the weak trend in Brazil.

Indian Economy

India is on a roll. There is a buzz about India, as it blazes forth as the fastest growing economy in the world at 7.1%. The trade deficit in 2016-17 was USD 106 billion, lower by 11% over the previous year. The current account deficit has been significantly pared. India's foreign exchange reserves as at March end 2017 were USD 370 billion. Investors are bullish. Foreign investment flows, which were at over USD 60 billion in FY-17 are scaling new records. Markets are buoyant. Stock index is at a historic peak. India's global ranking has jumped up in competitiveness and on the innovation index.

The various initiatives and reforms of the Modi Government have built the platform for a quantum leap ahead. High impact national projects, coming to grips with structural issues, which were holding back the country's progress, innovative approaches in policy making – have collectively contributed in driving India on a high growth trajectory. Going forward, the abiding sense is one of immense optimism and confidence in the future with the nation slated to grow at 7.5% to 8%. India's narrative is unmatched.

That said, if there is one subject that needs greater attention on the government's radar for the ensuing years, it is the revival of investment activity and creation of quality jobs in large measure. The Government is seized of these issues. The Government has taken many steps, including a sharp focus on improving ease of doing business, speeding of green clearances and stepping up public sector outlays for infrastructure. I believe, it is a matter of time before the private sector investments pick up – as NPAs are resolved and corporate balance sheets are deleveraged.

Your Company's Performance

Your company clocked a turnover of Rs. 6,633 Crores in FY17, making it India's first billion dollar pure play fashion company. This was a growth of 9.9% over the previous year. EBITDA at

***“India is on a roll.
There is a buzz about
India.....
India's global ranking
has jumped up in
competitiveness and
on the innovation
index.”***

Rs. 476 Crores recorded an upsurge of 17.5% over the previous year (Rs. 405 Crores). Most importantly, your Company turned profitable in FY17 with a Profit after tax of Rs. 54 Crores as against a loss of Rs. 110 Crores in FY16. A laudable feat.

The Lifestyle Brands sustained their leadership position in the premium segment with strong brand equity and a growing consumer base. Pantaloons, has been growing from strength to strength. Today, with 209 stores spread over 3.2 million sqft, it is amongst the leading players in the Value Fashion segment.

Your Company further fortified its position as a leading Apparel Player with the acquisition of the rights of the global fast fashion brand, Forever 21 and signing licensing arrangements with iconic British brands Ted Baker and Simon Carter. These partnerships will help address the fast growing segments of Women's Fast Fashion and Super Premium menswear.

With the launch of men's innerwear under the Brand Van Heusen your Company entered the large and growing innerwear market. Within eight months of the launch, it has rapidly expanded distribution in the Southern region and is now poised to expand to the rest of India. It has received a very positive response from consumers and retailers. Your Company is confident of steadily building this into a large and profitable business over the coming years.

“ABFRL with its investment in key segments, strong brands and distribution network is well equipped to grow strongly in the years ahead.”

Outlook

The growth in the economy, the reforms initiated by the Government and the increased outlay on infrastructure spend will lead to greater prosperity and rise in income levels. This will drive growth in discretionary spends. This bodes well for the branded apparel business. ABFRL with its investment in key segments, strong brands and distribution network is well equipped to grow strongly in the years ahead.

A big thank you to all of our employees

Organisational agility, excellence in execution, customer centricity and cost optimization are a given. I believe to drive business growth in a sustainable manner, the criticality of our people – our intellectual capital, is beyond expression. We deeply value our employees' engagement and their commitment to our culture of innovation and performance accountability.

Aditya Birla Group: In perspective

At the Group level our performance both in terms of revenue and earnings has been growing. In fact our EBIDTA has been the highest ever. In line with our people focus, we have strengthened the capacity of our leadership bench as well as employees across levels. Our Group's HR agenda is even more sharper and defining of our future. Our HR function has collectively developed and clearly articulated the HR 2020 strategy across the organization. It has clear actionables and review mechanisms, focused on talent, technology, productivity and employer brand.

On the people front it has truly been an exciting year of development, building on the strong foundations of the earlier years.

As I had shared with you earlier, we have 3 accelerated leadership programs. First - The Turning Point, which prepares high potential leaders for P&L roles.

Second - Step Up which infuses a ready pipeline for Functional Head roles, and

Third - Springboard designed especially for high caliber women leaders.

These have enabled us set up the requisite bench strength of leaders.

We have prepared 123 leaders for higher responsibilities, over the last one year. Of this 26 have already taken on new roles. The Business leadership and I have personally

“We have prepared 123 leaders for higher responsibilities, over the last one year. Of this 26 have already taken on new roles. The Business leadership and I have personally reviewed talent across the business, and am happy to see the evolution of our structured succession plans.”

reviewed talent across the business, and am happy to see the evolution of our structured succession plans.

The hiring freeze came into effect in January 2016. This, coupled with our leadership development actions, has resulted in extremely encouraging people moves. Over the last year, we witnessed 5,500+ career movements across the Group. Of these, 600+ were inter-business movements, 150% higher than the previous year.

The Aditya Birla Group Leadership Program (ABGLP) is another strong source of building leaders. It has gained greater traction this year with 67% higher intake. From the earlier batches, 95 participants, have over the last 2 years, been given cross business and function exposures grooming them for a holistic perspective. I am happy to share that we continue to be an employer of choice amongst the top B schools in India. Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2016 as well.

“Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2016 as well.”

Additionally to accelerate opportunities for our talent we have set up Talent Councils led by Business Heads and Directors at the business and Group levels. Up until now more than a 100 Talent Councils meetings have happened across the Group where the development plans of approximately 3,000 colleagues have been discussed and actions taken.

Project Vega is yet another initiative launched this year. Its basic objective is to review the agility of decision making in the organization, keeping in view end-customer impact. This has yielded significant changes to internal processes, delegation of authority and speed of decision making, in turn empowering teams and freeing up leadership bandwidth. This, along with our focus on technology enabled processes, I believe, will keep us sharp and nimble.

Furthermore, to hone and enhance our functional expertise, Gyanodaya, the Aditya Birla Global Centre for Leadership & Learning, launched Functional Academies last year. The Sales, Marketing & Customer Centricity Academy and HR Academy enabled 1,150 leaders build deeper expertise in

their domain areas. Gyanodaya continues to deliver superior learning programs with over 1,583 managers enrolled last year.

Additionally, the Gyanodaya Virtual Campus hosts more than 500 e-learning modules in multiple languages. During the year, over 31,664 employees accessed these e-learning programs.

I am happy to update you that we are doubling our capacity in Gyanodaya, through upcoming expansion plans.

In sum,

Our Group's solid reputation, robust financials, the quality and commitment of our talent, our leadership positions in our businesses, our operational excellence and our CSR engagement, are our strengths that I believe, will see us ride the wave of success.

Your's sincerely,



Kumar Mangalam Birla
Chairman, Aditya Birla Group

“Our Group’s solid reputation, robust financials, the quality and commitment of our talent, our leadership positions in our businesses, our operational excellence and our CSR engagement, are our strengths that I believe, will see us ride the wave of success.”

FY2016-17 HIGHLIGHTS

₹6633 Crore

REVENUE

₹476 Crore

EBITDA

\$1.8 Billion

MARKET CAPITALISATION*

19000+

EMPLOYEES

750+

CITIES

2261

STORES

6.2 Million sq ft

RETAIL SPACE





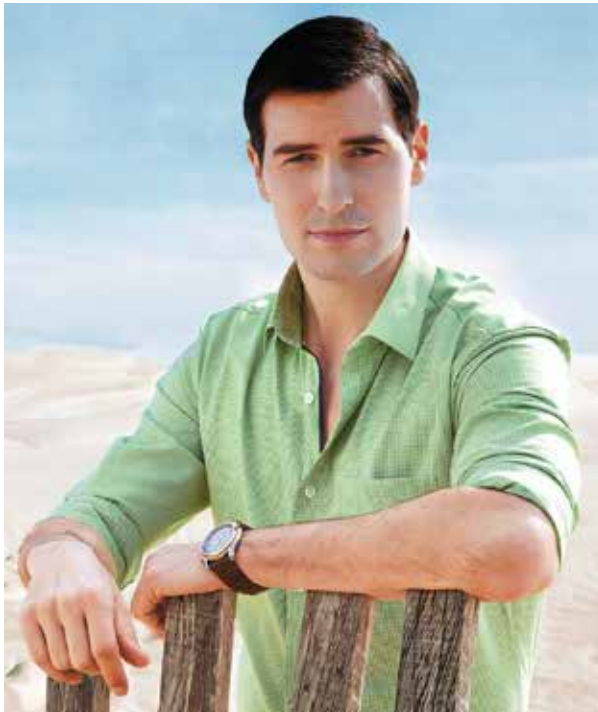
LOUIS PHILIPPE





277
Stores

400+
Cities



Hohenstein Institute
Awarded Skin Sensorial
Comfort Vote Quality Label

Steeped in an ethos of excellence, **Louis Philippe**'s Embellished Crest has been the mark of the quintessential gentleman for over 25 years. This pursuit of excellence is manifested in the fine craftsmanship and sophistication that define every aspect of the Louis Philippe collection. From the classic tuxedo to contemporary fashion, the collection spans formals, semi-formals, custom-made clothing and accessories.



VAN HEUSEN
POWER DRESSING








278
Stores

400+
Cities



 **AIMIA Loyalty Awards 2016**
Best Loyalty Programme
of the Year, Retail Sector

 **ET Brand Equity Awards**
Most Trusted Premium
Formal Wear Brand

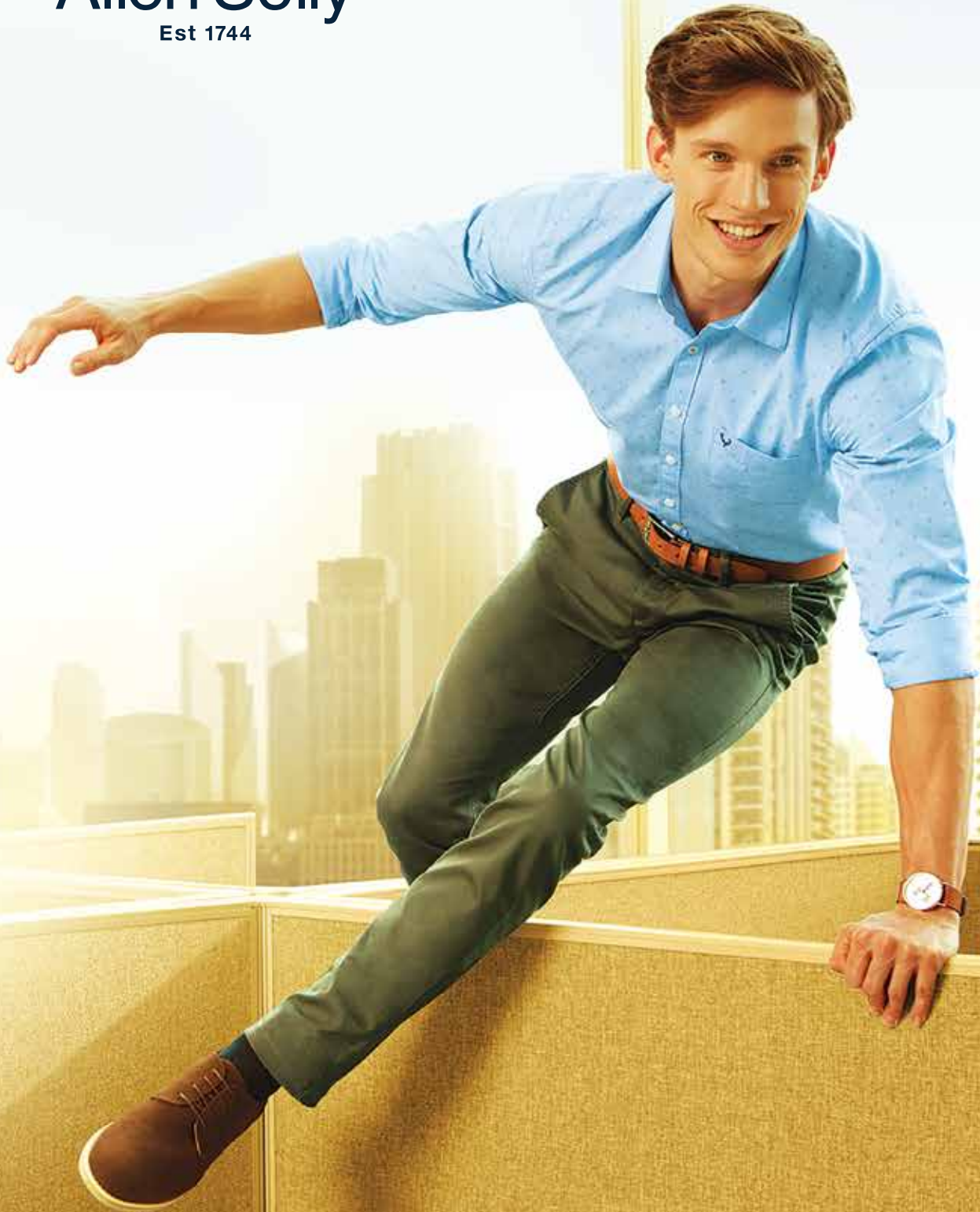
 **IMAGES Retail Awards 2015**
Most Admired Retailer of
the Year, Store Design

Van Heusen has been at the forefront of fashion innovation for over 20 years, the go-to brand for dynamic professionals who want to make a powerful impression. Its range of fashion-forward 'Power Dressing' has earned it a reputation as the definitive workwear brand, with a collection spanning formal wear, fashion formals, party wear, casual wear, ceremonial wear and customisable clothing.



Allen Solly®

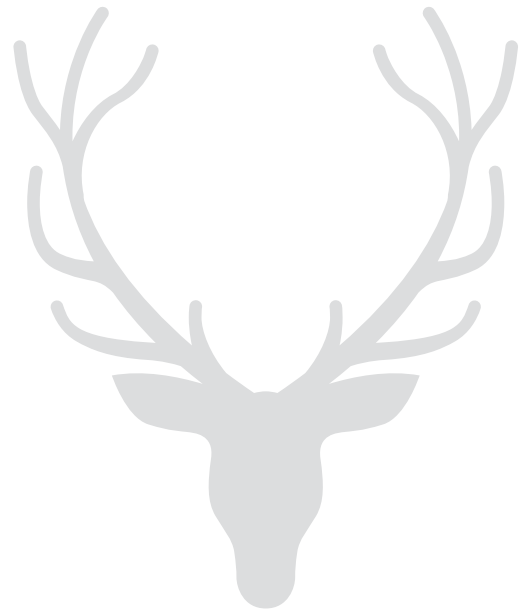
Est 1744





226
Stores

350+
Cities

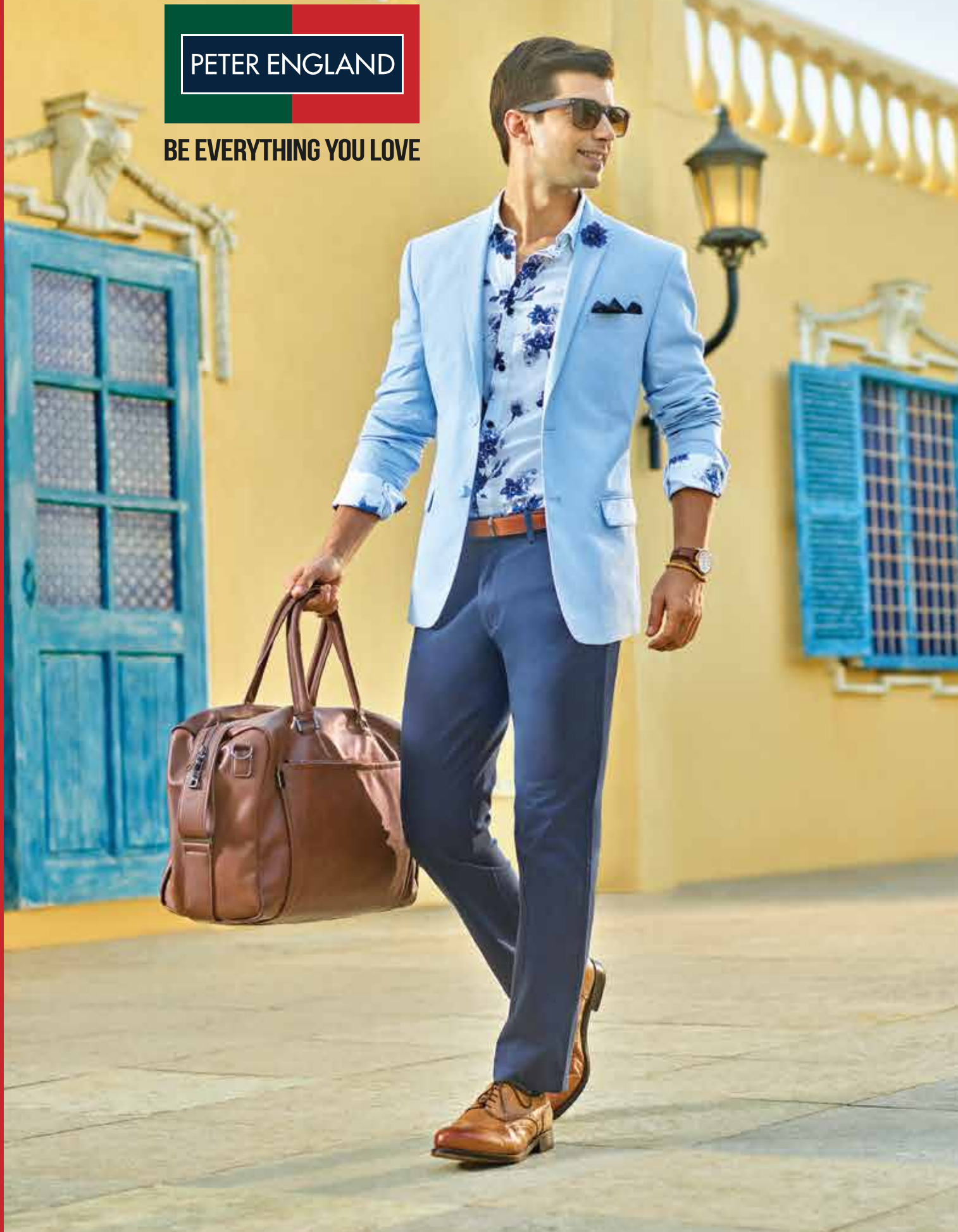


 **Global Youth Marketing Forum,
Social Media Awards**
Best Use of Twitter Award

The pioneer of Friday Dressing in India, **Allen Solly** is the leader in smart casuals. The menswear collection spans shirts, T-shirts, chinos, trousers, jeans and jackets; the womenswear line includes dresses, tops, tunics, trousers, skirts, shirts, shorts, suits and blazers, in a range of innovative fabrics and stylised silhouettes.

PETER ENGLAND


BE EVERYTHING YOU LOVE







669
Stores

750+
Cities

 **Customer Loyalty Summit 2017**
Best Customer Relationship
Management Programme

 **Asia Retail Congress 2015**
Best Technology Initiative/
Implementation (PE Connect)

 **Asia Retail Congress 2015**
Best Customer Loyalty
Programme (Milestones)



PETER ENGLAND

Peter England is India's largest and most trusted menswear brand, offering unmatched value. The brand offers contemporary work formals for young professionals. Its range includes shirts, trousers, suits, blazers and accessories. It also has an eclectic casual line of washed cotton shirts, denims, cargoes, jackets and sweaters.

pantaloons
IN ♥ WITH FASHION




209
Stores


97
Cities



PANTALOONS

 **IMAGES Fashion Awards 2017**
Most Admired Affordable
Fashion Retailer of the Year

 **Kamikaze 10th Loyalty Awards 2017**
Best Customer Centric Company

 **Kamikaze 10th Loyalty Awards 2017**
Best Loyalty Programme in Retail Sector,
Large/Multi-Brand Format

Pantaloons has been India's family shopping destination for 20 years now. With a strong commitment to delivering the latest trends, Pantaloons has brands to cater to different segments and fashion sensibilities. What makes the Pantaloons proposition irresistible is the inimitable combination of 'wow fashion' at 'wow prices'. Inviting stores and service, steeped in warmth and hospitality, make Pantaloons' shopping experience one-of-a-kind. The seven million-strong Greencard membership is testimony to the affinity consumers have for the brand.

PLANET FASHION



 **PLANET FASHION**

309
Stores

150+
Cities

Planet Fashion caters to the brand-conscious customer, with a choice of leading brands under one roof, in a superior environment. A multi-brand menswear retail format, it houses all of our lifestyle brands. It has the largest apparel retail network in its segment in India, with a particularly strong presence in emerging Tier II and III towns.

16
Stores

9
Cities



Forever 21 is an iconic Californian fast-fashion brand. It is one of India's fastest-growing brands, with stores in all major cities nationwide. Its fast-fashion format offers customers the latest global trends at incredible prices, and it has built a strong market presence as the brand of choice for the trendy, fashion-conscious woman.



FOREVER 21

FOREVER 21®

People™

FASHION & ACCESSORIES

91
Stores

50+
Cities



PEOPLE

A fast-fashion brand for the youth, **People** is a one-stop destination for international and fashion-forward style. Catering to young men and women, the product line is characterised by a streetwise and college-ready attitude. Changing the way the youth dress, People focuses on making the latest fashion available in the edgiest styles, with its range of casual shirts, T-shirts, tops, kurtas, fusion tops, jeans, winter wear, footwear and accessories.

Bringing iconic global brands to the Indian consumer



Sophisticated, dressed-up and quirky, **Simon Carter** transcends the conventional work and casual wear divisions. The brand targets young urban consumers with a strong personal sense of style.

The Collective is India's largest multi-brand retailer of international brands, with a unique collection for men and women, under one roof.



Ted Baker is a global lifestyle brand that offers luxury menswear, womenswear and accessories, marked by outstanding quality and minute attention to detail.

Hackett is a British luxury clothing retailer, specialising in formal menswear.

INTERNATIONAL BRANDS

Sustainability

It's time.

Forever, we've been taking from the earth.
Taking, considering it our right to do so.
Forgetting every time,
that abundance is not permanent.

Yes, there was a time when everything was in plenty,
and to make a choice was never compulsory.
Back then, every pillar of the ecosystem:
Environment, Economy, Society,
balanced each other well.

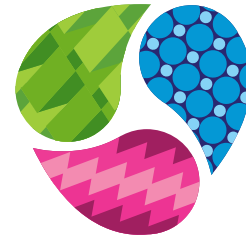
But then,
we took a lot more than we could give,
and this balance fell apart.

Let's remind ourselves all over again,
that resources are decreasing and demands increasing.
And to keep our ecosystem going,
we need to give back more than we take from it.

So let's begin to give back.
To the Environment we grow in.
To the Economy we prosper in.
To the Society we live in.
Because when we give back, we get back.

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

Our Approach



ReEarth
for our tomorrow

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

Sustainability Highlights

- Reduction of 33.1% in purchase of **grid electricity**.
- A programme built on **Green Building** standards for our own facilities.
- 98.5% compliance with **WASH pledge** requirements developed by WBCSD.
- Achieved **zero fatality** in the workplace.
- Improved **Higg Index** scores (Brand, Facility, Product) and extended Higg Index across our value chain.
- Reduced **freshwater consumption** through rainwater harvesting and recycling/reuse of wastewater.
- Zero **organic waste** to landfill across our own operations.
- Developed **sustainable products** using Eco-resins, Herbal-Dyes, Easy-Wash technology and designed artisanal fabrics helping in cluster development.
- Significantly reduced use of **pollutant packaging material** and developed a methodology to standardise packaging to product ratio.
- Transformed **rural women** into breadwinners (farm to shop floor).

Corporate Social Responsibility

Our focus areas are girl child education, health & sanitation, sustainable livelihood and employee volunteering. The impact achieved through the initiatives is outlined below:



Education
19,888 students



Sustainable Livelihood
494 youth



Health & Sanitation
5,243 individuals



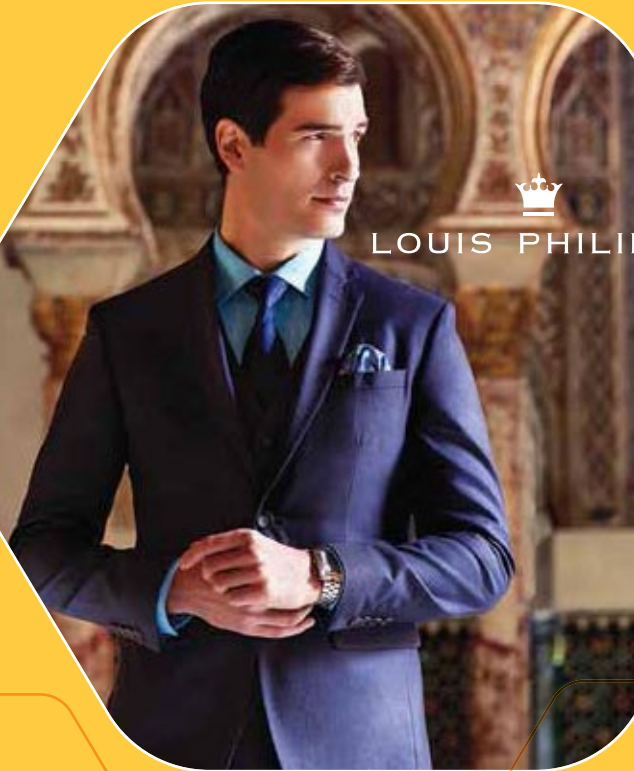
Volunteering
9,572 hours



Villages / slums
57 covered



Schools supported
54 schools



LOUIS PHILIPPE



pantaloons
IN WITH FASHION



PETER ENGLAND

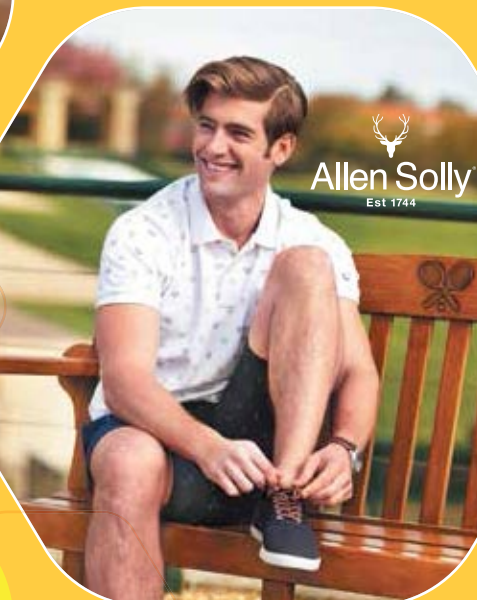
BE EVERYTHING YOU LOVE



Allen Solly
Est 1744



VAN HEUSEN
POWER DRESSING



Board of Directors



Mr. Pranab Barua, Managing Director, 64, is a Graduate in English (Honours) from St. Stephens College, New Delhi and has attended many advanced management programmes in India and abroad. He has over 45 years of experience across multiple industries. Presently, he is also the Managing Director of Aditya Birla Retail Limited, a fellow Aditya Birla Group Company. Before joining the Aditya Birla Group, he was working with a private equity group and their portfolio company. Prior to that he was the Chairman and Managing Director of Reckitt Benckiser and he has also served as the Regional Director of Reckitt Benckiser for South Asia, Foods Director of Hindustan Unilever Limited and Sales & Marketing Director of Brooke Bond India Limited. In recognition of his contribution, he was honoured with the “Leader of Leaders Award” in 2011, by the Chairman of Aditya Birla Group.



Mr. Sushil Agarwal, Non-executive Director, 54, is a Qualified Chartered Accountant and holds a Master's degree in Commerce. He has over 25 years of experience in financial and commercial matters. He has been with the Aditya Birla Group since the beginning of his career in 1989. He is presently the Group Chief Financial Officer for Aditya Birla Group and also the Whole Time Director & CFO of Grasim Industries Ltd. He has been instrumental in leading various restructuring exercises and acquisitions/divestments done by the Group. He is also a Director on the Board of several companies. In recognition of his contribution, he was honoured with the “Exceptional Contribution Award” in 2000 and “Outstanding Leadership Award” in 2014, by the Chairman of Aditya Birla Group. In 2013, he was named among India's best CFOs by Business Today in the category “Enhancing Competitiveness through M&A”. He has been consistently recognized for excellence by ‘CFO 100’ under the category ‘Winning Edge in Mergers Acquisitions and Corporate Finance’ in 2014- 2017 and under the category ‘Winning Edge in Strategy’ in 2011.



Mr. Bharat Patel, Independent Director, 72, holds a Master's Degree in Arts (Economics) from the University of Notre Dame, USA and a Master's degree in Business Administration (Marketing) from the University of Michigan, USA. He has over 40 years of varied experience in the fields of marketing, sales, exports and manufacturing. Presently, he is on the Executive Committees of the World Federation of Advertisers (WFA), Indian Society of Advertisers (ISA), Advertising Standards Council of India (ASCI) and Broadcast Audience Research Council (BARC). Mr. Patel is also an Independent Director on the Board of several other companies. Formerly, he served as the Chairman & Managing Director of Procter & Gamble Hygiene and Health Care Limited.



Ms. Sukanya Kripalu, Independent Director, 56, is a Graduate of St. Xavier's College and an alumna of the IIM, Kolkata. Presently, she is an Independent Marketing Consultant. She is also a Director on the Board of several companies. With specialization in the fields of marketing, strategy, advertising and market research, her experience includes working as CEO of Quadra Advisory and also with leading corporates like Nestle India Limited, Cadbury India Limited and Kellogg's India.



Mr. Arun Thiagarajan, Independent Director, 72, holds a M.Sc. in Electrical Engineering from Royal Institute of Technology, Stockholm and a degree in Business Administration and Information Systems from Uppsala University, Sweden. He has also attended the Advanced Management Programme of the Harvard Business School. He is a Director on the Board of several other companies. Earlier, he served as the Part-time Chairman of ING Vysya Bank Limited, Managing Director of Asea Brown Boveri Limited, Vice-chairman of Wipro Limited and as President of Hewlett-Packard India Private Limited.



Mr. Sanjeeb Chaudhuri, Independent Director, 64, is a Graduate in Science (Honours) and holds a Master's degree in Business Administration from J. Bajaj Institute of Management Studies, Mumbai. He has attended many Advanced Management Programmes. He has over four decades of senior multinational business experience across global banks and consumer companies. He is a visiting Faculty at Wharton Business School and Judge Business School, Cambridge. He has extensive governance experience on various European and Asian Supervisory Boards where he has served on various Strategy, Risk and Audit Committees. Mr. Chaudhuri is also a member of the International Advisory Board of the Open University School of Business and Law, UK. Mr. Chaudhuri has served as Group Head, Brand & Global Chief Marketing Officer of Standard Chartered Bank. Prior to that, he was CEO, Retail and Commercial Banking for Citicorp, Europe, Middle East and Africa, in addition to other senior leadership positions. Before joining Citigroup, he managed product development, testing and launch of large global brands in senior management roles at Procter & Gamble, Unilever and Unilever.

Key Managerial Personnel



Mr. Ashish Dikshit, Business Head, 47, is an Electronics & Electrical Engineer from IIT - Chennai and holds a Master's Degree in Business Administration from IIM - Bangalore. He has worked in diverse roles across industries and functions over the last 24 years and has been with the Madura Fashion and Lifestyle Division of the Company for over 18 years, where he headed its various functions. Earlier, he also served as the Principal Executive Assistant to the Chairman of Aditya Birla Group, where he built strong knowledge across multiple Industry Sectors, ranging from Manufacturing Businesses such as Metals, Cement and Speciality chemicals to consumer businesses such as Telecom, Financial Services and Retail.



Mr. Vishak Kumar, Chief Executive Officer - Madura Fashion & Lifestyle Division, 45, is an IIM Bangalore alumnus and a computer engineer from BIT Ranchi. He joined as a Management Trainee at Madura in 1995 and has been with the Group since then. He has also served as the CEO of Aditya Birla Retail Limited, the food and grocery arm for over four years. He was honoured with "Outstanding Leader Award" in 2014, by the Chairman of Aditya Birla Group and was also conferred upon the prestigious title of 'Aditya Birla Fellow' by the Group in 2015.



Mr. Shital Mehta, Chief Executive Officer - Pantaloons Division, 45, holds Bachelor degree in Engineering from Gujarat University, apart from holding Master's degree in Business Administration (Marketing) from S.P.Jain Institute of Management & Research, Mumbai. He has also pursued Advanced Management Studies from Wharton Business School, USA. He has worked across different roles with the Fashion businesses of Aditya Birla Group for over 17 years. Prior to his current assignment, he served as COO of the International Brands & Retail division of Madura Fashion & Lifestyle. Prior to joining ABG, he has also worked with Godrej Foods. He was also conferred upon the prestigious title of 'Aditya Birla Fellow' by the Group in 2015.



Mr. S. Visvanathan, Chief Financial Officer, 57, is a qualified Chartered Accountant & Cost Accountant, having over 30 years of experience and expertise in Finance, Accounts and Taxation. Earlier, he was the Chief Financial Officer of the Madura Fashion and Lifestyle Division and Textile Business of Aditya Birla Nuvo Limited. Also, previously he has worked with Tata Auto Comp Systems Limited, UGI Gujarat Gas Limited & Voltas and Cable Belt Limited.



Ms. Geetika Anand, Company Secretary & Compliance Officer, 31, is Graduate in Commerce from R. A. Poddar College of Commerce & Economics and an Associate Member of the Institute of Company Secretaries of India. She also holds a Bachelor's degree in Law from Government Law College, Mumbai and a Master's degree in Business Law from National Law School, Bangalore. She has been associated with the Aditya Birla Group since the beginning of her career in 2006. She has over 12 years of experience in Corporate Restructurings, Compliance and Secretarial matters. In recognition of her contribution, she was honoured with "Young Professional Award" in 2011, by the Chairman of Aditya Birla Group. She was in the Core Group of the Ministry of Corporate Affairs for framing of the Rules under the New Companies Act, 2013. She has been and continues to be a member of the Secretarial Standards Board of ICSI since three years.

Other Key Executives



Mr. Chandrashekhar Chavan, Chief Human Resource Officer, 45, holds a Master's Degree in Personnel Management & Industrial Relations from Tata Institute of Social Sciences, Mumbai. He joined the Aditya Birla Group in 1996. He has completed close to 21 years in the Group across businesses of Metals (Hindalco Industries), Financial Services (Birla Sunlife Mutual Funds), Cement (Ultratech Cement) and Apparel (Madura Fashion & Lifestyle and Pantaloons Fashion & Retail Ltd). Presently, he is also the Chief Human Resources Officer of Aditya Birla Retail Limited, a fellow Aditya Birla Group Company. Prior to joining the Aditya Birla Group, he worked with Wipro.



Mr. Neeraj Pal Singh, Chief Information Officer, 57, holds an M.Tech. in Computer Science and has over 30 years of rich experience in varied industries such as FMCG, Retail, Breweries and IT consulting. He has been with the Aditya Birla Group for 19 years. Prior to joining the Aditya Birla Group, he served as Senior Systems Manager of Hindustan Lever Ltd. He has also worked for highly reputed organisations such as PricewaterhouseCoopers and the UB Group.

Statutory Auditors

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

Secretarial Auditors

M/s. Dilip Bharadiya & Associates
[Practising Company Secretaries]

Registrar and Share Transfer Agent

Link Intime India Pvt. Ltd.

Corporate Identification Number (CIN)

L18101MH2007PLC233901

Registered Office

701-704, 7th Floor,
Skyline Icon Business Park,
86-92, Off A. K. Road,
Marol Village, Andheri (E),
Mumbai - 400 059

Contact Details

Tel: +91 - 8652905000
Fax: +91 - 8652905400
Email: secretarial.abfrrl@adityabirla.com

Website

www.abfrrl.com

Contents

Directors' Report (includes Management Discussion and Analysis)	1
Corporate Governance Report	45
General Shareholder Information	63
Social Report	72
Sustainability and Business Responsibility Report	74
Independent Auditor's Report	94
Financial Statements	102

DIRECTORS' REPORT

Dear Members,

Your Company's Directors hereby present the Tenth Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2017 ("year under review/ FY 2016-17").

COMPOSITE SCHEME OF ARRANGEMENT

Allotment to Non-Resident Shareholders of Aditya Birla Nuvo Limited ("ABNL") holding shares on Repatriation basis pursuant to the Effectiveness of the Composite Scheme of Arrangement amongst your Company, ABNL and Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective Shareholders and Creditors, under Sections 391 to 394 of the Companies Act, 1956 ("Composite Scheme")

In terms of Clause 21 of the Composite Scheme, the allotment of 37,82,178 Equity Shares of ` 10/- each ("said shares"), pertaining to the Non-Resident Shareholders of ABNL holding shares on repatriation basis ("NRE Shareholders") was kept pending until receipt of applicable regulatory approval(s).

In terms of applicable FEMA Regulations and extant FDI Policy of the Government of India ("FDI Policy"), your Company was required to obtain an approval from the Foreign Investor Promotion Board ("FIPB") for allotment of Equity Shares to NRE Shareholders pursuant to the Composite Scheme. Accordingly, an application was made to the FIPB in that regard. However, the Department of Industrial Policy & Promotion of the Government of India conveyed that in view of the provisions of the extant FDI Policy, application of the Company could not be acceded to. Hence, the allotment of 37,82,178 Equity Shares, representing 0.49% of the total paid-up capital, to such NRE Shareholders was kept pending.

Thereafter, your Company evaluated various options for settling the lawful entitlements of such NRE Shareholders in terms of the provisions of the applicable laws and it was advised that the entitlements of NRE Shareholders can be credited to the accounts held by them on Non-repatriation basis in India ("NRO Account"), if any. Accordingly, out of the said shares, the Company has, till the date of this report, allotted 10,41,504 Equity Shares (including 4,768 equity shares post March 31, 2017) of ` 10/- each to 279 NRE Shareholders, who have provided their valid consent for allotment of their entitlements to their respective NRO account.

Further, in terms of the RBI Circular No. 6 dated October 20, 2016 [RBI/2016-17/88 A.P. (DIR Series)] and pursuant to a Legal Opinion obtained in that regard from M/s. Cyril Amarchand Mangaldas, Legal Counsel, on April 4, 2017, the Company allotted 9,90,911 Equity Shares of ` 10/- each to 1,078 NRE Shareholders holding shares in ABNL under the portfolio investment scheme, as on the record date fixed under the Composite Scheme.

The NRE Shareholders, who have not submitted the details of their respective NRO account vide a duly filled in Consent Form to the Company, have been informed that in absence of any communication from them and subject to any further communication from the Company in that regard, allotment to such NRE Shareholders will be kept pending till the time there is a favorable change in the applicable laws. The aforesaid Consent Form is available on the website of the Company i.e. www.abfrl.com.

Fractional Entitlements of NRE Shareholders

On April 4, 2017, your Company allotted 343 Equity Shares of ` 10/- each, in terms of Clause 19(iii) of the Composite Scheme, representing Fractional Entitlements arising out of aforesaid allotments to NRE Shareholders. The Company is in process of selling them in the Open Market in terms of the Clause 19 of the Composite Scheme, post which the proceeds of the sale will be distributed amongst the NRE Shareholders, as per their respective entitlements, through demand drafts and other prescribed electronic modes of payments alongwith necessary intimations of such payments to each of them.

ACQUISITION OF FOREVER 21, INDIA BUSINESS AND OTHER STRATEGIC ALLIANCES

With a view to create a strong foothold in the womenswear business in the western wear segment, your Company acquired the exclusive online and offline rights of the global brand – “Forever 21” for the Indian market and its existing store network in India (“Forever 21”) from its franchise i.e. Diana Retail Private Limited (“Diana Retail”) (“said Acquisition”) on a going concern basis, by means of a “slump sale” (as defined in Section 2 (42C) of the Income Tax Act, 1961), for a lump sum consideration. The Company also executed a Franchise Agreement with Forever 21, Inc., in terms of which the Company has acquired the exclusive franchise rights for the brand “Forever 21” for the Indian market.

Pursuant to the said Acquisition, Forever 21 forms part of Madura Fashion & Lifestyle division of your Company w.e.f. July 1, 2016. Accordingly the Financial Statements for year under review, include nine months results of Forever 21 (included in the Madura Fashion & Lifestyle segment of the Company).

In addition to above, during the year, your Company signed exclusive deals with:

- UK's most successful brand “Ted Baker”, world-renowned for its stylish and sophisticated menswear, womenswear, accessories (and everything in between); and
 - “Simon Carter” - London-based designer brand with a quirky English Touch,
- as part of the Company's strategic intent to grow its international portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

To avoid repetition of information, the Management Discussion and Analysis, on performance of the Company, is presented below.

Overview

In 2016, the Global economy was subdued, as reflected in the IMF world economic growth numbers of 3.1% vs 3.4% in previous year. The slowdown was mainly on account of sluggish growth in advanced economies while the emerging markets and developing economies grew at a healthy 4.1%, despite both China and India experiencing a decelerated growth over previous year. Furthermore, financial markets witnessed a broad uptrend in 2016, notwithstanding events such as Brexit and the process of normalization of interest rates by the US Fed towards year-end.

India continued to be the fastest-growing major economy in the world. As per the advance estimates released by the Central Statistical Organization (“CSO”), in FY 2016-17, India's GDP grew at 7.1%, slowing down from 7.9% growth in the previous year. Macro-economic fundamentals of the economy remained healthy - with moderation of inflation, fiscal deficit and current account deficit.

In November 2016, the country witnessed demonetization of higher denomination currency notes that created a temporary impact on consumer demand. However, by the end of the financial year, the economy got back to normal, as suggested by the high-frequency economic indicators.

India has implemented Goods and Services Tax (“GST”) with effect from July 1, 2017. This will create a common market for goods and services, improved tax compliance and governance, thereby creating a favorable ecosystem for business growth.

Industry Structure and Developments

The apparel industry has evolved rapidly over the past few years driven by the entry of international brands, emergence of E-commerce players with deep pockets and rapid growth of value fashion category.

International players in the premium and mid-premium segments are pursuing a clear strategy of expansion and have even adjusted price points to suit the Indian market. Value Fashion players continue to expand aggressively, outpacing the industry growth.

E-commerce is witnessing rapid consolidation, creating unprecedented scale and gaining deep access to markets and consumers. This creates an opportunity for strong brands to partner with E-commerce players and enlarge the consumer base.

The industry continued to witness high discounting and promotions during the full price periods as players pursued growth in a soft environment.

Business Overview

Your Company, with a turnover of ₹ 6,633 Crore in FY 2016-17, has become India's first billion-dollar pure play fashion powerhouse.

Lifestyle Brands

With over 9 million deeply engaged customers and the largest distribution network, our lifestyle brands - Louis Philippe, Van Heusen, Allen Solly and Peter England, continue to lead the market in their respective segment. Three out of the four brands have crossed the ₹ 1,000 Crore mark in consumer sales. The leadership position of our brands has been further strengthened with the roll-out of omni channel capabilities across 500+ stores in the network, giving consumers unprecedented access to a wide variety and choice of our products. Our relentless focus on consumer experience, innovation and brand building has helped us build a strong equity with our consumers.

Pantaloons

Pantaloons, with a growth of 18.4%, is amongst the fastest growing retailers in the value fashion segment. During the year under review, Pantaloons opened 79 stores and ended the year with a total of 209 stores spanning over 3.2 million sq.ft. The share of exclusive brands in the portfolio grew from 62% to 67%. Pantaloons has moved from a two-season cycle to a four-season cycle, bringing freshness and constantly updated fashion to our stores.

Pantaloons has been awarded the IMAGES Most Admired Affordable Fashion Retailer of the year. Its customer relationship program with over 7 million deeply engaged customers is one of the key drivers of growth, contributing to almost 80% of sales.

Fast Fashion

Your Company has been first off the blocks in recognizing fashion segments of the future and has not only laid a strong foundation for it, but also taken definitive strides in responding to the opportunities. Youth fast fashion is one of the fastest growing segments and through its two Retail Brands – People and Forever 21 – the Company has made its foray into this segment. Forever 21 is an iconic global fast fashion brand that brings the latest global fashion to the Indian market, while People is a young and edgy brand that seeks to address the fashion aspirations of the youth of the country. These brands are poised for rapid scale up in the coming years.

Innerwear

Innerwear is an attractive growing market with few organized players. The Company entered this market with the launch of Van Heusen innerwear, loungewear and leisurewear for men. Initial results have been very encouraging and the company plans to steadily scale it up and build a large profitable business in the coming years.

International Brands

The Collective is India's largest multi-brand retailer of international brands. In FY 2016-17, your Company signed up with international brands Simon Carter and Ted Baker for the Indian market. These brands will be launched in FY 2017-18. With the addition of these brands in its portfolio, your Company has a meaningful play in the emerging Super Premium and Bridge to Luxury Segment.

Demonetization

As with most other businesses in the country, your Company was also impacted by demonetization. While the retail channel recovered quickly, businesses like wholesale customers, suppliers, franchise operations took longer. Overall business returned to normalcy by end of financial year.

GST

Your Company has worked closely with its vendors and partners and is now fully prepared to ensure a smooth transition into the new GST regime.

Business Strategy

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

Building Strong Brands

In order to maintain its leadership position, your Company will continue to invest in brand building, product design and a refreshed store experience. It will sharpen the brand promise through differentiated merchandise and product innovation. Consumer experience is being upgraded through consumer centricity initiatives and digital transformation at stores. The consumer centricity framework is based on continuous consumer research, big data analytics, real-time consumer feedback from retail outlets and a constantly upgrading loyalty program.

Enhancing Portfolio

Your Company continuously identifies emerging segments in the market and seeks to enhance its play through a combination of brand extensions, new product launches and strategic acquisitions.

In the last few years, your Company expanded its presence in casual wear through brand extensions and gained a strong position in the fast growing value fashion segment through Pantaloons. In FY 2016-17 the portfolio has been further strengthened with the acquisition of rights of Forever 21 and launch of men's innerwear under the brand Van Heusen.

As we move forward, your Company will continue to explore further growth opportunities in fast growing segments such as womenswear, casual and super-premium categories.

Building agile Design and Supply Chain

Design and product development is at the core of the apparel business and your Company will continue to invest behind these functions. In FY 2016-17, your Company has shifted from a two-season cycle to a four-season cycle – Spring, Summer, Festive and Winter, thereby building an agile design and supply chain ecosystem. This is a significant internal transformation your Company has undertaken to offer greater freshness and latest fashion in line with changing consumer trends.

Expanding distribution footprint

Your Company has been growing rapidly through its multi-channel distribution strategy and is now present in more than 750 cities. It has identified markets in Tier II/ III cities for further expansion even while it increases its penetration in existing territories, thereby gaining strong position across these markets to meet the growing demand for high-quality ready-made branded apparel.

Financial Performance

Restatement of Financial Statements in terms of Indian Accounting Standards ("Ind AS")

The Financial Statements of the Company for the previous years (including the ones with respect to year ended March 31, 2016) were prepared in accordance with the applicable Accounting Standards, notified under Companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions (hereinafter referred to as 'Previous GAAP').

The Company has adopted Ind AS notified by the Ministry of Corporate Affairs ("MCA") w.e.f. April 1, 2016 - with a transition date of April 1, 2015, in view of the provisions of Section 133 of the Companies Act, 2013 (the "Act", which term shall include the Rules made thereunder) read with the Companies (Indian Accounting Standards) Rules, 2015.

Accordingly, the Financial Statements for the year under review have been prepared in accordance with the Ind AS.

Also, as per the provisions of Ind AS 101 with respect to "First-time Adoption of Indian Accounting Standards", all Ind AS and interpretations - that are applicable for the financial statements of the Company for the year under review, are applied retrospectively and consistently for all the financial years presented and accordingly, the comparative period figures has been restated to that extent and the impact of transition from Previous GAAP to Ind AS has been accounted for in opening reserves.

Statement of Profit and Loss

(Amount in ` Crore)

Particulars	As on March 31, 2017	As on March 31, 2016
Revenue	6,633	6,035
EBITDA*	476	405
Finance Cost	180	177
EBDT	296	228
Depreciation	242	338
Earnings Before Tax	54	(110)
Provision for Taxation	-	-
Net Profit / (Loss)*	54	(110)
Other Comprehensive Income	(9)	0
Total Comprehensive Income / (Loss)*	45	(110)

* Includes Other income of ` 22 Crore (Previous year: ` 5 Crore) and Finance income of ` 16 Crore (Previous year: ` 21 Crore)

Revenue

Your Company reported revenue of ` 6,633 Crore during the year under review, recording a growth of 9.9% over the previous year.

Segment: Madura Fashion & Lifestyle ("MFL")

MFL reported a revenue of ` 4,114 Crore recording growth of 3.4% over the previous year.

Its retail channel, which comprises 1,878 Exclusive Brand Outlets ("EBOs") and 174 value stores spanning 3 million square feet, accounts for ~45% of MFL's revenue and reaches out to 10.4 million loyal consumers. Besides these EBOs, MFL is reaching customers through 7800+ additional points of sales including Multi Brand Outlets ("MBOs") and Shop-In-Shops ("SISs") in Department Stores.

Segment: Pantaloons

Pantaloons reported a revenue of ` 2,552 Crore recording growth of 18.4% over the previous year. During the year, it added 79 stores taking the total number of stores to 209 spanning 3.2 million sq.ft. Pantaloons reaches out to large middle class Indian households with its diversified offerings for men, women and kids.

Operating Profit

Combined EBITDA of both the segments including other income and finance income is ` 476 Crore (7.2%), which grew by 17.5% over the previous year EBITDA of ` 405 Crore (6.7%).

Finance Cost

During the year under review, your Company reduced the average borrowing cost from ~9.3% in previous year to ~7.7%. Your Company explored various options for bringing down the cost of borrowings which included availing of short-term instruments like commercial paper and export packing credit and long-term instruments like Redeemable Non-Convertible Debentures. This was further aided by the reduction in the overall interest rates in the economy.

Depreciation

The depreciation cost was higher during the previous year as the Company had reassessed the useful life of leasehold improvements and immovable fixtures for its Pantaloons business, from the period of lease to six years, as the same better reflects the expected usage of such assets.

Balance Sheet

(Amount in ` Crore)

Particulars	As on March 31, 2017	As on March 31, 2016
Net Fixed Assets (Including Capital Advances and CWIP)	696	567
Goodwill*	1,860	1,795
Net Working Capital	509	424
Capital Employed	3,065	2,786
Net Worth	958	905
Debt [^]	2,107	1,881

Notes:

* Arising on account of transfer to the company of the following businesses –

- Pantaloons (Financial Year 2012-13) – ` 1,168 Crore,
- Madura Fashion and Lifestyle (Financial Year 2015-16 – ` 628 Crore
- Forever 21 (Financial Year 2016-17) – ` 64 Crore

[^] Includes interest accrued but not due on borrowings.

As on March 31, 2017, 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.

Net Working Capital as on March 31, 2017 includes Inventory of ` 1,431 Crore, Trade Receivables of ` 454 Crore, Cash and Bank Balance of ` 44 Crore and Trade Payables of ` 1,551 Crore.

Dividend

While the Company has made a profit for the year, in view of accumulated losses of previous years, no amount is proposed to be transferred to reserves and your Directors have not recommended payment of any dividend for the year under review.

Borrowings

In order to ensure greater financial flexibility and an optimal financing structure, your Company at the Ninth Annual General Meeting, obtained approval of the Members by way of a Special Resolution, to raise funds by issuance of Non-Convertible Debentures for an amount of upto ` 1,250 Crore, on private placement basis, within the overall borrowing limits of the Company as approved by the Members from time to time. Pursuant to the said approval, during the year, your Company issued Non-Convertible Debentures of ` 660 Crore.

SWOT Analysis

Strengths

Portfolio of strong brands

With its portfolio of established brands and large format fashion retail presence, your Company has a leading position in the Indian apparel market and caters to consumers across all segments, from Luxury to Value; including men, women and kids in the formal, casual and ethnic space.

Deep expertise in Design, Product Development and Sourcing

Your Company has invested deeply in building strong design and product development capabilities. This coupled with global sourcing capabilities and robust supply chain systems has helped in continuously bringing to the market innovative products in line with rapidly changing fashion trends.

Largest Distribution Network

Your Company has a wide distribution network spread across 750+ cities through 2,261 stores, 3,300+ SISs and 4,500+ MBOs; making it the largest distribution network of any apparel business in the country.

Strong People Processes

Your Company attracts the best people in the apparel Industry and has strong systems of nurturing the talent backed by robust people development processes, mentoring, career development programs and employee engagement initiatives.

Weaknesses

Inadequate presence in fast growing segments

While the company has a strong presence and brands in menswear segment and has recently entered fast fashion and innerwear categories, it has a relatively lower presence in western womenswear, casualwear, denims and kidswear segments. As part of its strategy, your Company is keenly focusing to quickly build capabilities in these segments as well.

Opportunities

Large Growing Market

Rising incomes, increasing disposition towards fashion, greater access and awareness about brands is creating a large shift towards branded fashion across the country.

While consumers in larger cities still have access to brands and organized retailers, the overall market continues to remain under-penetrated. This offers growth opportunities in Tier II/III cities. Duly recognizing the opportunity, your Company has built its growth strategy around these key markets.

The company is also looking to tap the opportunity in the super-premium segment as more affluent consumers seek international brands and global experiences.

As consumers are shifting to online purchase, your Company sees an opportunity in building a substantial online business.

Threats and Risks

Scarcity of quality retail space

Retail space in India is limited to key markets and a few successful malls, leading to a scarcity of suitable retail spaces at the right rentals.

Emergence of E-commerce players with deep pockets

The share of online business is growing rapidly and will continue to disrupt the value proposition to customers through deep discounting and promotions.

Talent Retention

The company faces constant threat to its talent pool from competition; primarily from the new international players and E-commerce companies in the industry.

Outlook – Way Forward

With the government focused towards improving the investment environment and the consumer inflation well under check, the economy is poised for continued robust growth. This improving economic scenario should translate into increased consumer spend over time.

Your Company is well-positioned to exploit the potential in this growing market with its diverse product offerings across varied categories and price points for changing consumer needs.

Risk Management and Internal Controls

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

Your Board has constituted a Risk Management Committee ("RMC") for identification, evaluation and mitigation of operational, strategic and external risks. RMC has a defined role and overall responsibility for monitoring and reviewing the Risk Management Plan and associated practices of the Company. Details of the composition of the RMC have been disclosed as part of the Corporate Governance Report.

Your Company also has an Internal Committee to support and assist the RMC in identifying, evaluating and mitigating operational, strategic and external risks.

This internal committee is headed by the Chief Financial Officer of your Company who is also the Chief Risk Officer of the Company and it is supported by individual Risk Officers covering legal, supply chain, manufacturing, human resources, finance, business development, IT, sales and marketing functions. This internal committee assists the RMC in defining the framework for risk management and compliance and undertakes assessment of risks, adopts the risk mitigation plans and regularly monitors them in a structured, controlled environment. It also reviews developments in the socio-economic environment and identifies internal threats and opportunities, updates the framework and refines processes and systems for mitigation.

Further, your Company has set up internal controls and policies related to financial reporting of transactions and efficient business operations in compliance with relevant laws and regulations. Internal reporting systems are in place for effective measurement of various business parameters related to revenue, expenses and reporting, in line with the provisions of the Act. Internal Audit Reports are tabled and reviewed by the Audit Committee and corrective measures are taken up promptly to improve the systems and processes.

Details with respect to the Risk Management Policy adopted by the Board have been disclosed separately hereinbelow.

Human Resources

Powered by a team of 19,397 employees, we believe that our employees provide us with a competitive edge.

Your Company believes in harnessing its leadership and people capabilities through sharp focus and initiatives on talent development. We have instituted an active talent review process to take stock of succession planning for key roles in the businesses. We review our talent based on their performance and potential to assess their readiness for future roles of higher scale and complexity. We also invest in hiring bright entry level talent through our Management Trainee Programs to create the future leadership pipeline.

We believe in developing our employees through multiple experiences requiring them to handle scale and complexity. We have instituted this through varied job rotation and project roles. We have also put in place knowledge integration through Function based Councils. This helps to share experience, best practices and collective learning across our brands, formats and regions. We have also started investing in digital capabilities and have created an omni-channel organization to drive our agenda forward. Plans are afoot to strengthen our capability in this area.

The Aditya Birla Centre for Retail Excellence (ABCRE) continues to focus on capability building in our customer facing roles across our wide network of Stores through a learning calendar and learning delivery teams. Working with the business teams, it curates learning needs, creates contents for program and delivers training through its trainers and retail operations teams for our store staff.

We have put in place various recognition initiatives for our employees to reward them on their noteworthy performance and contribution. This is accorded at various platforms such as CEO Town Hall, annual meets of employees and Store Manager Meets. Various events such as Retail Olympics infuse bonding and team work among our employees through competitive sports events.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Act, the Directors, to the best of their knowledge and ability, confirm that:-

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER DISCLOSURES UNDER THE ACT AND OTHER APPLICABLE LAWS, REGULATIONS ETC.**Details of Directors and Key Managerial Personnel who were appointed or have resigned during the year****A. Directors**

During the year under review, Mr. Sanjeeb Chaudhuri was appointed as an Additional Independent Director of your Company for a period of 5 (five) consecutive years w.e.f. January 9, 2017, subject to the approval of the Members. Business with respect to his appointment is one of the agenda of the ensuing Tenth Annual General Meeting of the Company.

B. Key Managerial Personnel ("KMP")

During the year under review, pursuant to the Talent Development Policy of the Aditya Birla Group ("Group") and also in line with the provisions of the Nomination Policy of your Company:

- a) Mr. Ashish Dikshit was re-designated as the "Business Head" of the Company (to continue to be one of the KMP of the Company) w.e.f. November 1, 2016, reporting to Mr. Pranab Barua - Managing Director of the Company; and
- b) Mr. Vishak Kumar, Chief Executive Officer of Aditya Birla Retail Limited, a fellow ABG Company, was appointed as "Chief Executive Officer – Madura Fashion & Lifestyle" and one of the KMP of the Company w.e.f. November 1, 2016.

None of the KMP of your Company resigned from their respective positions in the Company.

The aforesaid appointments were based on the recommendation of the Nomination and Remuneration Committee of the Board ("NRC").

Further, in accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sushil Agarwal - Non-Executive Director of your Company, is due to retire by rotation at the ensuing Tenth Annual General Meeting and being eligible, he has offered himself for re-appointment. Business with respect to his re-appointment is one of the agenda of the ensuing Tenth Annual General Meeting of the Company.

The list and profiles of the present Directors and KMP are disclosed as part of "Corporate Information".

Company's policy on appointment and remuneration of Directors and KMP including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Act

Board has, on recommendation of the NRC, adopted a Policy, which *inter alia* enumerates your Company's policy on appointment of Directors and KMP.

Further the Board has, on recommendation of the NRC, also adopted a policy entailing Executive Remuneration Philosophy, which covers the Directors, KMP and employees included in Senior Management of your Company.

Both the aforesaid policies are annexed as **Annexure I** and **Annexure II** to this report.

Familiarization Programme

Your Company has framed a Familiarisation Programme for Independent Directors of the Company, which aims to provide significant insight into the business of the Company and to enable the Independent Directors to understand their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business of the Company. Strategic reviews are also carried out from time to time to update Independent Directors.

On appointment, a formal letter of appointment is given to the Independent Director being appointed, which *inter alia* explains the role, function, duties and responsibilities expected of him/ her as an Independent Director of your Company. By way of an introduction to your Company, the new Director is presented with an Induction Kit, essentially a set of documents which may enable him/ her to have an adequate idea of the Group and the Company, such as Snapshot of the Company alongwith its major activities in last three years, Corporate presentations alongwith other documents that can give him/ her broad idea of the Management of the Company, various Codes of Conduct and Policies applicable to the Company etc. The Director is also explained, in detail, the compliances required from him/ her under the applicable laws. Also, once appointed, the Directors are periodically updated on the new projects, activities or processes of the Company, industry scenario, changes in regulatory framework and the impact thereof on the working of the Company. Details of said Familiarization Programmes are also available on the website of the Company i.e. www.abfrl.com.

Number of Meetings of the Board

During the year under review, the Board met four times, on following occasions:

Sr. No.	Date of Meeting	Place
1	May 25, 2016	Bengaluru
2	August 31, 2016	Mumbai
3	November 24, 2016	Mumbai
4	February 3, 2017	Mumbai

Details of meetings of the Board and its Committees alongwith the attendance of the Directors therein have been disclosed as part of the Corporate Governance Report.

The intervening gap between the meetings was as prescribed under the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Manner of formal annual evaluation by the Board of its own performance and that of its Committees and Individual Directors

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has to evaluate its own performance and that of its Committees and Individual Directors ("Evaluation").

To enable such evaluation, an evaluation framework has been adopted by all the companies of the Group, which is devised with a view to provide a more structured approach for the evaluation and which lays down overall guidelines and processes to be adopted for the evaluation of performance. NRC and the Board have, vide their respective Resolutions dated May 8, 2015 and May 13, 2015, approved the Evaluation Framework.

The evaluation framework for assessing the performance of Directors of your Company comprises criterias such as contribution of the Director at the meetings, strategic perspective or inputs regarding the growth and performance of the Company, among others.

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Directors have carried out the annual performance evaluation of the Board, Independent Directors, Non-Executive Directors, Executive Directors and the Committees of the Board. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Individual Directors, the Board as a whole and its Committees with the Company. Performance evaluation criteria for Independent Directors is disclosed as a part of the Corporate Governance Report.

Statement on declaration of Independence

All the Independent Directors of the Company have given their respective declarations stating that they meet the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

Composition of the Committees of the Board of Directors

Name of the Committee	Composition of Committee
Audit Committee	<ul style="list-style-type: none"> • Mr. Arun Thiagarajan, Independent Director (<i>Chairperson</i>) • Mr. Bharat Patel, Independent Director • Ms. Sukanya Kripalu, Independent Director • Mr. Sanjeeb Chaudhuri, Additional Independent Director • Mr. Sushil Agarwal, Non-Executive Director • Permanent Invitee - Mr. Pranab Barua, Managing Director
Stakeholders Relationship Committee	<ul style="list-style-type: none"> • Mr. Bharat Patel, Independent Director (<i>Chairperson</i>) • Ms. Sukanya Kripalu, Independent Director • Mr. Sushil Agarwal, Non-Executive Director
Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Mr. Bharat Patel, Independent Director (<i>Chairperson</i>) • Ms. Sukanya Kripalu, Independent Director • Mr. Arun Thiagarajan, Independent Director • Mr. Sushil Agarwal, Non-Executive Director
Corporate Social Responsibility Committee	<ul style="list-style-type: none"> • Mr. Bharat Patel, Independent Director • Mr. Sushil Agarwal, Non-Executive Director • Mr. Pranab Barua, Managing Director • Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development • Dr. Pragnya Ram, Group Executive President, Corporate Communication & CSR, Aditya Birla Group - Permanent Invitee
Risk Management Committee	<ul style="list-style-type: none"> • Mr. Bharat Patel, Independent Director (<i>Chairperson</i>) • Mr. Arun Thiagarajan, Independent Director • Mr. Sushil Agarwal, Non-Executive Director • Mr. Pranab Barua, Managing Director

Corporate Governance

Your Company is committed to follow the best practices of Corporate Governance, including the requirements under the SEBI Listing Regulations and the Board is responsible to ensure the same, from time to time.

Your Company has duly complied with the Corporate Governance requirements as set out under Chapter IV of the SEBI Listing Regulations, from time to time and the Statutory Auditors of the Company viz. M/s. S R B C & CO LLP, Chartered Accountants (ICAI Registration No. 324982E/E30003), have vide their certificate dated May 12, 2017, confirmed that the Company is and has been compliant with the conditions stipulated in the Chapter IV of the SEBI Listing Regulations ("said certificate"). The said certificate is annexed as **Annexure III** to this report.

Further, a separate report on Corporate Governance forms part of this Annual Report.

Extract of Annual Return

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Act and Companies (Management and Administration) Rules, 2014, an Extract of the Annual Return in Form No. MGT-9 is annexed as **Annexure IV** to this report.

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made - (i) by the auditor in his report and (ii) by the company secretary in practice in his secretarial audit report

Statutory Auditor

M/s. S R B C & CO LLP, Chartered Accountants (ICAI Registration No. 324982E/E30003), were appointed as Statutory Auditors of your Company at the Ninth Annual General Meeting of the Company held on September 7, 2016, to hold office for a period of 5 (five) consecutive years i.e. from the conclusion of the Ninth Annual General Meeting until the conclusion of the Fourteenth Annual General Meeting of the Company, subject to the ratification of their appointment by Members at every Annual General Meeting.

Report given by the Statutory Auditors on the Financial Statements of the Company is disclosed as part of the "Financial Statements".

There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their Report for the year under review. In terms of the guidelines issued by the Institute of Chartered Accountants ("ICAI"), the Statutory Auditors have emphasized on the matter that the acquisition of the Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") has not been restated in accordance with the provisions of Ind AS 103, since the same has been accounted in accordance with the terms of the Composite Scheme of Arrangement as approved by the Hon'ble High Court of Gujarat and Bombay vide their respective orders.

The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

Secretarial Auditor

M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries, were appointed as Secretarial Auditor of your Company, to conduct Secretarial Audit for the year under review, pursuant to the provisions of Section 204 of the Act.

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

Particulars of loans, guarantees or investments under Section 186 of the Act

Particulars of the loans, guarantees and investments as required under Section 186 of the Act have been disclosed as part of the "Financial Statements".

Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Act in the prescribed form

All contracts/ arrangements/ transactions entered into by your 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",

as per the provisions of Section 188(1) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations.

Accordingly, Form AOC-2 prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of Related Party Transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure of this Report.

However, all Related Party Transactions entered into during the year under review were approved by the Audit Committee and Board, from time to time and the same are disclosed as part of the Financial Statements of your Company for the year under review, as per the applicable provisions of the Act and the SEBI Listing Regulations.

Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, Board has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. www.abfrl.com.

Details relating to deposits

During the year under review, your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2017, there were no deposits which were unpaid or unclaimed and due for repayment.

Names of companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate companies during the year

During the year, no Company became/ ceased to be a Subsidiary/ Associate of your Company. Also the Company did not become a part of any Joint Venture during the year.

As at the end of the year under review i.e. on March 31, 2017 and also as on the date of this report, your Company does not have any Subsidiary and/ or Associate Company and your Company is also not a part of any Joint Venture.

Details with respect to development and implementation of a Risk Management Policy

Considering the susceptibility of your Company to the inherent business risks, Board, on recommendation of RMC, has adopted a Risk Management Policy, to:

- develop and implement Risk Management procedure/ plan including identification therein of elements of risk, if any, which may threaten the existence of the Company;
- enable the Company to proactively manage the uncertainty, changes in the internal and external environment to limit negative impacts;
- capitalize on opportunities alongwith minimization of identifiable risks; and
- in compliance with the provisions of the Act and Regulations 4(2)(f) & 17(9)(b) of the SEBI Listing Regulations which require the Company to lay down procedure for risk assessment and procedure for risk minimization.

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

Further, in view of the ever increasing size and complexity of the business operations, your Company is exposed to the various risks emanating from frauds. Accordingly, the Board has, on recommendation of the Audit Committee, 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.

Details of establishment of Vigil Mechanism

Board has, on recommendation of the Audit Committee, adopted a Policy thereby enumerating the Vigil/ Whistle Blower Mechanism, for Directors and employees of your Company, to report concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct of the Company and to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal. Adequate safeguards are provided against victimization to those who avail of the mechanism and direct access to the Chairperson of the Audit Committee is provided to them. The Vigil Mechanism is also available on the website of the Company i.e. www.abfrl.com.

Details about the policy developed and implemented by the Company on Corporate Social Responsibility (“CSR”) and the CSR initiatives taken during the year

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted a CSR Committee. Details of the composition of the CSR Committee are disclosed hereinabove and have also been disclosed as part of the Corporate Governance Report.

Further, the Board has, 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.

CSR Policy of the Company, enumerates the Vision of the Group and your Company, as a responsible corporate citizen. It also mentions the process to be implemented with respect to identification of projects and philosophy of the Company, alongwith key endeavors and goals viz.

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

In line with the same, the CSR activities of the Company are mainly focused towards,

- Girl Child Education and Skilling; and
- Health and Sanitation.

In view of the losses during the three immediately preceding financial years (i.e. Financial Years 2015-16, 2014-15 and 2013-14), the Company was not required to spend any amount towards the CSR activities, as per the applicable provisions of Section 135 of the Act. However, a report on CSR Activities of your Company during the year under review is annexed as **Annexure VI** to this Report.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Your Company consciously makes all efforts to conserve energy across all its operations. Information on conservation of energy, technology absorption and foreign exchange earnings and outgo, required to be disclosed pursuant to Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is given in **Annexure VII** to this Report.

Sustainability and Business Responsibility Report

Your Company’s sustainability initiatives are aligned with the Group’s sustainability vision, which mainly comprises Responsible Stewardship, Stakeholder Engagement and Future-proofing.

Accordingly, under the aegis of the Group’s sustainability vision, your Company is strengthening its ‘ReEarth’ program, 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 organization, which addresses the needs of all Stakeholders thereby securing a sustainable future for tomorrow.

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

Dividend Distribution Policy

Your Company has, in compliance with SEBI Listing Regulations, formulated a Dividend Distribution Policy. Objective of this policy is to provide the dividend distribution framework to the Stakeholders of the Company and it sets out various internal and external factors which shall be considered by the Board in determining the dividend payout.

The policy is annexed as **Annexure VIII** to this report and is also available on the website of the Company i.e. www.abfrl.com.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

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.

Employee Stock Option Scheme and Share Based Employee Benefits

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

Grant of share based benefits to the employees of the Company, such as Employee Stock Options ("Options"), Restricted Stock Units ("RSUs"), Stock Appreciation Rights ("SARs") etc. is governed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Regulations").

NRC *inter alia* administers, implements and monitors the Schemes and plans thereby governing the grant of Share Based Employee Benefits to the employees of the Company. Accordingly, administration and implementation of the "Employee Stock Option Scheme - 2013" ("Scheme") and "Stock Appreciation Rights Plan - 2013" ("Plan"), comes under the scope of NRC.

During the year under review, 2,79,544 (Two Lakh Seventy Nine Thousand Five Hundred Forty Four) RSUs were granted pursuant to the provisions of the Scheme and no Options and/ or SARs were granted.

Pursuant to the provisions of the Scheme and Plan, 1,78,910 (One Lakh Seventy Eight Thousand Nine Hundred Ten) Options, 51,974 (Fifty One Thousand Nine Hundred Seventy Four) SARs and 4,93,484 (Four Lakh Ninety Three Thousand Four Hundred Eighty Four) RSUs, respectively, were vested unto the eligible grantees. Also, your Company credited ` 68,984.80 (Rupees Sixty Eighty Thousand Nine Hundred Eighty Four and Eighty Paise only) to one of the eligible grantee upon exercise of SARs.

Further, the Stakeholders Relationship Committee of the Board, allotted 2,62,925 (Two Lakh Sixty Two Thousand Nine Hundred Twenty Five) Equity Shares of ` 10/- (Rupees Ten only) each credited as fully paid-up, upon exercise of Options by the eligible grantees and 3,84,767 (Three Lakh Eighty Four Thousand Seven Hundred Sixty Seven) Equity Shares of ` 10/- (Rupees Ten only) each credited as fully paid-up, upon exercise of RSUs by the eligible grantees.

In terms of the provisions of the Regulations, the details of the Options and/ or RSUs and/ or SARs already granted under the abovementioned Scheme and/ or Plan are available on the website of the Company i.e. www.abfrl.com. Further, the same have been disclosed as part of the "Financial Statements".

A certificate from the Statutory Auditor confirming that the Scheme has been implemented in accordance with the Guidelines and the Regulations will be placed at the ensuing Tenth Annual General Meeting for inspection by the Members.

Particulars of Employees as per Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Disclosures with respect to the remuneration of Directors and Employees as required under Section 197 (12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure IX** to this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("said rules") a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of the Annual Report. However, in line with the provisions of the first proviso to Section 136(1) of the Act, the reports and accounts as set out therein, are being sent to all Members of the Company, excluding the aforesaid information. The same is open for inspection at the Registered Office of your Company during working hours. Any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

Disclosures as per the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is committed towards providing a work environment that is professional and mature, free from animosity and one that reinforces our value of integrity that includes respect for the individual. Pursuant to the same, the Company has a Policy on Prevention of Sexual Harassment at Workplace, which is applicable to all employees of your Company, as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no cases were filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and 26 complaints were received, out of which all the complaints have been investigated and resolved after taking an appropriate action and none of the complaints remain pending as on March 31, 2017.

AWARDS AND RECOGNITIONS

Your Company has been proud recipient of the following Awards and Recognitions during the year under review:

- The Company won the 'Best Customer Experience Award' for Best Use of Insights to Enhance Customer Experience at the Customer Engagement Summit 2017 by Terragni Consulting, India;
- Madura Fashion & Lifestyle has been named as one of the 'Top 100 Best Companies for Women' in India by Working Mother Media (US based leading firm for women) and AVTAR Group (Pioneer firm in India for providing career opportunities to women);
- Peter England won the 'Best Performing Brand in Men's Formal / Casual Wear' at The Flipkart Fashion Conclave 2017;
- Peter England won the 'Best Customer Relationship Management Program' Award at the Customer Loyalty Summit 2017 by Kamikaze B2B Media (a leading marketing service organization in the B2B space);
- Forever 21 won the 'Most Popular Women's Brand' on e-commerce platform, Myntra in 2016;
- Pantaloons won the 'Most Admired Affordable Fashion Retailer of the Year' at the IMAGES Fashion Awards 2017; and
- Pantaloons bagged 3 Awards in the categories of "Best Customer Centric Company", "Best Loyalty Program in Retail Sector - Large / Multi - Brand Format" and "Best Use of Customer & Data Analytics in Loyalty Program" at the Customer Loyalty Summit 2017 by Kamikaze B2B Media.

SAFETY

Safety has always been one of the key focus areas of your Company and our goal is to achieve 'zero severity level 5 incidents at workplace' by year 2020. In order to ensure this, we have instituted various mechanisms to assess, manage and improve safety practices.

During the year, there were 5 lost time injuries with no fatalities in operations under our control.

OTHER DISCLOSURES

- There was no revision in the Financial Statements for the Financial Year, other than as necessitated in terms of the provisions of the Act.
- Your Company has not issued any shares with differential voting rights.
- During the year, there was no change in the nature of business of your Company.
- No Material changes and commitments have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the report affecting the financial position of the Company.
- Your Company has not issued any Sweat Equity Shares.
- Details pertaining to Unclaimed Shares Demat Suspense Account of your Company, are disclosed as part of the "General Shareholder Information".
- Your Company does not have any Subsidiary as on the date of this report and accordingly, it does not have any policy for determining the "Material Subsidiary".
- Your Company does not engage in Commodity hedging activities.

ACKNOWLEDGEMENT

We place on record our sincere appreciation for the continued support which the Company has received from its customers, vendors, suppliers, business associates, bankers, financial institutions, investors, Central and State Governments, Promoters, Group Companies and above all, employees of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 12, 2017

Pranab Barua
Managing Director

Bharat Patel
Independent Director

Disclaimers:

1. Considering prominence of the Goods and Services Tax ("GST") and its impact on the Indian Economy and the Company, Management of the Company has incorporated and reported the present status of its impact and implementation in the Directors' Report.
2. Certain statements in the "Management 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, competitors actions, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. Company assumes no responsibility to publicly amend, modify or revise any statement, on 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.

NOMINATION POLICY⁽¹⁾**1. PURPOSE**

The primary function of the Nomination and Remuneration Committee is to assist the Board of Directors in fulfilling its governance and supervisory responsibilities relating to human resource management and compensation.

Nomination and Remuneration Committee ("the Committee" or "NRC") is constituted by the Board of Directors ("Board") of Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) ("Company") in its meeting held on July 31, 2014, pursuant to the provisions of Section 178 of the Companies Act, 2013 and applicable rules made thereunder ("Act") and Clause 49 of the erstwhile Equity Listing Agreement ("Listing Agreement"). The constitution, composition and role of the Committee is also in line with the provisions of Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

This policy is enacted mainly to deal with the following matters, falling within the scope of the Committee:

- a. 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;
- b. To devise a policy on Board Diversity;
- c. To review and implement the succession and development plans for Managing Director, Executive Directors and Senior Managers⁽²⁾;
- d. To formulate the criteria for determining qualifications, positive attributes and independence of Directors;
- e. To establish evaluation criteria of Board, its Committees and each Director.

2. BOARD OF DIRECTORS**i) Identification, Nomination & Board Diversity**

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

In designing the Board's composition, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition (including gender, ethnicity, age, length of service) will be disclosed in the Corporate Governance Report annually.

ii) Evaluation Process

The Committee shall annually evaluate the performance of the Board as per the approved Evaluation Framework and conduct an assessment of the performance of each of the Directors

(1) Amended vide a resolution of the Board of Directors of the Company passed at its meeting held on January 9, 2016, for reflecting,

- change of name of the Company pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors, under Sections 391 to 394 of the Companies Act, 1956 and
- change in applicable provisions, pursuant to repeal of Equity Listing Agreement and enactment of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(2) "Senior Managers" means members of the Company's core management team as determined from time to time by the Committee, excluding Board of Directors, and comprising at least all members of management one level below the Executive Directors, including the functional heads.

individually against the criteria and Evaluation Framework as determined and approved by the Board/ Committee.

The performance evaluation of Independent Directors shall be done by the entire Board of Directors, on the basis of recommendations of the Committee (excluding the Director being evaluated).

iii) Training and Development

The Company shall periodically organise sessions under the familiarisation programme for the Directors including Independent Directors to apprise them with the business operations of the Company and also let them know their roles, rights and responsibilities in the Company to enable them to make effective contribution and discharge their functions as a Board Member.

The Committee shall approve training policies, including new Director orientation and continuing education requirements or expectations, for Non-executive and Independent Director.

iv) Succession Planning

The Committee shall review and implement succession and development plans.

v) Criteria for determining qualifications, positive attributes and independence of Directors

The Committee shall follow the principles enshrined in the Act and the SEBI Listing Regulations while fixing the criteria for determining the qualifications, positive attributes and independence of Directors, at all times.

3. KEY MANAGERIAL PERSONNEL ("KMP") AND OTHER SENIOR MANAGERS⁽²⁾

i) Identification & Nomination

The Committee shall identify the persons who may be appointed as KMP and other Senior Managers, taking into consideration qualifications, experience, positive attributes, skills and competencies and such other factors as it deems appropriate.

The Committee shall recommend to the Board the appointment and removal of KMP and other Senior Managers of the Company.

ii) Training & Development

The Committee shall be responsible to maintain a framework for talent/ competency development strategy for KMP and other Senior Managers of the Company.

iii) Evaluation Process

The Committee shall review and approve the evaluation of performance of KMP and Senior Managers of the Company.

iv) Terminations and Severances

The Committee shall also review terminations/ replacements/ severance of employments of KMP and other Senior Managers.

v) Succession Planning

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for KMP and other Senior Managers as may be required, from time to time.

4. REVIEW AND AMENDMENTS

- i) The Committee may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- ii) The Committee shall re-assess and review the adequacy of this charter annually and propose and recommend changes to the Board for approval as and when necessary.
- iii) This Policy may be amended or substituted by the Board as and when required specifically where there are any statutory amendments necessitating the change in the policy.

ANNEXURE II

Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) (the "Company"), an Aditya Birla Group Company adopts/ shall adopt this Executive Remuneration Philosophy/ Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

ADITYA BIRLA GROUP: EXECUTIVE REMUNERATION PHILOSOPHY/ POLICY⁽¹⁾

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/ Policy supports the design of programs that align executive rewards - including incentive programs, retirement benefit programs, promotion and advancement opportunities - with the long-term success of our stakeholders.

Our business and organisational model

Our Group is a conglomerate and organised in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

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

II. Executives

Our Executive Remuneration Philosophy/ Policy applies to the following:

1. Directors of the Company.
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management.

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognise the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

(1) Amended vide a resolution of the Board of Directors of the Company passed at its meeting held on January 9, 2016, for reflecting:

- change of name of the Company pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 and
- change in applicable provisions, pursuant to repeal of Equity Listing Agreement and enactment of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits.

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivise stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long term incentive vehicle, to motivate and retain our executives.

VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VII. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control ("CIC") agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Claw back Clause

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act, 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him/ her as per restatement of financial statements, pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination and Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/ Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Aditya Birla Fashion and Retail Limited
701-704, 7th Floor,
Skyline Icon Business Park,
86-92, Off A.K. Road,
Marol Village,
Andheri (East), Mumbai - 400059

We have examined the compliance of conditions of corporate governance by Aditya Birla Fashion and Retail Limited (formerly Pantaloons Fashion & Retail Limited), for the year ended on March 31, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with Stock Exchange(s).

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with Stock Exchange(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S R B C & CO LLP

Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

Per Vijay Maniar

Partner
Membership No.: 36738

Place: Mumbai
Date : May12, 2017

ANNEXURE IV

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i. CIN** : L18101MH2007PLC233901
- ii. Registration Date** : April 19, 2007
- iii. Name of the Company** : Aditya Birla Fashion and Retail Limited
(formerly known as Pantaloons Fashion & Retail Limited)
- iv. Category & Sub-Category of the Company** : Company Limited by shares and
Indian Non-Government Company
- v. Address of the Registered office and contact details** : 701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village, Andheri (East),
Mumbai - 400059, Maharashtra, India.
Tel.: +91 8652905000; Fax: +91 8652905400
- vi. Whether listed company** : Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any** : Link Intime India Private Limited
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai - 400 083.
Tel: (022) 49186000; Fax: (022) 49186060

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
Branded Fashion Apparels and Accessories	1410	61.71
Retail sale of clothing, footwear and leather articles in specialized stores	4771	38.29

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN	Holding/ subsidiary/ associate	% of shares held	Applicable section
NIL					

IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of total Equity):

During the year under review, the Shareholding Pattern of the Company changed majorly to the extent of allotment of Equity Shares to:

- (i) the Non-Resident Shareholders of Aditya Birla Nuvo Limited ("ABNL") holding shares on repatriation basis ("NRE Shareholders") pursuant to the Composite Scheme of Arrangement amongst the Company, ABNL and Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors, under Sections 391 to 394 of the Companies Act, 1956 ("Composite Scheme"); and
- (ii) the employees of the Company, pursuant to the exercise of Stock Options ("Options") and Restricted Stock Units ("RSUs") in terms of the provisions of the Employee Stock Option Scheme, 2013 of the Company.

Such changes have been reflected in the tables below.

i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year [#]				No. of Shares held at the end of the year [#]				% Change during the year [§]
	Demat	Physical	Total	% of total Shares [§]	Demat	Physical	Total	% of total Shares [§]	
A. Promoters									
1) Indian									
a) Individual/ HUF	7,08,254	-	7,08,254	0.09	7,08,254	-	7,08,254	0.09	0.00
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	45,37,94,948	26,60,915	45,64,55,863	59.37	45,64,55,863	-	45,64,55,863	59.24	(0.13)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	45,45,03,202	26,60,915	45,71,64,117	59.46	45,71,64,117	-	45,71,64,117	59.33	(0.13)
2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	45,45,03,202	26,60,915	45,71,64,117	59.46	45,71,64,117	-	45,71,64,117	59.33	(0.13)
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	7,46,84,105	48,557	7,47,32,662	9.72	7,70,77,022	39,204	7,71,16,226	10.01	0.29
b) Banks / FI	5,43,569	45,409	5,88,978	0.08	6,25,195	45,409	6,70,604	0.09	0.01
c) Central Government	5	-	5	0.00	577	-	577	0.00	0.00
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,84,14,112	29,567	3,84,43,679	5.00	3,76,61,981	29,437	3,76,91,418	4.89	(0.11)
g) FIs* [†]	9,17,49,546	19,209	9,17,68,755	11.94	8,57,53,023	19,209	8,57,72,232	11.13	(0.80)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
i. Foreign Banks	12,816	23,201	36,017	0.00	12,816	23,201	36,017	0.00	0.00
ii. UTI	-	86,944	86,944	0.01	-	86,944	86,944	0.01	0.00
Sub-total (B)(1)	20,54,04,153	2,52,887	20,56,57,040	26.75	20,11,30,614	2,43,404	20,13,74,018	26.13	(0.61)
2) Non-Institutions									
a) Bodies Corp.									
i. Indian	3,05,93,018	3,38,731	3,09,31,749	4.02	2,54,30,520	3,12,609	2,57,43,129	3.34	(0.68)
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital upto [†] 1 Lakh	4,33,97,023	95,93,807	5,29,90,830	6.89	4,97,57,886	89,87,029	5,87,44,915	7.32	0.43
ii. Individual shareholders holding nominal share capital in excess of [†] 1 Lakh	1,79,51,499	6,58,846	1,86,10,345	2.42	1,95,01,674	6,33,967	2,01,35,641	2.93	0.51

i) Category-wise Shareholding (continued):

Category of Shareholders	No. of Shares held at the beginning of the year [#]				No. of Shares held at the end of the year [#]				% Change during the year [§]
	Demat	Physical	Total	% of total Shares [§]	Demat	Physical	Total	% of total Shares [§]	
c) Others:									
i. Non Resident Indians (Repat)	3,47,289	440	3,47,729	0.05	9,59,045	1,822	9,60,867	0.12	0.08
ii. Non Resident Indians (Non Repat)	14,79,533	87,605	15,67,138	0.20	22,51,526	1,08,010	23,59,536	0.31	0.10
iii. Foreign Nationals	20	-	20	0.00	20	-	20	-	0.00
iv. Clearing Member	8,36,182	-	8,36,182	0.11	18,96,223	-	18,96,223	0.25	0.14
v. Directors	1,19,829	-	1,19,829	0.02	5,56,326	-	5,56,326	0.07	0.06
vi. Trusts	1,92,620	15,364	2,07,984	0.03	1,65,278	15,364	1,80,642	0.02	0.00
vii. Office Bearers	-	1,261	1,261	0.00	2,49,749	-	2,49,749	0.03	0.03
viii. HUF	4,08,502	-	4,08,502	0.05	11,61,971	-	11,61,971	0.15	0.10
Sub-total (B)(2)	9,53,25,515	1,06,96,054	10,60,21,569	13.79	10,19,30,218	1,00,58,801	11,19,89,019	14.55	0.76
Total Public Shareholding (B) = (B)(1) + (B)(2)	30,07,29,668	1,09,48,941	31,16,78,609	40.54	30,30,60,832	1,03,02,205	31,33,63,037	40.68	0.14
C. Shares held by Custodian for GDRs and ADRs									
Total Shares held by Custodian and ADRs (C)	-	-	-	-	-	-	-	-	-
Grand Total (A) + (B) + (C)	75,52,32,870	1,36,09,856	76,88,42,726	100.00	76,02,24,949	1,03,02,205	77,05,27,154	100.00	-

Notes:

Beginning of the year -> As on April 1, 2016; End of the year-> As on March 31, 2017 and During the year -> From April 1, 2016 upto March 31, 2017.

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

* Means and includes "Foreign Portfolio Investors".

ii) Shareholding of Promoter and Promoter Group

Sr. No.	Name of the Promoter/ Entity Part of the Promoter Group	Shareholding at the beginning of the year [#]			Cumulative Shareholding at the end of the year [#]			% Change in Shareholding during the year
		No. of Shares held	% of total Shares of the Company [§]	% of Shares Pledged/ Encumbered to total Shares	No. of Shares held	% of total Shares of the Company [§]	% of Shares Pledged/ Encumbered to total Shares	
1	Birla Group Holdings Private Limited	1,87,73,560	2.44	-	1,87,73,560	2.44	-	(0.01)
2	Mr. Kumar Mangalam Birla	23,966	0.00	-	23,966	0.00	-	0.00
3	Ms. Rajashree Birla	6,63,696	0.09	-	6,63,696	0.09	-	0.00
4	Ms. Neerja Birla	10,270	0.00	-	10,270	0.00	-	0.00
5	Ms. Vasavadatta Bajaj	9,542	0.00	-	9,542	0.00	-	0.00
6	Aditya Vikram Kumar Mangalam Birla HUF	780	0.00	-	780	0.00	-	0.00
7	IGH Holdings Private Limited	8,50,30,930	11.06	-	8,50,30,930	11.04	-	(0.02)
8	TGS Investment and Trade Private Limited	7,02,35,027	9.14	-	7,02,35,027	9.12	-	(0.02)
9	Aditya Birla Nuvo Limited	6,99,82,370	9.10	-	6,99,82,370	9.08	-	(0.02)
10	Umang Commercial Company Private Limited	6,49,72,778	8.45	-	6,49,72,778	8.43	-	(0.02)
11	Trapti Trading and Investments Private Limited	4,90,04,462	6.37	-	4,90,04,462	6.36	-	(0.01)
12	Hindalco Industries Limited	4,49,82,142	5.85	-	4,49,82,142	5.84	-	(0.01)
13	Turquoise Investment and Finance Private Limited	3,34,93,678	4.36	-	3,34,93,678	4.35	-	(0.01)
14	Grasim Industries Limited	1,73,98,243	2.26	-	1,73,98,243	2.26	-	0.00

ii) Shareholding of Promoter and Promoter Group (continued):

Sr. No.	Name of the Promoter/ Entity Part of the Promoter Group	Shareholding at the beginning of the year [#]			Cumulative Shareholding at the end of the year [#]			% Change in Shareholding during the year
		No. of Shares held	% of total Shares of the Company [§]	% of Shares Pledged/ Encumbered to total Shares	No. of Shares held	% of total Shares of the Company [§]	% of Shares Pledged/ Encumbered to total Shares	
15	Pilani Investment And Industries Corporation Limited	9,72,909	0.13	-	9,72,909	0.13	-	0.00
16	ECE Industries Limited	6,19,647	0.08	-	6,19,647	0.08	-	0.00
17	Manav Investment and Trading Co. Limited	5,96,310	0.08	-	5,96,310	0.08	-	0.00
18	Birla Consultants Limited	1,49,006	0.02	-	1,49,006	0.02	-	0.00
19	Birla Industrial Finance (India) Limited	1,44,508	0.02	-	1,44,508	0.02	-	0.00
20	ABNL Investment Limited	69,327	0.01	-	69,327	0.01	-	0.00
21	Birla Industrial Investments (India) Limited	30,966	0.00	-	30,966	0.00	-	0.00
	Total	45,71,64,117	59.46	-	45,71,64,117	59.33	-	(0.13)

Notes:

Beginning of the year -> As on April 1, 2016; End of the year-> As on March 31, 2017 and During the year -> From April 1, 2016 upto March 31, 2017.

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

iii) Change in Promoters' Shareholding:

Promoters' Shareholding as on March 31, 2017 did not change vis-à-vis their shareholding as on March 31, 2016. However, by virtue of increase in the paid-up capital of the Company during the year under review from time to time, there were changes in the percentage of their respective Shareholdings as on March 31, 2017 vis-à-vis percentage of their Shareholding as on March 31, 2016, which is more particularly as enumerated in the above table.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company [§]		No. of Shares	% of total Shares of the Company [§]
1	Franklin Templeton Mutual Fund and its affiliates **®					
	At the beginning of the year [#]	2,15,61,748	2.80	-	2,15,61,748	2.80
	Date wise Increase/ Decrease during the year [#]					
	- April 8, 2016	3,15,687	0.04	Transfer	2,18,77,435	2.85
	- June 3, 2016	6,51,000	0.08	Transfer	2,25,28,435	2.93
	- June 10, 2016	10,11,000	0.13	Transfer	2,35,39,435	3.06
	- June 30, 2016	37,704	0.00	Transfer	2,35,77,139	3.07
	- July 15, 2016	5,00,000	0.07	Transfer	2,40,77,139	3.13
	- July 29, 2016	7,00,000	0.09	Transfer	2,47,77,139	3.22
	- August 12, 2016	5,50,000	0.07	Transfer	2,53,27,139	3.29
	- August 19, 2016	4,50,000	0.06	Transfer	2,57,77,139	3.35
	- September 9, 2016	2,00,000	0.03	Transfer	2,59,77,139	3.38
	- September 23, 2016	5,04,000	0.07	Transfer	2,64,81,139	3.44
	- September 30, 2016	2,00,000	0.03	Transfer	2,66,81,139	3.47
	- October 7, 2016	5,02,658	0.07	Transfer	2,71,83,797	3.53
	- October 14, 2016	2,47,342	0.03	Transfer	2,74,31,139	3.57
	- October 21, 2016	11,32,966	0.15	Transfer	2,85,64,105	3.71
	- October 28, 2016	17,034	0.00	Transfer	2,85,81,139	3.72
	- November 11, 2016	17,93,163	0.23	Transfer	3,03,74,302	3.95
	- November 18, 2016	2,60,126	0.03	Transfer	3,06,34,428	3.98
	- November 25, 2016	22,00,000	0.29	Transfer	3,28,34,428	4.27
	- December 30, 2016	4,00,000	0.05	Transfer	3,32,34,428	4.32

iv) Shareholding Pattern of top ten Shareholders (continued):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company ^s		No. of Shares	% of total Shares of the Company ^s
	- January 6, 2017	8,33,999	0.11	Transfer	3,40,68,427	4.42
	- January 13, 2017	66,001	0.01	Transfer	3,41,34,428	4.43
	- January 27, 2017	5,00,000	0.06	Transfer	3,46,34,428	4.50
	- February 3, 2017	30,62,864	0.40	Transfer	3,76,97,292	4.89
	- February 10, 2017	19,23,635	0.25	Transfer	3,96,20,927	5.14
	- February 17, 2017	5,85,875	0.08	Transfer	4,02,06,802	5.22
	- February 24, 2017	52,252	0.01	Transfer	4,02,59,054	5.23
	- March 3, 2017	11,57,842	0.15	Transfer	4,14,16,896	5.38
	- March 10, 2017	15,00,000	0.19	Transfer	4,29,16,896	5.57
	- March 17, 2017	10,00,000	0.13	Transfer	4,39,16,896	5.70
	- March 31, 2017	26,613	0.00	Transfer	4,39,43,509	5.70
	At the end of the year [#]	4,39,43,509	5.70	-	4,39,43,509	5.70
2	Life Insurance Corporation of India^{*@}					
	At the beginning of the year [#]	3,16,26,684	4.11	-	3,16,26,684	4.11
	Date wise Increase/ Decrease during the year [#]	-	-	-	-	-
	At the end of the year [#]	3,16,26,684	4.10	-	3,16,26,684	4.10
3	Franklin Templeton Investment Funds^{*@}					
	At the beginning of the year [#]	1,31,70,648	1.71	-	1,31,70,648	1.71
	Date wise Increase/ Decrease during the year [#]					
	- April 15, 2016	2,82,026	0.04	Transfer	1,34,52,674	1.75
	- May 13, 2016	2,32,974	0.03	Transfer	1,36,85,648	1.78
	- May 27, 2016	1,48,463	0.02	Transfer	1,38,34,111	1.80
	- June 17, 2016	6,75,484	0.09	Transfer	1,45,09,595	1.89
	- June 24, 2016	93,600	0.01	Transfer	1,46,03,195	1.90
	- July 1, 2016	12,500	0.00	Transfer	1,46,15,695	1.90
	- July 8, 2016	13,10,670	0.17	Transfer	1,59,26,365	2.07
	- July 15, 2016	17,01,346	0.22	Transfer	1,76,27,711	2.29
	- July 22, 2016	18,86,400	0.25	Transfer	1,95,14,111	2.54
	- July 29, 2016	(10,944)	0.00	Transfer	1,95,03,167	2.54
	- March 24, 2017	33,08,400	0.42	Transfer	2,28,11,567	2.96
	- March 31, 2017	3,83,217	0.05	Transfer	2,31,94,784	3.01
	At the end of the year [#]	2,31,94,784	3.01	-	2,31,94,784	3.01
4	Reliance Capital Trustee Co. Ltd a/c Reliance Equity Opportunities Fund^{*@}					
	At the beginning of the year [#]	2,80,95,578	3.65	-	2,80,95,578	3.65
	Date wise Increase/ Decrease during the year [#]					
	- May 13, 2016	(78,000)	(0.01)	Transfer	2,80,17,578	3.64
	- May 27, 2016	(62,400)	(0.01)	Transfer	2,79,55,178	3.64
	- June 3, 2016	(1,57,200)	(0.02)	Transfer	2,77,97,978	3.62
	- June 10, 2016	(13,36,400)	(0.17)	Transfer	2,64,61,578	3.44
	- June 17, 2016	(7,50,000)	(0.10)	Transfer	2,57,11,578	3.34
	- July 15, 2016	(25,45,000)	(0.33)	Transfer	2,31,66,578	3.01
	- July 22, 2016	(22,30,000)	(0.29)	Transfer	2,09,36,578	2.72
	- July 29, 2016	(7,75,047)	(0.11)	Transfer	2,01,61,531	2.62
	- August 26, 2016	(3,32,574)	(0.04)	Transfer	1,98,28,957	2.58
	- September 2, 2016	(3,17,294)	(0.04)	Transfer	1,95,11,663	2.54
	- September 9, 2016	(2,04,209)	(0.03)	Transfer	1,93,07,454	2.51
	- September 16, 2016	(1,48,604)	(0.02)	Transfer	1,91,58,850	2.49
	- September 23, 2016	(76,242)	(0.01)	Transfer	1,90,82,608	2.48
	- September 30, 2016	(5,93,000)	(0.08)	Transfer	1,84,89,608	2.40
	- October 7, 2016	(2,79,001)	(0.04)	Transfer	1,82,10,607	2.37
	- October 14, 2016	(1,27,156)	(0.02)	Transfer	1,80,83,451	2.35
	- October 21, 2016	(10,27,218)	(0.13)	Transfer	1,70,56,233	2.22

iv) Shareholding Pattern of top ten Shareholders (continued):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company ^s		No. of Shares	% of total Shares of the Company ^s
	- October 28, 2016	(2,42,000)	(0.03)	Transfer	1,68,14,233	2.19
	- November 11, 2016	(17,58,198)	(0.23)	Transfer	1,50,56,035	1.96
	- December 2, 2016	(9,15,079)	(0.12)	Transfer	1,41,40,956	1.84
	- December 9, 2016	(2,85,600)	(0.04)	Transfer	1,38,55,356	1.80
	- December 16, 2016	(3,00,000)	(0.04)	Transfer	1,35,55,356	1.76
	- December 30, 2016	(5,00,000)	(0.06)	Transfer	1,30,55,356	1.70
	- January 6, 2017	(5,00,000)	(0.07)	Transfer	1,25,55,356	1.63
	At the end of the year [#]	1,25,55,356	1.63	-	1,25,55,356	1.63
5	Tata Balanced Fund **®					
	At the beginning of the year [#]	94,37,816	1.22	-	94,37,816	1.23
	Date wise Increase/ Decrease during the year [#]					
	- April 8, 2016	13,69,400	0.18	Transfer	1,08,07,216	1.41
	- April 15, 2016	5,00,000	0.07	Transfer	113,07,216	1.47
	- April 29, 2016	1,00,000	0.01	Transfer	1,14,07,216	1.48
	- May 6, 2016	1,00,000	0.01	Transfer	1,15,07,216	1.50
	- May 13, 2016	50,000	0.01	Transfer	1,15,57,216	1.50
	- June 3, 2016	(1,50,000)	(0.02)	Transfer	1,14,07,216	1.48
	- June 10, 2016	(2,01,000)	(0.03)	Transfer	1,12,06,216	1.46
	- June 17, 2016	(31,200)	0.00	Transfer	1,11,75,016	1.45
	- June 30, 2016	(50,000)	(0.01)	Transfer	1,11,25,016	1.45
	- July 8, 2016	(88,600)	(0.01)	Transfer	1,10,36,416	1.44
	- July 15, 2016	(2,00,000)	(0.03)	Transfer	1,08,36,416	1.41
	- July 22, 2016	(3,45,000)	(0.04)	Transfer	1,04,91,416	1.36
	- August 5, 2016	(2,07,416)	(0.03)	Transfer	1,02,84,000	1.34
	- November 18, 2016	(2,75,000)	(0.04)	Transfer	1,00,09,000	1.30
	- November 25, 2016	(5,00,000)	(0.07)	Transfer	95,09,000	1.24
	At the end of the year [#]	95,09,000	1.23	-	95,09,000	1.23
6	HSBC Global Investment Funds - Indian Equity[®]					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	- May 20, 2016	1,68,173	0.02	Transfer	1,68,173	0.02
	- August 26, 2016	66,00,000	0.86	Transfer	67,68,173	0.88
	- September 9, 2016	4,042	0.00	Transfer	67,72,215	0.88
	- October 21, 2016	25,90,573	0.34	Transfer	93,62,788	1.22
	- January 20, 2017	(5,00,000)	(0.07)	Transfer	88,62,788	1.15
	- February 10, 2017	(5,00,000)	(0.07)	Transfer	83,62,788	1.09
	At the end of the year [#]	83,62,788	1.09	-	83,62,788	1.09
7	India Opportunities Growth Fund Ltd. - Pinewood Strategy^{**®}					
	At the beginning of the year [#]	1,20,68,518	1.57	-	1,20,68,518	1.57
	Date wise Increase/ Decrease during the year [#]					
	- October 28, 2016	(2,21,794)	(0.03)	Transfer	1,18,46,724	1.54
	- November 4, 2016	(3,08,296)	(0.04)	Transfer	1,15,38,428	1.50
	- February 3, 2017	(15,00,000)	(0.20)	Transfer	1,00,38,428	1.30
	- February 10, 2017	(13,50,000)	(0.18)	Transfer	86,88,428	1.13
	- February 24, 2017	(3,52,300)	(0.05)	Transfer	83,36,128	1.08
	- March 3, 2017	(7,84,000)	(0.10)	Transfer	75,52,128	0.98
	- March 31, 2017	(2,00,000)	(0.03)	Transfer	73,52,128	0.95
	At the end of the year [#]	73,52,128	0.95	-	73,52,128	0.95

iv) Shareholding Pattern of top ten Shareholders (continued):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company ⁵		No. of Shares	% of total Shares of the Company ⁵
8	Dimensional Emerging Markets Value Fund *®					
	At the beginning of the year [#]	48,24,913	0.63	-	48,24,913	0.63
	Date wise Increase/ Decrease during the year [#]					
	- March 3, 2017	(7,410)	0.00	Transfer	48,17,503	0.63
	- March 10, 2017	(38,728)	(0.01)	Transfer	47,78,775	0.62
	- March 17, 2017	(37,929)	0.00	Transfer	47,40,846	0.62
	- March 24, 2017	(46,455)	(0.01)	Transfer	46,94,391	0.61
	- March 31, 2017	(14,079)	0.00	Transfer	46,80,312	0.61
	At the end of the year [#]	46,80,312	0.61	-	46,80,312	0.61
9	Parvest Equity India ®					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	- July 22, 2016	32,50,000	0.42	Transfer	32,50,000	0.42
	- July 29, 2016	6,50,000	0.08	Transfer	39,00,000	0.51
	- August 19, 2016	2,50,000	0.03	Transfer	41,50,000	0.54
	- August 26, 2016	10,50,000	0.14	Transfer	52,00,000	0.68
	- December 30, 2016	(4,47,694)	(0.06)	Transfer	47,52,306	0.62
	- January 6, 2017	(4,50,000)	(0.06)	Transfer	43,02,306	0.56
	At the end of the year [#]	43,02,306	0.56	-	43,02,306	0.56
10	Macquarie Emerging Markets Asian Trading Pte. Ltd. ®					
	At the beginning of the year [#]	39,00,000	0.51	-	39,00,000	0.51
	Date wise Increase/ Decrease during the year [#]	-	-	-	-	-
	At the end of the year [#]	39,00,000	0.51	-	39,00,000	0.51
11	General Insurance Corporation of India*					
	At the beginning of the year [#]	40,13,282	0.52	-	40,13,282	0.52
	Date wise Increase/ Decrease during the year [#]					
	- April 15, 2016	130	0.00	Transfer	40,13,412	0.52
	- July 15, 2016	(40,716)	(0.01)	Transfer	39,72,696	0.52
	- July 22, 2016	(59,284)	(0.01)	Transfer	39,13,412	0.51
	- September 2, 2016	(75,000)	(0.01)	Transfer	38,38,412	0.50
	- September 9, 2016	(25,000)	0.00	Transfer	38,13,412	0.50
	- September 16, 2016	(75,000)	(0.01)	Transfer	37,38,412	0.49
	- November 4, 2016	(90,000)	(0.01)	Transfer	36,48,412	0.47
	- January 6, 2017	(1,20,380)	(0.02)	Transfer	35,28,032	0.46
	- January 13, 2017	(1,15,600)	(0.02)	Transfer	34,12,432	0.44
	- January 20, 2017	(2,625)	0.00	Transfer	34,09,807	0.44
	- March 3, 2017	(98,736)	(0.01)	Transfer	33,11,071	0.43
	At the end of the year [#]	33,11,071	0.43	-	33,11,071	0.43
12	HSBC Global Investment Funds A/C HSBC GIF Mauritius Limited*					
	At the beginning of the year [#]	91,90,573	1.20	-	91,90,573	1.20
	Date wise Increase/ Decrease during the year [#]					
	- August 26, 2016	(66,00,000)	(0.86)	Transfer	25,90,573	0.34
	- October 21, 2016	(25,90,573)	(0.34)	Transfer	-	-
	At the end of the year [#]	-	-	-	-	-

iv) Shareholding Pattern of top ten Shareholders (continued):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company [§]		No. of Shares	% of total Shares of the Company [§]
13	Kuwait Investment Authority Fund *					
	At the beginning of the year [#]	43,21,972	0.56	-	43,21,972	0.56
	Date wise Increase/ Decrease during the year [#]					
	- April 8, 2016	3,56,576	0.05	Transfer	46,78,548	0.61
	- April 15, 2016	45,600	0.01	Transfer	47,24,148	0.61
	- May 13, 2016	36,400	0.00	Transfer	47,60,548	0.62
	- June 3, 2016	3,71,483	0.05	Transfer	51,32,031	0.67
	- June 17, 2016	63,200	0.01	Transfer	51,95,231	0.68
	- June 24, 2016	7,800	0.00	Transfer	52,03,031	0.68
	- July 8, 2016	(72,875)	(0.01)	Transfer	51,30,156	0.67
	- July 15, 2016	(3,71,825)	(0.05)	Transfer	47,58,331	0.62
	- July 22, 2016	1,70,000	0.02	Transfer	49,28,331	0.64
	- January 13, 2017	(5,20,053)	(0.07)	Transfer	44,08,278	0.57
	- February 3, 2017	(11,10,613)	(0.14)	Transfer	32,97,665	0.43
	- February 24, 2017	(3,77,335)	(0.05)	Transfer	29,20,330	0.38
	- March 24, 2017	2,88,400	0.04	Transfer	32,08,730	0.42
	- March 31, 2017	26,400	0.00	Transfer	32,35,130	0.42
	At the end of the year [#]	32,35,130	0.42	-	32,35,130	0.42

Notes:

Beginning of the year -> As on April 1, 2016; End of the year-> As on March 31, 2017 and During the year -> From April 1, 2016 upto March 31, 2017.

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

* Part of Top Ten Shareholders as on April 1, 2016.

@ Part of Top Ten Shareholders as on March 31, 2017.

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

Sr. No.	Name of the Director & KMP	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year [#]	
		No. of Shares	% of total Shares of the Company [§]		No. of Shares	% of total Shares of the Company [§]
1	Mr. Bharat Patel (Director)					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	- August 19, 2016	327	0.00	Transfer	327	0.00
	- December 9, 2016	(327)	0.00	Transfer	-	-
	At the end of the year [#]	-	-	-	-	-
2	Mr. Arun Thiagarajan (Director)					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	At the end of the year [#]	-	-	-	-	-
3	Ms. Sukanya Kripalu (Director)					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	At the end of the year [#]	-	-	-	-	-
4	Mr. Sanjeeb Chaudhuri (Director)					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#]					
	At the end of the year [#]	-	-	-	-	-

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

Sr. No.	Name of the Director & KMP	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year [#]	
		No. of Shares	% of total Shares of the Company [§]		No. of Shares	% of total Shares of the Company [§]
5	Mr. Sushil Agarwal (Director)					
	At the beginning of the year	1,19,829	0.02	-	1,19,829	0.02
	Date wise Increase/ Decrease during the year [#]	-	-	-	-	-
	At the end of the year [#]	1,19,829	0.02	-	1,19,829	0.02
6	Mr. Pranab Barua (Managing Director)					
	At the beginning of the year [#]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [#] - December 16, 2016	4,36,497	0.06	Exercise of Stock Options	4,36,497	0.06
	At the end of the year [#]	4,36,497	0.06	-	4,36,497	0.06
7	Mr. Ashish Dikshit[@] (Business Head)					
	At the beginning of the year	79,565	0.01	-	79,565	0.01
	Date wise Increase/ Decrease during the year [#] - February 6, 2017	36,462	0.00	Exercise of Stock Options	1,16,027	0.02
	At the end of the year [#]	1,16,027	0.02	-	1,16,027	0.02
8	Mr. Vishak Kumar[^] (Chief Executive Officer - Madura Fashion & Lifestyle)					
	At the beginning of the year	2,184	0.00	-	2,184	0.00
	Date wise Increase/ Decrease during the year [#]	-	-	-	-	-
	At the end of the year [#]	2,184	0.00	-	2,184	0.00
9	Mr. Shital Mehta (Chief Executive Officer - Pantaloons)					
	At the beginning of the year	51,672	0.01	-	51,672	0.01
	Date wise Increase/ Decrease during the year [#] - February 6, 2017	37,879	0.00	Exercise of Stock Options	89,551	0.01
	At the end of the year [#]	89,551	0.01	-	89,551	0.01
10	Mr. S. Visvanathan (Chief Financial Officer)					
	At the beginning of the year	17,524	0.02	-	17,524	0.00
	Date wise Increase/ Decrease during the year [#] - February 6, 2017	19,422	0.00	Exercise of Stock Options	36,946	0.00
	At the end of the year [#]	36,946	0.00	-	36,946	0.00
11	Ms. Geetika Anand (Company Secretary)					
	At the beginning of the year	1,859	0.00	-	1,859	0.00
	Date wise Increase/ Decrease during the year [#] - December 16, 2016	3,182	0.00	Exercise of Stock Options	5,041	0.00
	At the end of the year [#]	5,041	0.00	-	5,041	0.00

Notes:

[#] Beginning of the year -> As on April 1, 2016; End of the year-> As on March 31, 2017 and During the year -> From April 1, 2016 upto March 31, 2017.[§] The figures have been rounded off to two decimal places and the same represent percentage (%) shareholding vis-à-vis the paid-up capital of the Company, on such particular day.^{*} The details of Shareholding of Mr. Sushil Agarwal mentioned hereinabove include the Shareholding of Sushil Agarwal HUF.[@] Mr. Ashish Dikshit was re-designated as the "Business Head" of the Company w.e.f. November 1, 2016, reporting to Mr. Pranab Barua - Managing Director of the Company.[^] Mr. Vishak Kumar was appointed as "Chief Executive Officer - Madura Fashion & Lifestyle" and one of the KMP of the Company w.e.f. November 1, 2016.

V. INDEBTEDNESS:

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

(Amount in ` Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year i.e. as on April 1, 2016				
i. Principal Amount	84,374	1,00,608	-	1,84,982
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	2,622	494	-	3,116
Total (i+ii+iii)	86,996	1,01,102	-	1,88,098

V. INDEBTEDNESS: (continued):

(Amount in ` Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the Financial Year				
Addition	85	1,38,064	-	1,38,149
Reduction	(82,471)	(36,198)	-	(1,18,669)
Net Change	(82,386)	1,01,866	-	19,480
Indebtedness at the end of the Financial Year i.e. as on March 31, 2017				
i. Principal Amount	1,988	2,02,474	-	2,04,462
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	6,230	-	6,230
Total (i+ii+iii)	1,988	2,08,704	-	2,10,692

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Mr. Pranab Barua :**

(Amount in ` Lakh)

Sr. No.	Particulars	Total
1	Gross Salary	541.72
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	510.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	30.75
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2	Stock Options	335.41
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
5	Others, please specify	-
	(a) Company's Contribution to Provident Fund	15.89
	(b) Company's Contribution to Superannuation Fund	-
	(c) Company's Contribution to Gratuity	-
	(d) Food coupon/ Voucher	0.13
	(e) Car Valuation	17.50
	(f) House deposit valuation	30.00
	Total	940.65[@]
	Ceiling as per the Act	Not Applicable [#]

Notes:

[@] The remuneration paid to Mr. Pranab Barua during the year, is in line with the approval of the members obtained at the Ninth Annual General Meeting of the Company held on September 7, 2016. Further, the remuneration paid to him is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:

- remuneration paid on behalf of both, Madura Fashion & Lifestyle division ("MFL") and Pantaloons division ("Pantaloons") of the Company, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of Pantaloons – for the full year and on behalf of MFL – for part of the year i.e. after it became one of the divisions of the Company; and
- the total value of the perquisites arising pursuant to the exercise of 2,39,022 Stock Options ("Options") of the Company (vested unto him on October 25, 2015 and October 26, 2016, out of 4,78,045 Options granted to him) and 1,97,475 Restricted Stock Units ("RSUs") of the Company (vested unto him on October 25, 2016 and December 7, 2016).

Mr. Barua also serves as the Managing Director of Aditya Birla Retail Limited, a fellow Company in the Aditya Birla Group and receives remuneration for the same, which is not included in the remuneration disclosed above.

[#] MCA vide its Notification No. S.O. 2922(E) dated September 12, 2016, has granted a waiver from the requirement of obtaining an approval of the Central Government for payment of remuneration to a managerial person functioning in a professional capacity, in case the Company is in compliance with/ duly complies with the conditions mentioned in the said notification. Accordingly, since Mr. Barua is a graduate, having specialised knowledge with respect to the Fashion and Retail Industry and since the Company is in compliance with the conditions mentioned in the said notification, the Company is exempt from obtaining an approval from the Central Government under the provisions of the Act. Hence, there is no ceiling/limit applicable while paying salary to Mr. Barua.

B. Remuneration to other Directors:

(Amount in ` Lakh)

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Sushil Agarwal	Mr. Bharat Patel	Ms. Sukanya Kripalu	Mr. Arun Thiagarajan	Mr. Sanjeeb Chaudhuri	
1	Independent Directors						
	· Fee for attending board/ committee meetings	-	3.05	3.40	3.20	0.50	10.15
	· Commission	-	-	-	-	-	-
	· Others, please specify	-	-	-	-	-	-
	Total (1)	-	3.05	3.40	3.20	0.50	10.15
2	Other Non-Executive Directors						
	· Fee for attending board/ committee meetings	2.30	-	-	-	-	2.30
	· Commission	-	-	-	-	-	-
	· Others, please specify	-	-	-	-	-	-
	Total (2)	2.30	-	-	-	-	2.30
	Total (B)=(1+2)	2.30	3.05	3.40	3.20	0.50	12.45
	Total Managerial Remuneration (A+B)	2.30	3.05	3.40	3.20	0.50	953.10
	Overall Ceiling as per the Act	The Non-Executive Directors are paid remuneration only by way of Sitting Fees. The sitting fees paid during the year was in compliance with Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 and all other applicable provisions of laws. Ceiling for payment of Managerial Remuneration - Refer Notes to Point VI. A.					

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

(Amount in ` Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Mr. Ashish Dikshit, Business Head [®]	Mr. Vishak Kumar, Chief Executive Officer - MFL [*]	Mr. Shital Mehta, Chief Executive Officer - Pantaloons [†]	Mr. S. Visvanathan, Chief Financial Officer [‡]	Ms. Geetika Anand, Company Secretary [^]	
1	Gross Salary	288.38	84.48	233.60	143.20	45.09	794.76
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	279.87	84.48	233.15	138.40	44.02	779.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.51	-	0.45	4.80	1.07	14.83
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-
2	Stock Option	44.96	-	46.14	23.95	4.05	119.09
3	Sweat Equity	-	-	-	-	-	-
4	Commission						
	- as % of profit	-	-	-	-	-	-
	- Others	-	-	-	-	-	-
5	Others, please specify						
	(a) Company's Contribution to Provident Fund	8.35	3.14	7.01	4.36	1.77	24.63
	(b) Company's Contribution to Superannuation Fund	10.43	-	-	5.45	0.75	16.64
	(c) Company's Contribution to Gratuity	-	-	2.81	-	0.71	3.52
	(d) Food coupon/ Voucher	0.13	0.04	0.13	0.26	-	0.57
	(e) Car Valuation	3.89	-	4.14	2.10	-	10.13
	(f) House deposit valuation	-	-	-	-	0.15	0.15
	(g) Superannuation Fund from LIC	-	-	26.22	-	-	26.22
Total	356.14	87.66	320.06	179.32	52.53	995.71	

Notes:

[®] Mr. Ashish Dikshit was re-designated as the "Business Head" of the Company (continuing to be one of the KMP of the Company) w.e.f. November 1, 2016, reporting to Mr. Pranab Barua - Managing Director of the Company. The remuneration paid to him during the year is strictly

not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:

- (i) remuneration paid on behalf of both, MFL and Pantaloons, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid by MFL – for part of the year i.e. after it became one of the division of the Company; and
 - (ii) the total value of the perquisites arising pursuant to the exercise of 36,462 RSUs of the Company (vested unto him on December 7, 2016).
- * Mr. Vishak Kumar was appointed as one of the KMP of the Company w.e.f. November 1, 2016. Accordingly, the details mentioned in the above table are relatable to the period from date of his appointment i.e. November 1, 2016 upto March 31, 2017.
- # The remuneration paid to Mr. Shital Mehta during the year is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes the total value of the perquisites arising pursuant to the exercise of 37,879 RSUs of the Company (vested unto him on October 25, 2016).
- \$ The remuneration paid to Mr. S. Visvanathan during the year is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes
- (i) remuneration paid on behalf of both, MFL and Pantaloons of the Company, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of Pantaloons – for the full year and on behalf of MFL – for part of the year i.e. after it became one of the division of the Company; and
 - (ii) the total value of the perquisites arising pursuant to the exercise of 19,422 RSUs of the Company (vested unto him on December 7, 2016).
- ^ The remuneration paid to Ms. Geetika Anand during the year consists of and includes the total value of the perquisites arising pursuant to the exercise of 3,182 RSUs of the Company (vested unto her on October 25, 2016).

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
Penalty			NIL		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

*[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

(Formerly known as Pantaloons Fashion & Retail Limited)

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

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms 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 I**, for the financial year ended on March 31, 2017, according to the provisions of:
 - (i) The Companies Act, 2013 ("the Act") and the Companies Act, 1956 (to the extent applicable) 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) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable,
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

2. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
 - (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s), from time to time as per the provisions of Listing Regulations.

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

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board and Committee Meetings. Agenda and explanatory notes on agenda were sent atleast 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 at the Board and Committee Meetings are carried out unanimously/ with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees. Majority decisions are carried through, while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on basis of the representations made by the Company and its Officers, presentation of the Internal Auditors and Compliance Certificate(s) issued by the Company Secretary & other Senior Management Personnel and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The list of major head/groups of Acts, Laws and Regulations as applicable to the business activities of the Company is given in **Annexure II**.

We further report that during the year under review:

- i. the Company evaluated various options for allotment of 37,82,178 Equity Shares of ` 10/- each ("said shares") pertaining to the Non- Resident Shareholders of Aditya Birla Nuvo Limited ("ABNL") holding shares on repatriation basis ("NRE Shareholders"), which was kept pending until receipt of applicable regulatory approval(s), in terms of Clause 21 of the Composite Scheme of Arrangement amongst the Company, ABNL, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors ("Composite Scheme").

In terms of the provisions of applicable laws, the Company was advised that the entitlements of such NRE Shareholders can be credited to the accounts held by them on Non-repatriation basis in India ("NRO Accounts"), if any and accordingly, out of the said shares, the Company has, till the date of this report, allotted 10,41,504 Equity Shares (including 4,768 Equity Shares post March 31, 2017) of ` 10/- each to 279 NRE Shareholders, who have provided their valid consent for allotment of their entitlements to their respective NRO account.

Further, in terms of the RBI Circular No. 6 dated October 20, 2016 [RBI/2016-17/88 A.P. (DIR Series)] and pursuant to a Legal Opinion obtained in that regard from M/s. Cyril Amarchand Mangaldas, Legal Counsels, on April 4, 2017, the Company allotted 9,90,911 Equity Shares of ` 10/- each to 1,078 NRE Shareholders holding shares in ABNL under the portfolio investment scheme, as on the record date fixed under the Composite Scheme.

Also, on April 4, 2017, the Company allotted 343 Equity Shares of ` 10/- each, in terms of Clause 19(iii) of the Composite Scheme, representing Fractional Entitlements arising out of aforesaid allotments to NRE Shareholders.

Details of the aforesaid allotments are as follows:

Sr. No.	Date of Allotment	Date of Note of Approval	No. of Securities	Amount (in `)
1.	August 22, 2016	August 22, 2016	2,27,809	22,78,090
2.	September 23, 2016	September 23, 2016	21,290	2,12,900
3.	October 7, 2016	October 7, 2016	28,674	2,86,740
4.	November 9, 2016	November 9, 2016	92,704	9,27,040
5.	December 5, 2016	December 5, 2016	2,06,439	20,64,390
6.	January 6, 2017	January 6, 2017	3,46,552	34,65,520
7.	February 14, 2017	February 14, 2017	1,13,268	11,32,680
8.	April 4, 2017	April 4, 2017	4,768	47,680
			343	3,430
			9,90,911	99,09,110

Further, out of the said shares, allotment of 17,49,420 Equity Shares is pending as on date.

- ii. the Company made following allotments pursuant to Employee Stock Option Scheme, 2013 ("ESOS-2013"):

Sr. No.	Date of Allotment	Date of Approval		No. of Securities	Nominal Value	Exercised value of shares (in `)
		Stakeholders Relationship Committee	Shareholders Resolution			
1.	August 22, 2016	August 22, 2016	August 23, 2013	1,859	18,590	1,89,804
2.	December 16, 2016	December 16, 2016		4,64,113	46,41,130	2,66,55,056
3.	February 6, 2017	February 6, 2017		1,54,955	15,49,550	30,41,663
4.	March 10, 2017	March 10, 2017		26,765	2,67,650	8,05,790

- iii. Members of the Company, vide a Special Resolution passed in the 9th Annual General Meeting held on September 7, 2016, approved the Issuance of Non-Convertible Debentures ("NCDs") for an amount of upto ` 1250 Crore on private placement basis.
- iv. The Company, from time to time, allotted NCDs as per the belowmentioned details:

Sr. No.	Date of Allotment	Date of Note of Approval	No. of Securities	Amount (in `)
1.	May 5, 2016	May 5, 2016	2,000	2,00,00,00,000
2.	May 31, 2016	May 31, 2016	3,000	3,00,00,00,000
3.	October 10, 2016	October 10, 2016	4,000	4,00,00,00,000
4.	March 17, 2017	March 17, 2017	2,600	2,60,00,00,000

DILIP BHARADIYA

Place : Mumbai
Date : May 9, 2017

Proprietor
DILIP BHARADIYA & ASSOCIATES
FCS No.: 7956, C P No.: 6740

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

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial Year ended March 31, 2016;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee held during the financial year under review, alongwith the Attendance Registers;
4. Minutes of General Body Meeting held during the financial year under review;
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors Shareholding
 - Register of Employee Stock Options
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of Renewed and Duplicate Share Certificate
 - Register of Charge
 - Register of Related Party Transaction
 - Register of Members;
6. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
8. Intimations received from Directors under the Prohibition of Insider Trading Code;
9. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, alongwith the attachments thereof, during the financial year under review; and
10. Intimations/ documents/ reports/ returns filed with the Stock Exchanges pursuant to the provisions of the Listing Agreements entered into by the Company with the Stock Exchange(s), from time to time and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year under review.

Annexure - II**List of applicable laws to the business activities of the Company**

1. Acts prescribed related to Retail activities;
2. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
3. Local Municipal Corporation Act & Bye Laws (city-wise);
4. Shops and Establishment Act & Rule (State wise);
5. Legal Metrology Act, 2009 & Rule 2011;
6. Acts prescribed under prevention and control of pollution;
7. Acts prescribed under Environmental protection;
8. Acts as prescribed under Direct Tax and Indirect Tax;
9. Land Revenue laws of respective States;
10. Labour Welfare Act of respective States; and
11. Local laws as applicable to various stores as per the respective Municipal Authority.

ANNEXURE VI**ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-17**

1	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be taken and a reference to the web link to the CSR Policy and projects or programs	:	<p>To actively contribute to the social and economic development of the communities in which we operate. In so doing 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.</p> <p>Our projects focus on - education, healthcare & sanitation and sustainable livelihood, epitomizing a holistic approach to inclusive growth.</p> <p>The Company's CSR Policy can be accessed on www.abfirl.com.</p>
2	Composition of the CSR Committee	:	<ul style="list-style-type: none"> • Mr. Bharat Patel, Member • Mr. Sushil Agarwal, Member • Mr. Pranab Barua, Member • Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development, Permanent Invitee • Dr. Pragnya Ram, Group Executive President, Corporate Communication & CSR, Permanent Invitee.
3	Average net profit of the Company for the Last three Financial Years	:	Average Loss of ₹ 94 Lakh during the three immediately preceding financial years.
4	Prescribed CSR Expenditure (2% of the amount as mentioned in point 3 above)	:	As per the provisions of Section 135 of the Companies Act, 2013, a company is required to spend, in every Financial Year, at least 2% of the average net profits of the Company made during the three immediately preceding Financial Years, in pursuance of its CSR Policy.
5	Details of CSR expenditure during the year	:	As the Company has incurred losses during the three immediately preceding Financial Years, the Company was not required to spend towards the CSR activity during the year under review.
	- Total amount to be spent for the financial year		
	- Amount unspent, if any		
	- Manner in which amount spent during the Financial Year 2016-17		
6	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount on CSR.	:	CSR Expenditure incurred by the Company, during the Financial Year 2016-17, is enumerated as follows:

DIRECTORS' REPORT
(Includes Management Discussion and Analysis)

(Amount in ` Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or Activity identified	Sector in which project is covered	Project or Programs 1) Local Area or others 2) Specify the State and District where the Projects or programs are undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on Project or Programs Subheads: (1) Direct expenditure on project/ programs (2) Overheads	Cumulative Expenditure up to reporting period	Amount Spent: Direct or through implementation agency
1	1. School Education Project	Education	Karnataka (Bangalore Urban / Rural District and Ramnagar), Tamil Nadu (Krishnagiri district) & Maharashtra (Mumbai)	57.9	57.9	166.6	MFL Jan Kalyan Trust
	2. Education Support Project			101.3	101.3		
	3. School Infrastructure			7.5	7.5		
2	1. Preventive Health Care	Health Care and Sanitation		0.2	0.2	10.4	
	2. Curative Health Care			4.7	4.7		
	3. Health Infrastructure			5.5	5.5		
3	Skill development & alternate livelihood	Sustainable Livelihood		21.9	21.9	21.9	
4	1. Support to development organizations	Institutional building, Social Causes, and others		16.4	16.4	18.5	
	2. Others			2.1	2.1		
		Total		217.4	217.4	217.4	

7	Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company	:	The implementation and monitoring of CSR Policy are in compliance with CSR objectives and Policy of the Company.
---	---	---	--

Place : Mumbai
Date : May 12, 2017

Mr. Pranab Barua
Managing Director
(DIN: 00230152)

Mr. Bharat Patel
Chairperson of the Meeting of CSR
Committee held on March 27, 2017
(DIN: 00060998)

ANNEXURE VII**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:****1. Energy conservation measures were taken during the year 2016-17:**

- Installation of LED lights at 25 old stores and at 166 new stores has resulted in a savings of 29.01 Lakh units of electricity per annum.
- Installation of a control device for Ductable Air Conditioners (AC) at 104 stores to optimize the compressor operations has resulted in a savings of 5.62 Lakh units of electricity per annum.
- Power savers were installed at 4 stores that resulted in achievement of an annual saving of 1.71 Lakh units.
- Installation of solar water heater system at the warehouse with a capacity of 500 liters per day with a potential savings of 25 units per day.
- Installation of EMS – Energy Management System at 3 factories to track and monitor energy performance and address leakages.
- Other operational efficiency improvement measures have resulted in a saving of 40 Lakh units of electricity per annum.

In total, as a result of the initiatives mentioned above, the organization has saved ~36.34 Lakh units of electricity during the reporting period through energy efficiency measures such as ~29.01 Lakh unit savings from LED fixtures, ~5.62 Lakh unit savings from Air Conditioners and ~1.71 Lakh unit savings from power savers as well as ~40 Lakh units through operational efficiency initiatives.

2. The steps were taken by the Company for utilizing alternate sources of energy:

- Renewable biomass residue based briquettes were used in the boilers for steam generation installed in factories.
- Installation of Solar rooftop plant at 5 facilities (4 factories and 1 warehouse) of capacity 2445 KWp has been started in FY 2016-17, which has a potential to substitute 80% of conventional grid electricity.

3. The Capital Investment on energy conservation equipment:

- The Company has invested ~` 984.83 Lakhs on energy conservation measures, out of which ` 904.99 Lakhs was for LED at stores, ` 79.84 Lakhs was towards energy efficiency measures such as Energy Management System at Factory, Solar Water Heater at Warehouse and Power savers at stores.

B. TECHNOLOGY ABSORPTION:

There has been no import of technology in Financial Year 2016-17.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Foreign exchange earnings for the year ended on March 31, 2017 : ` 18,363 Lakhs.
- Foreign exchange outgo for the year ended on March 31, 2017 : ` 39,258 Lakhs.

ANNEXURE VIII**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 cashflows, the Board will endeavor 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 decides 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 IX**INFORMATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE CHAPTER XIII OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014****(i) Percentage increase in the median remuneration of employees in the Financial Year 2016-17:**

The Median remuneration of employees of the Company as at the end of the year under review was ₹ 1,51,986/-, which increased by ~7% over the previous year's median remuneration of ₹ 1,41,996/-.

(ii) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17; and**(iii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the Financial Year 2016-17:**

Sr. No.	Name and Designation	Remuneration for Financial Year 2016-17 (Amount in ₹ Lakh)	Percentage Increase/ (Decrease) in Remuneration in the Financial Year 2016-17 (%)	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Pranab Barua, Managing Director ⁽¹⁾	940.65	98.83	618.90
2	Mr. Bharat Patel, Independent Director ⁽²⁾	3.05	(39.00)	2.01
3	Ms. Sukanya Kripalu, Independent Director ⁽²⁾	3.40	(21.84)	2.24
4	Mr. Arun Thiagarajan, Independent Director ⁽²⁾	3.20	30.61	2.11
5	Mr. Sanjeeb Chaudhuri, Additional Independent Director ^{(2) (3)}	0.50	-	0.33
6	Mr. Sushil Agarwal, Non-Executive Director ⁽²⁾	2.30	(48.31)	1.51
7	Mr. Ashish Dikshit, Business Head ⁽⁴⁾	356.14	29.17	-
8	Mr. Vishak Kumar, Chief Executive Officer – Madura Fashion & Lifestyle ⁽⁵⁾	87.66	-	-
9	Mr. Shital Mehta, Chief Executive Officer – Pantaloons ⁽⁶⁾	320.06	70.28	-
10	Mr. S. Visvanathan, Chief Financial Officer ⁽⁷⁾	179.32	39.05	-
11	Ms. Geetika Anand, Company Secretary ⁽⁸⁾	52.53	51.65	-

Notes:

- (1) The remuneration paid to Mr. Pranab Barua during the year, is in line with the approval of the members obtained at the Ninth Annual General Meeting of the Company held on September 7, 2016. Further, the remuneration paid to him is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:
- (i) remuneration paid on behalf of both, Madura Fashion & Lifestyle division ("MFL") and Pantaloons division ("Pantaloons") of the Company, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of Pantaloons – for the full year and on behalf of MFL – for part of the year i.e. after it became one of the division of the Company; and
 - (ii) the total value of the perquisites arising pursuant to the exercise of 2,39,022 Stock Options ("Options") of the Company (vested unto him on October 25, 2015 and October 26, 2016, out of 4,78,045 Options granted to him) and 1,97,475 Restricted Stock Units ("RSUs") of the Company (vested unto him on October 25, 2016 and December 7, 2016).
- (2) The remuneration paid to Directors (other than the Managing Director) comprises Sitting Fees paid for attending the Meetings of the Board and/or its Committees.
- (3) The details of increase in the remuneration of Mr. Sanjeeb Chaudhuri are not provided since he was appointed w.e.f. January 9, 2017.
- (4) Mr. Ashish Dikshit was re-designated as the "Business Head" of the Company (continuing to be one of the Key Managerial Personnel ("KMP") of the Company) w.e.f. November 1, 2016, reporting to Mr. Pranab Barua - Managing Director of the Company. The remuneration paid to him during the year is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:
- (i) remuneration paid on behalf of both, MFL and Pantaloons, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of MFL – for part of the year i.e. after it became one of the division of the Company; and
 - (ii) the total value of the perquisites arising pursuant to the exercise of 36,462 RSUs of the Company (vested unto him on December 7, 2016).
- (5) The details of increase in the remuneration of Mr. Vishak Kumar are not provided since he was appointed as one of the KMP of the Company w.e.f. November 1, 2016. Accordingly, the details relatable to the period from date of his appointment i.e. November 1, 2016 upto March 31, 2017, are mentioned herein.
- (6) The remuneration paid to Mr. Shital Mehta during the year is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes the total value of the perquisites arising pursuant to the exercise of 37,879 RSUs of the Company (vested unto him on October 25, 2016).
- (7) The remuneration paid to Mr. S. Visvanathan during the year is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:
- (i) remuneration paid on behalf of both, MFL and Pantaloons for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of Pantaloons – for the full year and on behalf of MFL – for part of the year i.e. after it became one of the division of the Company; and
 - (ii) the total value of the perquisites arising pursuant to the exercise of 19,422 RSUs of the Company (vested unto him on December 7, 2016).
- (8) The remuneration paid to Ms. Geetika Anand during the year under review consists of and includes the total value of the perquisites arising pursuant to the exercise of 3,182 RSUs of the Company (vested unto her on October 25, 2016).

(iv) Number of Permanent employees of the Company:

As on March 31, 2017, there were ~19,397 permanent employees of the Company.

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

The total remuneration of Managerial Personnel of the Company (i.e. the Managing Director) increased by ~99% while the average remuneration of the employees of the Company (other than Managerial Personnel) increased by ~7%. However, such increase is not comparable for the reasons as mentioned in notes to Point No. (ii) & (iii) above.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid to:

- a. Directors, KMP and members of Senior Management is as per the Executive Remuneration Philosophy of the Company; and
- b. other employees of the Company is as per the Human Resource Philosophy of the Company.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Aditya Birla Group ("Group") is one of the pioneers in the field of Corporate Governance. As a part of the Group, Aditya Birla Fashion and Retail Limited ("Company"/ "ABFRL") is committed to continuously adopt and adhere to the best governance practices.

At ABFRL, we believe that a sound governance system, based on relationship of trust between the Company and the Stakeholders, is essential to create enduring value for all the Stakeholders. We are committed to meet these aspirations.

The governance philosophy of the Group and your Company rests on five basic tenets viz. Board's accountability to the Company and the Stakeholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all Stakeholders as well as superior transparency and timely disclosure. The Group Values - Integrity, Commitment, Passion, Seamlessness and Speed, also reflect this philosophy.

In addition to the above, following principles supplement the core of your Company's philosophy on Corporate Governance:

- **TRANSPARENCY** in all decision making processes;
- High levels of **DISCLOSURES**;
- High standards of **ETHICS**;
- Regular **REVIEW** of processes and management systems for improvement; and
- **APPROPRIATE CONTROL SYSTEM** to enable the Board to efficiently conduct the business and discharge its responsibilities to the Stakeholders.

Further, at ABFRL, we also believe that effectiveness of Corporate Governance cannot merely be legislated by law. The role of Corporate laws is only complementary and supplementary, whereas Corporate Governance extends beyond the realms of corporate laws. Corporate laws impose certain minimum conditions on the Company for enhancement of Stakeholders' value in the long term by ensuring fairness and transparency while managing its affairs.

Also, Corporate Governance is about maintaining a set of systems and practices to ensure that the business and affairs of the Company are conducted in a manner that promotes sustainable business alongwith building a valuable relationship of trust and mutual inter-dependence between the Company and its Stakeholders.

Your Company strives to uphold, develop and strengthen the abovementioned Corporate Governance principles, systems and processes in practice.

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the Companies Act, 2013 (the "Act", which term shall include the Rules made thereunder), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable laws and presents this report, prepared pursuant to the SEBI Listing Regulations, enumerating the current Corporate Governance systems and processes at your Company.

1. BOARD OF DIRECTORS

The Board of Directors of your Company ("Board") is at the core of the Corporate Governance system of the Company. The Board is entrusted with the crucial responsibility of providing leadership, strategic guidance and independent view to the Company's management while discharging its responsibilities.

The Board is duly supported by the Managing Director, Key Managerial Personnel (“KMP”) and Senior Management while discharging its fiduciary duties and in ensuring effective functioning of your Company. It operates within the framework of well-defined responsibility matrix, which enables it to oversee how the Management of the Company serves and protects the long-term interests of all its Stakeholders.

A. Composition and category of Directors including the number of Board or Committees of other companies in which Director is a member or chairperson

An active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Board of your Company has an optimum combination of such number of Executive, Non-Executive, Independent and Women Directors as required under the relevant provisions of the Act and SEBI Listing Regulations.

As on the date of this Report, the Board comprises 6 (six) Directors, which includes the Managing Director, 4 (four) Independent Directors, 1 (one) of whom is a woman and 1 (one) Non-Executive Director. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements. Your Company has a succession plan in place for the Board, KMP and Senior Management of the Company.

The important and key decisions are taken after due discussion and deliberations amongst the Board members and it is ensured that the relevant information prescribed to be provided under the SEBI Listing Regulations alongwith such other information, as may be deemed necessary for effective decision making, is presented to the Board.

In terms of the provisions of the Act, the Directors present necessary disclosures regarding the positions held by them on the Board of Directors and/or Committees of other public and/or private companies, from time to time. On basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors:-

- a) holds directorships in more than 10 (ten) public companies;
- b) is a member of more than 10 (ten) committees or chairperson of more than 5 (five) committees across all the public companies in which he/she is a director; and
- c) are related to each other.

All Independent Directors on the Board, are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations. The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Independent Directors on the Board are senior, competent and highly respected individuals having vast experience in their respective fields, which brings an ideal blend of professionalism, knowledge and experience to the table.

The profiles of Directors are disclosed as part of “Corporate Information” and are also available on the website of the Company i.e. www.abfirl.com.

Details of the Directors forming part of the Board as on date, with regard to the number of Board and/or Committees of other companies in which the Director is a member or chairperson are as follows:

Name of the Director	Date of Appointment	Board Positions ⁽¹⁾		Committee Positions ⁽²⁾	
		As Member	As Chairperson	As Member	As Chairperson
Mr. Bharat Patel ⁽³⁾ [DIN: 00060998]	April 19, 2013	3	-	3	-
Ms. Sukanya Kripalu ⁽³⁾ [DIN: 06994202]	October 13, 2014	4	-	1	-
Mr. Arun Thiagarajan ⁽³⁾ [DIN: 00292757]	May 11, 2015	5	-	3	3
Mr. Sanjeeb Chaudhuri ⁽³⁾ [DIN: 03594427]	January 9, 2017	-	-	-	-
Mr. Sushil Agarwal ⁽⁴⁾ [DIN: 00060017]	August 6, 2009	3	-	2	-
Mr. Pranab Barua [DIN: 00230152]	January 23, 2009 [Appointed as Managing Director w.e.f. October 25, 2013]	1	-	1	-

Notes:

- (1) As per the provisions of Regulation 26 of the SEBI Listing Regulations, total numbers of Directorships (Board Positions) exclude directorships in the Company, Foreign Companies, Private Limited Companies, Companies formed under Section 25 of the erstwhile Companies Act, 1956 and under Section 8 of the Act.
- (2) As per the provisions of Regulation 26 of the SEBI Listing Regulations, the details of Committee positions of the Audit Committee and Stakeholders Relationship Committee alone, in other Indian Public Companies (Listed and Unlisted), are provided.
- (3) Mr. Bharat Patel, Mr. Arun Thiagarajan, Mr. Sanjeeb Chaudhuri and Ms. Sukanya Kripalu are "Independent Directors" as per the provisions of Regulation 16(1)(b) of SEBI Listing Regulations and are "not liable to be retire by rotation". Therefore, Mr. Sushil Agarwal, Non-Executive Director of your Company will retire by rotation in the ensuing Tenth Annual General Meeting of the Company.
- (4) As on March 31, 2017, Mr. Pranab Barua holds 4,36,497 Equity Shares of the Company and Mr. Sushil Agarwal holds 1,19,829 Equity Shares of the Company (including the shareholding of Sushil Agarwal HUF).

B. Board Induction, Training and Familiarisation

Your Company has conducted Familiarisation Programmes for Independent Directors of the Company, which aim to provide significant insight into the business of the Company and to enable the Independent Directors to understand their roles, rights, responsibilities in the Company alongwith the nature of the industry in which the Company operates and the business of the Company. Strategic reviews are also carried out from time to time to update the Independent Directors.

The details of said Familiarisation Programmes are also available on the website of the Company i.e. www.abfrl.com.

C. Details of Board Meetings and Annual General Meeting held during the year, alongwith attendance of Directors at each meeting

The details of all Board Meetings of your Company, held during the year, including attendance of each Director at all such Board Meetings alongwith details of attendance of each Director at the last Annual General Meeting ("AGM") of your Company are as mentioned below:

Name of the Director	Meetings of Board of Director				Last AGM
	May 25, 2016	August 31, 2016	November 24, 2016	February 3, 2017	September 7, 2016
Mr. Bharat Patel	No	Yes	Yes	Yes	Yes
Ms. Sukanya Kripalu	Yes	Yes	Yes	Yes	Yes
Mr. Arun Thiagarajan	Yes	Yes	Yes	Yes	No
Mr. Sanjeeb Chaudhuri ⁽¹⁾	-	-	-	Yes	-
Mr. Sushil Agarwal	No	Yes	Yes	No	Yes
Mr. Pranab Barua	Yes	Yes	Yes	Yes	Yes

Note:

- (1) Appointed w.e.f. January 9, 2017.

Video-conferencing facilities are made available to facilitate Directors travelling abroad or present at other locations, in case they wish to participate in the meetings. The same is conducted in compliance with all the applicable laws.

D. Separate Meeting of Independent Directors

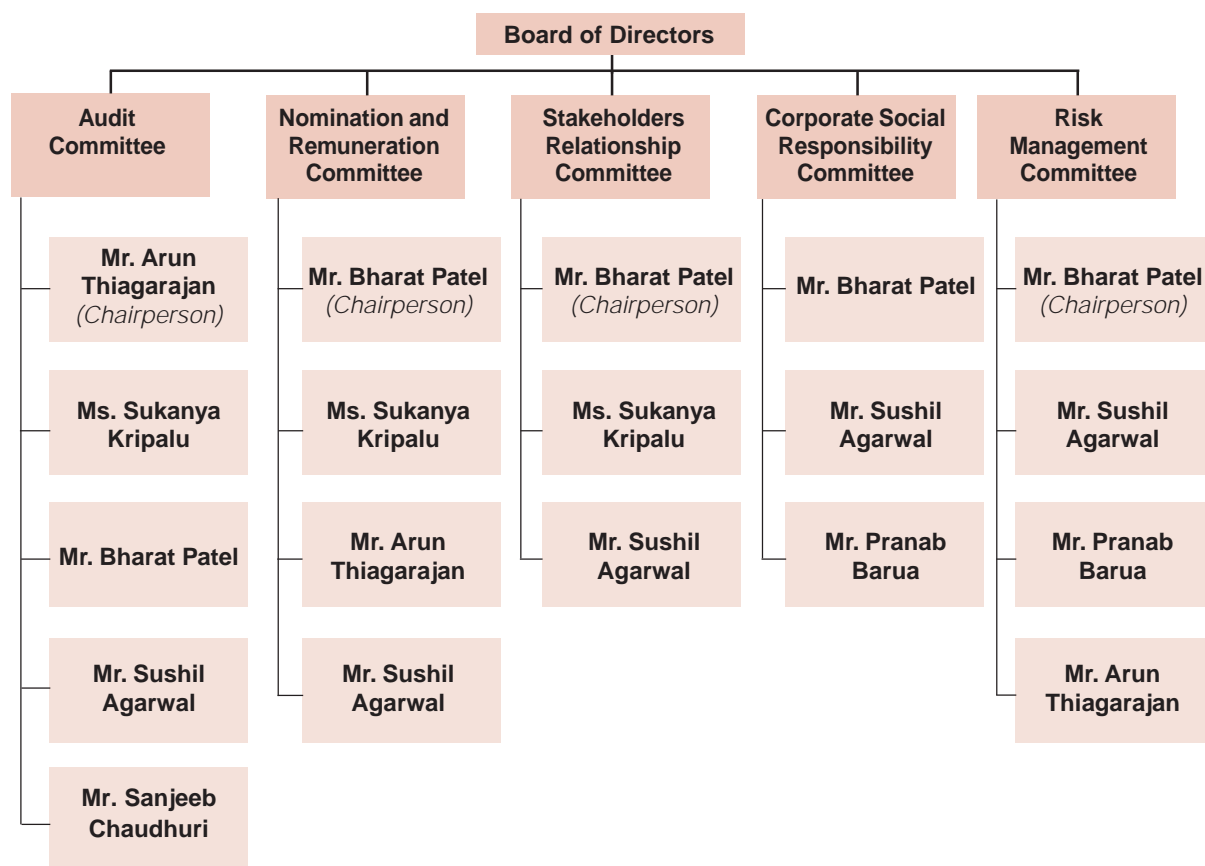
The Independent Directors met once during the year on March 20, 2017, without the presence of Executive Directors or Management representatives *inter alia* to discuss the performance of Non-Independent Directors and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present for the meeting.

2. COMMITTEES OF THE BOARD

The Committees of the Board play a crucial role in the governance structure of your Company. These Committees have been constituted to deal with specific areas/ activities. The terms of reference of these committees are approved by the Board and are in line with the requirements of the Act and the SEBI Listing Regulations. The Board supervises the execution of its responsibilities by the Committees. Minutes of the meetings of all Committees are placed before the Board for noting.

Currently, the Board has following Committees:



Ms. Geetika Anand, Company Secretary of your Company, acts as the Secretary of all the Committees of the Board.

A. Audit Committee

Your Company has a qualified and independent Audit Committee, which acts as a link between the management, the statutory and internal auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. All the members of the Audit Committee are financially literate and bring expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

(i) Composition of the Audit Committee:

The Audit Committee comprises 5 (five) Non-Executive Directors as its Members, out of which 4 (four) are Independent Directors.

Mr. Arun Thiagarajan, Independent Director, is the Chairperson of the Audit Committee.

Mr. Pranab Barua, Managing Director of your Company, is the permanent invitee to the Audit Committee Meetings.

(ii) Powers of the Audit Committee:

The Audit Committee of your Company is entrusted with the following powers:

- a. To examine, investigate and inspect any activity within its terms of reference;
- b. To seek any clarification, information from any employee;
- c. To obtain a third party, legal or any other expert advice on any matters within its terms of reference; and
- d. To require attendance of any third party with relevant expertise, if it considers necessary.

(iii) Brief Description of Terms of Reference:

In accordance with the applicable provisions of the Act and in terms of the SEBI Listing Regulations including Part C of Schedule II of the SEBI Listing Regulations, the scope, functions and terms of reference of the Audit Committee *inter alia* cover the following matters:

a. Financial Matters:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the Financial Statements are correct, sufficient and credible;
- Reviewing with the management, the quarterly Unaudited Financial Statements and Annual Audited Financial Statements alongwith Limited Review Report/ Auditors Report thereon before submission to the Board for the approval. Reviewing of Annual Financial Statements *inter alia* including reviewing changes in Accounting Policies if any, major accounting entries involving estimates, significant adjustments made in Financial Statements, qualifications in draft Audit Report, if any etc.;
- Reviewing Management Discussion and Analysis of financial condition and results of operations; and
- Scrutinising the inter-corporate loans and investments.

b. Internal Controls, Audit and Auditors:

- Recommending the terms of appointment/ re-appointment, remuneration and any other terms and conditions pertaining to the appointment/ re-appointment, if required, replacement or removal of auditors, fixation of statutory audit fees and approval of payment for any other services rendered by the Statutory Auditors, as permitted under applicable laws;
- Reviewing/ monitoring the Auditor's independence and performance and effectiveness of audit process;

- Reviewing the adequacy of internal audit function and internal control systems including internal financial controls;
- Discussing the significant findings of the Internal Auditors with them and follow-up thereon; and
- Reviewing significant audit findings, if any, from the statutory and internal audits.

c. Other Matters:

- Approving all Related Party Transactions;
- Evaluation of Internal Financial Controls, Risk Management Systems of the Company;
- Appointment of Chief Financial Officer of the Company; and
- Reviewing the functioning of Vigil/ Whistle Blower Mechanism.

The Audit Committee also has all the powers as specified in Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

(iv) **Meetings and Attendance during the year:**

During the year under review, the Audit Committee met 4 (four) times to deliberate on various matters and the gap between any two meetings was not more than 120 (one hundred and twenty) days. The required quorum was present in all such meetings.

Attendance of the members at the Audit Committee Meetings held during the year under review is as follows:

Members	Meeting held on			
	May 25, 2016	August 31, 2016	November 24, 2016	February 3, 2017
Mr. Arun Thiagarajan (Chairperson)	Yes	Yes	Yes	Yes
Mr. Bharat Patel	No	Yes	Yes	Yes
Ms. Sukanya Kripalu	Yes	Yes	Yes	Yes
Mr. Sanjeeb Chaudhuri ⁽¹⁾	-	-	-	Yes
Mr. Sushil Agarwal	No	Yes	Yes	No

Note:

(1) Appointed as a member w.e.f. February 3, 2017.

Chief Executive Officer, Chief Financial Officer, representatives of the Statutory Auditors and Internal Auditors of your Company are also invited to the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Committee meeting from time to time, for providing such information as may be necessary.

Mr. Arun Thiagarajan, Chairperson of the Committee had informed about his inability to attend the Ninth AGM of your Company held on September 7, 2016. Accordingly, the Committee authorised Mr. Bharat Patel, a member of the Committee, to act as an authorised representative of the Committee and of Mr. Thiagarajan, to address the queries of the Members of the Company.

B. Nomination and Remuneration Committee

Nomination and Remuneration Committee ("NRC") was constituted at the meeting of Board held on July 31, 2014, pursuant to Section 178 of the Act. The composition of NRC is in line

with the applicable provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors as well as recommending a policy to the Board relating to the remuneration of Directors, KMP and other employees.

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

The NRC comprises 4 (four) Non-Executive Directors as its members, out of which 3 (three) are Independent Directors.

(ii) **Brief Description of terms of reference:**

The terms of reference of the NRC *inter alia* includes the following:

- a. Identification of persons who are qualified to become directors and who may be appointed at Senior Management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- b. Recommendation for fixation and revision of remuneration packages of Managing Director and Executive Directors to the Board for approval and review;
- c. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, KMP and other employees;
- d. Formulation of criteria for evaluation of every Director and carry out performance evaluation of directors;
- e. Devising a policy on Board diversity; and
- f. Extension or continuation of term of appointment of the Independent Director, on the basis of the report of performance evaluation of the Independent Directors.

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

During the year under review, the NRC met once on November 24, 2016, to deliberate on various matters. Out of the 4 (four) Members of the Committee, 2 (two) Members viz. Ms. Sukanya Kripalu and Mr. Arun Thiagarajan, were not present for the meeting.

Mr. Bharat Patel, Chairperson of the Committee, attended the Ninth AGM of your Company as an authorised representative of the Committee, to address the queries of the Members of the Company.

(iv) **Nomination Policy and Policy entailing Executive Remuneration Philosophy:**

In terms of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations, Board of your Company has, on the recommendation of the NRC, adopted a Nomination Policy, which *inter alia* enumerates your Company's policy on appointment of Directors and KMP. Further, the Board has, also on the recommendation of NRC, adopted a policy entailing Executive Remuneration Philosophy, which covers remuneration philosophy covering the Directors, KMP and employees included in Senior Management of your Company.

Both the aforesaid policies are annexed as **Annexure I** and **Annexure II** to the Directors' Report.

(v) **Performance evaluation criteria for Independent Directors:**

The Directors other than Independent Directors of your Company evaluate the performance of Independent Directors on following criteria as to how an Independent Director:

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

(vi) Details of remuneration to all the Directors:

Your Company's remuneration policy is intended to attract and retain the individuals in order to achieve the Company's objective. Further, the Company has a system where all the Directors and employees included in the Senior Management of the Company are required to disclose all pecuniary relationships or transactions with the Company. No transactions have been made with the Non-Executive Directors *vis-à-vis* the Company.

The Non-Executive Directors are paid remuneration by way of Sitting Fees as per the provisions of Articles of Association of your Company and the Act. Payment of remuneration to Executive Directors (i.e. Managing Director, in case of the Company) is approved by the Board and Members of the Company, as per the applicable provisions of the Act.

During the year under review, the details of sitting fees/ remuneration paid to the Directors was as follows:

(Amount in ` Lakh)

Name of Director	Salary, Allowance, Perquisites and Other Benefits Performance linked Income/ Bonus paid/ Commission payable	Sitting Fees paid ⁽¹⁾
Mr. Bharat Patel	-	3.05
Ms. Sukanya Kripalu	-	3.40
Mr. Arun Thiagarajan	-	3.20
Mr. Sushil Agarwal	-	2.30
Mr. Sanjeeb Chaudhuri	-	0.50
Mr. Pranab Barua	940.65 ⁽²⁾	-

Notes:

(1) Gross amount (without deducting TDS).

(2) The remuneration paid to Mr. Pranab Barua during the year, is in line with the approval of the members obtained at the Ninth AGM of the Company held on September 7, 2016. Further, the remuneration paid to him is strictly not comparable with remuneration paid to him for the previous year, since the amount of remuneration paid to him for the year under review consists of and includes:

- (i) remuneration paid on behalf of both, Madura Fashion & Lifestyle division ("MFL") and Pantaloons division ("Pantaloons") of the Company, for the full year, whereas the amount of remuneration paid to him for the previous year consisted of and included the remuneration paid on behalf of Pantaloons – for the full year and on behalf of MFL – for part of the year i.e. after it became one of the division of the Company; and
- (ii) the total value of the perquisites arising pursuant to the exercise of 2,39,022 Stock Options ("Options") of the Company (vested unto him on October 25, 2015 and October 26, 2016, out of 4,78,045 Options granted to him) and 1,97,475 Restricted Stock Units ("RSUs") of the Company (vested unto him on October 25, 2016 and December 7, 2016).

Mr. Barua also serves as the Managing Director of Aditya Birla Retail Limited, a fellow Company in the Aditya Birla Group and receives remuneration for the same, which is not included in the remuneration disclosed above.

Your Company has a policy of not advancing any loans to its Directors, except to Executive Directors, in the normal course of employment. The appointment of Executive Directors is subject to termination by three months notice in writing by either side. No severance fees are paid to Directors of your Company.

The Performance Review System is primarily based on competencies and values. Your Company closely monitors growth and development of top talent in the Company to align personal aspirations with the organizational purpose.

No Options are granted to any Non-Executive Directors of your Company.

Details of the Options and RSUs granted to the Managing Director i.e. Mr. Pranab Barua, as on March 31, 2017, are as follows:

Particulars	No. of Options/RSUs granted	Date of Grant	Vesting ⁽¹⁾	Exercise Period
Options	4,78,045 ⁽²⁾	October 25, 2013	Not earlier than 1 year and not more than 5 years from the date of grant, at the rate of 25% of the Options getting vested each year.	5 years from the date of vesting
RSUs -Tranche I ⁽²⁾	1,09,091	October 25, 2013	RSUs Granted shall vest at the end of 3 years from the date of grant.	5 years from the date of vesting
RSUs -Tranche III ⁽²⁾	88,384	May 11, 2016		

Notes:

- (1) Subject to the fulfilment of such criteria, as determined from time to time.
- (2) 2,39,022 Stock Options of your Company (vested unto him on October 25, 2015 and October 26, 2016, out of 4,78,045 Options granted to him) and 1,97,475 Restricted Stock Units ("RSUs") of your Company (vested unto him on October 25, 2016 and December 7, 2016) were exercised by him during the year under review.

(vii) Employee Stock Options Scheme - 2013 ("Scheme")

In accordance with the then applicable provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"), NRC of the Board (then known as ESOP Compensation Committee), at its meeting held on October 25, 2013, had granted 8,30,382 Options and 2,59,849 RSUs, to the eligible employees of your Company, under Tranche I.

Thereafter, NRC vide its Circular Resolution passed on June 10, 2014, had further granted 11,686 Options and 5,000 RSUs, to the eligible employees of your Company, under Tranche II.

Further, NRC, vide its Circular Resolution passed on May 11, 2016, granted 2,79,544 RSUs to the eligible employees of your Company, under Tranche III.

Each Option and RSU is convertible into 1 (one) Equity Share of your Company, upon exercise. The exercise price of the Options and RSUs, was determined in accordance with the SEBI Guidelines which were applicable at the time of grant.

C. Stakeholders Relationship Committee

The Board at its meeting held on April 19, 2013, constituted a committee viz. "Investor Relations & Finance Committee", mainly for looking into various issues relating to Shareholder grievance(s) and their respective shareholdings.

Pursuant to the provisions Section 178 of the Act and Regulation 20(1) of the SEBI Listing Regulations, your Company was required to constitute a "Stakeholders Relationship Committee" for considering and resolving the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends, if any. Accordingly, the Board at its meeting held on May 5, 2014, renamed the "Investor Relations & Finance Committee" as "Stakeholders Relationship Committee" ("SRC").

(i) Composition of the SRC:

The SRC comprises 3 (three) Non-Executive Directors as its members, out of which 2 (two) are Independent Directors. The composition of SRC is in accordance with Regulation 20 of the SEBI Listing Regulations.

Mr. Bharat Patel, Independent Director, is the Chairperson of the SRC.

(ii) Meetings and attendance during the year:

During the year under review, the SRC met once on November 24, 2016, to deliberate on various matters and all the Members of the Committee were present for the meeting.

Mr. Bharat Patel, Chairperson of the Committee, attended the Ninth AGM of your Company as an authorised representative of the Committee, to address the queries of the Members of the Company.

Ms. Geetika Anand, Company Secretary, being the Compliance Officer of your Company, is responsible for redressal of Shareholder Grievances.

(iii) Brief Description of Terms of Reference:

In accordance with the applicable provisions of the Act and Part D of Schedule II of Regulation 20(4) of the SEBI Listing Regulations, the scope, functions and terms of reference of the SRC *inter alia* cover the following matters:

- Reviewing of complaints relating to transfer of shares, transmission of shares, issue of duplicate share certificates, non-receipt of annual report, non-receipt of declared dividend and any other shareholder related queries/ complaints;
- Reviewing of status of requests i.e. processing of complaints within statutory timelines;
- Approving transfer and transmission of shares, issue of duplicate share certificates, etc.; and
- Overseeing the performance of Registrar & Transfer Agents.

(iv) Number of shareholders' complaints received during the year:

During the year under review, your Company received, total of 10 (ten) complaints from the Shareholders. Details of the same alongwith the status thereof as on March 31, 2017, are as follows:

Sr. No.	Nature of complaints	Received	Resolved	Pending
1	Non-receipt of Dividend/ Interest/ Redemption Warrant	2	2	0
2	Non-receipt of Annual Report	1	1	0
3	Non-receipt of Shares after Allotment	2	2	0
4	Non-receipt of Share Certificate(s) - Transfer	3	3	0
5	Others, if any	2	2	0
Total		10	10	0

All the complaints received during the year were resolved to the satisfaction of the respective Shareholders.

D. Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Act, the Board in its meeting held on October 25, 2013, has constituted a separate Committee named as "Corporate Social Responsibility ("CSR") Committee" for monitoring and implementation of the CSR projects/ programmes/ activities of your Company and also for approving the annual CSR Budget, implementation of CSR projects and other such related activities.

(i) Composition of CSR Committee:

The Committee comprises 3 (three) Members, out of which 2 (two) are Non-Executive Directors, 1 (one) of them being Independent Director and 1 (one) Executive Director.

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

(ii) Meetings and attendance during the year:

During the year under review, the CSR met once on March 27, 2017, to deliberate on various matters and all the Members of the Committee were present for the meeting.

(iii) Brief description of terms of reference:

The scope and functions of the CSR Committee are in accordance with the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, *inter alia* includes following:

- Reviewing and finalising the annual CSR Budget of the Company (including any specific project driven budgets) for undertaking the CSR activities for and on behalf of the Company and thereafter to recommend the said CSR Budget to the Board for its approval and implementing the same post approval of the Board;
- Authorising any officer(s) and / or other person(s) for and on behalf of the Company to form collaborative partnerships with the Government, the District or local authorities or agencies, village panchayats, NGOs and other like-minded stakeholders so as to enable the Company to widen its CSR reach and also to leverage upon their collective expertise, wisdom and experience which such partnerships shall bring to the table and taking all further actions and steps and doing all acts, deeds and things, which may be required to be done and performed from time to time in above connections;
- Periodically reviewing the Business Responsibility activities and the Business Responsibility Report ("BRR") of the Company and taking all further and necessary actions and steps and doing all acts, deeds and things, which may be required to be done and performed from time to time in connection therewith; and
- Performing such other acts, deeds, things and powers as may be delegated to the Committee by the Board from time to time.

E. Risk Management Committee

The Board at its meeting held on November 4, 2014, constituted a Risk Management Committee ("RMC") to comply with the provisions of Clause 49 of the erstwhile Listing Agreement in order to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external risks and for monitoring and reviewing of the risk management plan of your Company and to look after such other functions as may be delegated to it by the Board, from time to time.

The Committee evaluates significant risk exposures of your Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives and ongoing activities such as business continuity planning and disaster recovery planning and testing) and also ensure that your Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

(i) Composition of the RMC:

The RMC comprises 4 (four) Members, out of which 3 (three) are Non-Executive Directors, 2 (two) of them being Independent Directors and 1 (one) Executive Director. The composition of RMC is in line with Regulation 21 of the SEBI Listing Regulations.

Mr. Bharat Patel, Independent Director, is the Chairperson of the RMC.

(ii) Meetings and attendance during the year:

During the year under review, the RMC met once on November 24, 2016, to deliberate on various matters and all the Members of the Committee were present for the meeting.

F. Other Functional Committees

Apart from the above statutory Committees, the Board has constituted the following Functional Committees, more particularly to assist the Board in discharging its function w.r.t. specific projects and in order to achieve the desired results:

(i) High Power Committee

The Board at its meeting held on May 3, 2015, constituted a High Power Committee to exercise all powers and discharge all functions which the Board is authorised with regard to the matters related to the Composite Scheme. The Committee will be dissolved once all the activities with respect to Composite Scheme are duly completed.

(ii) DRPL Acquisition Committee

The Board at its meeting held on May 25, 2016, constituted a DRPL Acquisition Committee to assist the Board with activities related to the acquisition of Forever 21 Undertaking of Diana Retail Private Limited. The Committee will be dissolved once all the activities with respect to aforesaid acquisition are duly completed.

3. GENERAL BODY MEETINGS**A. Annual General Meetings (“AGM”) and Extra-ordinary General Meeting(s) (“EOGM”):**

Details of the AGM(s) and EOGM(s) of your Company held in last 3 (three) years alongwith details of Special Resolutions, as set out in the respective notices of such AGMs/ EOGMs, as passed by the Shareholders are as follows:

Financial Year	AGM/EOGM	Location	Date	Time	Particulars of Special Resolution(s) passed
2013-14	7 th AGM	F.P.H.'s Garware Sabhagriha, F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400034.	August 27, 2014	3.00 p.m.	<ul style="list-style-type: none"> (i) Appointment of Mr. Pranab Barua as the Managing Director [under Sections 196, 197, 203 of the Act and Schedule V of the Act]. (ii) Increase in Authorised Share Capital of the Company and consequent alteration of Memorandum of Association (“MOA”) to such extent [under Sections 13 and 61 of the Act]. (iii) Further Issue of Securities [under Section 62(1)(c) of the Act and as per the provisions of the regulations of Securities and Exchange Board of India]. (iv) Approval of Borrowing Limits of the Company [under Section 180(1)(c) of the Act, and as per the provisions of the regulations of Securities and Exchange Board of India]. (v) Adoption of new Articles of Association of the Company containing regulations in conformity with the Act; [under Section 14 of the Act read with Companies (Incorporation) Rules, 2014 and as per the provisions of the regulations of Securities and Exchange Board of India].

Financial Year	AGM/EOGM	Location	Date	Time	Particulars of Special Resolution(s) passed
2014-15	8 th AGM	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400 028.	August 28, 2015	11.00 a.m.	(i) Issuance of NCDs for an amount of upto ` 1000 crore, on Private Placement basis. (ii) Approval for transactions with Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Limited (ultimate Holding Company).
2015-16	9 th AGM	Ravindra Natya Mandir, PL Deshpande Maharashtra Kala Academy, Near Siddivinayak Temple, Sayani Road, Prabhadevi, Mumbai - 400025.	September 7, 2016	3.00 p.m.	(i) Issuance of Non-Convertible Debentures for an amount of upto ` 1,250 crore, on private placement basis. (ii) Increase in overall borrowing limits of the Company. (iii) Creation of Charge/ Mortgage on assets of the Company. (iv) Revision in limits of Remuneration of Mr. Pranab Barua, Managing Director of the Company.

4. MEANS OF COMMUNICATION

For easy reference of the Shareholders, the quarterly/ half yearly/ annual results, alongwith the Limited Review/ Audit Report thereon, are made available on the website of the Company i.e. www.abfrl.com. The quarterly/ half yearly/ annual results are generally published in 'The Business Standard' and 'Navshakti' (a regional daily newspaper published from Mumbai), within the stipulated timelines. Aforesaid results are also filed with the concerned Stock Exchanges simultaneously so as to enable them to display such results on their website.

Official news/ press releases of the Company are uploaded on the website of the Company i.e. www.abfrl.com, from time to time and are also submitted with the Stock Exchanges simultaneously.

The Schedule of Institutional Investors/ Analysts Meetings and the presentation made to the institutional investors or to the analysts, are also uploaded on the website of the Company.

5. 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.

6. DISCLOSURES

i. Details of materially significant related party transactions that may have potential conflict with the interests of the Company at large

All the Related Party Transactions ("RPTs") entered into by your Company, during the Financial Year 2016-17, were at arm's length and in the ordinary course of business of the Company. All such transactions had prior approval of the Audit Committee and the Board.

However, there were no material significant RPTs that had/ may have potential conflict with the interests of your Company at large.

ii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

Your Company has, complied with all applicable provisions of the SEBI Listing Regulations and all other applicable regulations and guidelines issued by SEBI and Stock Exchanges. Consequently, 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 (three) years.

iii. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee

Your Company has established a Vigil/ Whistle Blower Mechanism which provides direct access to the Management and the Audit Committee of the Board to all stakeholders to report concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and it is affirmed that no personnel have been denied access to the Audit Committee.

Also, your Company has adopted "Policy for Prevention of Sexual Harassment at Workplace" and "Anti-fraud Policy" which specifically guarantee the right to "blow a whistle".

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 behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics. The mechanism provides adequate safeguards against any victimization of the persons who uses this mechanism.

iv. Other Policies, Programmes and Codes of the Company

a. Corporate Social Responsibility Policy:

Pursuant to Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted Corporate Social Responsibility Policy having following scope:

- (i) Planning Project or programmes which a Company plans to undertake falling within the purview of Schedule VII of the Act;
- (ii) Monitoring process of such project or programmes; and
- (iii) Policy shall specify surplus arising out of CSR Projects which are not part of the business profit of the Company.

b. Risk Management Policy:

As per the provisions of Regulation 17 of the SEBI Listing Regulations, your Company has framed Risk Management Policy for risk assessment and risk minimization. Since your Company is in the retail industry, it is prone to inherent business risks and the risk management policy enables your Company to proactively manage uncertainty, changes in the internal and external environment to limit negative impacts and capitalize on opportunities alongwith minimization of identifiable risks. The policy covers inherent business risks and appropriate measures to be taken by the Company.

c. Policy on Related Party Transactions:

As per the provisions of Regulation 23 of the SEBI Listing Regulations, your Company has a Policy on RPTs to regulate transactions of the Company with its related parties (as defined and identified under the Act, SEBI Listing Regulations), to ensure high standards of Corporate Governance while dealing with related parties and also to ensure optimum compliance with applicable laws prescribed for RPTs. The policy is also available on the website of the Company i.e. www.abfrl.com.

d. Familiarisation Programme for Independent Directors:

As per the provisions of Regulation 25 of the SEBI Listing Regulations, your Company has Familiarisation Programme for Independent Directors and Non-Executive Directors in place. This Programme aims to provide insights into 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.

e. **Forex Policy:**

Your Company has adopted Forex Policy (*also called as Forex Risk Management Manual*) to protect cash flows and shareholder value by reducing the adverse effect of currency rate fluctuations on your Company's profitability, business plans and sustainability of operations.

f. **Code of Conduct for Trading in Listed or Proposed to be Listed Securities of Aditya Birla Fashion and Retail Limited:**

This document explains the Code to be observed by all the Connected Persons of your Company, as defined under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as may be amended from time to time. This code is effective from May 14, 2015, subsequent to which the previous Code of Conduct was substituted by this revised Code of Conduct.

The objective of this Code is to communicate to all the Connected Persons, the Code related to trading in listed or proposed to be listed securities of the Company. It is intended to serve as a guideline to all persons connected with the Company, which they should imbibe and practice, both in letter and spirit, while trading in listed or proposed to be listed securities of the Company.

g. **Code of Conduct for Board Members and Senior Management of Aditya Birla Fashion and Retail Limited:**

This Code of Conduct has been framed and adopted by your Company in compliance with the provisions of Regulation 17 of the SEBI Listing Regulations.

The Code incorporates the duties of Independent Directors as laid down in the Act and also helps the Board Members and Senior Managers to observe the highest standards of ethical conduct alongwith integrity and to work to the best of their ability and judgment.

h. **Policy on Preservation of Documents:**

Pursuant to the provisions of Regulation 9 of the SEBI Listing Regulations, your Company has adopted this policy for preservation of documents, w.e.f. December 1, 2015.

This Policy contains guidelines for identifying Documents (as defined under the SEBI Listing Regulations) that need to be maintained, the period of preservation of such Documents and its destruction/ disposal. This Policy aims to provide efficient and systematic control on the periodicity and destruction of business related Documents.

i. **Policy for Determining of Material Subsidiary Companies:**

Your Company does not have any Subsidiary as on the date of this report and accordingly, it does not have any policy for determining the "Material Subsidiary".

j. **Policy for Determination of Materiality of Information or Event:**

Pursuant to the provisions of Regulation 30 of the SEBI Listing Regulations, your Company has adopted this policy for determination of materiality of information or event for facilitating prompt disclosure of material price sensitive information to the Stock Exchange(s) in compliance with the provisions of the SEBI Listing Regulations, w.e.f. December 1, 2015.

This Policy shall act as a guidance for determining materiality of such price sensitive information, so as to ensure prompt disclosure of material price sensitive information/ event to the Stock Exchanges, where the securities of the Company are listed, so that present and potential investors are able to take informed decision relating to their investment in your Company and to avoid creation of false market in the securities of the Company. The policy is also available on the website of the Company i.e. www.abfrl.com.

k. Policy for Archival of Documents:

Pursuant to the provisions of Regulation 30 of the SEBI Listing Regulations, your Company has adopted this Policy for the archival of documents of the Company, to comply with the provisions of the SEBI Listing Regulations, w.e.f. December 1, 2015.

The Policy provides that beyond the Mandatory Hosting Period (i.e. 5 (five) years from the date of each disclosure on the website of your Company), the disclosed information shall be archived for such other additional period as may be required considering the requirement of various statutes, law, regulations etc. and other legal and administrative aspects. The policy is also available on the website of the Company i.e. www.abfrrl.com.

l. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information:

This Code of Conduct has been framed and adopted by the Company in compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, to adhere to each of the Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, as set out in Schedule A to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The policy is also available on the website of the Company i.e. www.abfrrl.com.

v. Commodity Price Risk and Commodity hedging activities

Your Company does not engage in Commodity hedging activities.

vi. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

Your Company has complied with all the mandatory requirements of the SEBI Listing Regulations relating to Corporate Governance.

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

1. Audit Report: Statutory Auditors of your Company have not raised any qualification/ modified opinion on its Financial Statements for the last 5 (five) Financial Years (including the Financial Year under review) and accordingly, your Company has moved towards the regime of Financial Statements with Unmodified Audit Opinion.
2. Reporting of Internal Auditor: The Internal Auditor of your Company directly reports to the Audit Committee on functional matters.

vii. Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the Financial Statements.

viii. Risk Management

Risk evaluation and management is done on a continuous basis by the Management. Your Company has also developed a comprehensive Risk Management Policy and pursuant to the same, RMC assesses and reviews the business risks on Periodical basis, with a view to minimize the same. The Board and Audit Committee are informed about the status of the same, from time to time. The RMC reviews the risk management process and implementation of risk mitigation plans. This process is reviewed and improved year after year, if necessary.

ix. Proceeds from Public Issues, Right Issues, Preferential Issues, etc.

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

x. Management

The Management Discussion and Analysis is prepared in accordance with the requirements laid out in Regulation 34 read with Section B of Schedule V of the SEBI Listing Regulations and forms part of the Directors' Report.

No material transaction has been entered into by your Company with the Promoters, Directors or the Management or their relatives etc., that may have a potential conflict with interests of the Company.

xi. Shareholders

According to the Articles of Association, one-third of the Directors retire by rotation and if eligible, seek re-appointment at the AGM. Accordingly, Mr. Sushil Agarwal will retire in the ensuing Tenth AGM. The Board has recommended the re-appointment of the retiring Director i.e. Mr. Sushil Agarwal in the ensuing Tenth AGM. The detailed profile of Mr. Sushil Agarwal is provided in the notice convening the ensuing Tenth AGM.

7. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary as on March 31, 2017 and as on date of this Report.

8. CEO/ CFO CERTIFICATION

As required under the provisions of Regulation 33 of the SEBI Listing Regulations, Mr. Pranab Barua, Managing Director and Mr. S. Visvanathan, Chief Financial Officer have reviewed the Audited Financial Statements and Cash Flow Statements for the Financial Year ended March 31, 2017 and accordingly have provided a certificate, which is enclosed separately at the end of this Report.

9. REPORT ON CORPORATE GOVERNANCE

As required under Regulation 27 of the SEBI Listing Regulations, your Company has been duly submitting the quarterly compliance report 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 the Statutory Auditors i.e. M/s. S R B C & CO LLP, Chartered Accountants regarding compliance of Corporate Governance requirements is annexed as **Annexure III** to the Directors' Report.

Further, your Company has complied with the Corporate Government requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Sub-regulation (2) of Regulation 46 and the same has been disclosed in this Report.

CEO - CFO CERTIFICATION

To the Board of Directors

Aditya Birla Fashion and Retail Limited

- A. We have reviewed the Audited Financial Statements and the Cash Flow Statement of Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) (the "Company") for the Financial Year ended on March 31, 2017 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.
- B. 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, 2017 which are fraudulent, illegal or violative of the Code of Conduct of the Company.
- C. 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 that we have taken or proposed to be taken to rectify the deficiencies.
- D. 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, 2017;
 - II. Significant changes in accounting policies, if any, during the Financial Year ended March 31, 2017 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 12, 2017

Pranab Barua
Managing Director

S. Visvanathan
Chief Financial Officer

CODE OF CONDUCT DECLARATION

As provided under the provisions of Schedule II and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board of Directors and Senior Management Personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended March 31, 2017.

Place : Mumbai
Date : May 12, 2017

Pranab Barua
Managing Director

GENERAL SHAREHOLDER INFORMATION

In terms of the provisions of Point No. 9 - Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), General Information of your Company for reference of the Shareholders, is provided as under:

(i) Tenth Annual General Meeting:

Date	: Wednesday, August 23, 2017
Time	: 3:00 p.m.
Venue	: Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400 028.
Cut-off date for e-voting	: Wednesday, August 16, 2017

(ii) Financial Year:

Your Company follows "April to March" as the Financial Year.

Dates of the Meetings of the Board of Directors, held for consideration of quarterly/half yearly/annual financial results for the Financial Year ended on March 31, 2017, have been disclosed as part of the Corporate Governance Report.

The tentative months of Meetings of the Board of Directors for consideration of quarterly/half yearly/annual financial results for the Financial Year ending on March 31, 2018, would be as follows:

- For the quarter ending June 30, 2017 : July/ August, 2017
- For the quarter and six-months ending September 30, 2017 : October/ November, 2017
- For the quarter and nine-months ending December 31, 2017 : January/ February, 2018
- For the quarter and year ending March 31, 2018 : April/ May, 2018

Further, the tentative month for the Eleventh Annual General Meeting of the Company for the Financial Year ending on March 31, 2018 would be August/ September, 2018.

(iii) Dividend Payment Date:

Not Applicable

(iv) Details of Stock Exchanges where Securities of the Company are listed:

Stock Exchanges	Stock Code						
	Equity Shares	Non-Convertible Debentures ("NCDs") ⁽¹⁾ issued in					
		2013		2016		2017	
		1 st Series ⁽²⁾	2 nd Series	1 st Series	2 nd Series	3 rd Series	4 th Series
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	535755	949193	949235	953898	954050	955053	955876
National Stock Exchange of India Limited ("NSE") Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400051	ABFRL	-					

Notes:

(1) Listed on the BSE.

(2) Have been redeemed on May 6, 2016 in line with the provisions of the Information Memorandum and terms of the Issue.

Details of the Debenture Trustees to the NCDs are as follows:**Axis Trustee Services Limited**

Axis House, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai - 400025.

Phone : +91 22 2425 5215/ 5216

Fax : +91 22 2425 4200

Email : debenturetrustee@axistrustee.com

(v) Payment of Annual Listing/ Custody/ Issue Fees:

Annual Listing Fees for the Financial Year 2017-18 have been paid to both the Stock Exchanges. Annual Custody/ Issue Fees have been paid to National Securities Depository Limited ("NSDL") and Central Depository (India) Services Limited ("CDSL") for the Financial Year 2017-18.

(vi) Market Price Data:

The market price data and volume of your Company's shares traded on the BSE & NSE during the Financial Year 2016-17 were as under:

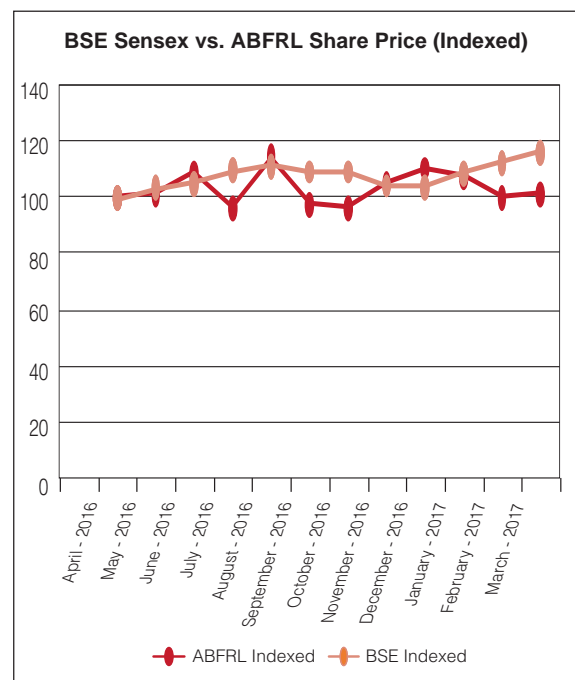
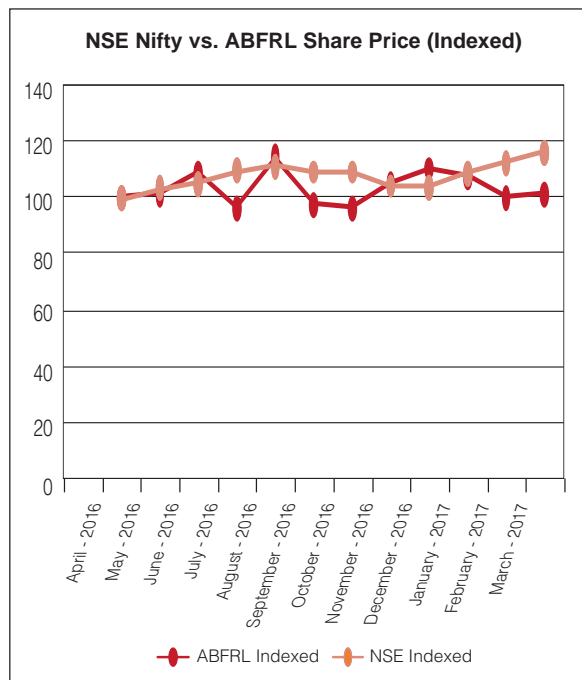
Month - Year	BSE				NSE			
	High	Low	Close	Total Traded Volume	High	Low	Close	Total Traded Volume
	(Amount in `)	(Amount in `)	(Amount in `)	(No. of Shares)	(Amount in `)	(Amount in `)	(Amount in `)	(No. of Shares)
April - 2016	169.00	137.10	147.50	8,61,496	169.40	137.50	147.55	80,58,018
May - 2016	162.00	129.40	131.55	13,87,089	161.85	129.60	131.75	1,11,59,826
June - 2016	144.80	124.00	142.35	28,02,839	144.90	122.90	142.70	1,10,94,378
July - 2016	154.10	139.00	144.85	31,86,481	154.00	138.10	144.80	2,25,57,712
August - 2016	177.85	141.95	155.90	1,15,76,443	177.70	142.00	155.70	1,84,00,734
September - 2016	160.00	136.00	137.90	16,87,395	160.00	136.50	137.85	1,62,06,562
October - 2016	169.80	138.40	164.30	52,30,638	169.80	138.00	164.00	1,41,15,113
November - 2016	164.70	127.00	139.50	15,22,670	164.90	126.85	139.55	1,30,89,667
December - 2016	143.80	128.75	137.70	6,61,686	142.30	128.40	138.05	50,28,877
January - 2017	152.25	136.35	149.95	30,28,582	152.25	136.10	150.05	83,35,929
February - 2017	163.50	142.70	157.65	30,53,693	163.40	143.60	157.95	1,11,28,057
March - 2017	162.80	144.80	153.80	75,21,033	169.95	144.70	153.85	1,47,27,611

Source: BSE and NSE websites

(vii) Stock Performance:

Performance in comparison to broad based indices viz. NSE CNX Nifty and BSE SENSEX during the Financial Year 2016-17 were as under:

Month - Year	ABFRL	NSE	BSE	ABFRL	NSE	BSE
	NSE Closing Price	CNX Nifty	SENSEX	Indexed	Indexed	Indexed
	(Amount in `)	(Amount in `)	(Amount in `)			
April - 2016	142.70	7,849.80	25,606.62	100.00	100.00	100.00
May - 2016	144.80	8,160.10	26,667.96	101.47	103.95	104.14
June - 2016	155.70	8,287.75	26,999.72	109.11	105.58	105.44
July - 2016	137.85	8,638.50	28,051.86	96.60	110.05	109.55
August - 2016	164.00	8,786.20	28,452.17	114.93	111.93	111.11
September - 2016	139.55	8,611.15	27,865.96	97.79	109.70	108.82
October - 2016	138.05	8,625.70	27,930.21	96.74	109.88	109.07
November - 2016	150.05	8,224.50	26,652.81	105.15	104.77	104.09
December - 2016	157.95	8,185.80	26,626.46	110.69	104.28	103.98
January - 2017	153.85	8,561.30	27,655.96	107.81	109.06	108.00
February - 2017	142.70	8,879.60	28,743.32	100.00	113.12	112.25
March - 2017	144.80	9,173.75	29,620.50	101.47	116.87	115.68



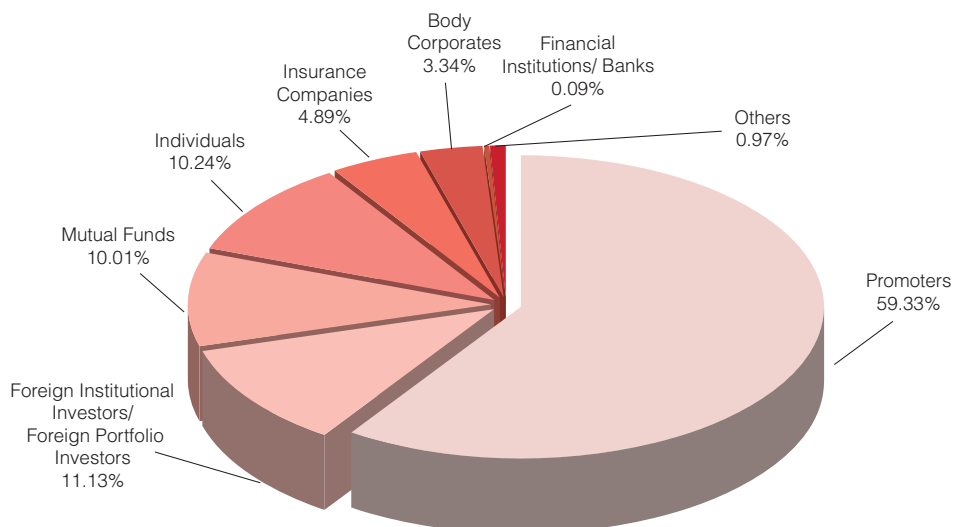
Source: BSE and NSE websites

(viii) Distribution of Shareholding as on March 31, 2017:

Range of No. of Equity Shares Held	Number of Shareholders	% of Shareholders (falling under this range)	Total Number of Shares held (by Shareholders falling under this range)	Total % of Shareholding
1 to 500	1,34,887	81.35	1,40,39,466	1.82
501 to 1000	15,426	9.30	1,07,52,952	1.40
1001 to 2000	8,084	4.88	1,13,85,927	1.48
2001 to 3000	2,736	1.65	67,80,763	0.88
3001 to 4000	1,244	0.75	43,33,573	0.56
4001 to 5000	754	0.45	34,10,339	0.44
5001 to 10000	1,506	0.91	1,03,20,065	1.34
10001 and above	1,172	0.71	70,95,04,069	92.08
Total	1,65,809	100.00	77,05,27,154	100.00

Category-wise Shareholding pattern of the Company as on March 31, 2017:

Category	No. of Shareholders	No. of Shares	%
Promoters	21	45,71,64,117	59.33
Foreign Institutional Investors/ Foreign Portfolio Investors	134	8,57,72,232	11.13
Mutual Funds	73	7,71,16,226	10.01
Individuals	1,60,259	7,88,80,556	10.24
Insurance Companies	12	3,76,91,418	4.89
Body Corporates	1,637	2,57,43,129	3.34
Financial Institutions/ Banks	59	6,70,604	0.09
Central/ State Government(s)	2	577	0.00
Others	3,612	74,88,295	0.97
Total	1,65,809	77,05,27,154	100.00



Capital of the Company were held in dematerialised form with NSDL and CDSL under International Securities Identification Number ("ISIN") - *INE647001011*.

The break-up of Equity Shares held in dematerialised and physical mode as on March 31, 2017, is as detailed hereinbelow:-

Particulars	Shareholders		Shares	
	Number	%	Number	%
Total	1,65,810	100.00	77,05,27,154	100.00
Physical	43,649	26.32	1,03,02,205	1.34
Dematerialised Mode ⁽¹⁾ :	1,22,161	73.68	76,02,24,949	98.66
NSDL	90,597	74.16⁽²⁾	65,34,90,994	85.96⁽²⁾
CDSL	31,564	25.84⁽²⁾	10,67,33,955	14.04⁽²⁾

Notes:

(1) Entire shareholding of the Promoter and Promoter Group is in Dematerialised form.

(2) Calculated as a percentage of total no. of Shareholders holding Shares in demat mode/ total no. of Shares in demat mode.

(x) Details pertaining to Unclaimed Shares Suspense Account of the Company:

As on March 31, 2017, total no. of 9,42,824 Equity Shares of ₹ 10/- each belonging to 5,587 Shareholders, are lying in the Unclaimed Shares Suspense Account of the Company ("said suspense account") and details of the same are as follows:

Particulars	No. of Shareholders	No. of Shares
Outstanding at the beginning of the Year	5,588	9,42,934
Shareholders who approached the Company and to whom shares were transferred	1	110
Outstanding at the end of the Year	5,587	9,42,824 ⁽¹⁾

Note:

(1) Voting rights on these shares shall remain frozen till the rightful owners of such shares claim 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 the Transferor Companies i.e. Future Retail Limited and Aditya Birla Nuvo Limited. Such shareholders may also approach the Company/ Registrar and Transfer Agent of the Company, with their correct particulars and proof of their identity for crediting the requisite shares from the said suspense account to their individual account.

(xi) Secretarial Audit and Reconciliation of Share Capital Audit:

Pursuant to Section 204 of the Companies Act, 2013 and Rules made thereunder (the "Act"), the Board had appointed M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries, to conduct Secretarial Audit of compliance with the applicable provisions of the Act, SEBI Listing Regulations and other applicable Laws, Rules, Regulations and Guidelines and a Secretarial Audit Report issued in that regard is annexed as **Annexure V** to the Directors' Report.

Further, as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, your Company obtains a quarterly Audit Report on reconciliation of the total issued capital, listed capital and the capital held by NSDL and CDSL, from M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries and the same is submitted to Stock Exchanges, NSDL, CDSL and is also placed before the Board.

(xii) Outstanding Global Depository Receipts (“GDRs”)/ American Depository Receipts (“ADRs”)/ Warrants or any Convertible instruments, conversion date and likely impact on equity:

Your Company has not issued any GDRs/ ADRs/ Warrants/ Convertible instruments and hence, there are no outstanding GDRs/ ADRs/ Warrants or any Convertible instruments pending for conversion as on March 31, 2017.

(xiii) Commodity Price risk/ Foreign Exchange risk and Hedging Activities of the Company:

Your Company does not engage in Commodity Hedging Activities. The foreign currency exposure of the Company in respect of its imports, borrowings and export receivables is hedged as per the Forex Policy of the Company. The Company uses a mix of various derivative instruments like forward covers, currency swaps, interest rate swaps or a mix of all.

(xiv) Registrar and Transfer Agents (“RTA”):**Link Intime India Pvt. Ltd.**

C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083.

Phone : +91 22 49186270; Fax: +91 22 49186060

Email : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

(xv) Share Transfer System:

Your Company has an appropriate share transfer system. RTA of the Company is authorized to approve transfers upto 5,000 shares covered under one transfer deed. Further, transfers above 5,000 shares covered under one transfer deed are considered and approved by the Stakeholders Relationship Committee of the Board.

Requests for transfer of shares held in physical form can be lodged with the RTA of the Company and the same are generally processed within 15 days of the receipt of the documents, provided all the documents are in order.

In case of shares in electronic form, the transfers are processed by NSDL/ CDSL through respective Depository Participants with no involvement of the Company.

RTA of the Company complies with all the procedural requirements for transmission and transposition of shares and formalities with respect to name deletion, sub-division, consolidation, renewal, exchange and endorsement of share certificates.

Your Company obtains a half yearly certificate from a Practicing Company Secretary certifying compliance under Regulation 40(9) of the SEBI Listing Regulations and files the same with the stock exchanges.

(xvi) Investor Service and Grievance Handling Mechanism:

Your Company has established an effective mechanism to ensure efficient investors services and expeditious redressal of grievances, which is handled by the Compliance Officer of the Company and the RTA, through its Investor Service Centers across the country.

Details of complaints received during the Financial Year 2016-17 alongwith their status as on March 31, 2017, have been disclosed as part of the Corporate Governance Report.

(xvii) Company's Recommendations to its Shareholders/ Investors:**a. Open Demat Account and Dematerialize your shares**

Investors may consider converting their physical holdings into dematerialized form. This would help the investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in dematerialized form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

b. Consolidate Multiple Folios

Investors may consider consolidating their shareholding held in multiple folios. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

c. Register National Electronic Clearing Service (“NECS”) Mandate and furnish correct bank account particulars with the Company/ Depository Participant (“DP”)

Investors holding the shares in physical form should provide NECS mandate to the Company and investors holding the shares in dematerialized form should ensure that correct and updated particulars of their bank account are available with the DP. This would facilitate in receiving direct credits of dividends, refunds etc., from companies and avoid postal delays and loss in transit. Investors must update their new bank account numbers allotted after implementation of Core Banking Solution (“CBS”) with the Company, in case of shares held in physical form and with the DP, in case of shares held in dematerialized form.

d. Submit Nomination Form

Investors should register their nominations with the Company, in case of physical shares and with their DP, in case of dematerialized shares. This would help the nominees to get the shares transmitted in their favour without any hassles. Investors must ensure that nomination made is in the prescribed Form and must be witnessed by two witnesses in order to be effective. The Form may be downloaded from the “Investors” section on the website of the Company i.e. www.abfml.com.

e. E-voting

E-voting is one of the measures to achieve the Green Initiative. Shareholders of the Company express their assent or dissent for the resolutions requiring their approval by way of voting. Since physical presence of shareholders is not possible at every general meeting, a member may exercise his/ her right to vote at any General Meeting by electronic means.

Your Company is pleased to provide the E-voting facility to its Members to exercise their right to vote on the resolutions proposed to be passed at Annual General Meeting (“AGM”). The members may cast their votes through remote E-voting from any other place or E-voting at the venue of the AGM. The members who have cast their vote by remote E-voting prior to the AGM may attend the AGM but shall not be entitled to vote again.

f. Deal with Registered Intermediaries

Investors should transact through a registered intermediary who is subject to regulatory discipline of SEBI, as it will be responsible for its activities, and in case the intermediary does not act professionally, investors may take up the matter with SEBI/ Stock Exchanges.

g. Obtain documents relating to purchase and sale of securities

A valid Contract Note/ Confirmation Memo should be obtained from the broker/ sub-broker, within 24 hours of execution of purchase or sale of securities and it should be ensured that the Contract Note/ Confirmation Memo contains order number, order time, trade number, trade time, security descriptions, bought and sold quantity, price, brokerage, service tax and securities transaction tax. In case the investors have any doubt about the details contained in the contract note, they can avail the facility provided by BSE/ NSE to verify the trades on BSE/ NSE websites. It is recommended that this facility be availed in respect of a few trades on random basis, even if there is no doubt as to the authenticity of the trade/ transaction.

h. Monitor holdings regularly

Demat account should not be kept dormant for long period of time. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified. Where the investor is likely to be away for a long period of time and where the securities are held in

electronic form, the investor 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 investor.

i. Opt for Corporate Benefits in Electronic Form

In case of non-cash corporate benefits like split of shares/ bonus shares, the holders of shares in physical form may opt to get the shares in electronic form by providing the details of demat account to the RTA.

j. Register for SMS alert facility

Investors may consider registering their mobile numbers with DPs for SMS alert facility. NSDL and CDSL proactively inform the investors of transaction in the demat account by sending SMS. Investors will be informed about debits and credits to their demat account without having to call-up their DPs and investors need not wait for receiving Transaction Statements from DPs to know about the debits and credits.

k. Register e-mail address

Pursuant to Sections 101 and 136 of the Act, Companies can serve Annual Report and other communications through electronic mode to those Shareholders who have registered their e-mail address either with the Company or with the DPs. Shareholders who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically, by submitting a duly filled E-Communication Registration Form available on the website of the Company i.e. www.abfirl.com, with Link Intime India Pvt. Ltd. or with the Company on their investor email id i.e. secretarial.abfirl@adityabirla.com.

l. Exercise caution

Investors should keep the Company/ DP updated on any change with respect to their holdings, to avoid likelihood of fraudulent transfers in case of folios with no movement or where the shareholder has either expired or is not residing at the address registered with the Company.

m. Mode of Postage

Share certificates and high value dividend/ interest warrants/ cheques/ demand drafts should not be sent by ordinary post. It is recommended that Investors should send such instruments by registered post or courier.

n. Intimate mobile number

To receive communications on corporate actions and other information of the Company, the Investors may consider intimating their mobile numbers and changes therein, if any, to the Company/ RTA, if shares are held in physical mode or to their DP, if the holding is in electronic mode.

(xviii) Cost of acquisition of Equity Shares of the Company pursuant to the Composite Scheme:

Shareholders may send a request to the Company for availing the details of apportionment of Cost of Acquisition of Shares pursuant to the Composite Scheme, by an email to secretarial.abfirl@adityabirla.com and/ or send a request letter to the Company at its Registered Office or to the RTA of the Company.

(xix) Plants of the Company with their locations:

1. Madura Clothing (Crafted Clothing)
No. 527, Marasur Village, Anekal Taluk, Bengaluru -562106.
2. Madura Clothing (Fashion Craft)
No. 324, Marasur Village, Anekal Taluk, Bengaluru -562106.
3. Madura Clothing (Europa Garments)
Survey No. 62/2A, 62/2B, Parappana Agrahara, Off Hosur Road, Begur Hobli, Naganathapura, Bengaluru - 560100.
4. Madura Clothing (Classical Menswear)
No. 288/2, Dodda Begur, Bommanahalli, Bengaluru - 560068.
5. Madura Clothing (English Apparels)
No. 52/2, Bilvaradahalli, Jigani Hobli, Anekal Taluk, Bengaluru - 560083.
6. Madura Clothing (Haritha Apparels)
Survey No. 42/2, 43, Basavanapura, Mayaganahalli, Kasaba Hobli, Ramanagara Taluk and District - 562159.
7. Madura Clothing (Alpha Garments)
No. 10/1, Byatarayanapura Jakkur Layout, Bellary Main Road, Bengaluru - 64.
8. Madura Clothing (Little England Apparels)
Survey No. #569/1, 569/2B, 570, 606, 853/1 Kurbarapalli village Doddaubanur post, Denkanikotte Taluk, Thally - 635118.
9. Bilteek Fashion
Plot No. A-4, A-5, A-6, Apparel Park Industrial Area, Sy.No. 29 and 31, Arehalliguddadahalli, Kasaba Hobli, Doddaballapur Taluk, Bengaluru - 561203.

Further, your Company also has multiple stores spread across India which belong to Madura Fashion & Lifestyle and Pantaloons divisions of the Company. You may please refer to the city-wise list of Stores of the Company plotted on the Map of India, provided as the Back Inner Cover Page of this Annual Report.

(xx) Address for correspondence:**Registered Office:**

Aditya Birla Fashion and Retail Limited
701-704, 7th Floor, Skyline Icon Business Park,
86- 92, Off A. K. Road, Marol Village,
Andheri (East), Mumbai - 400059, Maharashtra.
Phone : +91 8652905000; Fax: +91 8652905400
Email : secretarial.abfirl@adityabirla.com
Website : www.abfirl.com

(xxi) Feedback:

Shareholders are requested to give us their valuable suggestions for improvement of our Investor Services, by writing to us/ RTA at the address provided hereinabove.

SOCIAL REPORT

Towards Inclusive Growth

"All of our projects are based on the needs of the communities that live close to our plants. Our projects are very inclusive. We treat our social projects, just as our business projects. We have a vision – which in a nutshell epitomises, inclusive growth, and dignifying the lives, of the underprivileged. Our work rests on four pillars.

Firstly, embedding our social vision in the business vision.

Secondly, having a razor sharp strategy, for execution, factoring milestones, targets, performance management, and accountability.

Thirdly, getting our work audited by reputed agencies in the CSR domain, to ascertain the reports of the field workers.

And fourthly, working in tandem with Government agencies, and recouring to their various development schemes, which foster inclusive growth. This helps us extend our reach.

Above all, the invaluable contribution, of our 250 strong committed CSR colleagues and the leadership team gives us the edge. Their energy, their passion and their commitment, to make a difference to the underprivileged, makes our work count."

Mrs. Rajashree Birla

Chairperson

Aditya Birla Centre for Community Initiatives and Rural Development

The company works intensively in 57 villages, in proximity to its manufacturing units and two warehouse locations in Karnataka and Krishnagiri Districts of Tamilnadu.

Health Care:

At our eight eye camps 1865 patients were treated and 101 patients were operated for cataract. The team also distributed 908 spectacles to correct the vision of senior citizens.

At the eight-cancer awareness and screening camps, we reached out to 663 rural women of which 374 women went through the screening process.

At the six health checkup camps organized in 16 Government schools 2,515 students were treated, of which 503 were further referred for checkup and secondary treatment.

Under the Swachha Bharat Abhiyan, we organized awareness programmes for tribal girls on personal hygiene, hand wash and sanitation. Over 230 students participated. We have constructed 50 Toilets for these Tribal Girls in their houses.

Education:

More than 3,467 students studying in 20 Govt. schools were helped under the "Help Vidya Write" - an initiative to support underprivileged students studying in Govt. Schools.

Nearly 4,559 students in 35 Government schools have received school uniforms.

Project Gyanarjan, is aimed at offering special coaching in maths and science to girl students, appearing at 10th, 11th & 12th stds. and CET Competitive Examination. This has been a boon to the underprivileged students. Our academic partner is SVE Trust. We have provided classes and training to 772 students in this financial year, and those who attended these classes have gained enormously.

We foster the cause of girl child through encouraging and supporting 1044 students at 10 Kasturba Gandhi Balika Vidyalayas (KGBV) in association with the Sarva Shiksha Abhiyan, both through direct intervention and our partner SVYM. Our involvement extends to value addition programs such as organizing spoken English classes, special coaching classes, building life skills, usage of technology aids for conceptual learning, activity based learning, awareness on WASH programs, financial literacy initiative and creating bank accounts for all students. The KGBV School at Channapattana, supported by us has achieved 100% results in class 10 exams during the year (record 5th time in the last 7 years after our intervention).

We extended support to 21 meritorious students from KGBV schools from underprivileged families, to pursue higher education.

Over 50 Tribal Girl students from Viveka Tribal Center for Learning (VTCL) were provided quality education and appropriate vocational training through joyful, experiential learning processes. In addition we supported the continuing education of 50 girls students through the Viveka Scholar Program.

We fostered 100 girl students from Bangalore to pursue their education.

In collaboration with "PRATHAM", in the field of education, we catered to over 9,856 persons including children. Our programmes were held in Jijamatanagar, Mumbai. These included **Balwadi programmes** (102 children from the slums through 5 Balwadis), **Parent Education programmes** on child care, health and hygiene, social and emotional development, responsible parenting practices etc., in 40 locations (1681 parents), **Read Indian Urban Learning camps** (a short duration intensive activity to help a child acquire age appropriate learning levels) **Library Programmes**, giving access to quality books, in 40 centers, (5326 people) **Science, Maths, English camps** to make learning an enjoyable experience (3997 children).

Sustainable Livelihood:

Project Kaushalya:

More than 365 youngsters were trained and certified in various courses like Data Entry Operator, Beauty and wellness, and Retail sales under Project Kaushalya in collaboration with CII / Labournet at Anekal, Bangalore. Nearly 80% of these passed out trainees were linked with sustainable livelihood opportunities.

In addition, 50 tribal youths were trained in tailoring skills.

Encouraging Learning / Employee Volunteering:

To bring in social reform through attitudinal changes and use the available resource as a tool for the larger benefit of the society, we encourage and create various avenues for employees to participate in social initiatives.

- We have a strong leadership commitment to promote employee volunteering. During the year, 3135 employee volunteers participated in various initiatives such as teaching computers, English language, Safety sessions, mentoring programs, cultural events - music, dance and karate training to school children; volunteering for the T20 World Cup for the Blind, etc. These together contributed 9572 volunteering hours and touched the lives of nearly 5600 individuals.
- The "Namma Library / Community Library" initiative aims to cultivate a learning culture among children in our focus villages. Every Sunday our volunteers visit these centers and provide books for reading, apart from organizing various games and contests, thus ensuring a holistic growth among children.
- We have arranged approximately 2 lakh garments for distribution to underprivileged people through various Social organizations like GOONJ, Art of Living Foundation, BASCO etc.

Our Partners/Collaborators include:

- Gram Panchayats • Sarva Shiksha Abhiyan • CII • Labournet • SVET • SVYM • Pratham • ROCKFUND
- GOONJ • Art of LIVING • BASCO • GRAAM • Narayana Netralaya • Modi Eye Hospital • OXFORD Dental college • CANCER CARE INDIA.

Our Investments:

For the year 2016-17, our CSR spend was ` 2.17 crores. In addition, we have mobilized ` 95.30 Lacs through various schemes of the Government. We have supported 26,056 beneficiaries through our various initiatives (Education: 19,888; Healthcare: 5,243; Sustainable Livelihood: 494; Social Causes: 431). We act as catalysts for the community. This has enabled us expand our reach.

Our Board of Directors, our Management and our colleagues across the Company are committed to inclusive growth.

SUSTAINABILITY AND BUSINESS RESPONSIBILITY REPORT

Building Sustainable Businesses at the Aditya Birla Group

At the Aditya Birla Group (“ABG”), we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations. We define a “Sustainable Business” as one that can continue to survive and thrive within the growing needs and tightening constraints of a “Sustainable World”. We believe that this means that a “Sustainable World” can only contain “Sustainable Businesses”.

To achieve our Group vision, we are innovating from the traditional sustainability models to one consistent with our vision to build sustainable businesses capable of operating in the next three decades. It is in our own interests to mitigate our own impact in every way we can as this is a direct assistance to creating a sustainable planet. It also prepares us for further mitigation and the need to adapt to a world that is a further full degree hotter than today.

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

The first step of our sustainable business programme is aimed at raising the capability of our business management systems. Under the programme called “Responsible Stewardship” we try to move from merely complying with current legal standards to conforming to the international standards set by the global bodies of the International Finance Corporation (IFC), the Organisation for Economic Cooperation and Development (OECD), the International Standards Organisation (ISO), Occupational Health and Safety Advisory Services (OHSAS), the Global Reporting Initiative (GRI), the Forestry Stewardship Council and others. To support our businesses in this endeavour we have created the Aditya Birla Group’s Sustainable Business Framework of Policies, Technical Standards, and Guidance Notes to give our leaders, managers, employees and contract employees the chance to train, learn, understand, and apply improvement techniques to help our businesses reach higher standards of performance. So far, we have had much success with respect to reductions in energy use, water use, and improvements in safety performance. We are working towards achieving the World Business Council for Sustainable Development’s Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations. Each of these achievements helps reduce and mitigate our impact on the planet and are hence imperative to building our platform for the future.

If we are to create sustainable business models and systems for the future, then “Responsible Stewardship” by itself today is not enough. We need other components to help us with a greater transformation. We need to understand the global mega-trends and their effect on us geographically, physically, technologically and how the legal system may need to change in order to support a sustainable world. Our performance will need to be improved further to meet these external factors. By talking to Strategic Stakeholders knowledgeable in these issues, we can scan the horizon to better understand them and their likely risk to our business. With this information we can make sure our business models and strategy are “Future Proofing” and if not, develop them over time so that we and the value chains within which we operate can continue to operate inside the tightening constraints placed on us by the needs of the sustainable world we hope to help create. We are helping our leaders to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that are also impervious to all external forces that will inevitably begin to affect us in the future. To build sustainable businesses will take time, particularly when we consider some of our very complex supply chains but by pushing to be a leader today, we are giving our businesses the best possible chance of achieving long term sustainability for ourselves, our value chains and our planet.

Business Sustainability Initiatives

At ABFRL, we believe that what gets measured, can be managed and improved. We have therefore built in "Sustainable Business" into our organisational review process which is being used at an organisational level to assess business performance.

Ten sustainability missions have been set up across the Company to comprehensively address ABG's policies. These include Water, Waste, Energy, Green Buildings, Carbon Footprint, Corporate Social Responsibility (CSR), Sustainable Products, Packaging, Safety and Water, Sanitation and Hygiene (WASH).

We have been assessing our footprint for water, waste, energy and greenhouse gas (GHG) emissions, and have developed a precise mitigation and reduction plan to help curtail the same. Our approach and strategy towards each of these missions are customised each year based on the learnings of the previous year and new developments in this space.

Through these measures, we have developed **clear annual targets** for energy conservation, GHG emission reduction, Green building certifications, waste reduction, sustainable product development, sustainable packaging, water neutrality, Safety and Corporate Social Responsibility till 2020. While most environmental sustainability initiatives have been recently developed, we are ensuring they are closely monitored and assessed, such that their impact can be tracked over time.

Details of few of the key missions are given below:

Safety:

Safety has always been one of our key focus areas and our goal is to achieve 'zero cases of severity level 5 incidents at our workplace' by year 2020. In order to ensure this, we have instituted various mechanisms to assess, manage and improve safety practices. **In FY 2016-17, there were 5 lost time injuries with no fatalities in operations under our control.**

Energy:

ABFRL is conscious of the vigilance it requires to meet the potential future requirements pertaining to **energy** which could be obligated by the government to meet India's Intended Nationally Determined Contributions (INDC) for the 2016 United Nations Framework Convention on Climate Change (UNFCCC). Accordingly, we have developed a robust energy conservation and green building plan. Against our target of 30% energy reduction considering baseline FY 2012-13, ABFRL has achieved 33.1% reduction in purchase of grid electricity by FY 2016-17 through demand/waste reduction and renewable energy. This has also helped us achieve an equivalent reduction in Scope 1 and Scope 2 emissions. While some of the initiatives have been continuous throughout since 2013-14, this year we have focused on LED lighting installations and technical interventions pertaining to power savers, air-conditioning savers and replacement of existing appliances with star rated ones. Operational efficiency has also been one of our major focus over the last few years and thus we have installed Energy Management Systems at some of our facilities. We have also made it a standard practice for all employees to switch off lights and fans when not in use. This year we have also extensively focused on renewable energy through installation of solar rooftop plants with a potential of substituting 80% of the conventional grid electricity requirement of the facility where installed, installation of solar water heater systems and through continuing the use of renewable biomass residue based briquettes in boilers. Beyond the energy efficiency measures we also target to achieve Green Building Certification for our select factories, warehouses & corporate office. **All energy efficiency and operational efficiency initiatives put together helped us achieve a saving of approximately 3.63 million units and 4 million units of electricity per annum respectively.**

Water:

Considering our dependence on water for continued business operations and the looming water scarcity in most of our areas of operation, it is imperative that a strategy be developed to reduce our dependence on water to the maximum extent possible. To implement the strategy, we have developed a rigorous short, medium and long-term action plan to achieve **water-neutrality in our own facilities by 2020 and across the supply chain by 2025.** In FY 2016-17 we ensured data management processes, monitoring

and measurement are in place and have installed water meters at all facilities. Monitoring and tracking of water consumed / recycled / discharged is carried out on a monthly basis. For water conservation we have also upgraded our Sewage Treatment Plants and introduced rain water harvesting measures across our facilities.

Waste:

Our landfills are losing their capacity to hold the increasing pressure of waste being dumped in them, owing to population surplus and poor waste management. We understand how essential it has become to manage the waste generated within our own premises. The first step we took in this regard was to develop a detailed waste inventory and set up a rigorous waste measurement and monitoring system to track the total waste generated as well as its disposal mechanism. Our target for FY 2016-17 was to achieve zero landfill requirement for bio-degradable waste which we accomplished through setting up of composting units at all our manufacturing facilities and MFL's warehouses. The bio-degradable waste from the MFL Corporate Office (Regent Gateway) is sent to a composting facility. In addition, we have ensured hazardous waste is disposed to authorised agencies as per the Hazardous Waste Management Rules and e-waste is disposed through registered vendors in line with ABG's stated procedures as well as government norms. **We achieved our target of Zero bio-degradable waste to landfill for all facilities.**

As an industry with clothing as our primary focus, it has been our constant endeavour to combine innovations & sustainability in the products we launch. In FY 2016-17, we have launched few of our product lines focusing on the environment, through **Eco-Resins, Herbal-dyeing and Easy Wash along with implementing cluster development projects for sourcing of crafted artisanal fabrics.** We also understand that our responsibility to the environment or the society does not end with production of environment-friendly garments. The associated packaging material used and our various initiatives to reduce/replace plastic used, the mode of transportation & operational logistics, the communities residing in the areas neighbouring our production facilities and the effort undertaken by us to improve livelihood opportunities for them contribute to making our products sustainable.

We believe in gender diversity in our workforce and take initiatives to empower women. **'Sanjivani' - Enriching Life**, is a structured HR process that takes the women from her home to the shop floor in just 14 days. This programme of **transforming rural women into breadwinners** includes initiatives such as Occupational wellness (Safety awareness, Better work practices), Physical wellness (Health camps, Medical insurance, Sports and exercise programmes), Intellectual wellness (In-house magazine, Quiz and competitions), Social wellness (Crèche, Educational loans, Legal aid, Counselling, Short stay shelter), Emotional wellness (Grievance management, Welfare forum), Environmental wellness (Workshops, Seminars), Spiritual wellness (Meditation and yoga camps, Festival celebrations)

The programme not only worked towards sustainable earnings for them, but also for their personal enrichment. This process of **transforming breadwinners into empowered individuals includes the 5Cs of employee transformation**, Communicate (Communicate transparently), Credit (Appreciate, encourage and reinforce positive behaviour), Career (Hone competencies and move up the career ladder), Contribution (Enable employees to be effective contributors), Care (Nurture all-round being). The progression of **transforming these line workers into managers** leverages the concept of self-managed teams, which includes members determining, planning and managing everyday operations and high-potential line workers are identified and groomed for leadership roles. The results we have achieved through this program have been very satisfactory as today our 84% of the workforce comprises women with an average age of 29 years and 65% of the operators have not completed their schooling.

Reaching out to the underserved communities through our umbrella of Corporate Social Responsibility has become part of our DNA. We ensure the activities we undertake and the programs we implement end up making a difference in the lives of the communities. We have initiated a program to uplift three of the "focused villages" and make them "model villages" over a five-year timeframe and drive all our programs related to healthcare, education & skill development/ livelihood through them. This has been a conscious call to encourage the communities to become sustainable and be able to ensure basic health requirements, provide education to the children and provide job opportunities to the youth in the years to come.

Business Responsibility Report

Being responsible in the present, makes us sustainable in the future. Aditya Birla Fashion and Retail Limited (ABFRL) hopes to create a future-ready organisation, which pre-empts imminent challenges, addresses the needs of all stakeholders and continues to be a preferred partner for its customers, thereby securing a common, prosperous future for everyone involved.

Under the aegis of the Aditya Birla Group's sustainability vision, we have strengthened our 'Re-Earth' programme, to design a roadmap that will align with the Group level sustainability policies and international frameworks.

Re-Earth Vision Statement:

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

We present our second Business Responsibility Report (BRR) in line with the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business as released by the Ministry of Corporate Affairs in July 2011. This report is prepared as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the circular bearing Ref. No. CIR/CFD/CMD/10/2015 dated November 4, 2015 issued by the Securities and Exchange Board of India (SEBI) and showcases the sustainability efforts taken by the Company during the financial year 2016-17.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	:	L18101MH2007PLC233901
2.	Name of the Company	:	Aditya Birla Fashion and Retail Limited
3.	Registered Address	:	701-704, 7 th Floor, Skyline Icon Business Park 86-92 Off A. K. Road, Marol Village, Andheri (East) Mumbai -400059
4.	Website	:	www.abfrl.com
5.	Email id	:	secretarial.abfrl@adityabirla.com
6.	Financial Year reported	:	2016-2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Apparel & Retail
8.	List three key products that the Company (as in balance sheet) manufactures/provides	:	Apparel & Accessories - Menswear, Womenswear and Kidswear
9.	Total number of locations where business activity is undertaken by the Company	:	More than 375 cities across 26 states
10.	Markets served by the Company	:	26 states across India, and the Middle East State, National, International

Section B: Financial Details of the Company

1. Paid up capital (INR): 7,70,52,71,540
2. Total turnover (INR): 66,32,98,43,994
3. Total profit after taxes (INR): 53,50,79,262
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (INR): 4.06% (INR 2,17,42,280)

5. List of activities in which expenditure (in point 4, above) has been incurred:
- Education: 19,888 beneficiaries through various initiatives. This includes distribution of uniforms, notebooks, computers and other education aids support, special coaching classes for rural girls, and support to continuing education for rural dropout girls.
 - Healthcare: 5,243 beneficiaries through - eye camps, cancer awareness and screening camps for rural women, toilets built through our partner, Swami Vivekananda Youth Movement (SVYM).
 - Sustainable Livelihoods: 494 youth coached at a skills training centre as part of the Kaushalya initiative and also a partnership with SVYM.
 - Social Causes : 431 beneficiaries.

Section C: Other Details

1. Does the Company have any subsidiary company / companies?
No
2. Do the subsidiary Company / Companies participate in the BR initiatives of the parent Company?
Not Applicable
3. Does any other entity / entities that the Company does business with participate in the BR initiatives of the Company?
Not Applicable

Section D: BR Information

1. Details of Director/Directors responsible for BR

- a) Details of the Director / Directors responsible for implementation of the BR policy/policies

DIN Number : 00230152
Name : Mr. Pranab Barua
Designation : Managing Director

- b) Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Dr. Naresh Tyagi
3	Designation	Chief Sustainability Officer
4	Telephone Number	080-67271000
5	Email Id	naresh.tyagi@abfrl.adityabirla.com

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

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

Sr. No.	Questions	Business Ethics	Product Life Responsibility	Employee Well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	N	Y	N
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	N
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	N	Y	N
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	N
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	N	Y	Y	Y	Y	N	Y	N
6	Indicate the link for the policy to be viewed online?	http://www.abfrl.com/#investors (Codes & Policies)	NA	http://www.abfrl.com/#investors (Codes & Policies)	http://www.abfrl.com/#investors (Codes & Policies)	NA	NA	NA	http://www.abfrl.com/#investors (Codes & Policies)	NA
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	The policy has been communicated to relevant internal stakeholders, and to external stakeholders on a need basis	Y	Y	The policy has been communicated to relevant internal stakeholders, and to external stakeholders on a need basis	The ABG Policies on Environment, Health & Water Stewardship have been communicated to relevant internal stakeholders, but not external stakeholders on a need basis	NA	Y	Our policies on Product Stewardship, Safety, Health, Environment and Human Rights cover various dimensions of Customer Value. These have been communicated to internal and external stakeholders on a need basis

Sr. No.	Questions	Business Ethics	Product Life Responsibility	Employee Well-being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Does the Company have in-house structure to implement the policy/ policies.	Y	N	Y	Y	Y	Y	NA	Y	N
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	N	Y	Y	Y	N	NA	Y	N
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	NA	N	N

- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principle	-	-	-	-	-	-	-	-	-
2	The Company is not at stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next six month	-	-	-	-	-	-	-	-	-
5	It is planned to be done within next one year	-	-	-	-	-	-	-	-	-
6	Any other reasons (please specify)	-	-	-	-	-	-	While ABFRL does not have a stated policy on Policy Advocacy; as part of the Aditya Birla Group, we actively undertake need-based advocacy on issues pertaining to the industry through our membership of relevant industry bodies such as, Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).	-	While ABFRL does not have a stated policy on Customer Value, aspects such as overall well-being of the customers & the society at large, product labelling, safe use of product, impact of use of product on the environment and grievance resolution are captured in our other policies such as Product Stewardship Policy, Safety Policy, Health Policy, Environment Policy & Human Rights Policy

In FY 2016-17, we updated our Environment Policy, Energy & Carbon Policy, Water Stewardship Policy, Health Policy, Human Rights Policy and Transportation Policy. Besides that, we have also released our Future Proofing Policy, Safety Policy, Security Policy, and finally, Wood Fibre Sourcing Policy

1. Governance related to BR:

- i. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company - Within 3 months, 3-6 months, Annually, More than 1 year:

Annually

- ii. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, ABFRL publishes BRR report, this being the second BRR being published. Hyperlink to the FY16 report is provided below.

We are working on publishing the Sustainability Report for FY 2016-17.

Link to FY 16 BRR:

http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2016.pdf

Section E: Principle-wise Performance

Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability

Good governance is the common underlying principle for all successful organisations. 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.

- **Anti-Fraud Policy:** Frauds can be detected, prevented and deterred in the day-to-day business of the Company.
- **Whistle Blower Policy:** - Adopted at the ABG level, this policy is a provision for disclosures or demonstration of evidence of an unethical activity or any conduct that may constitute breach of the Group's/Group Company's Code of Conduct or Group Values.
- **Company Code of Conduct:** Signed by the Board Members and Senior Managers of the Company, it requires every employee to observe the highest standards of ethical conduct and integrity, and work to the best of their ability and judgement.

The above described policies also extend to the Shareholders, Consultants, Vendors, Suppliers, Service Providers, Contractors, Lenders, Borrowers, Outside Agencies and other parties having a business relationship with the Company.

The Whistle Blowers Policy ensures adherence to ABFRL's Value Framework and Code of Conduct. This covers value violations, Violation of the Code of conduct and Fraud. Some typical categories of cases that get reported include -Pilferage, Manipulation in Gift Voucher Redemption, Misuse of Employee Discount Card/Payback Card, Inappropriate Behaviour, Misrepresentation of Information, Conflict of Interest and other types of fraud. The designated Value Committee members conduct the investigation as defined in the Whistle Blowers Policy.

All 211 cases reported in FY 2016-17 have been investigated and resolved.

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

We want to ensure that our products not only create the latest fashion trends and cater to the comfort of the customers, but also take care of the community and the environment, in the long-term. We aim to

source and produce products which are socially and environmentally responsible in an ethical and transparent manner.

The two essential pillars in Product life cycle sustainability are:

- **Product sustainability:** covers initiatives such as sustainably sourced raw and finished materials, and innovative designs to reduce the product footprint
- **Supply chain sustainability:** pertains to efficient processes, optimised supply chains and suppliers with high environmental and social standards

Sustainability initiatives for our own operations

Higg Index

Being a founding member of the Sustainable Apparel Coalition, we have been assessing ourselves based on the Higg Index tool since 2013. Higg Index is an apparel and footwear industry self-assessment standard helping assess the environmental and social sustainability throughout the supply chain.

The Higg Index tool helps us achieve the following three benefits:

- Understand and quantify sustainability impacts of apparel and footwear products
- Drive business value through reducing risk and uncovering efficiency
- Create a common means to communicate sustainability across stakeholders

We have assessed the environmental and social performance of Brands & Facilities (through Higg-Brand module and Higg-Facility module) along with conducting design development assessments (DDM) for individual product style codes to gain a deeper understanding of the impacts of choices made at the designing stage on the overall sustainability of the product.

In the process, we have carried out several training and orientation sessions for internal teams including Brands, Product Development, Design, Manufacturing to understand the sustainability concepts, the Higg Tool and how we could use it as a metric to measure sustainability performance.

Every year, we set targets with respect to our Higg score and make business decisions to align ourselves to the same. Going ahead, we plan to instil transparency in our practice by conducting external verification of our Higg self-assessment scores and subsequently make them public.

In addition, we have been active members in SAC Working Groups and have constantly supported them in improving the Higg tools.

Brand Sustainability Guidelines

In our constant endeavour to be known as a Sustainable Retailer, we realised the need for a deeper understanding of the interconnections within our value chain and its combined impact on the ecosystem. Keeping that in mind, we decided to develop a framework integrating various sustainable practices around three broad pillars – product, people and environment, calling it our Brand Sustainability Guidelines (BSG). With commitments & sub-commitments in each category, department wise roles and responsibilities and the mapping of progress against them would help us meet our sustainability goals and also achieve a higher Higg Index score.

The commitments & sub-commitments under each pillar are as below:

- **Product Stewardship:** Further classified into Brand Sustainability and Supply chain sustainability, the focus here is on achieving our sustainability attributes for products, reducing packaging consumption, Code of Conduct (CoC) audits for suppliers, Green channel partnerships and a responsible chemical management policy.
- **People Stewardship:** Includes engagement of external as well as internal stakeholders, broadly focusing on stakeholder mapping, customer engagement, and sustainability related communication (GRI, BRR, CSR). It includes continual improvement and update on company's internal workplace standards, sustainability related trainings and orientation programs, internal competition on sustainability issues and encourages employee volunteering for CSR projects.

- Environment Stewardship: Focusing on climate change and reducing its impacts through reduction of carbon emissions, reduced dependency on water by achieving water neutral status and ensure no waste generated within our premises reaches the landfill.

Sustainability Council

The BSG is a joint responsibility which is shared across all functions and teams and is driven through the Sustainability Council. The Council is a multi-functional stakeholder group where every member has a crucial role to play in ensuring we achieve our BSG targets. The various functions included in the Sustainability Council are: Brands – Design, Product, Retail operations, Merchandizing and Supply planning, Buying & Merchandizing, PDQAT, HR, Sourcing Supply Chain, Warehouse & Logistics and Manufacturing.

The team meets once a month to deliberate on key sustainability initiatives and their action plan. Some very important decisions have been taken during these sessions and have been successfully implemented. The forum is also used to understand sustainability concepts and how global peers have leveraged upon them. The team strength has been growing ever since and the energy and enthusiasm along with it.

Sustainability Attributes

Our insights from the DDM as well as benchmarking exercises conducted made us realize the importance of sustainability attributes in our products. Sustainable Attribute of a product is recognized on the basis of positive environmental/ social impacts the product has in the way it is sourced, produced, transported, used and disposed.

Sustainable attributes can be broadly categorized into: Raw materials, People, Production, Packaging, Farms & Factories.

The above will be in addition to the product meeting all the applicable non-negotiable legal requirements.

We aim to be an environmentally & socially conscious brand and wish to include at least one sustainability attribute in all our products. We have signed up with the Better Cotton Initiative (BCI) as a member and have started sourcing BCI cotton for some of our product lines. The Sourcing Team plans to source BCI cotton in the coming years.

Sustainable Products

ABFRL has developed products with significant environmental and resource optimisations. These include:

- Herbal Dyeing: We have initiated use of Herbal Dyes for some of our products, where we use 100% bio-degradable herbs, plants, minerals, fruits and vegetable extracts to dye and print fabrics. Other than various environmental benefits like no pollution in water, air and soil, it is beneficial for the consumers' skin, owing to its medicinal properties.
- Evolve: Shirts, jeans and knits made from naturally processed cotton with no bleaching or dyeing during the manufacturing process. This helped us make chemical-free, environment-friendly products which were safe on skin, had reduced water and energy demand requirements and were packaged sustainably through the use of recycled fibres.
- Easy Wash: A zero detergent technology which allows easy stain-removal without use of detergent and can be washed in cold water. It also helps reduce the water required for washing as well as reduced carbon footprint along with ensuring a longer life span for the garment owing to the anti-microbial technology. An Easy Wash shirt helps reduce 41.96% energy, 41.28% water and 41.05% emissions.
- Crafted Artisanal Fabrics: The Ikat, Madhubani, Wardha and Pochampalli projects etc. are cluster development projects focussing on skill-fully hand-made fabric products using natural dyes, traditional tie and dye weaving, use of micro-spun cotton sourced directly from farmers & hand-blended with other fibres and use of garment tags made from recycled cotton lint. The projects involving working with artisans from respective regions and helping them improve their livelihood are our cultural sustainability initiatives.

- Eco-Resin: Through eco-resin technology, we have been able to manufacture stronger fibres, flexible bonding, white retention, non-iron performance and durable wear. It has also helped us achieve 60% reduction in energy, 60% reduction in waste-water generated and 70% reduction in emissions produced.

Sustainable Design

Considering the fact that ABFRL's largest product footprint pertains to apparels, we strive to manufacture safe, risk free and resource efficient products, to not only help the community but benefit the environment as well:

- We use buttons which are free of lead, cadmium and nickel which make them children friendly and safe, it also reduces its impact on the ecosystem in the end of life of the product
- We also take initiatives to design "Special products" which are children safe, such as 'zip free' and 'shoulder button' products

Packaging

At ABFRL, we have understood the necessity of making economically viable as well as environmentally sustainable packaging options for our business. The following are our objectives with respect to packaging methods and practices across ABFRL:

- Encouraging economical packaging alternatives which meet market standards
- Use of renewable/recycled material as alternatives for packaging

To understand and assess our current situation, we have undertaken monthly pollutant and non-pollutant assessments and aim to achieve sustainable packaging status soon. We have also eliminated the use of plastic trouser hangers, reduced plastic clips in shirts and increased use of recyclable containers for internal movement of finished goods from factories to warehouses. We have also developed a packaging manual (which includes standard packaging material specifications, standard operating procedures, standard testing procedures etc.) applicable to all product lines across our business and wish to implement the same in the coming year.

Knowledge Management Centre

The Knowledge Management Centre (KMC), launched in 2012, is located at the ABFRL Corporate Office, Bangalore. This centre, housing 11 specialized studios, facilitates the "Innovation process" through its physical and digital repositories, trend and eco system mapping and knowledge sessions. The KMC works in collaboration with experts across the supply chain to address concept to execution, imbibing global best practices.

Sustainability initiatives for Suppliers

We believe that the supply chain is a critical component in the value chain of product, therefore posing high risks as well as greater opportunities for implementing sustainability initiatives leading to sustainable production and manufacturing. This makes the necessity of involving the supply chain in our Sustainability goals crucial. The various initiatives we have undertaken for the suppliers are listed as below:

Higg Index (Facility)

We have initiated Higg Supplier audits in FY 2016-17 and have covered Textile and Garmenting manufacturers in Facility: Environmental & Social module assessments. We have also helped them strategize action plans to improve their environmental and social performance and thereby improve their overall Higg Score.

Vendor Code of Conduct (COC)

We have developed our Vendor Code of Conduct to establish requirements of environmental and social management systems, based on Indian Factories Act, International Labour Organization (ILO) and SA 8000 standards. We conduct COC audits for our vendors on a regular basis and follow-up audits as per

necessity. We are currently in the process of achieving our ambitious target of auditing 100% of our supplier base for Tier 1 suppliers. Apart from assessing supplier performance, the COC has also doubled up as a means for suppliers to demonstrate their alignment to our Sustainability Targets and take a step towards a greener future.

Joint Implementation Program

Our Vendor Development Cell and Product Development, Quality Assurance & Technical team, has collaborated to initiate a Joint Implementation Program which is a collaborative approach to improve the quality and productivity of our suppliers. The program focuses on 5S, Six Sigma, Kaizen and other productivity improvement tools.

Green Channel Partnership

Through Green Channel Partnership we strive to procure responsibly and through a sustainable supply chain. Today, our major challenge, is to meet the quality, on-time delivery & consistent availability of raw materials within limited available resources & minimum inventory.

The goal of this project is to:

- To reduce lead time without compromising on raw material quality
- To reduce supply chain cycle timeline
- Reduce cost & improve OTIF by better supplier management

Sustainable Sourcing

There are two major channels through which all our raw materials are sourced: Fabric and Conversion. All fabrics are sourced from reputed manufacturers to ensure high quality standards, while the conversion materials are sourced from medium and small sized suppliers; thereby providing an impetus to this market segment.

Along with this, we are also focusing on sourcing materials for some of our products from local artisans and bring across the designs unique to that region into our clothing lines. At the corporate level, our commitment is to work with the society to improve the living conditions of people.

In India, many communities and sections of people are engaged in traditional textile making and crafts related to apparel. These communities of artisans and fabric makers do not have access to markets and new technologies/trends. This artisan knowledge is being lost to modernisation and needs urgent efforts to save them. Low and inconsistent earnings from these arts are forcing these artists to shift to alternatives. ABFRL is well positioned to help bring these crafts and fabric techniques to its consumers. Along with the other, some of our key sourcing procedures are as outlined below:

- The vendors for our children's wear products need to be signatories to our health and safety policy, and deployment is underway to ensure compliance to the policy
- Our company-owned testing lab carry out Fabric Performance Tests (FPTs) and Garment Performance Tests (GPTs) on all products. These tests are conducted prior to mass production and are applicable to all vendors
- In order to optimise transportation and ensure efficiency, warehouses have been strategically established close to regions where our stores are located

Partner Innovation Summits

This year we organised the 'Partner Innovation Summit' which served as a common platform bringing all value chain partners to showcase the new innovations, products, designs, etc.

The theme of the Summit was Sustainability, Innovation and Collaboration. The summit witnessed participation of key suppliers from the following categories:

- Trim Suppliers
- Fabric Suppliers
- Accessories Suppliers
- Trends by WGSN

Principle 3: Business should promote the wellbeing of all employees

Employees are the key asset of any company. It is our constant endeavour to provide a **safe, productive and positive environment** for our employees, thus supporting them so that they are able to maintain a healthy work-life balance, and hone and develop their professional as well as personal skills.

Professional work environment

Our 'Policy on Sexual Harassment' (POSH) has been adopted across the organisation to ensure a work environment that is professional and mature, free from animosity and one that reinforces the Company's value of integrity, that includes respect for the individual.

POSH is applicable to all employees of ABFRL, as well as third parties or clients and vendors of the company. The key features are:

- The policy adheres to the **'Vishakha' guidelines**, which entails the chairperson to be a woman, and the complaints committee to include majority women members
- Guidelines for communication and redress are clearly outlined
- The policy is visible through the company intranet, communicated via email and posters have been placed across all offices and stores
- Human Resources (HR) department of the company carries out awareness sessions, and ensures each new employee undergoes a training module on the same
- All the POSH committee members undergo refresher training by external facilitator once in a year
- Cases reported under this policy include any form of unwelcome, sexually motivated behaviour (whether directly or by implication)
- Investigations are conducted by the designated POSH Committee members as per prescribed timelines

All 26 cases reported in FY 16-17 have been investigated and resolved.

Work-life balance

In recognition of the importance we place on work-life balance and ensuring a healthy workforce. We have undertaken a total of **16 different initiatives for employees over FY 2016-17**. We provide an **Annual Health Check-up** for Headquarter Employees. These are managed by a 3rd party vendor, and focussed on physicals, Blood Sugar, ECG, Echocardiogram, X Ray etc. A detailed health report is provided to all participants and a voluntary follow-up is carried out post six months.

We covered approximately 180+ employees in 2016-17, and are aiming to cover 500+ employees by end of July 2017. Post this, we carry out an analysis of the **Company Health Index (CHI)**, which is a consolidated report of all participants in the Health check-up drive. This helps us finalise on areas that need attention, and help us decide initiatives under each focus areas. Some of the initiatives include:

- Stress Management:
 - i. Yoga Sessions
 - ii. 'Santulan': ABG's Employee Online Counselling Service
- Diabetes: A 4-week Healthy Eating Habit Drive
- Cardiovascular: Cardiac Screening Camp by Narayan Hrudayalaya
- BMI:
 - i. Stepathlon Event: 12 to 15 teams, 5 employees per team, 100-days virtual race
 - ii. Olympics: An outdoor & indoor sports event as well as cross-business sports tournament
 - iii. Gym memberships provided
 - iv. Promotion of physical activity such as the use of staircases

Beyond these, we also run creative campaigns and events that encourage our employees to live a healthier life, some of which are:

- We have a strict no smoking/tobacco policy within our premises
- Vitamin H: Online Portal run by ABG group that keeps employees informed/educated about health tips, awareness campaigns
- Awarded a silver level at the Arogya Healthy Workplace Awards (run by an external agency)

We also organize Year End programs like EKO focused on bringing the team together and celebrating our journey through the year.

Continuous Learning

Enhancing employee skills and optimising productivity has been one of our major focus areas. ABFRL has a **comprehensive training framework** to address the same. A need-based analysis is carried out to align training goals to business objectives, and is finalised with top management as well as functional heads. Based on the analysis, a formative training calendar for the financial year is chalked out.

In addition, a **session on sustainability initiatives and achievements** of the company is presented to new employees as part of their induction and on-boarding. We believe this helps them instantly connect with the sustainability goals being driven across our company currently and ensure their involvement in the journey.

We believe in investing **strategically towards employee development**. Here are some of these initiatives:

- Introducing employees to global brands and their best practices. This has resulted in a motivated and inspired senior-mid level management team
- A unique initiative is the creation of the Aditya Birla Centre for Retail Excellence (ABCRE) for training and development of retail staff
- In order to integrate growth and developmental opportunities for identified talent, the company has set up talent management councils at three distinct organisation levels
- We have defined talent management processes covering various levels. Many of the processes are driven by leadership through talent councils
- Specific training content has been developed for store managers

These sustained efforts have borne favourable results. Succession readiness has gone up for employee level 'Job Band 7' and above during FY 2016-17, due to hiring of Leadership Associate Programme (LEAP), Leadership Programme for the Experienced (LEAD), and mapping of external and group successors. Further, the number of Kaizens have been continuously going up. Also, the effectiveness of formal class room training being measured has shown improvement over the last two years.

Safety Training

Safety is the core, from which everything else flows. At ABFRL, **safety is our top most priority**. Some of the safety initiatives introduced during the reporting year are as under:

- Modified our training structure and included ABCRE training as well as store-based training as compared to classroom training
- Included training on Road Safety during National Road Safety Week
- Conducted fire training, incident reporting along with safety orientation training

Employee Engagement

ABFRL has taken many initiatives for employee engagement and communication, some of which are:

- Olympics, Retail Premier League and Retail Got Talent, to improve on-ground employee engagement
- A structured communication framework and multiple forums for top-down, bottom-up and horizontal communication

Freedom of Association

An association of employees which is for their betterment under the overall goals of the business is given its due credit. At present, there is a management-recognised employee association in our factories, which covers 2.3% of our employee membership.

Workforce Snapshot

Total number of permanent employees (as of 31st March 2017): **19,397**

Total number of employees hired on temporary/contractual/casual basis:

Temporary - 2,755

Contractual - 7,412

Casual basis - 0

Number of permanent women employees: **9,865**

Number of permanent employees with disabilities: **108**

Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment etc.:

Sr. No.	Category	No. of complaints received during the Financial Year 2016-17	No. of complaints pending as at the end of the Financial Year 2016-17
1	Child labour, forced labour, involuntary labour	0	0
2	Sexual harassment	26	0
3	Discriminatory employment	0	0

Percentage of employees given safety and skill upgradation training during the year:

Sr. No.	Category	Skill-Upgradation
1	Permanent Employees	37%
2	Permanent Woman Employees	30%
3	Casual/Temporary/Contractual Employees	0%
4	Employees with Disabilities	45%

Sr. No.	Category	Safety
1	Total employees	77.25%

Principle 4: Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

A continuous and engaging dialogue leads to long-term, mutually enriching relationships. ABFRL invests in **engaging and cultivating these relationships** with its various stakeholders. We have also identified and mapped our internal and external stakeholders, which include shareholders, investors, employees, consumers, vendors, community, Government & regulators.

As part of ABG as well as Aditya Birla Retail Groups (ABRG) community initiatives, the company has also identified its **disadvantaged and vulnerable stakeholders**. Special initiatives taken by the Company to engage with these marginalised stakeholders are outlined in 'Principle 8' as part of the ABFRL's CSR initiatives.

Principle 5: Business should respect and promote human rights

ABFRL upholds the belief that all humans must be treated with dignity and respect. In order to ensure this, we protect human rights not only within our premises, but across our supply chains. Our policy on human rights is thus extended to vendors, suppliers and NGOs. Some of the steps that we have taken to safeguard human rights are:

- We prohibit child labour across all vendor sites. This is enforced and ensured through stringent, regular audit checks of vendors.
- Our **'Prevention of Sexual Harassment' (POSH) Policy** has been adopted 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.
- We have signed the World Business Council for Sustainable Development's (WBCSD) 'Water, Sanitation and Hygiene -**WASH pledge**', to implement access to safe water, sanitation and hygiene at the workplace, at an appropriate level of standard for all employees in all premises under direct control within the next three years.
- Going forward, the **implementation of the CoC** will lead to further strengthening of human rights protection across the value chain.

The Company has received 10 shareholders' complaints during the Financial Year ended March 31, 2017 and has resolved 100% of the same.

Principle 6: Business should respect, protect, and make effort to restore the environment

Our Sustainability vision states that **'We are committed to give back more than what we take from our ecosystem'**. In line with this vision, we are consistently enhancing our environmental initiatives, some of which are:

- We closely monitor our operations to ensure adherence to environmental compliances and permissible limits, and valid licenses
- ABG had released a group-wide Environmental Policy which is applicable to ABFRL
- We updated our Environment Policy, Energy & Carbon Policy, Water Stewardship Policy and Transportation Policy. Besides that, we also released our Future Proofing Policy and Wood Fibre Sourcing Policy
- We undertook a gap assessment exercise to determine the need for strengthening current missions and thereby ensure complete adherence to the policy. Insights from the gap analysis helped ascertain priorities and develop an action plan in accordance with that
- We have set targets for energy efficiency and reduction of carbon foot-print as well as implementing green building certifications
- Our risk management framework covers both Business/Financial Risks (managed by the management committee) as well as Operational Risks (managed by the risk steering committee). This framework also captures environmental, social and human risks. Risks are classified based on severity as well as probability of occurrence. They are reviewed on a quarterly basis, and an action and mitigation plan is developed accordingly
- The Stack Emissions/Wastes Generated (Used oil, Oil soaked cotton waste) and STP water generated by the Company are within the permissible limits stated by KSPCB & TNPCB
- While there are initiatives for fossil fuel reduction under process, they have not been taken up through the CDM mechanism
- Other initiatives regarding company's efforts to lower environmental impacts in the value chain are mentioned in 'Principle 2' and details of some are provided in the summary of 'Business Sustainability Initiatives' section of this report

No show cause / legal notices have been received from KSPCB during the previous financial year.

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

In a continuously evolving world, it is imperative that we have a consistent dialogue with myriad stakeholders who can have an impact on policy making. As we focus on excellence in clothing, we continue to **share our invaluable experience** to provide incisive insights and detailed inputs to key decision makers in planning better policies. We also learn from the **best practices of others**. Along with collaborations with various trade and industry associations, we are also members of Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).

While ABFRL does not have a stated policy on Policy Advocacy; as part of ABG, we actively undertake need-based advocacy on issues pertaining to the industry through our membership of relevant industry bodies.

Principle 8: Business should support inclusive growth and equitable development

We do not consider economic progress and equitable development to be two divergent goals. We have adopted the **Corporate Social Responsibility (CSR) Policy** of ABG, and ABFRL's CSR Head reports to ABG's Group Executive President (Communications & CSR) at the Centre.

In line with ABG's vision, ABFRL aims to actively contribute to the social and economic development of the communities in which it operates. We are regularly monitoring and evaluating our initiatives through a set of determined Key Performance Indicators (KPIs) in order to assess our impact. In addition, we have also conducted community needs assessment survey. A positive trend has been observed through our CSR initiatives in the communities we operate in.

A total contribution of INR 217.4 lakhs was made in FY 2016-17 towards our CSR initiatives.

CSR initiatives are driven through a Board of Trustees, which consists of the top-level management. The framework, agenda and funding are directed by the Board in line with ABG's direction. The scope has increased over the years, transiting from areas around the factories to broader aspects, now covering girl child education, health & sanitation, sustainable livelihood, and social causes & employee volunteering. Some of the initiatives we have undertaken are outlined below:

Education

- **MFL Jan Kalyan Trust** is associated with Swami Vivekananda Youth Movement (SVYM). We supported the education of 50 tribal girl students at the Viveka Tribal Centre for Learning (VTCL). We also supported the continuing education of 50 meritorious girl students through the Viveka Scholar Program.
- **MFL Jan Kalyan Trust** also partnered with Pratham in Jijamata Nagar, Mumbai supporting Balwadi, Parent Education Program, Read India Learning Camps (Maths and English) and Library programs. We reached a total of 9856 beneficiaries through these various initiatives.
- **Uniform Distribution:** 4,549 students who are studying in 35 Govt. schools have been supported
- **"Help Vidya Write"** is an initiative to support underprivileged students studying in Govt. Schools through providing Note books which are mobilized through employee volunteering initiatives. During the year we have supported 3467 students studying in 20 Govt. schools.
- We also supported the education of 100 children through our partner **Rockfund**.
- **Project Gyanarjan:** It is a value addition programme which supports rural girl students by providing special coaching classes for 10th, 11th and 12th Standards, and also prepares 12th standard students to attempt competitive exams (CET / NEET) confidently and get better scores in their academics. We have provided classes and training to 772 students in this FY 2016-17. During the year, our 2015-16 batch students in class 10th scored above State average pass% (State - 79.16%, Gyanarjan

Students 80.39%) and in 2nd PUC, our students performed at par with State average pass % (57.20%)

- **Kasturba Gandhi Balika Vidyalaya (KGBV):** 1,044 rural dropout girls from 10 KGBV schools (five schools through direct intervention and the other five through SVYM) have been supported and ensured 100% enrolment and retention during the year. Also, 10th class students from Byrapattana KGBV school achieved 100% results during the year (record 5th time in last 7 years after Madura Fashion and Lifestyle Jan Kalyan Trust (MFKJLT) intervention) including 4 distinctions and 13 first class

Health

- **Eight eye camps** were conducted in this year; as 101 people regained their vision through successful cataract operation, 908 people improved their vision by adopting suitable spectacles and 1,865 people benefitted from these camps
- **Eight cancer awareness and screening camps** were organised which benefitted around 663 rural women during the year and 374 were sent for PAP test (a screening procedure for cervical cancer)
- **Six school health check-up camps** were arranged during the year benefitting 2,515 students and 503 students were referred for secondary treatment
- **Construction of toilets** benefitted 200 people through our partner SVYM

Sustainable Livelihood

- **Kaushalya:** During this year we have enrolled 444 rural youths and trained and certified 365 rural youths and ensured sustainable livelihood opportunities to 293 trained youths.
- **Vocational training centre:** 50 tribal youths were trained at our centre at Hosahalli, in tailoring

Focus villages

Our belief is, in order to truly benefit a community, we should help make it sustainable. One of our unique initiatives to help build this is, to develop **'focus villages'** aimed at the total transformation of a number of villages in proximity to our plants. Making of a 'focus village' entails ensuring self-reliance in all aspects viz. education, healthcare and family welfare, and working towards sustainable livelihood patterns. Fundamentally, ensuring a sustainable future for the village and its residents.

- **'Namma / Community Library'** is a platform to bring villagers and their kids to one place, through which volunteering initiatives are being deployed in 8 focus villages

Social Causes & Employee Volunteering

- **Support to various NGOs:** Continued our support to Goonj (cloth for work), Bosco Mane (working for rehabilitation of street children) and Art of Living (Stress Management and Service Initiatives)
- During the year, 3,135 employee volunteers participated in various initiatives and together contributed 9,572 volunteering hours.**

Principle 9: Customer value

We believe that **customer-centricity** is key to long-term business sustainability. We strive to ensure that customer complaints (if any) are appropriately and promptly addressed to the satisfaction of customers and consumers. The number of customer complaints / consumer cases pending as on 31.3.2017 stands at 17. The number of consumer complaints / consumer cases is a miniscule percentage compared to the number of consumers we have. On several occasions, we have also gone beyond the required response, to ensure our consumers' needs were met with.

Our customer-centricity approach encompasses a gamut of **propositions**:

- We recognise our position as an influencer of public choice and values, and therefore ensure **'responsible advertising'**, by eliminating bias, being political neutral and minimising ambiguity

- We have created **strong competencies around brand building**, product positioning and communicating the brand USP to the potential customer segments
- Beyond the label requirements mandated by local laws, all apparel product labels also **include information on raw materials utilised**. Further, instructions for wash and care are included to maintain durability of the products
- **'Mission Happiness'** was launched to deliver a positive and uniform customer experience across all outlets. Through an electronic interface, the consumer can provide a detailed feedback and rate their in-store experience. This feedback is rigorously monitored, and training is imparted to the employees to decode and respond to it. This initiative is supported by CRM initiatives such as Loyalty Cards, complaint resolution mechanism and training of retail sales staff
- Through **Customer Voice Response System (CVRS)** we handle customer complaints and transparency processes using the Online Complaints Management System. This encourages customers to share their experiences, feedback & complaints along with helping us identify opportunities of interventions in order to enhance customer satisfaction
- For generating consumer feedback, we also use multiple data collection and research methodologies like **Top down BEI and CVP**
- ABFRL's **'Epic Centre'** has been started as a means of positively **leveraging social media** to manage brand image

There have been no complaints and none pending against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years as of 31st March 2017.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Fashion and Retail Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Aditya Birla Fashion and Retail Limited ("the Company") (formerly Pantaloons Fashion & Retail Limited), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by 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, 2017, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note - 44 in the financial statements regarding the acquisition of the demerged undertakings i.e Madura Undertaking and MGL Retail Undertaking in the previous year. For reasons more fully described therein regarding the accounting, no adjustments are considered necessary as regards the manner of recording of the said transaction.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other comprehensive income, the Statement of cash flows and Statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the Directors as on March 31, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated May 12, 2017 in "Annexure 2" to this report;
 - (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, 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 Ind AS financial statements – Refer Note - 38 to the Ind AS financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in Note - 32 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of account maintained by the Company.

Other Matter

The comparative financial information for the year ended March 31, 2016 and the transition date opening Balance Sheet as at April 1, 2015 pertaining to the Madura division of the Company included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor branch auditor whose report for the year ended March 31, 2016 and March 31, 2015 dated May 25, 2016 and May 11, 2015 respectively expressed an unmodified opinion on those financial information of the branch, as adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 12, 2017

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date.

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i)(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company except for the following immovable properties other than self-constructed buildings aggregating to Rs. 605 Lakh which are held in the name of the demerged companies and is in the process of being transferred to the Company (Refer Note - 44 to the financial statements):-

Total number of cases	Asset category	Amount as at March 31, 2017 in Lakhs	Remarks
12	Freehold Land	592	Title deeds are in names of the companies whose divisions got merged with the Company and are pending to be transferred in the name of the Company.
1	Building (Flat)	13	Title deeds are in names of the companies whose divisions got merged with the Company and are pending to be transferred in the name of the Company.

- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products / services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, excise duty, income tax, sales tax, wealth tax, service tax, customs duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, wealth tax, service tax,

sales tax, value added tax, excise duty, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (vii)(c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, duty of customs, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Unpaid amount (Rs. in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Karnataka - Value Added Tax	Value Added Tax	8	2008-09	Deputy Commissioner of Commercial Taxes, Bangalore
Madhya Pradesh - Value Added Tax	Value Added Tax	8	2013-14	Commercial Tax Department
Rajasthan - Value Added Tax	Value Added Tax	4	2014-15	Commercial Tax Department
Central Excise Act	Excise duty	186	May'01 to Apr03	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Central Sales Tax Act	Sales tax	1	2006-07	The Appellate Deputy Commissioner (CT) Secunderabad Division
Customs duty	Customs duty	408	1998-99	Hon'ble High Court – Karnataka
Customs duty	Customs duty	50	2010	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Gujarat - Commercial tax	Sales tax	226	2011-12	DEO - Joint Commissioner - JCCT(A)
Karnataka Sales Tax Act	Sales tax	528	2011-12	Karnataka Appellate Tribunal
Karnataka Sales Tax Act	Sales tax	985	2005-07 to 2014-15	JCCT – Appeals
Karnataka Tax on Entry of Goods Act	Entry tax	2	2002-03 to 2004-05	Joint Commissioner of Commercial Taxes - Appeal - 1
Kerala Commercial Tax	Surcharge	180	April 2008 to June 2017	Kerala High Court, Ernakulum
Kerala General Sales Tax Act	Kerala sales tax	1	2004-05	Kerala Sales Tax Appellate Tribunal, Ernakulum
Orrisa Entry tax	Entry dues	0	2002-03	Assistant Commissioner of Commercial Taxes, Bhubaneshwar
Orrisa Sales Tax Act	Sales tax	0	2002-03	Assistant Commissioner of Commercial Taxes, Bhubaneshwar
Textile Committee Act	Textile cess	122	1981-2005	Honourable High Court
Uttar Pradesh Commercial tax	Value Added Tax	737	2008-2013	DCCT - Uttar Pradesh
Uttarkhand Commercial tax	Value Added Tax	375	2008-2014	Additional Commissioner – Appeal
West Bengal Commercial tax	Sales tax	1	2005-06	Joint Commissioner Appeal - JCCT(A)

* The unpaid amount mentioned above is net of Rs. 3,809 Lakh paid under protest.

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management,

we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company has not taken any loans or borrowings from the government.

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer. The monies raised by way of term loans and debt instruments were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with Directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 12, 2017

Annexure 2 referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the financial statements of Aditya Birla Fashion and Retail Limited.

Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the Act”)

To the Members of Aditya Birla Fashion and Retail Limited

We have audited the internal financial controls over financial reporting of Aditya Birla Fashion and Retail Limited (“the Company”) (formerly Pantaloons Fashion & Retail Limited) as at March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 12, 2017

ADITYA BIRLA FASHION AND RETAIL LIMITED (formerly known as Pantaloons Fashion & Retail Limited)
BALANCE SHEET AS AT MARCH 31, 2017

Rs. in Lakhs

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
A Non-current assets				
Property, plant and equipment	3	54,624	48,369	62,883
Capital work-in-progress	3	2,500	2,538	1,567
Goodwill	4, 34 & 44	185,960	179,522	179,522
Other intangible assets	4	8,122	4,429	4,408
Financial assets				
Loans	5	349	357	444
Security deposits	5A	21,390	16,230	16,553
Other financial assets	6	100	37	54
Deferred tax assets (Net)	43	-	-	-
Prepayments		5,367	3,634	3,726
Other non-current assets	7	11,593	7,626	2,548
Sub-Total - (A)		290,005	262,742	271,705
B Current assets				
Inventories	8	143,125	141,053	115,025
Financial assets				
Loans	5	380	443	399
Security deposits	5A	8,302	9,944	4,200
Derivative instruments		9	-	26
Trade receivables	9	45,387	31,238	40,851
Cash and cash equivalents	10	4,433	1,906	2,701
Bank balance other than above		13	18	-
Other financial assets	6	2,309	3,403	20
Prepayments		3,970	3,354	2,992
Other current assets	7	5,651	4,140	8,417
Sub-Total - (B)		213,579	195,499	174,631
TOTAL (A+B)		503,584	458,241	446,336
EQUITY AND LIABILITIES				
C Equity				
Equity share capital	11	77,053	76,884	9,279
Other equity				
Share suspense account	12	274	378	67,982
Share premium		75,989	75,148	75,137
Retained earnings		(59,968)	(64,447)	(53,485)
Other reserves		2,468	2,586	2,473
Sub-Total - (C)		95,816	90,549	1,01,386
D Non-current liabilities				
Financial liabilities				
Borrowings	13	127,099	67,715	101,098
Deposits		7,851	6,715	3,858
Employee Benefit Obligation	17	1,232	858	709
Liabilities for rent straight lining		5,560	3,937	7,824
Other payables	18	766	618	321
Sub-Total - (D)		142,508	79,843	113,810

		Rs. in Lakhs		
	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
E Current liabilities				
Financial liabilities				
Borrowings	13	76,074	79,927	63,688
Trade payables	14	155,105	142,981	124,146
Deposits		5,883	5,120	4,761
Other financial liabilities	15	11,107	43,253	23,028
Deferred revenue	16	1,797	2,430	2,846
Employee Benefit Obligation	17	8,585	6,598	5,240
Liabilities for rent straight lining		1,550	2,155	2,512
Other payables	18	5,159	5,385	4,919
Sub-Total - (E)		265,260	287,849	231,140
TOTAL (C+D+E)		503,584	458,241	446,336

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of Board of Directors

For S R B C & CO LLP

ICAI Firm Reg. No.: 324982E / E300003

Chartered Accountants

per Vijay Maniar

Partner

Membership No.: 36738

Place: Mumbai

Date: May 12, 2017

Pranab Barua
(Managing Director)
(DIN: 00230152)

S. Visvanathan
(Chief Financial Officer)

Place: Mumbai

Date: May 12, 2017

Sukanya Kripalu
(Director)
(DIN: 06994202)

Geetika Anand
(Company Secretary)

Arun Thiagarajan
(Director)
(DIN: 00292757)

ADITYA BIRLA FASHION AND RETAIL LIMITED (formerly known as Pantaloons Fashion & Retail Limited)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

		Rs. in Lakhs	
	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from operations	19	663,298	603,458
Total income		663,298	603,458
Expenses			
Cost of raw materials consumed	20	60,687	63,922
Purchases of traded goods	20	239,919	235,216
(Increase) / decrease in inventories of finished goods, work-in-progress & traded goods	20	261	(23,962)
Excise duty on sale of goods		3,012	66
Employee benefit expense	21	70,580	62,053
Other expenses	22	245,090	228,321
Total expenses		619,549	565,616
Earnings before interest, tax, depreciation and amortisation (EBITDA)		43,749	37,842
Less:			
Depreciation and amortisation expense	23	24,247	33,809
Finance costs	24	17,967	17,645
Add:			
Other income	25	2,169	467
Finance income	26	1,646	2,170
Profit / (Loss) Before Tax		5,350	(10,975)
(i) Current tax		-	-
(ii) Deferred tax		-	-
Income tax expense		-	-
Profit / (Loss) for the Year		5,350	(10,975)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	27	(871)	13
Income tax effect		-	-
Other comprehensive income for the year		(871)	13
Total comprehensive income for the period		4,479	(10,962)
Earnings per equity share [nominal value of share Rs. 10 (March 31, 2016 Rs.10)]	28		
Basic in Rs. per share		0.69	(1.42)
Diluted in Rs. per share		0.69	(1.42)
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For and on behalf of Board of Directors

For S R B C & CO LLP
 ICAI Firm Reg. No.: 324982E / E300003
 Chartered Accountants

Pranab Barua
 (Managing Director)
 (DIN: 00230152)

Sukanya Kripalu
 (Director)
 (DIN: 06994202)

Arun Thiagarajan
 (Director)
 (DIN: 00292757)

per Vijay Maniar
 Partner
 Membership No.: 36738

S. Visvanathan
 (Chief Financial Officer)

Geetika Anand
 (Company Secretary)

Place: Mumbai
 Date: May 12, 2017

Place: Mumbai
 Date: May 12, 2017

ADITYA BIRLA FASHION AND RETAIL LIMITED (formerly known as Pantaloons Fashion & Retail Limited)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity share capital	No. of shares	Rs. in Lakhs
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2015	92,793,529	9,279
Scheme of Demerger (Refer Note - 44)	676,037,600	67,604
Exercise of Options - Share based payments (Refer Note - 36)	11,597	1
As at March 31, 2016	<u>768,842,726</u>	<u>76,884</u>
As at April 1, 2016	768,842,726	76,884
Allotment to NR Shareholders (Refer Note - 12)	1,036,736	104
Exercise of Options - Share based payments (Refer Note - 36)	647,692	65
As at March 31, 2017	<u><u>770,527,154</u></u>	<u><u>77,053</u></u>

b. Other Equity

Rs. in Lakhs

	Share Suspense Account (Refer Note - 12)	Reserves and surplus				Other comprehensive income	Total other equity
		Share premium (Refer Note - 12)	Retained earnings	Share Based Payment Reserve (Refer Note - 12)	Capital Reserve (Refer Note - 12)	Cash flow Hedge Reserve	
As at April 1, 2015	67,982	75,137	(53,485)	302	2,169	2	92,107
(Loss) for the year	-	-	(10,975)	-	-	-	(10,975)
Add: Other comprehensive income (Refer Note - 27)	-	-	13	-	-	-	13
Total Other Comprehensive Income	67,982	75,137	(64,447)	302	2,169	2	81,145
Shares allotted during the year (676,037,600 Equity shares)	(67,604)	-	-	-	-	-	(67,604)
Premium on exercise of share options	-	11	-	-	-	-	11
Gross compensation for options granted during the year	-	-	-	115	-	-	115
(Loss) recognised during the year (net)	-	-	-	-	-	(24)	(24)
Gain recycled to Statement of Profit and Loss (net)	-	-	-	-	-	22	22
As at March 31, 2016	378	75,148	(64,447)	417	2,169	-	13,665
Balance as at April 1, 2016	378	75,148	(64,447)	417	2,169	-	13,665
Profit for the year	-	-	5,350	-	-	-	5,350
Add: Other comprehensive income (Refer Note - 27)	-	-	(871)	-	-	-	(871)
Total Other Comprehensive Income	378	75,148	(59,968)	417	2,169	-	18,144
Allotted to NR shareholders during the year (1,036,736 Equity shares)	(104)	-	-	-	-	-	(104)
Premium on exercise of share options	-	841	-	-	-	-	841
Gross compensation for options granted during the year	-	-	-	481	-	-	481
Transfer to Share Premium on exercise of share options	-	-	-	(599)	-	-	(599)
As at March 31, 2017	274	75,989	(59,968)	299	2,169	-	18,763

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of Board of Directors

For S R B C & CO LLP

ICAI Firm Reg. No.: 324982E / E300003
Chartered Accountants

per Vijay Maniar

Partner
Membership No.: 36738

Place: Mumbai
Date: May 12, 2017

Pranab Barua
(Managing Director)
(DIN: 00230152)

S. Visvanathan
(Chief Financial Officer)

Place: Mumbai
Date: May 12, 2017

Sukanya Kripalu
(Director)
(DIN: 06994202)

Geetika Anand
(Company Secretary)

Arun Thiagarajan
(Director)
(DIN: 00292757)

ADITYA BIRLA FASHION AND RETAIL LIMITED (formerly known as Pantaloons Fashion & Retail Limited)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Rs. in Lakhs

	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016
Cash flows from operating activities			
Profit / (Loss) before tax		5,350	(10,975)
<i>Adjustment to reconcile profit / (loss) before tax to net cash flows:</i>			
Depreciation and amortisation of property, plant and equipment and intangible assets	23	24,247	33,809
Finance costs	24	17,967	17,645
(Profit) / Loss on sale of property, plant and equipment		142	92
Employee stock compensation expense	21	679	290
Finance income		(1,646)	(2,170)
Operating profit before working capital changes		46,739	38,691
Movements in working capital:			
(Increase) / decrease in trade and other receivables		(14,149)	9,613
(Increase) / decrease in inventories		599	(26,028)
(Increase) / decrease in other assets		(5,061)	(9,239)
Increase / (decrease) in trade and other payables		9,582	18,835
Increase / (decrease) in employee benefit obligation		2,361	1,507
Increase / (decrease) in other liabilities		2,056	(2,102)
Cash generated from / (used in) operations		42,127	31,277
Direct taxes paid (Net of refunds)		(302)	(190)
Net cash flow from / (used in) operating activities		41,825	31,087
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and capital advance		(30,306)	(21,275)
Acquisitions during the year	34	(17,560)	-
Proceeds from sale of property, plant and equipment and intangible assets		2,188	516
Purchase of current investments		(58,112)	(1,390)
Proceeds from sale / maturity of current investments		58,112	1,390
Finance income	26	1,646	2,170
Net cash flow from / (used in) investing activities		(44,032)	(18,589)
Cash flows from financing activities			
Proceeds from issuance of equity share capital		109	(163)
Proceeds from non-current borrowings		136,358	(8,637)
Repayment of non-current borrowings		(113,025)	(2,521)
Proceeds from current borrowings		395,647	23,739
Repayment of current borrowings		(399,500)	(7,500)
Interest paid		(14,853)	(18,213)
Net cash flow from / (used in) financing activities		4,736	(13,295)
Net increase / (decrease) in cash and cash equivalents		2,529	(797)
Cash and cash equivalents at the beginning of the year		1,904	2,701
Cash and cash equivalents at the end of the year	10	4,433	1,904
Components of Cash and cash equivalents			
Balances with banks - on current account		2,775	1,036
Balance with Credit Card Company		321	345
Cash on hand (Refer Note - 10)		524	420
Cheques in hand		813	105
		4,433	1,906
Less: Book overdraft (Refer Note - 15)		-	(2)
Total Cash and cash equivalents		4,433	1,904

The accompanying notes are an integral part of the financial statements.

As per our report of even date	For and on behalf of Board of Directors		
For S R B C & CO LLP ICAI Firm Reg. No.: 324982E / E300003 Chartered Accountants	Pranab Barua (Managing Director) (DIN: 00230152)	Sukanya Kripalu (Director) (DIN: 06994202)	Arun Thiagarajan (Director) (DIN: 00292757)
per Vijay Maniar Partner Membership No.: 36738	S. Visvanathan (Chief Financial Officer)	Geetika Anand (Company Secretary)	
Place: Mumbai Date: May 12, 2017	Place: Mumbai Date: May 12, 2017		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. CORPORATE INFORMATION

Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two recognised stock exchanges in India.

The Company is engaged in the business of manufacturing and retailing of branded apparels and runs a chain of apparel and accessories retail stores in India.

In the previous year ended March 31, 2016, the Hon'ble High Court of Judicature at Bombay vide Order dated December 5, 2015 and the Hon'ble High Court of Gujarat at Ahmedabad, vide order dated October 23, 2015 had approved the Composite Scheme of Arrangement between the Company, Pantaloons Fashion & Retail Limited (PFRL) and Aditya Birla Nuvo Limited (ABNL) (with respect to its Madura Undertaking), Madura Garments Lifestyle and Retail Company Limited (MGLRCL) (with respect to its MGL Retail Undertaking) together known as the "demerged undertakings" and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956 ["Composite Scheme"]. The appointed date of the scheme was April 1, 2015. The Scheme has been given effect on April 1, 2015 before the transition adjustments pursuant to Ind AS. Pursuant to this scheme, the name of the Company changed from Pantaloons Fashion & Retail Limited to Aditya Birla Fashion and Retail Limited. (Refer Note - 44).

In the current year ended March 31, 2017, the Company has executed a Business Transfer Agreement with Diana Retail Private Limited ("Diana Retail") and DLF Brands Limited (the promoter of Diana Retail) for acquisition of the exclusive online and offline rights of the global brand "Forever 21" for the Indian markets along with its existing store network in India on a going concern basis w.e.f. July 1, 2016 by means of slump sale for a lump sum consideration. The Company has also executed an agreement with Forever 21 Inc. in terms of which the Company has been appointed the exclusive franchisee for the brand "Forever 21" for the Indian market.

The financial statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on May 12, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The 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 and other relevant provisions of the Companies Act, 2013 "the Act".

For all periods upto and including the year ended March 31, 2016 financial statements were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other relevant provisions of the Act.

These financial statements for the year ended March 31, 2017 are the first financial statements under Ind AS. Refer Note 47 for an explanation of transition from previous GAAP to Ind AS and its impact on financial position and financial performance. The date of transition to Ind AS is April 1, 2015.

The financial statements have been prepared on a historical cost basis, except the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivative instruments); and
- Share-based payments

The consolidated financial statements are presented in INR and all values are rounded to the nearest Lakh (INR 00,000), except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) BUSINESS COMBINATION AND GOODWILL

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015, after the transition to Ind AS. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment (Refer Note - 34).

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values

of the assets and liabilities of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition related costs are generally recognised in Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

Goodwill is initially measured at cost, being the excess of the sum of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called measurement period adjustments.

(II) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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.

(III) SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note - 40 for segment information presented.

Inter-segment Transfers

The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.

Allocation of Common Costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated Items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment Accounting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(IV) FOREIGN CURRENCIES

The Company's financial statements are presented in INR which is also its functional currency.

Transaction and balances: Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

(V) FAIR VALUE MEASUREMENT

The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (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 fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Inputs are quoted market prices (unadjusted) 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 categorisation (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.

Fair value for measurement and / or disclosure purposes in this financial information is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

(VI) REVENUE RECOGNITION

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Based on the educational material on IND AS 18 issued by the ICAI, the Company has assumed that recovery of excise duties flows to the Company on its own account. This is for the reason that it's a liability of the manufacturer which forms part of cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax / value added tax 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.

The property in the merchandise of third party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and is accordingly included under Retail Sales.

Gift vouchers sales are recognised when the vouchers are redeemed and goods are sold to the customer.

The Company operates a loyalty programme where customers accumulate points for purchases made which entitles them to discount on future purchases. Consideration received is allocated between sale of products and the points issue, with the consideration allocated to the points equal to their fair value. Fair value of points is determined by applying a statistical analysis based on the historical results of the Company.

Revenue related to award points are deferred and recognised when points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Income from services is recognised as they are rendered based on agreements / arrangements with the concerned parties and recognised net of service tax.

Interest Income for all debt instruments is measured either at amortised cost or at fair value through other comprehensive income. 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 or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the Statement of Profit and Loss.

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income arising from operating leases is accounted for on straight line basis over the base terms and is included in revenue in the Statement of Profit and Loss due to its operating nature.

(VII) GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with:

- When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, at a below-market rate of interest, the effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

(VIII) BORROWING COST

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Statement of Profit and Loss.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(IX) INCOME TAXES

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 and 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.

Current tax and deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity). 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. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work-in-progress, plant and equipment are 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 derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. 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

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013
Factory buildings	30 Years
Fences, wells, tube wells	5 Years
Borewell (pipes, tubes and other fittings)	5 Years
Other office equipments	5 Years
Electrical installations and equipment (at factory)	10 Years

B:- Assets where useful life differ from Schedule II

Asset	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
Other than continuous process plant (single shift)	15 Years	20 Years
Plant & Machinery – Showroom	15 Years	5 - 6 Years
Furniture and fittings – Showroom	10 Years	5 - 6 Years
Motor cycles, scooters and other mopeds	10 Years	4 - 5 Years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	6 Years for Motor cars and 8 Years for Motor buses, motor lorries	5 Years
Servers, End user devices, such as desktops, laptops, etc.	3 Years for End user devices and 6 Years for Servers	4 Years
Furniture and fittings	10 Years	7 Years
Office electrical equipment	5 Years	4 Years
Electrically operated vehicles including battery powered or fuelcell powered vehicles	8 Years	5 Years

Useful life of assets different from that prescribed in Schedule II has been estimated by management supported by technical assessment.

Leasehold Assets

Asset	Estimated Useful Life
Leasehold Improvements	5 to 6 years or period of lease whichever is shorter

Items of property, plant and equipment individually costing less than five thousand Rupees, are fully depreciated in the year of purchase.

Depreciation on the property, plant and equipment added / disposed off / discarded during the year is provided on pro-rata basis with reference to the month of addition / disposal / discarding. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss within other gains / (losses).

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(XI) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. 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 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 lives 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. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible assets recognised as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

Amortisation methods and periods

A summary of amortisation policies applied to the Company's intangible assets is as below:

Block of assets	Rates	Amortisation method used
Computer Software	3 years	Amortised on straight line basis
Goodwill arising on acquisition of business division through demerger and business combination	No amortisation	Tested for impairment
Brands / Trade Marks	10 years	Amortised on straight line basis
Technical Knowhow	10 years	Amortised on straight line basis
Franchisee Rights	12 years	Amortised on straight line basis over the period of franchise agreement

(XII) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of the asset exceeds

its recoverable value. An impairment loss, if any, is charged to 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 (CGU) fair value less costs of disposal and its value in use recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

Goodwill is tested for impairment annually as at March 31, and when circumstances indicate the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(XIII) LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee

A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over five to six years or the lease period whichever is shorter.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

(XIV) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities 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 profit or loss are recognised immediately in Statement of Profit and Loss.

Financial assets

All purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss ("FVTPL") on initial recognition):

- 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.

For the impairment policy on financial assets measured at amortised cost, refer note below.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; 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.

Interest income is recognised in Statement of Profit and Loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed off, the cumulative gain or loss previously accumulated in this reserve is reclassified to Statement of Profit and Loss.

For the impairment policy on debt instruments at FVTOCI, refer note below.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. 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 FVTPL. Interest income is recognised in Statement of Profit and Loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments 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 debt instruments 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 remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in 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.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. 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 estimates cash flows by considering all contractual terms of the financial instrument (for example prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18, 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 other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

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 amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. 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 Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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 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 debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

Financial liabilities and equity instruments**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.

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 profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

All financial liabilities are subsequently 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 incurred principally for the purpose of 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 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 contract 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 Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, financial liabilities that are not held for trading and 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 Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in 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 retained earnings and are not subsequently reclassified to 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 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.

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 Statement of Profit and Loss over the period of borrowings using the effective interest 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 facility will be drawn down, the fees is 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 Statement of Profit and Loss as finance costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

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 Statement of Profit and Loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and 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 Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(XV) DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to Statement of Profit and Loss when the hedge item affects Statement of Profit and Loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

(XVI) INVENTORIES

Raw materials, components, stores and spares, and packing material are valued at lower of cost and 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. Finished goods, traded goods and work-in-progress 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 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.

(XVII) PROVISIONS

Provisions for legal claims, volume discounts and returns 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 will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursements.

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).

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.

(XVIII) RETIREMENT AND OTHER EMPLOYEE BENEFITS**A) Defined Contribution Plan**

The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and ESI, which are recognised in the Statement of Profit and Loss on accrual basis. The Company recognises contribution payable to the provident fund scheme as an expenditure when an employee renders the related service. The Company has no obligation other than the contribution payable to the provident fund.

B) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Re-measurement gains or losses arising from experience adjustments changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of changes in Equity and in the Balance Sheet. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

C) Compensated absences

The Company's liabilities for long term compensated absences is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences which are provided for based on estimates. The benefits are discounted using the market yields at the end of the reporting period that gave terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

(XIX) SHARE-BASED PAYMENT

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.

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 Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based payment reserve.

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 payments, 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 fair value recognised in employee benefit expense in the Statement of Profit and Loss for the year.

(XX) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares 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 and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(XXI) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Balance Sheet and for the purpose of Statement of Cash Flows comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(XXII) ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

(XXIII) MEASUREMENT OF PROFIT BEFORE DEPRECIATION / AMORTISATION, INTEREST AND TAX (EBITDA)

As per Ind AS 1 "Presentation of financial statements", the Company has elected to present EBITDA as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit / loss from continuing operations. In its measurement, the Company does not include depreciation and amortisation expenses, finance costs and tax expenses.

(XXIV) STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to the following Ind AS:

Ind AS 7 Statement of cash flows (w.e.f. April 1, 2017) and;

Ind AS 102 Share-based payment (w.e.f. April 1, 2017);

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the Company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

**NOTE: 3
PROPERTY, PLANT AND EQUIPMENT**

Rs. in Lakhs

	Freehold Land	Freehold Buildings	Plant & Equipment	Leasehold Improvements	Computers	Furniture & Fixtures	Office Equipment	Vehicles	Capital work-in-progress	Total
Cost										
As at April 1, 2015	592	1,254	11,216	7,901	3,999	26,511	10,926	484	1,567	64,450
Additions	-	20	1,832	2,436	2,656	8,599	2,896	265	9,451	28,155
Disposals / Capitalisation of CWIP	-	13	881	1,768	1,566	8,845	3,450	219	8,480	25,222
As at March 31, 2016	592	1,261	12,167	8,569	5,089	26,265	10,372	530	2,538	67,383
As at April 1, 2016	592	1,261	12,167	8,569	5,089	26,265	10,372	530	2,538	67,383
Additions	-	126	1,896	4,399	3,511	10,404	4,487	528	8,602	33,953
Addition pursuant to acquisition (Refer Note - 34)	-	-	-	3,431	122	1,615	396	-	7	5,571
Disposals / Capitalisation of CWIP	-	-	649	1,959	1,568	8,671	3,430	319	8,647	25,243
As at March 31, 2017	592	1,387	13,414	14,440	7,154	29,613	11,825	739	2,500	81,664
Depreciation and Impairment										
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	58	1,498	4,187	2,190	17,137	7,329	209	-	32,608
Disposals	-	13	725	1,745	1,349	8,725	3,404	171	-	16,132
As at March 31, 2016	-	45	773	2,442	841	8,412	3,925	38	-	16,476
As at April 1, 2016	-	45	773	2,442	841	8,412	3,925	38	-	16,476
Depreciation for the year	-	58	1,440	3,420	2,199	10,712	4,249	254	-	22,332
Disposals	-	-	474	1,938	736	7,585	3,269	266	-	14,268
As at March 31, 2017	-	103	1,739	3,924	2,304	11,539	4,905	26	-	24,540
Net Book Value as at:										
March 31, 2017	592	1,284	11,675	10,516	4,850	18,074	6,920	713	2,500	57,124
March 31, 2016	592	1,216	11,394	6,127	4,248	17,853	6,447	492	2,538	50,907
April 1, 2015	592	1,254	11,216	7,901	3,999	26,511	10,926	484	1,567	64,450

Rs. in Lakhs

Net Book Value	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipment	54,624	48,369	62,883
Capital work-in-progress	2,500	2,538	1,567

NOTE: 3A

During the year, the Company has capitalised the following expenses to cost of Property, plant and equipment / Capital work-in-progress

Rs. in Lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Rent	1,574	-	-
Salaries	-	-	294
Travelling	-	-	11
Miscellaneous Expenses	-	-	8
Power and Fuel	-	14	20
Pre-operative Expense	-	71	-
	1,574	85	333
Add: Brought forward from previous year	-	6	1
Less: Capitalised during the year	1,574	91	328
Balance in Capital work-in-progress	-	-	6

NOTE: 3B
LAND AND BUILDING

Land and Building are subject to a first charge to secure two of the Company's bank loans.

Plant and Equipment

Movable plant and equipment of the Company's Madura Garment Export Plant at Kasaba Hobli, Karnataka are subject to a first pari passu charge to secure a term loan of the Company.

Movable fixed assets of the Company's Madura Garment Export Plant at Parappana Agrahara, Karnataka are subject to a first pari passu charge to secure a term loan of the Company.

Movable plant and equipment of the Company's Madura Clothing Plant at Marasur Village, Karnataka are subject to a first pari passu charge to secure a term loan of the Company.

Present and future movable and immovable property, plant and equipment of the Company's Pantaloon's division at Maharashtra are subject to a first pari passu charge to secure a term loan of the Company.

Capital work-in-progress

Capital work-in-progress mainly comprises of land, pending capitalisation, and stores & warehouse under construction.

NOTE: 4
OTHER INTANGIBLE ASSETS

	Rs. in Lakhs					
	Goodwill	Brands / Trademarks	Computer Software	Technical Knowhow	Franchisee Rights	Total
Cost						
As at April 1, 2015	179,522	1,989	2,404	15	-	183,930
Additions	-	-	1,222	-	-	1,222
Disposals	-	-	566	-	-	566
As at March 31, 2016	179,522	1,989	3,060	15	-	184,586
As at April 1, 2016	179,522	1,989	3,060	15	-	184,586
Additions	-	-	2,001	-	-	2,001
Addition pursuant to acquisition (Refer Note - 34)	6,438	-	23	203	3,381	10,045
Disposals	-	-	50	-	-	50
As at March 31, 2017	185,960	1,989	5,034	218	3,381	196,582
Amortisation						
As at April 1, 2015	-	-	-	-	-	-
Amortisation for the year	-	231	955	15	-	1,201
Disposals	-	-	566	-	-	566
As at March 31, 2016	-	231	389	15	-	635
As at April 1, 2016	-	231	389	15	-	635
Amortisation for the year	-	227	1,424	53	211	1,915
Disposals	-	-	50	-	-	50
As at March 31, 2017	-	458	1,763	68	211	2,500
Net Book Value as at:						
March 31, 2017	185,960	1,531	3,271	150	3,170	194,082
March 31, 2016	179,522	1,758	2,671	-	-	183,951
April 1, 2015	179,522	1,989	2,404	15	-	183,930

	Rs. in Lakhs		
Net Book Value	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Goodwill	185,960	179,522	179,522
Other intangible assets	8,122	4,429	4,408

NOTE: 4A IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through various business combinations has been allocated to the three Cash Generating Units (CGUs) as below.

- 1 Pantaloons CGU
- 2 Madura Fashion & Lifestyle CGU
- 3 Forever 21 CGU

Pantaloons CGU

During the year ended March 31, 2013, the company acquired the Pantaloons Format Business ('Pantaloons Business') from Future Retail Limited ("FRL") which consisted of fashion retail business operating under the brand name "Pantaloons". Pantaloons is a leading large format fashion retailer engaged in retailing of apparel and accessories. The business thus acquired is Pantaloons CGU.

Madura Fashion & Lifestyle CGU

Pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") were transferred to the Company on a going concern basis w.e.f. April 1, 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 licenses 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

The Company has, effective July 1, 2016, acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of the operating retail stores in India for sale of clothing, artificial jewellery, accessories and related merchandise under the brand name "Forever 21" (F21) and is considered as separate CGU.

For the purpose of Segment reporting, Madura Fashion & Lifestyle and Forever 21 CGUs have been aggregated to form one segment in accordance with Ind AS 108.

Carrying amounts of goodwill allocated to each of the CGUs are as below.

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Pantaloons CGU	116,755	116,755	116,755
Madura Fashion & Lifestyle CGU	62,767	62,767	62,767
Forever 21 CGU	6,438	-	-
	<u>185,960</u>	<u>179,522</u>	<u>179,522</u>

Disclosures with respect to Goodwill allocated to Unit which is significant with the entity's total carrying amount of goodwill

Value in use calculation of CGUs

The recoverable amount of the CGU, as at March 31, 2017, given below has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three year period. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. The Company has estimated Free Cash Flow for the year ending March 31, 2020 and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2020 based on the H model. It was concluded that the fair value less costs of disposal does not exceed the value in use. As a result of this analysis the management did not identify impairment for these CGUs.

	Pantaloons CGU	Madura F & L CGU	Forever 21 CGU
Value in use (recoverable amount) (Rs. in Lakhs)	3,13,984	4,47,000	24,885
Pre-tax discount rate	14.32%	15.52%	17.96%

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 by the Company's investment. 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.

Growth rate estimates:

Rates are based on published industry research. Long term growth rate is based on Company's projection of business and growth of the industry in which the Company is operating.

Sensitivity to changes in assumption**Discount rate assumption**

A change in the discount rate by 100 basis points will result in change of Rs. 101,307 Lakh in the carrying value.

Growth rate assumption

The management recognises the change in fashion industry and the possibility of new entrants which can have an impact on growth rate assumptions. Change in growth rate by 100 basis points will result in change of Rs. 80,499 Lakh in the carrying value.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Rs. in Lakhs			
NOTE: 5			
LOANS (UNSECURED, CONSIDERED GOOD)			
Loans and advances to employees	729	800	843
Total	729	800	843
Current	380	443	399
Non-current	349	357	444
NOTE: 5A			
SECURITY DEPOSITS			
Security deposits			
Unsecured, considered good	29,692	26,174	20,753
Unsecured, considered doubtful	838	388	322
Provision for doubtful deposit	(838)	(388)	(322)
Total	29,692	26,174	20,753
Current	8,302	9,944	4,200
Non-current	21,390	16,230	16,553
NOTE: 6			
OTHER FINANCIAL ASSETS			
Interest accrued on fixed deposit	3	24	20
Other receivable	2,306	3,379	-
Other bank balance			
Bank deposit more than 12 months maturity from Balance Sheet date	100	37	54
Total	2,409	3,440	74
Current	2,309	3,403	20
Non-current	100	37	54

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE: 7			
OTHER NON-CURRENT AND CURRENT ASSETS			
Capital advances	4,391	1,392	1,014
Advances to suppliers	4,650	2,832	2,588
Insurance claim receivable	-	4	124
Balances with government authorities (other than income taxes)	5,940	4,720	3,968
Advance Income tax	1,778	1,476	1,286
Government grant receivable	433	382	735
Other receivable	52	960	1,250
Total	17,244	11,766	10,965
Current	5,651	4,140	8,417
Non-current	11,593	7,626	2,548

NOTE: 8
INVENTORIES

Raw materials	10,549	10,816	9,360
Includes Goods-in-transit Rs. 1,179 Lakh (March 31, 2016 : Rs. 1,142 Lakh; April 1, 2015 : Rs. 916 Lakh)			
Work-in-progress	1,623	2,285	1,969
Finished Goods	27,229	30,332	23,149
Traded Goods	102,317	96,142	79,682
Includes Goods-in-transit Rs. 3,643 Lakh (March 31, 2016 : Nil; April 1, 2015 : Rs. 919 Lakh)			
Stores and spares	120	56	53
Packing Material	1,287	1,422	812
Total	143,125	141,053	115,025

During the year ended March 31, 2017 Rs. 1,022 Lakh (March 31, 2016: Rs. 7,447 Lakh) was recognised as an expense for inventories carried at net realisable value.

NOTE: 9
TRADE RECEIVABLES

Trade receivables	44,864	31,100	40,811
Receivables from other related parties (Refer Note - 39)	523	138	40
Total	45,387	31,238	40,851

Break-up for security details and more than six months overdue:

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	77	73	46
Unsecured, considered good	3,998	4,558	1,064
Doubtful	500	185	185
	4,575	4,816	1,295
Impairment allowance for doubtful debts	(500)	(185)	(185)
	4,075	4,631	1,110

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other receivables			
Secured, considered good	3,015	2,267	2,475
Unsecured, considered good	38,297	24,340	37,266
Doubtful	-	-	-
	41,312	26,607	39,741
Impairment allowance for doubtful debts	-	-	-
	41,312	26,607	39,741
Total	45,387	31,238	40,851

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer Note 39.

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

NOTE: 10
CASH AND CASH EQUIVALENTS

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
Current accounts	2,775	1,036	1,683
Balance with credit card companies	321	345	174
Cash on hand (Refer Note - 32)	524	420	626
Cheques / drafts on hand	813	105	218
Total	4,433	1,906	2,701

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Bank balance other than above is held as margin money under lien to bank for assuring guarantee.

As at March 31, 2017, the Company had available Rs. 73,180 Lakh (March 31, 2016: Rs. 18,032 Lakh; April 1, 2015: 9,880 Lakh) of undrawn committed borrowing facilities.

For the purpose of Statement of cash flows, Cash and cash equivalents comprise the following:

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
Current accounts	2,775	1,036	1,683
Balance with credit card companies	321	345	174
Cash on hand (Refer Note - 32)	524	420	626
Cheques / drafts on hand	813	105	218
	4,433	1,906	2,701
Less: Book overdraft (Refer Note - 15)	-	(2)	-
Total	4,433	1,904	2,701

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
BREAK-UP OF FINANCIAL ASSETS CARRIED AT AMORTISED COST			
Loans (Refer Note - 5)	729	800	843
Security deposits (Refer Note - 5A)	29,692	26,174	20,753
Derivative instruments	9	-	26
Other financial assets (Refer Note - 6)	2,409	3,440	74
Trade receivables (Refer Note - 9)	45,387	31,238	40,851
Cash and cash equivalents (Refer Note - 10)	4,433	1,906	2,701
Total	82,659	63,558	65,248

NOTE: 11
EQUITY SHARE CAPITAL
Authorised share capital

	Equity share capital	
	No. of shares	Rs. in Lakhs
As at April 1, 2015	150,000,000	15,000
Increase during the year	850,000,000	85,000
As at March 31, 2016	1,000,000,000	100,000
Increase during the year	-	-
As at March 31, 2017	1,000,000,000	100,000

Issued equity capital

	Equity share capital	
	No. of shares	Rs. in Lakhs
As at April 1, 2015	92,793,529	9,279
Increase during the year towards		
Scheme of Demerger (Refer Note - 44)	676,037,600	67,604
Exercise of Options - Share based payments (Refer Note - 36)	11,597	1
As at March 31, 2016	768,842,726	76,884
Increase during the year towards		
Allotment to NR Shareholders (Refer Note - 12)	1,036,736	104
Exercise of Options - Share based payments (Refer Note - 36)	647,692	65
As at March 31, 2017	770,527,154	77,053

(i) Terms / rights attached to equity shares

The Company has only one class of equity shares having face value of Rs. 10/- per share. Each holder of equity shares 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 in the ensuing Annual General Meeting.

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

(ii) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
IGH Holdings Private Limited	85,030,930	11.04%	85,030,930	11.06%
TGS Investment And Trade Private Limited	70,235,027	9.12%	70,235,027	9.14%
Aditya Birla Nuvo Limited	69,982,370	9.08%	69,982,370	9.10%
Umang Commercial Company Private Limited	64,972,778	8.43%	64,972,778	8.45%
Trapti Trading And Investments Private Limited	49,004,462	6.36%	49,004,462	6.37%
Hindalco Industries Limited	44,982,142	5.84%	44,982,142	5.85%
Franklin Templeton Mutual Fund and its affiliates	43,943,509	5.70%	NA	NA

(iii) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting year

Name of shareholder	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Equity shares allotted as fully paid-up pursuant to demerger contracts for consideration other than cash	723,390,854	722,354,118	46,316,518	46,316,518	-

(iv) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer Note 36.

**NOTE: 12
OTHER EQUITY**

Share suspense account (Refer Note - 44)	Rs. in Lakhs
As at April 1, 2015	67,982
Shares allotted during the year (676,037,600 Equity shares)	(67,604)
As at March 31, 2016	378
Allotted to NR shareholders during the year (1,036,736 Equity shares)	(104)
As at March 31, 2017	274

Share premium	Rs. in Lakhs
As at April 1, 2015	75,137
Premium on exercise of share options	11
As at March 31, 2016	75,148
Premium on exercise of share options	841
As at March 31, 2017	75,989

Capital reserve	Rs. in Lakhs
As at April 1, 2015	2,169
Changes during the year	-
As at March 31, 2016	2,169
Changes during the year	-
As at March 31, 2017	2,169

Share-based payments reserve	Rs. in Lakhs
As at April 1, 2015	302
Gross compensation for options granted during the year	115
As at March 31, 2016	417
Gross compensation for options granted during the year	481
Transfer to Share premium on exercise of share options	(599)
As at March 31, 2017	299

Cash flow Hedge Reserve	Rs. in Lakhs
As at April 1, 2015	2
Add : (Loss) recognised during the year (net)	(24)
Less : Gain recycled to Statement of Profit and Loss (net)	22
As at March 31, 2016	-
Changes during the year	-
As at March 31, 2017	-

Retained Earnings	Rs. in Lakhs
As at April 1, 2015	(53,485)
(Loss) for the year	(10,975)
Other comprehensive income (Refer Note - 27)	13
As at March 31, 2016	(64,447)
Profit for the year	5,350
Other comprehensive income (Refer Note - 27)	(871)
As at March 31, 2017	(59,968)

Other Reserves	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserve	2,169	2,169	2,169
Share-based payments reserve	299	417	302
Cash flow Hedge reserve	-	-	2
Total	2,468	2,586	2,473

**NOTE: 13
BORROWINGS****(a) Non-current borrowings**

	Effective interest rate	Maturity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	%		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Debentures					
Redeemable Non-convertible Debentures - Series 1 (Unsecured)	9.25%	May 7, 2016	-	-	20,000
Redeemable Non-convertible Debentures - Series 2 (Unsecured)	9.20%	May 22, 2018	10,000	10,000	10,000
Redeemable Non-convertible Debentures - Series 1 Zero Coupon (Unsecured)	8.84%	April 12, 2019	20,000	-	-
Redeemable Non-convertible Debentures - Series 2 Zero Coupon (Unsecured)	8.73%	May 31, 2019	30,000	-	-
Redeemable Non-convertible Debentures - Series 3 Zero Coupon (Unsecured)	8.20%	April 20, 2020	40,000	-	-
Redeemable Non-convertible Debentures - Series 4 Zero Coupon (Unsecured)	7.70%	June 16, 2021	26,000	-	-
Term Loans					
From Banks					
Term Loan from Axis Bank (Secured) ¹	9.75%	February 24, 2021	-	21,000	24,000
Term Loan from SBI (Secured) ²	10.30%	March 31, 2021	-	31,500	39,750
Term Loan from SBI (TUF) (Secured) ³	9.44%	December 29, 2016	-	-	410
Term Loan from IDBI Bank (TUF) (Secured) ⁴	11.50%	October 1, 2017	-	102	307
Term Loan from HDFC Bank (TUF) (Secured) ⁵	10.905%	September 27, 2017	-	51	154
Term Loan from HDFC Bank (TUF) (Secured) ⁵	9.655%	September 4, 2018	153	461	768
Term Loan from HDFC Bank (TUF) (Secured) ⁶	9.45%	March 23, 2022	895	500	500
Term Loan from SBI (TUF) (Secured) ⁷	11.00%	November 1, 2018	-	-	188
From Others					
External Commercial Borrowings (Secured)	Libor + 0.94. Present swap rate is 7.94% p.a.	May 16, 2017	-	3,131	3,131
External Commercial Borrowings (Secured)	Libor + 0.875. Present swap rate is 8.90% p.a.	January 12, 2018	-	919	1,839
Preference Shares					
Redeemable Cumulative Preference Shares ¹⁰	8.00%	March 31, 2019	50	50	50
Redeemable Cumulative Preference Shares ¹¹	6.00%	October 14, 2019	1	1	1
Total non-current borrowings			127,099	67,715	101,098

(b) Current maturities of long term borrowings

	Effective interest rate	Maturity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	%		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Redeemable Non-convertible Debentures (Unsecured)	9.25%	May 7, 2016	-	20,000	-
Term Loan from Axis Bank (Secured) ¹	9.75%	February 24, 2021	-	4,500	4,500
Term Loan from SBI (Secured) ²	10.30%	March 31, 2021	-	6,750	3,000
Term Loan from SBI (TUF) (Secured) ³	9.44%	December 29, 2016	-	410	410
Term Loan from IDBI Bank (TUF) (Secured) ⁴	11.50%	October 1, 2017	68	154	154
Term Loan from HDFC Bank (TUF) (Secured) ⁵	10.905%	September 27, 2017	51	101	102
Term Loan from HDFC Bank (TUF) (Secured) ⁵	9.655%	September 4, 2018	307	307	144
Term Loan from HDFC Bank (TUF) (Secured) ⁶	9.45%	March 23, 2022	85	-	-
Term Loan from SBI (TUF) (Secured) ⁷	11.00%	November 1, 2018	-	-	7
Term Loan from EXIM Bank (TUF) (Secured) ⁸	7.50%	September 20, 2015	-	-	33
Term Loan from EXIM Bank (TUF) (Secured) ⁹	10.78%	September 20, 2015	-	-	46
External Commercial Borrowings (Unsecured) #	Libor + 0.94. Present interest rate is 7.30% p.a.	June 1, 2015	-	-	241
External Commercial Borrowings (Unsecured) #	Libor + 0.94. Present interest rate is 7.30% p.a.	July 26, 2015	-	-	529
External Commercial Borrowings (Unsecured) #	Libor + 0.94. Present interest rate is 7.30% p.a.	August 24, 2016	-	4,198	4,198
External Commercial Borrowings (Secured) #	Libor + 0.94. Present interest rate is 7.30% p.a.	September 29, 2015	-	-	580
External Commercial Borrowings (Unsecured) #	Libor + 0.94. Present interest rate is 7.94% p.a.	November 10, 2016	-	-	94
External Commercial Borrowings (Unsecured) #	Libor + 0.94. Present interest rate is 7.94% p.a.	February 25, 2016	-	-	157
External Commercial Borrowings (Secured) #	Libor + 0.875. Present interest rate is 8.90% p.a.	January 12, 2018	-	920	920
External Commercial Borrowings (Unsecured)	Libor + 0.875. Present interest rate is 8.90% p.a.	January 12, 2018	778	-	-
Total current maturities of long term borrowings considered in Note - 15			1,289	37,340	15,115

(c) Current borrowings

	Effective interest rate	Maturity	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	%		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Loan repayable on demand					
From Banks					
Cash Credit (Secured)	9.20% - 9.75%	On demand	429	13,568	1,281
Cash Credit (Unsecured)	9.20% - 9.75%	On demand	41	-	-
Commercial Papers (Unsecured) *	6.50% - 6.60%	Between two and three months	71,932	54,359	19,798
Loan repayable on demand from HSBC Bank (Unsecured)	6.10%	On demand	-	2,000	-
Loan from HDFC Bank repayable within one year (Unsecured)	9.35%	Repayable within one year	-	10,000	-
Loan repayable on demand from Kotak Mahindra Bank (Unsecured)	4.35%	On demand	2,400	-	-
Buyers Credit (HDFC Bank & Kotak Mahindra Bank)	Libor + (0.55 to 0.65)	On demand	1,272	-	-
From Others					
Loan from Non-Banking Financial Institution repayable within one year (Unsecured)	9.50%	Repayable within one year	-	-	10,000
Aditya Birla Nuvo Limited (ABNL) (Unsecured)	10.25%	Repayable within one year	-	-	32,609
Total current borrowings			76,074	79,927	63,688
Aggregate Secured Loans			1,988	84,374	82,224
Aggregate Unsecured Loans			202,474	100,608	97,677

Details of security

1. Term loans from Axis Bank is secured by way of first pari passu charge on present and future movable and immovable Fixed Assets of Company's Pantaloons Division. Second pari passu charge on current assets of Company's Pantaloons Division.
2. Term loans from SBI is secured by way of first pari passu charge on the entire Fixed Assets, of Company's Pantaloons Division, both present and future with all other term lenders, first pari passu charge on long term lease deposits, of Company's Pantaloons Division, both present and future with all other term lenders. Second pari passu charge on all current assets, of Company's Pantaloons Division, both present and future.
3. Term loan from SBI (TUF) is secured by way of first pari passu charge created by mortgage of immovable properties of the Company's Madura Garment Export Plants at Kasaba Hobli, Karnataka and hypothecation of movable Fixed Assets of the Company at these plants.
4. Term loan from IDBI Bank (TUF) is secured by way of first pari passu charge created by hypothecation of movable Fixed Assets of the Company's Madura Garment Export Plant at Kasaba Hobli, Karnataka.
5. Term loan from HDFC Bank (TUF) is secured by way of first pari passu charge created by hypothecation of movable plant and machinery of the Company's Madura Clothing Plant at Marasur Village, Karnataka.
6. Term loan from HDFC Bank (TUF) is secured by way of first pari passu charge on movable assets of the units CCL and FCL (# 527 & # 324) Marasur Village, Karnataka.
7. Term loan from SBI (TUF) is secured by way of first pari passu charge created by hypothecation of movable plant and machinery of the Company's MG Lifestyle Clothing Plant at Bangalore.
8. Term loan from EXIM Bank (TUF) is secured by way of first pari passu charge created by mortgage of immovable properties of the Company's Madura Garment Export Plant at Parappana Agrahara, Karnataka and hypothecation of movable Fixed Assets of the Company at these plants.

9. Term loan from EXIM Bank (TUF) is secured by way of first pari passu charge created by mortgage of immovable properties of the Company's Madura Clothing Plant at Marasur Village, Karnataka and hypothecation of movable Fixed Assets of the Company at these plants.

Details of Preference Shares

10. Redeemable Cumulative Preference Shares: 5,00,000 8% Redeemable Cumulative Preference Shares of Rs. 10/- each are entitled to a cumulative dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. These preference shares are redeemable by the Company at any time after completion of ten years from March 31, 2009, at the face value. 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. Redeemable Cumulative Preference Shares: 500 6% Redeemable Cumulative Preference Shares of Rs. 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. These preference shares are redeemable by the Company at any time after completion of ten years from October 14, 2009 at the face value. 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.

* Commercial papers are shown net of unamortised discounting charges.

The foreign currency loans from banks were transferred from ABNL pursuant to the Scheme of Demerger (Refer Note - 44).

TUF - Technology Upgradation Fund

NOTE: 14 TRADE PAYABLES

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payable	154,831	142,839	124,122
Trade payable to related parties (Refer Note - 39)	274	142	24
Total	155,105	142,981	124,146

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled within due date.

For terms and conditions with related parties (Refer Note - 39)

Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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 & Small Enterprises	739	149	-
Interest due on above	-	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprise Development Act, 2006, along with the amounts 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 and Small Enterprise Development Act, 2006.	-	-	-

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
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 as a deductible expenditure under section 23 of the Micro and Small Enterprise Development Act, 2006.	-	-	-

The Company has completed the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at Balance Sheet date.

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE: 15			
OTHER FINANCIAL LIABILITIES			
Other financial liabilities measured at amortised cost			
Current maturities of long term borrowings (Refer Note - 13)	1,289	37,340	15,115
Interest accrued but not due on borrowings	6,230	3,116	3,684
Creditors for capital supplies / services	3,386	2,771	4,188
Book overdraft	-	2	-
Other financial liabilities	-	-	11
	10,905	43,229	22,998
Financial liabilities at fair value through profit or loss			
Foreign exchange contracts	202	24	30
	202	24	30
Total	11,107	43,253	23,028
Current	11,107	43,253	23,028
BREAK-UP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST			
Long term borrowings (Refer Note - 13)	127,099	67,715	101,098
Short term borrowings (Refer Note - 13)	76,074	79,927	63,688
Current maturities of long term borrowings (Refer Note - 15)	1,289	37,340	15,115
Deposits	13,734	11,835	8,619
Trade Payables (Refer Note - 14)	155,105	142,981	124,146
Other financial liabilities (Refer Note - 15)	9,616	5,889	7,883
Total	382,917	345,687	320,549

	Rs. in Lakhs	
	As at March 31, 2017	As at March 31, 2016
NOTE: 16		
DEFERRED REVENUE		
As at the beginning of the year	2,430	2,846
Deferred during the year	10,612	7,113
Released to the Statement of Profit and Loss	11,245	7,529
As at the end of the year	1,797	2,430
Current	1,797	2,430

The deferred revenue relates to the accrual and release of customer loyalty points according to the loyalty program of respective businesses. As at March 31, 2017, the estimated liability towards unredeemed points amounted to approximately Rs. 1,797 Lakh (March 31, 2016: Rs. 2,430 Lakh; April 1, 2015: Rs. 2,846 Lakh).

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
NOTE: 17			
EMPLOYEE BENEFIT OBLIGATION			
Provision for compensated absence	7,807	6,246	5,191
Provision for gratuity	1,916	1,112	694
Stock Appreciation Rights (SAR)	94	98	64
Total	9,817	7,456	5,949
Current	8,585	6,598	5,240
Non-current	1,232	858	709

NOTE: 18			
OTHER PAYABLES			
Advances received from customers	1,249	1,375	1,859
Other advance received	212	213	124
Statutory dues	3,698	3,797	2,936
- taxes payable (other than income taxes)			
Deferred rental income	766	618	321
Total	5,925	6,003	5,240
Current	5,159	5,385	4,919
Non-current	766	618	321

Other payables are non-interest bearing and have an average of 3 month terms. Undisputed statutory dues are settled in the next month.

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
NOTE: 19		
REVENUE FROM OPERATIONS		
Revenue from sale of goods (including excise duty)		
Sale of goods	646,902	591,657
Revenue from redemption of loyalty points (Refer Note - 16)	11,245	7,529
Total revenue from sale of goods	6,58,147	5,99,186
Revenue from rendering of services	642	47
Other operating income		
Scrap sales	477	356
Export incentives	1,100	1,005
License fees and royalties	106	124
Cash discounts	743	1,165
Space on hire	116	220
Commission income	957	1,159
Miscellaneous other operating income	1,010	196
Total	663,298	603,458
Revenue from sale of goods includes excise duty, collected from customers, of Rs. 3,012 Lakh (March 31, 2016 : Rs. 66 Lakh).		
Revenue from sale of goods net of excise duty is Rs. 6,55,135 Lakh (March 31, 2016 : Rs. 5,99,120 Lakh).		
NOTE: 20		
COST OF RAW MATERIAL CONSUMED		
a) Raw material consumed		
Inventory at the beginning of the year	10,816	9,360
Add: Purchases	60,420	65,378
	71,236	74,738
Less: Inventory at the end of the year	10,549	10,816
Cost of raw material consumed	60,687	63,922
(b) Purchases of traded goods		
Purchases of traded goods	239,919	235,216
Total	239,919	235,216
(c) (Increase) / decrease in inventories of finished goods, work-in-progress and traded goods		
Opening Inventory		
Finished goods	30,332	23,149
Traded goods	96,142	79,682
Work-in-progress	2,285	1,969
Inventories taken over pursuant to Business Combination (Refer Note - 34)		
Traded goods	2,671	-
	131,430	104,800
Less:		
Closing Inventory		
Finished goods	27,229	30,332
Traded goods	102,317	96,142
Work-in-progress	1,623	2,285
	131,169	128,759
(Increase) / Decrease in Excise Duty on Stocks	-	(3)
(Increase) / Decrease	261	(23,962)

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
NOTE: 21		
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	61,094	53,622
Contribution to provident and other funds (Refer Note - 35)	3,869	3,411
Employee stock option scheme (Refer Note - 36)	679	290
Gratuity expense (Refer Note - 35)	964	817
Staff welfare expenses	3,974	3,913
Total	70,580	62,053
NOTE: 22		
OTHER EXPENSES		
Consumption of stores and spares	364	309
Power and fuel	945	911
Electricity charges	10,145	9,447
Rent (Refer Notes - 37a & 49)	108,710	90,315
Repairs and maintenance		
Building	173	151
Plant and machinery	1,197	578
Others	9,215	7,728
Insurance	667	530
Rates and taxes	3,098	6,839
Processing charges	3,110	5,326
Commission to selling agents	3,527	2,811
Brokerage and discounts	43	97
Advertisement and sales promotion	28,669	39,540
Transportation and handling charges	9,744	10,185
Royalty expense	3,727	1,103
Legal and professional expenses	11,603	9,701
Bad debts written off	20	-
Provisions for bad and doubtful debts	315	-
Provisions for bad and doubtful deposits and advances	485	67
Printing and stationery	1,098	1,075
Travelling and conveyance	6,154	6,203
Communication expenses	913	882
Loss on sale / discard of property, plant and equipment	142	92
Bank and credit card charges	4,083	3,486
Auditors' remuneration (Refer details below)	132	134
Postage expenses	615	763
Foreign exchange loss (Net)	-	32
Information technology expenses	4,949	3,773
Outsourcing, housekeeping and security expenses	25,014	22,171
Corporate social responsibility (CSR) Expenses (Refer Note - 33)	232	204
Miscellaneous expenses	6,001	3,868
Total	245,090	228,321

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Details of Auditors' Remuneration:		
Payments to Statutory Auditor:		
For Audit Fees (Including Limited Review Fees)	80	43
For Tax Audit	13	6
For Other Services	12	25
For Reimbursement of Expenses	19	2
	124	76
Payments to Branch Auditor:		
For Audit Fees (Including Limited Review Fees)	7	41
For Tax Audit	-	4
For Other Services	-	13
For Reimbursement of Expenses	1	-
	8	58
Total	132	134
NOTE: 23		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (Refer Notes - 3 & 48)	22,332	32,608
Amortisation of intangible assets (Refer Note - 4)	1,915	1,201
Total	24,247	33,809
NOTE: 24		
FINANCE COST		
Interest expense	17,919	17,645
Other borrowing cost	48	-
Total	17,967	17,645
NOTE: 25		
OTHER INCOME		
Foreign exchange gain (Net)	325	-
Miscellaneous income #	1,844	467
Total	2,169	467
# Includes Rs. 220 Lakh received towards Government incentives under Integrated Skill Development Scheme (ISDS). The Company is required to train and employ 3,000 trainees. The Company has, during the year, trained and employed 3,257 trainees. The Company has complied with all the revised requisite requirements.		
NOTE: 26		
FINANCE INCOME		
Interest income	1,603	1,876
Net gain on sale of investments	43	294
Total	1,646	2,170

NOTE: 27
OTHER COMPREHENSIVE INCOME

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended March 31, 2017

	Rs. in Lakhs		
	Cash flow hedge reserve	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	-	(871)	(871)
Total	-	(871)	(871)

During the year ended March 31, 2016

	Rs. in Lakhs		
	Cash flow hedge reserve	Retained earnings	Total
Re-measurement gains / (losses) on defined benefit plans	-	13	13
Total	-	13	13

NOTE: 28
EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computations:

		Rs. in Lakhs	
		As at March 31, 2017	As at March 31, 2016
Earnings Per Share (EPS) is calculated as under:			
Profit / (Loss) as per the Statement of Profit and Loss		5,350	(10,975)
Profit / (Loss) for calculation of EPS	(A)	5,350	(10,975)
Weighted average number of equity shares for calculation of Basic EPS	(B)	772,787,180	772,615,240
Basic EPS (In Rs.)	(A/B)	0.69	(1.42)
Weighted average number of equity shares outstanding		772,787,180	772,615,240
Weighted average number of potential equity shares #		104,828	198,984
Weighted average number of equity shares for calculation of Diluted EPS		772,892,008	772,615,240
Diluted EPS (In Rs.)	(C)	0.69	(1.42)
Nominal Value of shares (In Rs.)		10	10

Since the conversion of stock options into 198,984 equity shares for March 31, 2016 would decrease the loss per share, these potential equity shares are considered as anti-dilutive and the effect of anti-dilutive potential equity shares have been ignored.

NOTE: 29
SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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 based its assumptions and estimates on parameters available when the financial statements were prepared. 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.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The 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 do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note - 4.

Share-based payment

The Company initially measures the cost of cash-settled transactions with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For cash-settled share-based payment transactions, the liability needs to be re-measured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at the end of each reporting period. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note - 36.

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 together with future tax planning strategies.

The Company has Rs. 117,848 Lakh (March 31, 2016: Rs. 123,400 Lakh; April 1, 2015: Rs. 106,151 Lakh) of tax losses carried forward. These losses relate to previous years and shall expire in 8 years except unabsorbed depreciation. Further details on taxes are disclosed in Note - 43.

Defined benefits plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, 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 and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note - 35.

Revenue recognition – Loyalty points

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 basis the Company's historic trends of redemption and expiry period of the points and such estimates are subject to significant uncertainty. As at March 31, 2017, the estimated liability towards unredeemed points amounted to approximately Rs. 1,797 Lakh (March 31, 2016: Rs. 2,430 Lakh; April 1, 2015: Rs. 2,846 Lakh).

Provision on Inventory

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, raw material and trims. The Company provides provision based on policy, past experience, current trend and future expectations of these materials depending on the category of goods.

Provision on Receivables

The Company has defined policy for provision of receivables which is based on ageing of receivables. The Company reviews the policy at regular intervals to ensure the applicability of the same in the changing scenario.

Provision for Discount and Sales Return

The Company provides for discount and sales return based on the trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario.

NOTE: 30**DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE****a) Derivatives: Outstanding at the Balance Sheet date:****As at March 31, 2017**

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Forward contracts to buy (Hedge of payables)	USD	85	5,542
	EURO	2	138
	JPY	1,342	778
Forward contracts to sell (Hedge of receivables)	USD	25	1,621
	EURO	4	277
	GBP	9	712

As at March 31, 2016

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Forward contracts to buy (Hedge of payables)	USD	14	964
Forward contracts to sell (Hedge of receivables)	USD	4	265

As at April 1, 2015

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Forward contracts to buy (Hedge of payables)	GBP	2	160
	EURO	3	246
	USD	0	6
Forward contracts to sell (Hedge of receivables)	USD	24	1,518
	EURO	12	813

b) Particulars of unhedged foreign currency exposure as at the Balance Sheet date:**As at March 31, 2017**

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Trade payables	USD	33	2,111
	EURO	0	30
	GBP	1	118
	HKD	3	25
	JPY	3	2

As at March 31, 2016

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Trade payables	USD	-	-

As at April 1, 2015

	Currency	Foreign Currency in Lakhs	Rs. in Lakhs
Trade payables	USD	17	1,112
	EURO	0	8
	GBP	0	4
Trade receivables	USD	11	719
	GBP	0	32

NOTE: 31**VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS & SPARE PARTS CONSUMED AND PERCENTAGE THEREOF TO THE TOTAL CONSUMPTION**

	Percentage	Year Ended March 31, 2017	Percentage	Year Ended March 31, 2016
Raw Materials				
Imported	15%	8,852	16%	10,376
Indigenous	85%	51,835	84%	53,546
		60,687		63,922
Spare Parts				
Imported	0%	1	14%	6
Indigenous	100%	200	86%	36
		201		42

NOTE: 32**SPECIFIED BANK NOTES (SBN)**

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	568	54	622
Add: Permitted receipts	-	11,985	11,985
Less: Permitted payments	-	78	78
Less: Amount deposited in banks	568	11,424	11,992
Closing cash in hand as on December 30, 2016	-	537	537

Specified Bank Notes means the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated November 8, 2016.

NOTE: 33**DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON**

	In Cash	Yet to be paid in Cash	Total
Amount spent during the year ending:			
March 31, 2017:			
i) Construction / acquisition of any asset	-	-	-
ii) For purposes other than (i) above	232	-	232
March 31, 2016:			
i) Construction / acquisition of any asset	-	-	-
ii) For purposes other than (i) above	204	-	204

NOTE: 34**BUSINESS COMBINATIONS****Acquisitions during the year ended March 31, 2017**

On July 5, 2016, the Company executed a Business Transfer Agreement with Diana Retail Private Limited ("Diana Retail") and DLF Brands Limited (the promoter of Diana Retail) for acquisition of the exclusive online and offline rights of the global brand "Forever 21" for the Indian market along with its existing store network in India on a going concern basis w.e.f. July 1, 2016, by means of a "slump sale" (as defined in Section 2 (42C) of the Income Tax Act, 1961) for a lump sum consideration. The Company has also executed a franchise agreement with Forever 21 Inc. in terms of which the Company has been appointed as the exclusive franchisee for the brand "Forever 21" for the Indian market. The results of "Forever 21" segment have been included in Madura Fashion & Lifestyle segment of the Company.

As per para 18 of Ind AS 103 "Business Combinations" the acquired assets have been fair valued. Fair value of assets has been carried out on "Fair Market Value" basis which has been done using replacement cost method. The Company has recognised and measured the Goodwill acquired in the business combination as per Ind AS 103 and has aggregated the fair values of net assets acquired and reduced the amount of total consideration paid for acquisition of the business so as to derive the amount attributable to goodwill after recognising any identifiable intangible asset.

Assets acquired and liabilities assumed

The fair values of identifiable assets and liabilities as at the date of acquisition were:

	Fair value recognised on acquisition	
	Rs. in Lakhs	Rs. in Lakhs
Assets taken over		
Property, plant and equipment	5,571	
Other intangible assets	3,607	
Other non-current assets	3	
Inventories	2,671	
Security deposits	1,850	
Prepayments	32	13,734
Liabilities taken over		
Trade payables	2,542	
Other payables	70	2,612
Total identifiable net assets at fair value		11,122
Purchase Consideration transferred		17,560
Goodwill arising on acquisition		6,438

The Goodwill of Rs. 6,438 Lakh comprises the value of expected synergies and the value derived from selling goods under Forever 21 brand arising from the acquisition which is not separately recognised. Goodwill is allocated entirely to the Madura Fashion & Lifestyle division. The Company has identified franchisee rights as acquired intangibles in the business combination. These franchisee rights represent the right to operate Forever 21 stores in India. The fair value of these rights have been amortised over a period of 12 years based on management's estimate of useful life.

Transaction cost of Rs. 213 Lakh has been expensed and is included in other expenses.

From the date of acquisition, Forever 21 has contributed Rs. 20,057 Lakh of revenue and Rs. 5,971 Lakh to the loss before tax of the Company. If the combination had taken place at the beginning of the year, revenue from operations would have been Rs. 26,743 Lakh and loss before tax for the Company would have been Rs. 7,961 Lakh.

Analysis of cash flows on acquisition

	Rs. in Lakhs
Transaction costs of the acquisition (included in cash flows from operating activities)	(213)
Purchase Consideration paid in cash (included in cash flows from investing activities)	(17,560)
Net cash flow on acquisition	(17,773)

NOTE: 35**GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS**

The Company operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A part of the gratuity plan is funded and 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. Hence, the Company is not exposed to any market risk.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Unfunded Defined Benefit Plan**Net benefit expense recognised through Statement of Profit and Loss**

	Rs. in Lakhs	
	Year Ended	Year Ended
	March 31, 2017	March 31, 2016
Current service cost	183	172
Interest cost on benefit obligation	65	53
Net Benefit Expense	248	225

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

	Rs. in Lakhs	
	As at	As at
	March 31, 2017	March 31, 2016
Opening Defined Benefit Obligation	843	684
Current service cost	183	172
Interest cost	65	53
Actuarial (Gain) / Loss on account of:		
Changes in demographic assumptions	-	(75)
Changes in financial assumptions	129	(5)
Experience adjustments	97	80
Actuarial (Gain) / Loss recognised in OCI	226	-
Benefits Paid	(80)	(66)
Closing Defined Benefit Obligation	1,237	843

Funded Defined Benefit Plan**Net benefit expense recognised through Statement of Profit and Loss**

	Rs. in Lakhs	
	Year Ended	Year Ended
	March 31, 2017	March 31, 2016
Amounts recognised in Employee benefits expense in the Statement of Profit and Loss in respect of gratuity		
Current service cost	707	593
Interest on Defined Benefit Obligations	245	210
Interest on plan assets	(236)	(211)
Net Gratuity Cost	716	592

Changes in the Defined Benefit Obligation and fair value of plan assets as at March 31, 2017:

	Rs. in Lakhs	
	As at March 31, 2017	As at March 31, 2016
Changes in Present Value of the Obligation:		
Opening Defined Benefit Obligation	3,151	2,622
Current service cost	707	593
Interest cost	245	210
Actuarial (Gain) / Loss on account of:		
Changes in financial assumptions	820	-
Experience adjustments	(144)	(18)
Actuarial (Gain) / Loss recognised OCI	676	(18)
Benefits paid	(364)	(268)
Liabilities assumed / (settled)*	137	12
Closing Defined Benefit Obligation	4,552	3,151

	Rs. in Lakhs	
	As at March 31, 2017	As at March 31, 2016
Changes in fair value of plan assets:		
Opening fair value of plan assets	2,882	2,622
Contributions by the employer	1,080	277
Interest on plan assets	236	211
Actuarial Gain / (Loss) on account of:		
Actual returns on plan assets less interest on plan assets	31	(5)
Actuarial Gain / (Loss) recognised in OCI	31	(5)
Benefits paid	(364)	(268)
Asset acquired / (settled)*	8	45
Closing fair value of plan assets	3,873	2,882

* On account of business combination or inter group transfer

Amounts recognised in the Balance Sheet

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of the Defined Benefit Obligation at the end of the year			
Funded	4,552	3,151	2,632
Unfunded	1,237	843	684
	5,789	3,994	3,316
Fair value of plan assets	3,873	2,882	2,622
Net Liability / (Asset)	1,916	1,112	694
Net Liability is bifurcated as follows			
Current	778	352	49
Non-current	1,138	760	645
Net Liability	1,916	1,112	694

The Investment pattern of Plan assets are as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Government of India Securities	62%	21%	27%
Corporate Bonds	31%	1%	1%
Insurer Managed Funds	7%	55%	51%
Special Deposit Scheme	0%	2%	2%
Others	0%	21%	19%
	100%	100%	100%

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Company are shown below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate:			
Funded plan	7.20%	8.00%	8.00%
Unfunded plan	7.20%	8.05%	8.00%
Salary escalation rate:			
Funded plan	Management: 8.00% Staff: 7.00% Workers: 5.00%	Management: 7.00% Staff: 7.00% Workers: 5.00%	Management: 7.00% Staff: 7.00% Workers: 5.00%
Unfunded plan	Store & PFO: 7.00% HO & Zones: 8.00%	Store: 7.00% HO & Zones: 8.00%	Store: 7.00% HO & Zones: 8.00%

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

The overall expected rate of return on plan assets is determined based on the market prices 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 as at March 31, 2017 is as follows:

	As at March 31, 2017		As at March 31, 2016	
Sensitivity Level				
Discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO (Rs. in Lakhs)				
Funded Plan	(307)	338	(204)	224
Unfunded Plan	(68)	96	(39)	63
Salary escalation rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO (Rs. in Lakhs)				
Funded Plan	334	(306)	225	(206)
Unfunded Plan	88	(63)	61	(38)

The sensitivity analyses above 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 period in the method and assumptions used in preparing the sensitivity analysis.

The following payments are expected contributions to the defined benefit plan in future years:

	Rs. in Lakhs	
	March 31, 2017	March 31, 2016
Within the next 12 months (next annual reporting period)	325	259
From 2 to 5 years	967	802
From 6 to 9 years	1,051	881
Beyond 9 years	17,219	13,033
Total expected payments	19,562	14,975

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.18 to 19.27 years (March 31, 2016: 11.92 to 13.56 years).

Defined Benefit and Contribution Plans

Amount recognised as an expense and included in Note - 21 as "Contribution to provident and other funds"

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Contribution to Government Provident Fund	2,616	1,230
Contribution to Superannuation Fund	114	134
Contribution to Employee Pension Scheme	352	977
Contribution to Employee State Insurance (ESI)	742	646
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	18	36
Contribution to Labour Welfare Fund (LWF)	5	4
Contribution to Company owned Provident Fund Trust	-	369
Contribution to National Pension Scheme	22	15
	3,869	3,411

NOTE: 36

SHARE-BASED PAYMENTS

The expense recognised for employee services received during the year is shown in the following table:

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Expense arising from equity-settled share-based payment transactions	481	115
Expense arising from cash-settled share-based payment transactions	12	34
Expense arising on Employee Stock Option Scheme of erstwhile ultimate holding company	186	141
Total expense arising from share-based payment transactions	679	290

a. Employee Stock Option Plans (Options and RSUs)

The Company provides share-based payment schemes to its employees. During the year ended March 31, 2014, an Employee Stock Option Plan (ESOP) was introduced. The relevant details of the scheme and the grant are as below.

On July 22, 2013, the Nomination and Remuneration Committee (then named as ESOP Compensation Committee) ("Committee") and the Board of Directors ("Board") approved the introduction of an ESOP Scheme Viz. Pantaloons Employee Stock Option Scheme-2013 ("Scheme") for issue of stock options ("Options") and Restricted Stock Units ("RSUs") to the key employees and directors of the Company, 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 and authorised the Board / Committee to finalise and implement the Scheme. Accordingly, pursuant to the resolution passed by the Committee on October 25, 2013, the Committee finalised the Scheme and granted Options and RSUs to the eligible employees.

The details of the Scheme are as below:

i) Employees Stock Options Scheme

	Options		RSUs		
	Tranche I	Tranche II	Tranche I	Tranche II	Tranche III
No of Options	8,30,382	11,686	2,59,849	5,000	2,79,544
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 100% at the end 3rd year	Graded vesting - 100% at the end 3rd year	Graded vesting - 100% at the end 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	October 25, 2013	June 10, 2014	October 25, 2013	June 10, 2014	May 11, 2016
Grant / Exercise Price (Rs. per share)	102.10	118.20	10.00	10.00	10.00
Market Price on the date of granting of Option (Rs. per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 152.10 NSE - 152.10
Method of settlement	Equity	Equity	Equity	Equity	Equity

ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, share Options and RSUs during the year (excluding SARs):

Particulars	As at March 31, 2017			
	No. of Options	Weighted average exercise price (Rs. per share)	No. of RSUs	Weighted average exercise price (Rs. per share)
Tranche I				
Outstanding at the beginning of the financial year	5,36,299	102.10	2,17,121	10.00
Exercised during the financial year #	(2,62,925)	102.10	(1,89,950)	10.00
Lapsed during the financial year	(3,717)	102.10	(3,182)	10.00
Outstanding at the end of the financial year	2,69,657	102.10	23,989	10.00
Unvested at the end of the financial year	1,75,996	102.10	-	-
Exercisable at the end of the financial year	93,661	102.10	23,989	10.00
Tranche II				
Outstanding at the beginning of the financial year	11,686	118.20	5,000	10.00
Exercised during the financial year	-	-	-	-
Outstanding at the end of the financial year	11,686	118.20	5,000	10.00
Unvested at the end of the financial year	5,843	118.20	5,000	10.00
Exercisable at the end of the financial year	5,843	118.20	-	-

ii) Movement of Options and RSUs granted (Contd.)

As at March 31, 2017				
Particulars	No. of Options	Weighted average exercise price (Rs. per share)	No. of RSUs	Weighted average exercise price (Rs. per share)
Tranche III				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	-	-	2,79,544	10.00
Exercised during the financial year	-	-	(1,94,817)	10.00
Outstanding at the end of the financial year	-	-	84,727	10.00
Exercisable at the end of the financial year	-	-	84,727	10.00
As at March 31, 2016				
Particulars	No. of Options	Weighted average exercise price (Rs. per share)	No. of RSUs	Weighted average exercise price (Rs. per share)
Tranche I				
Outstanding at the beginning of the financial year	5,65,426	102.10	2,27,121	10.00
Exercised during the financial year *	(11,597)	102.10	-	-
Lapsed during the financial year	(17,530)	102.10	(10,000)	10.00
Outstanding at the end of the financial year	5,36,299	102.10	2,17,121	10.00
Unvested at the end of the financial year	3,55,701	102.10	2,17,121	10.00
Exercisable at the end of the financial year	1,80,598	102.10	-	-
Tranche II				
Outstanding at the beginning of the financial year	11,686	118.20	5,000	10.00
Exercised during the financial year	-	-	-	-
Outstanding at the end of the financial year	11,686	118.20	5,000	10.00
Unvested at the end of the financial year	8,765	118.20	5,000	10.00
Exercisable at the end of the financial year	2,921	118.20	-	-

The weighted average share price at the date of exercise of these Options was Rs. 136.82.

* The weighted average share price at the date of exercise of these Options was Rs. 224.55.

The remaining contractual life for the share Options outstanding as at March 31, 2017 was 6 years (March 31, 2016: 7 years) and for RSUs outstanding as on March 31, 2017 is 5 years (March 31, 2016: 6 years).

The ESOP compensation cost is amortised on a straight line basis over the total vesting period of the Options. Accordingly Rs. 481 Lakh (March 31, 2016: Rs. 115 Lakh) has been charged to the Statement of Profit and Loss.

iii) The following table lists the inputs to the models used for the Options and RSUs as on grant date:

Particulars	On the date of grant				
	Options		RSUs		
	Tranche I	Tranche II	Tranche I	Tranche II	Tranche III
Expected Dividend Yield (%)	NIL	NIL	NIL	NIL	NIL
Expected Volatility (%) *	45.93	44.77	45.93	44.77	37.41
Risk-free Interest Rate (%)	8.58	7.91	8.58	7.91	7.37
Weighted average fair value per Option (Rs.)	52.96	59.32	95.90	111.75	142.63
Model used	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

* Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last three years up to the date of grant as the Company was listed only for a few months prior to the date of grant.

b. Stock Appreciation Rights (SARs)

On October 25, 2013, Nomination and Remuneration Committee of the Board of Directors of the Company (then known as ESOP Compensation Committee) approved a plan for granting Stock Appreciation Rights ("SARs") to the eligible employees of the Company and also to its present future holding and/or subsidiary companies named as "Plan for Stock Appreciation Rights, 2013" ("Plan").

i) The details of the Plan are as below:

Particulars	SARs	
	Tranche I	Tranche II
No. of SARs	308,295	10,225
Method of accounting	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year
Exercise period	Not Applicable	Not Applicable
Grant date	October 25, 2013	June 10, 2014
Grant / Exercise Price (Rs. per share)	102.10	118.20
Market Price on the date of granting of SAR (Rs. per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40
Method of settlement	Cash	Cash

ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of SARs	Weighted average exercise price (Rs. per share)	No. of SARs	Weighted average exercise price (Rs. per share)
Tranche I				
Outstanding at the beginning of the financial year	1,65,694	102.10	1,81,032	102.10
Exercised during the financial year	(1,627)	102.10	-	-
Lapsed during the financial year	(3,255)	102.10	(15,338)	102.10
Outstanding at the end of the financial year	1,60,812	102.10	1,65,694	102.10
Unvested at the end of the financial year	49,425	102.10	1,02,098	102.10
Exercisable at the end of the financial year	1,11,387	102.10	63,596	102.10

ii) Movement of Options granted (Contd.)

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of SARs	Weighted average exercise price (Rs. per share)	No. of SARs	Weighted average exercise price (Rs. per share)
Tranche II				
Outstanding at the beginning of the financial year	10,225	118.20	10,225	118.20
Granted during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	10,225	118.20	10,225	118.20
Unvested at the end of the financial year	5,113	118.20	7,669	118.20
Exercisable at the end of the financial year	5,112	118.20	2,556	118.20

The SAR compensation cost is amortised on a straight line basis over the total vesting period of the SARs. Accordingly Rs.12 Lakh (March 31, 2016: Rs. 34 Lakh) has been charged to the Statement of Profit and Loss. The remaining contractual life for SAR outstanding as on March 31, 2017 is 3 years (March 31, 2016: 4 years).

iii) The following tables list the inputs to the models used for SARs for the years ended March 31, 2017 and March 31, 2016, respectively:

Particulars	As at March 31, 2017	
	Tranche I	Tranche II
Expected Dividend Yield (%)	NIL	NIL
Expected Volatility (%) *	27.69	34.37
Risk-free Interest Rate (%)	6.43	6.43
Weighted average fair value per SAR (Rs.)	58.59	50.88
Model used	Black-Scholes model	Black-Scholes model

Particulars	As at March 31, 2016	
	Tranche I	Tranche II
Expected Dividend Yield (%)	NIL	NIL
Expected Volatility (%) *	52.62	50.64
Risk-free Interest Rate (%)	7.61	7.61
Weighted average fair value per SAR (Rs.)	66.13	62.09
Model used	Black-Scholes model	Black-Scholes model

* Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last three years upto the date of grant as the Company was listed only for a few months prior to the date of grant.

The expected 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 Options is indicative of future trends, which may not necessarily be the actual outcome.

**NOTE: 37
COMMITMENTS****a) LEASES****Operating lease commitments as lessee**

The Company has entered into agreements for taking on lease certain residential / office / store premises, warehouses, fixed assets on lease and license basis. The lease term is for a period ranging from 3 to 25 years with escalation clauses in the lease agreements.

Expenses / Income recognised in the Statement of Profit and Loss:

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	66,557	59,344
Contingent rent *	42,153	30,971
	108,710	90,315
Sublease payments received (not shown separately in the Statement of Profit and Loss)	176	197

* The contingent rent varies basis the net sales value (NSV).

Future minimum rentals payable under non-cancellable operating leases:

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Future minimum rentals payable under non-cancellable operating leases			
Within one year	19,864	15,598	13,895
After one year but not more than five years	61,638	41,756	37,195
More than five years	5,949	717	47,835
	87,451	58,071	98,925

The initial non-cancellable period of the lease agreement is up to 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 above disclosure.

b) CAPITAL AND OTHER COMMITMENTS

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction	5,593	4,666	3,423
Customs duty on capital goods and raw materials imported under advance licensing / EPCG scheme, against which export obligation is to be fulfilled	188	254	256

NOTE: 38
CONTINGENT LIABILITIES NOT PROVIDED FOR

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the company not acknowledged as debt			
Commercial taxes	3,509	1,690	949
Excise duty	1,360	1,360	1,040
Customs duty payable	254	254	321
Textile committee cess	214	214	214
Labour laws - Minimum Wages Act	19	78	78
ESIC demand notice for which appeal has been filed	11	11	11
Occupancy cost	-	-	917
Others	291	186	171
	5,658	3,793	3,701

The contingent liabilities, if materialised, shall entirely be borne by the Company, as there is no likely reimbursement from any other party.

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, reversal of credit on inputs used for manufacturing dutiable and exempted goods, etc., 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 where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. Refer above note for details on contingent liability. In respect of litigations, where the management assessment of a financial outflow is probable, the Company has made a provision of Rs. 2,888 Lakh as at March 31, 2017 (Rs. 609 Lakh as at March 31, 2016).

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.

NOTE: 39
RELATED PARTY TRANSACTIONS

Names of related parties and related party relationship with whom transactions have taken place during the year:

- Aditya Birla Retail Limited - Key Managerial Personnel has significant influence
- Aditya Birla Management Corporation Private Limited - Private Company whose Director is a Director in the Company
- Aditya Birla Online Fashion Private Limited - Private Company whose Director is a Director in the Company

Key Managerial Personnel

- Pranab Barua (Managing Director)
- Bharat Patel (Independent Director)
- Sukanya Kripalu (Independent Director)
- Arun Thiagarajan (Independent Director with effect from May 11, 2015)
- Sanjeeb Chaudhuri (Independent Director with effect from January 9, 2017)
- Ashish Dikshit (Chief Executive Officer with effect from November 1, 2016) (previously Business Head - Madura Fashion & Lifestyle with effect from January 9, 2016)

- g. Shital Mehta (Chief Executive Officer - Pantaloons with effect from January 9, 2016) (previously Chief Executive Officer of the Company with effect from January 1, 2013)
- h. S. Visvanathan (Chief Financial Officer)
- i. Vishak Kumar (Chief Executive Officer - Madura Fashion & Lifestyle with effect from November 1, 2016)

Key Managerial Personnel as per Companies Act, 2013 with whom transactions have taken place during the year

- a. Geetika Anand (Company Secretary)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Aditya Birla Online Fashion Private Limited		
Sales of goods	518	382
Reimbursement of expenses (Recovered from)	-	14
Aditya Birla Retail Limited		
Sales of goods	138	-
Rental income	84	78
Purchase	56	-
Expenses	-	107
Electricity charges	-	5
Rent	-	25
Repairs & maintenance - Others	-	5
Staff welfare expenses	-	72
Reimbursement of expenses (Recovered from)	81	428
Reimbursement of expenses (Paid to)	256	257

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Aditya Birla Management Corporation Private Limited		
Expenses	1,629	1,251
Advertisement and sales promotion	13	34
Communication expenses	24	16
Electricity charges	8	6
Insurance	1	1
Interest expenses	-	1
Legal and profession expenses	302	231
Miscellaneous expenses	129	56
Postage expenses	0	0
Printing and stationery	5	2
Rates and taxes	1	1
Rent	80	47
Repairs & maintenance - Others	23	10
Salaries, wages and bonus	1,043	770
Staff welfare expenses	-	22
Travelling and conveyance	-	54
Reimbursement of expenses (Paid to)	-	579
Purchase of Property, plant and equipment	15	-

Balance outstanding at the year end

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Amounts owed to related parties			
Aditya Birla Management Corporation Private Limited	274	84	1
Aditya Birla Retail Limited	-	58	24
Amounts owed by related parties			
Aditya Birla Retail Limited	203	-	-
Aditya Birla Online Fashion Private Limited	320	138	40
Deposit - Pranab Barua	250	250	-

No amounts in respect of the related parties have been written off / back are provided for 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. Outstanding balances at the year-end 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, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil; April 1, 2015: 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 of the Company

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Short-term employee benefits	1,800	865
Post-employment gratuity and medical benefits	72	35
Other long term benefits	198	22
Share-based payment transactions	245	98
Directors' sitting fees	10	12
Total compensation paid to Key Managerial Personnel	2,325	1,032

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

KMPs interests in the Option, RSU and SAR schemes

Scheme	Grant Date	Expiry Date	Exercise Price	As at	As at	As at
				March 31, 2017	March 31, 2016	April 1, 2015
				Number outstanding	Number outstanding	Number outstanding
Options - Tranche I	October 25, 2013	October 24, 2022	102.10	1,89,625	4,30,506	4,30,506
Options - Tranche II	June 10, 2014	June 9, 2023	118.20	-	-	-
				1,89,625	4,30,506	4,30,506
RSU - Tranche I	October 25, 2013	October 24, 2022	10.00	-	1,50,152	1,50,152
RSU - Tranche II	June 10, 2014	June 9, 2023	10.00	-	-	-
RSU - Tranche III	May 11, 2016	December 6, 2021	10.00	-	-	-
				-	1,50,152	1,50,152

KMPs interests in the Option, RSU and SAR schemes (Contd.)

Scheme	Grant Date	Expiry Date	Exercise Price	As at	As at	As at
				March 31, 2017	March 31, 2016	April 1, 2015
				Number outstanding	Number outstanding	Number outstanding
SAR - Tranche I	October 25, 2013	October 24, 2019	102.10	62,976	62,976	62,976
SAR - Tranche II	June 10, 2014	June 9, 2020	118.20	-	-	-
				62,976	62,976	62,976

**NOTE: 40
SEGMENT INFORMATION**

Based on the "management approach" as defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates the resources based on the analysis of various performance indicators by business segments. Accordingly the business of the Company is divided into two business segments. The business segment comprise of the following:

SEGMENT	ACTIVITIES
Madura Fashion & Lifestyle Pantaloons	Manufacturing and distribution of Branded Fashion Apparel and Accessories Retailing of Apparel and Accessories

The Forever 21 business has been included in Madura Fashion & Lifestyle considering both the divisions comprise of distribution of branded apparel and is viewed as a branded business.

Intersegment revenues are recognised at sales price.

Year ended March 31, 2017

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and Eliminations	Rs. in Lakhs
					Total
Revenue					
External customers	407,987	255,311	663,298	-	663,298
Inter-segment	3,438	(85)	3,353	(3,353)	-
Total Revenue	411,425	255,226	666,651	(3,353)	663,298

As at March 31, 2017

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and Eliminations	Rs. in Lakhs
					Total
Income / (Expenses)					
Depreciation and amortisation	9,940	14,307	24,247	-	24,247
Segment profit	19,836	(15,236)	4,600	750	5,350
Total Assets	283,181	218,958	502,139	1,445	503,584
Total Liabilities	145,482	51,647	197,129	(53)	197,076
Other disclosures					
Capital expenditure	25,921	17,002	42,923	-	42,923

Year ended March 31, 2016					Rs. in Lakhs
Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and Eliminations	Total
Revenue					
External customers	388,581	214,877	603,458	-	603,458
Inter-segment	9,308	775	10,083	(10,083)	-
Total Revenue	397,889	215,652	613,541	(10,083)	603,458
As at March 31, 2016					Rs. in Lakhs
Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and Eliminations	Total
Income / (Expenses)					
Depreciation and amortisation	7,893	25,916	33,809	-	33,809
Segment profit	23,833	(29,087)	(5,254)	(5,721)	(10,975)
Total Assets	249,220	216,085	465,305	(7,064)	458,241
Total Liabilities	136,238	46,452	182,690	(3,098)	179,592
Other disclosures					
Capital expenditure	9,285	11,612	20,897	-	20,897
As at April 1, 2015					Rs. in Lakhs
Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and Eliminations	Total
Total Assets	241,838	212,710	454,548	(8,212)	446,336
Total Liabilities	124,240	46,623	170,863	(9,498)	161,365

Inter segment revenues are eliminated upon consolidation and reflected in the 'Adjustments and Eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and Eliminations

Finance income and costs are not allocated to individual segments as the underlying instruments are managed on a Company basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Company basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

Reconciliation of profit

	Rs. in Lakhs	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Segment profit	4,600	(5,254)
Other un-allocable (expenditure) / income - net	(714)	(3,094)
Inter-segment profit on sale (elimination)	1,464	(2,627)
Profit / (Loss) before tax	5,350	(10,975)

Reconciliation of assets

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Segment operating assets	502,139	465,305	454,548
Unallocated corporate assets	2,862	1,476	1,286
Inter-segment eliminations	(1,417)	(8,540)	(9,498)
Total assets	503,584	458,241	446,336

Reconciliation of liabilities

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Segment operating liabilities	197,129	182,690	170,863
Unallocated corporate liabilities	200	2,815	-
Inter-segment eliminations	(253)	(5,913)	(9,498)
Total liabilities	197,076	179,592	161,365

**NOTE: 41
HEDGING ACTIVITIES**

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposure. 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.

**NOTE: 42
FAIR VALUES AND FAIR VALUE HEIRARCHY**

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be same as their fair values, due to their short-term nature.

The carrying values of loans, security deposits and investments in preference shares are considered to be reasonably same as their fair values. These are classified as level 2 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

**NOTE: 43
INCOME TAX**

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Profit or loss section

	Rs. in Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the Statement of Profit and Loss	-	-

OCI section - Deferred tax related to items recognised in OCI during the year:

	Rs. in Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Net loss / (gain) on re-measurement of defined benefit plans	-	-
Net (gain) / loss on revaluation of cash flow hedges	-	-
Unrealised (gain) / loss on FVTOCI debt securities	-	-
Income tax expense charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

	Rs. in Lakhs	
	Year ended March 31, 2017	Year ended March 31, 2016
Accounting profit before income tax	5,350	(10,975)
At India's statutory income tax rate of 30.9% (March 31, 2016: 30.9%)	1,653	(3,391)
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	418	106
Preliminary expenses disallowed / (allowed) under section 35DD	(266)	727
Utilisation of previously unrecognised tax losses to the extent of available profits	(1,121)	-
Depreciation (net of books and tax)	(1,330)	(2,492)
Expenses on which TDS has not been deducted under section 40(a)(ia)	278	269
Provision for gratuity	248	132
Non-deductible expenses for tax purposes:		
Loss on sale of assets	44	28
Other (deductible) / non-deductible expenses	76	(994)
	-	(5,615)
At the effective income tax rate of 0% (March 31, 2016: 0%)		
Income tax expense reported in the Statement of Profit and Loss	-	-

Deferred Tax

Deferred tax relates to the following:

	Balance Sheet			Statement of Profit and Loss	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation	14,018	14,861	8,923	843	(5,938)
Stamp duty	-	(185)	(195)	(185)	(10)
Gratuity	553	304	172	(249)	(132)
Provision for doubtful debts	444	197	176	(247)	(21)
Disallowance under section 43B and 40(a)(ia) of the Income Tax Act, 1961	1,355	937	589	(418)	(348)
Other items giving rise to temporary differences:					
Preliminary expenses under section 35DD	612	859	113	247	(746)
Expenses on which TDS has not been deducted under section 40(a)(ia)	1,436	1,158	888	(278)	(270)
Lease equalisation charges	544	370	1,657	(174)	1,287
Provision for share-based payment	34	34	34	-	-
Loss as per income tax computation	36,415	38,131	32,801	1,716	(5,330)
Deferred tax expense / (income)				1,255	(11,508)
Net deferred tax assets / (liabilities)*	55,411	56,666	45,158		

*In the absence of convincing evidence, the Company has not recognised deferred tax assets (DTA) on timing differences arising on the above mentioned items.

Reflected in the Balance Sheet as follows:

	Rs. in Lakhs		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets	-	-	-
Deferred tax liabilities	-	-	-
Deferred tax assets / (liabilities) (net)	-	-	-

Reconciliation of deferred tax assets / (liabilities) (net):

	Rs. in Lakhs	
	As at March 31, 2017	As at March 31, 2016
As at the beginning of the year	-	-
Tax (income) / expense during the year recognised in Statement of Profit and Loss	-	-
Tax (income) / expense during the year recognised in OCI	-	-
As at the end of the year	-	-

**NOTE: 44
SCHEME OF ARRANGEMENT**

1. As at April 1, 2015, Madura Undertaking of Aditya Birla Nuvo Limited ("ABNL") and MGL Retail Undertaking of Madura Garments Lifestyle Retail Company Limited ("MGLRCL") (collectively hereinafter referred to as 'Madura Fashion & Lifestyle' or 'Demerged Undertakings'), were demerged and transferred to the Company (then named as Pantaloons Fashion & Retail Limited) (hereinafter referred to as 'resulting Company'), pursuant to a Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956, duly approved by the shareholders and creditors of the Company, ABNL and MGLRCL and subsequently sanctioned by Hon'ble High Court of Judicature at Gujarat and Bombay by virtue of their respective orders dated October 23, 2015 and December 5, 2015 (the 'Composite Scheme'), on a going concern basis, with effect from the appointed date of the Scheme i.e. April 1, 2015.

Board of Directors of the Company, the Madura Demerger Committee of the Board of Directors of ABNL and Madura Garments Lifestyle Demerger Committee of the Board of Directors of MGLRCL, at their respective meetings held on January 9, 2016, made and declared the effective date of the Composite Scheme to be January 9, 2016.

Further to the effectiveness of the Composite Scheme, name of the Company was changed from "Pantaloons Fashion & Retail Limited" to "Aditya Birla Fashion and Retail Limited".

2. In accordance with the Scheme, the Company has acquired the following assets and liabilities as on the appointed date of the Demerged Undertaking at book value as set out below:

A. In respect of Madura Undertaking of ABNL

	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
Assets taken over		
Fixed assets (net block)	26,672	
Capital work-in-progress	1,146	
Deferred tax assets (Refer Point - 5)	5,216	
Long-term loans and advances	15,220	
Other non-current assets	12	
Current Assets		
Inventories (includes stores and spares of Rs. 53 Lakh)	62,399	
Trade receivables	54,253	
Cash and bank balances	1,665	
Short-term loans and advances	9,239	
Other current assets	947	1,76,769
Liabilities taken over		
Long-term borrowings	7,297	
Other long term liabilities	9,692	
Current liabilities		
Short-term borrowings	37,359	
Trade payables	99,115	
Other current liabilities	6,325	
Short-term provisions	4,746	
Hedge reserve	29	1,64,563
Net assets taken over - A		12,206
Consideration of 677,158,862 equity shares of Rs 10/- each as per Scheme		67,716
Deficit adjusted in Goodwill		55,510
Add: Adjustment of deferred tax asset (Refer Point - 5)		5,216
Goodwill		60,726

	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
B. In respect of MGL Undertaking of MGLRCL:		
Assets taken over		
Fixed assets (net block)	1,480	
Capital work-in-progress	44	
Long-term loans and advances	1,081	
Other non-current assets	43	
Current Assets		
Inventories	8,391	
Trade receivables	416	
Cash and bank balances	219	
Short-term loans and advances	1,302	
Other current assets	157	13,133
Liabilities taken over		
Other long-term liabilities	64	
Current liabilities		
Short-term borrowings	3,622	
Trade payables	5,019	
Other current liabilities	1,857	
Short-term provisions	163	
Hedge reserve	(27)	10,698
Net assets taken over - B		2,435
Consideration of 2,660,916 equity shares of Rs. 10/- each as per Scheme		266
Excess adjusted in Capital reserve (Refer Point - 3)		2,169

3. 679,819,778 equity shares of Rs.10/- each fully paid up of the Company were to be issued to the shareholders of ABNL and MGLRCL, whose names were registered in the register of members on the record date, without payment being received in cash respectively, in the following share entitlement ratio (as enumerated in the Composite Scheme):
- i) 26 equity shares of the Company to the equity shareholders of ABNL for every 5 equity shares held by them in ABNL - pursuant to transfer of the Madura Undertaking;
 - ii) 7 equity shares of the Company to the equity shareholders of MGLRCL for every 500 equity shares held by them in MGLRCL and 1 equity share to the preference shareholders of MGLRCL - pursuant to transfer of the MGL Retail Undertaking.

Out of the aforesaid total issued shares, Board of Directors, on January 27, 2016, allotted 676,037,600 equity shares of Rs. 10/- each to the shareholders of ABNL and MGLRCL.

Pursuant to Clause 21 of the Composite Scheme, allotment of 3,782,178 equity shares of Rs. 10/- each to the non-resident public shareholders of ABNL has been kept pending until receipt of applicable regulatory approvals. Subsequently till March 31, 2017, the Company has allotted 1,036,736 equity shares.

The face value of pending allotment of 2,745,442 equity shares has been accounted as "Share suspense account" as at March 31, 2017.

4. In terms of the Scheme, all assets and liabilities of the Demerged Undertakings have been transferred and stands vested with the Company with effect from the appointed date i.e April 1, 2015 at their respective book values as on that date. Further with effect from the appointed date and upto and including the effective date the demerged Company was deemed to have been carrying on all business activities of the Demerged Undertakings and all the profit / losses accruing to the demerged Company in relation to the Demerged Undertakings for the period commencing from the appointed date and upto the effective date for all purposes was treated as the profit / losses, as the case may be of the Company.

5. In accordance with the Scheme, the difference between the share capital issued and the net assets taken over has been treated as Goodwill / Capital reserve. Further, in absence of convincing evidence the Deferred Tax Asset of Madura Undertaking amounting to Rs. 5,216 Lakh has been adjusted to the Goodwill arising from the Composite Scheme and MGL Retail Undertaking has not recognised net deferred tax asset arising on the assets and liabilities of the Demerged Undertakings taken over as on the appointed date.
6. The acquisition has been accounted by the Company in accordance with the terms of the Scheme of Arrangement as approved by the High Court of Gujarat and Bombay and has not been restated in accordance with Ind AS 103.

NOTE: 45**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2017 and March 31, 2016.

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 and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; 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, 2017 and March 31, 2016.

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 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. At March 31, 2017 approximately 62% of the Company's borrowings are at a fixed rate of interest (March 31, 2016: 16%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings taken at floating rates. With all other variables held constant, the Company's profit / (loss) before tax is affected through the impact on floating rate borrowings, as follows:

	As at March 31, 2017		As at March 31, 2016	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Basis Points				
Effect on profit before tax				
Rs. in Lakhs	382	(382)	775	(775)

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 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. As at March 31, 2017, the Company has hedged 100% (March 31, 2016: 100%) of its receivables in foreign currency and 74% of its payables in foreign currency (March 31, 2016: 100%).

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 before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	As at March 31, 2017		As at March 31, 2016	
Change in USD rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect on profit before tax				
Rs. in Lakhs	12	(12)	-	-

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. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

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. At March 31, 2017, the Company had 11 customers (March 31, 2016: 9 customers) that owed the Company more than Rs. 500 Lakh and accounted for approximately 75% (March 31, 2016: 71%) of all the receivables outstanding. There were 88 customers (March 31, 2016: 88 customers) with balances greater than Rs. 50 Lakh accounting for just over 14% (March 31, 2016: 20%) of the total amounts receivable.

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's maximum exposure to credit risk for the components of the Balance Sheet at March 31, 2017 and March 31, 2016 is the carrying amounts as provided in Note - 9.

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 38% of the Company's debt will mature in less than one year at March 31, 2017 (March 31, 2016: 63%) 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 a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

As at March 31, 2017

Particulars	Rs. in Lakhs			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	77,363	127,048	-	204,411
Redeemable Preference Shares	-	51	-	51
Other financial liabilities	9,616	-	-	9,616
Deposits	5,883	7,851	-	13,734
Trade and other payables	155,105	-	-	155,105
Derivatives	202	-	-	202

As at March 31, 2016

Particulars	Rs. in Lakhs			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	117,267	67,664	-	184,931
Redeemable Preference Shares	-	51	-	51
Other financial liabilities	5,889	-	-	5,889
Deposits	5,120	6,715	-	11,835
Trade and other payables	142,981	-	-	142,981
Derivatives	24	-	-	24

As at April 1, 2015

Particulars	Rs. in Lakhs			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	78,803	101,047	-	179,850
Redeemable Preference Shares	-	51	-	51
Other financial liabilities	7,883	-	-	7,883
Deposits	4,761	3,858	-	8,619
Trade and other payables	124,146	-	-	124,146
Derivatives	30	-	-	30

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is leader in apparels in the country and has a diversified portfolio of brands.

**NOTE: 46
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 expectations. The policy of the Company is to borrow through banks / financial institutions supported by committed borrowing facilities to meet anticipated funding requirements.

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:

	As at March 31, 2017	As at March 31, 2016	Rs. in Lakhs As at April 1, 2015
Short term debt (including current maturities of long term debt)	77,363	117,267	78,803
Long term debt	127,099	67,715	101,098
Total borrowings	204,462	184,982	179,901
Equity	95,816	90,549	101,386

NOTE: 47

FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a. Business Combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require re-statement of all business combinations prior to the transition date.

The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated. Ind AS 101 also requires that Indian GAAP carrying amount of Goodwill must be used in the opening Ind AS Balance Sheet. In accordance with Ind AS 101, the Company has tested Goodwill for impairment at the date of transition to Ind AS. No Goodwill impairment was deemed necessary at April 1, 2015.

b. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for decommissioning liabilities. This exemption can also be used for Intangible assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its Property, plant and equipment and Intangible assets at their previous GAAP carrying value.

c. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

Accordingly, the Company has elected to assess all the contracts existing at the date of transition to Ind AS.

d. Estimates

The estimate as at April 1, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP.

Reconciliation of equity as at April 1, 2015 (date of transition to Ind AS)

Rs. in Lakhs

	Footnotes	Indian GAAP			Adjustments Ind AS	
		ABFRL as at April 1, 2015	Taken over pursuant to demerger (Refer Note - 44)#	Elimination between division	Total	Pursuant to transition to Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment		37,487	25,396	-	62,883	- 62,883
Capital work-in-progress		377	1,190	-	1,567	- 1,567
Goodwill		116,755	62,767	-	179,522	- 179,522
Other intangible assets		3,693	715	-	4,408	- 4,408
Financial assets						
Loans		19	425	-	444	- 444
Security deposits	2	6,152	15,079	-	21,231	(4,678) 16,553
Others		-	54	-	54	- 54
Prepayments	2	84	464	-	548	3,178 3,726
Other non-current assets		1,906	642	-	2,548	- 2,548
Sub-Total - (A)		166,473	106,732	-	273,205	(1,500) 271,705
Current assets						
Inventories	3	42,733	70,790	-	113,523	1,502 115,025
Financial assets						
Loans		134	265	-	399	- 399
Security deposits	2	1,422	2,770	-	4,192	8 4,200
Derivative instruments		-	26	-	26	- 26
Trade receivables	3	707	54,584	(11,302)	43,989	(3,138) 40,851
Cash and cash equivalents		721	1,980	-	2,701	- 2,701
Others		-	20	-	20	- 20
Prepayments	2	327	1,571	-	1,898	1,094 2,992
Other current assets		1,729	6,688	-	8,417	- 8,417
Sub-Total - (B)		47,773	138,694	(11,302)	175,165	(534) 174,631
TOTAL (A+B)		214,246	245,426	(11,302)	448,370	(2,034) 446,336

		Rs. in Lakhs					
	Footnotes	Indian GAAP			Adjustments	Ind AS	
		ABFRL as at April 1, 2015	Taken over pursuant to demerger (Refer Note 44)#	Elimination between division	Total	Pursuant to transition to Ind AS	ABFRL as at April 1, 2015
EQUITY AND LIABILITIES							
Equity							
Equity share capital		9,279	-	-	9,279	-	9,279
Preference share capital	4	51	-	-	51	(51)	-
Other equity							
Share suspense account		-	67,982	-	67,982	-	67,982
Share premium		75,137	-	-	75,137	-	75,137
Retained earnings	15	(50,010)	-	-	(50,010)	(3,475)	(53,485)
Other reserves	8	100	2,171	-	2,271	202	2,473
Sub-Total - (C)		34,557	70,153	-	104,710	(3,324)	101,386
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	4	93,750	7,297	-	101,047	51	101,098
Deposits	6	21	4,192	-	4,213	(355)	3,858
Employee Benefit Obligation	8	656	-	-	656	53	709
Liabilities for rent straight lining	5	5,390	1,919	-	7,309	515	7,824
Other payables	6	-	-	-	-	321	321
Sub-Total - (D)		99,817	13,408	-	113,225	585	113,810
Current liabilities							
Financial liabilities							
Borrowings		29,812	33,876	-	63,688	-	63,688
Trade payables	4	31,141	104,293	(11,302)	124,132	14	124,146
Deposits	6	-	4,878	-	4,878	(117)	4,761
Other financial liabilities		13,736	9,292	-	23,028	-	23,028
Deferred revenue		1,612	1,234	-	2,846	-	2,846
Employee Benefit Obligation		1,565	3,675	-	5,240	-	5,240
Liabilities for rent straight lining	5	942	887	-	1,829	683	2,512
Other current liabilities	6	1,064	3,730	-	4,794	125	4,919
Sub-Total - (E)		79,872	161,865	(11,302)	230,435	705	231,140
TOTAL (C+D+E)		214,246	245,426	(11,302)	448,370	(2,034)	446,336

The take over of Madura division pursuant to the demerger has been accounted for before the transition of the Company to Ind AS.

Reconciliation of equity as at March 31, 2016

	Footnotes	Indian GAAP	Rs. in Lakhs	
			Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	1	48,220	149	48,369
Capital work-in-progress		2,538	-	2,538
Goodwill		179,522	-	179,522
Other intangible assets		4,429	-	4,429
Financial assets				
Loans		357	-	357
Security deposits	2	23,256	(7,026)	16,230
Others		37	-	37
Prepayments	2	981	2,653	3,634
Other non-current assets		7,626	-	7,626
Sub-Total - (A)		266,966	(4,224)	262,742
Current assets				
Inventories	3	139,237	1,816	141,053
Financial assets				
Loans		443	-	443
Security deposits	2	7,042	2,902	9,944
Trade receivables	3	35,418	(4,180)	31,238
Cash and cash equivalents		1,906	-	1,906
Bank balance other than above		18	-	18
Others		3,403	-	3,403
Prepayments	2	2,145	1,209	3,354
Other current assets	7	4,450	(310)	4,140
Sub-Total - (B)		194,062	1,437	195,499
TOTAL (A+B)		461,028	(2,787)	458,241

	Footnotes	Rs. in Lakhs		
		Indian GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		76,884	-	76,884
Preference share capital	4	51	(51)	-
Other equity				
Share suspense account		378	-	378
Share premium		75,148	-	75,148
Retained earnings	14	(60,424)	(4,023)	(64,447)
Other reserves	8	2,333	253	2,586
Sub-Total - (C)		94,370	(3,821)	90,549
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	4	67,664	51	67,715
Deposits	6	7,245	(530)	6,715
Employee Benefit Obligation	8	822	36	858
Liabilities for rent straight lining	5	2,798	1,139	3,937
Other payables	6	-	618	618
Sub-Total - (D)		78,529	1,314	79,843
Current liabilities				
Financial liabilities				
Borrowings		79,927	-	79,927
Trade payables	4	142,962	19	142,981
Deposits	6	5,319	(199)	5,120
Other financial liabilities	7	43,548	(295)	43,253
Deferred revenue		2,430	-	2,430
Employee Benefit Obligation		6,598	-	6,598
Liabilities for rent straight lining	5	2,173	(18)	2,155
Other current liabilities	6	5,172	213	5,385
Sub-Total - (E)		288,129	(280)	287,849
TOTAL (C+D+E)		461,028	(2,787)	458,241

Reconciliation of profit or loss for the year ended March 31, 2016

		Rs. in Lakhs		
	Footnotes	Indian GAAP	Adjustments	Ind AS
Revenue from operations	3,9,10,11,12	606,005	(2,547)	603,458
Total income		606,005	(2,547)	603,458
Expenses				
Cost of raw materials consumed		63,922	-	63,922
Purchases of traded goods		235,216	-	235,216
(Increase) / decrease in inventories of finished goods, work-in-progress & traded goods	3	(23,647)	(315)	(23,962)
Excise duty on sale of goods	9	-	66	66
Employee benefit expense	8,13	62,006	47	62,053
Other expenses	2,5,6,7,10,11,12	228,824	(503)	228,321
Total expenses		566,321	(705)	565,616
Earnings before interest, tax, depreciation and amortisation (EBITDA)		39,684	(1,842)	37,842
Less:				
Depreciation and amortisation expense	1	33,804	5	33,809
Finance costs	4,6	17,489	156	17,645
Add:				
Other income	1,6	290	177	467
Finance income	2	905	1,265	2,170
(Loss) / Profit Before Tax		(10,414)	(561)	(10,975)
(Loss) / Profit before tax		(10,414)	(561)	(10,975)
Tax expense				
(i) Current tax		-	-	-
(ii) Deferred tax		-	-	-
Income tax expense		-	-	-
(Loss) / Profit for the Year		(10,414)	(561)	(10,975)
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on defined benefit plans	13	-	13	13
Income tax effect		-	-	-
Other comprehensive income for the year		-	13	13
Total comprehensive income for the period		(10,414)	(548)	(10,962)

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016

1. Export Promotion Capital Goods (EPCG) – Under the previous GAAP, assets against which grants are available are recognised at value excluding import duties during capitalisation. Under Ind AS, assets needs to be capitalised including the import duties waived and Company can recognise these grants when there is reasonable assurance that it will meet all the conditions. Capital subsidy has to be setup as deferred income and recognised as income over the useful life of the asset. Consequently, the value of Property, plant and equipment is increasing by Rs. 154 Lakh and there is an increase in the amount of depreciation on the asset by Rs. 5 Lakh as at March 31, 2016. Also, the waiver in duty is recognised as deferred income which is recognised during the life of the asset. The amount recognised as income during the year March 31, 2016 is Rs. 6 Lakh. Further since the Company has adopted IGAAP values as deemed cost as at April 1, 2015, no other adjustment has been done.
2. Security deposits – Under the previous GAAP, interest free lease security deposits (that are refundable on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs. 4,124 Lakh as at March 31, 2016 (April 1, 2015: Rs. 4,670 Lakh). The prepaid rent increased by Rs. 3,862 Lakh as at March 31, 2016 (April 1, 2015 : Rs. 4,272 Lakh). Total equity decreased by Rs. 397 Lakh as at April 1, 2015. The profit for the year and total equity as at March 31, 2016 increased by Rs. 133 Lakh due to amortisation of the prepaid rent of Rs. 1,132 Lakh which is partially off-set by the notional interest income of Rs. 1,265 Lakh recognised on security deposits.
3. De-recognition of sales under the previous GAAP where there is a right to return – The revenue is de-recognised net of expenses and the total equity is decreased by Rs. 727 Lakh as at March 31, 2016 (April 1, 2015: Rs. 1,636 Lakh).
4. Redeemable Preference Shares – The Company has issued Cumulative Redeemable Preference Shares. Under previous GAAP, the preference shares were classified as equity and cumulative dividend payable thereon of Rs. 14 Lakh was treated as contingent liability. Under Ind AS, preference shares are classified as liability based on the terms of the contract. Thus the preference share capital is reduced by Rs. 51 Lakh as at March 31, 2016 (April 1, 2015: Rs. 51 Lakh) with a corresponding increase in borrowings as liability component. The profit or loss for the Company has reduced by Rs. 5 Lakh for the year ended March 31, 2016 on account of interest on preference share capital. There is an impact of Rs. 14 Lakh on total equity as at April 1, 2015. The opening contingent liability of Rs. 14 Lakh has been adjusted in the opening reserves.
5. Lease incentive – Under the previous GAAP, the lease incentive was not provided for in the books of account. Under Ind AS, the lease rentals are straight lined over the rent-free period. This change has resulted in an increase / (decrease) in the profit or loss for the year ended March 31, 2016 by Rs. 77 Lakh (April 1, 2015: Rs. (1,198) Lakh). Also, there is an increase in provision for rent straightlining by Rs. 1,121 Lakh as at March 31, 2016 (April 1, 2015: Rs. 1,198 Lakh).
6. Franchisee deposits – Under the previous GAAP, franchisee deposits (that are refundable on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued these franchisee deposits under Ind AS. Difference between the fair value and transaction value of the franchisee deposit has been recognised as deferred income. Consequent to this change, the amount of franchisee deposits decreased by Rs. 729 Lakh as at March 31, 2016 (April 1, 2015: Rs. 472 Lakh). The deferred income increased by Rs. 682 Lakh as at March 31, 2016 (April 1, 2015: Rs. 446 Lakh). The profit for the year and total equity as at March 31, 2016 increased by Rs. 20 Lakh due to amortisation of deferred income of Rs. 171 Lakh which is partially off-set by the notional interest expense of Rs. 151 Lakh recognised on franchisee deposits.
7. Forward contracts MTM – Under the previous GAAP, the gain / (loss) on reinstatement of forward contracts were recognised basis closing rates as on reporting date. Under Ind AS, the gain / (loss) on forward contracts

are recognised basis mark-to-market. The profit or loss for the Company is reduced by Rs. 15 Lakh for the year ended March 31, 2016. There is a corresponding impact on total equity as at March 31, 2016.

8. Employee stock option expense – Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled share based plan is recognised based on the fair value of the Options as at the grant date. Consequently, the amount recognised in share-based payment reserve increased by Rs. 51 Lakh as at March 31, 2016 (April 1, 2015: Rs. 202 Lakh). There is no impact on total equity.

In case of cash-settled employee share-based plan, there is an impact of Rs. (17) Lakh in the profit or loss for the year ended March 31, 2016. There is a similar impact in the total equity as at March 31, 2016 (April 1, 2015: 53 Lakh).

9. Excise duty – Under the previous GAAP, revenue from sale of goods was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by Rs. 66 Lakh. There is no impact in the total equity and profit.
10. Deferred revenue – Customer Loyalty Programme – The Company operates a loyalty point programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for future purchase, subject to a minimum number of points being obtained. Under the previous GAAP, the Company creates a provision towards its liability under the reward programme and recognises the same as an expense. Under Ind AS, fair value of the points is determined by applying a statistical analysis which is no different than the value recognised as an expense under earlier GAAP. The fair value allocated to the points issued is deferred and recognised as revenue when the points are redeemed. There is a change in revenue and expense by Rs. 411 Lakh but no change in total equity due to the above adjustment.
11. Cash discount and Shrinkage – Under the previous GAAP, the cash discount offered to customers on early payment and shrinkages at large format customer premises to be reimbursed by the Company, forms part of other expenses. Under Ind AS, the cash discount and shrinkage of Rs. 1,063 Lakh is reduced from revenue. There is no impact on total equity due to the corresponding adjustment.
12. Discount on gift vouchers – Under the previous GAAP, the discount on gift vouchers issued to customers forms part of other expenses. Under Ind AS, the discount on gift vouchers of Rs. 97 Lakh needs to be reduced from revenue. There is no impact on total equity due to the corresponding adjustment.
13. Re-measurement on defined benefit plans – Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change there is no impact on the total equity as at March 31, 2016.
14. Other comprehensive income – Under Ind AS, all items of income and expense recognised during the year should be included in profit or loss for the year, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss are shown in the Statement of Profit and Loss as "other comprehensive income". OCI for the Company includes re-measurement of defined benefit plans of Rs. 13 Lakh net of taxes. The concept of other comprehensive income did not exist under previous GAAP.
15. Retained earnings – Retained earnings as at April 1, 2015 and March 31, 2016 has been adjusted consequent to the above Ind AS transition adjustments.
16. Statement of cash flows – The transition from previous GAAP to Ind AS has not had a material impact on the Statement of cash flows.

NOTE: 48

During the year ended March 31, 2016, the Company with respect to its "Pantaloons" business had reassessed the useful life of leasehold improvements and immovable fixtures from the period of lease to six years as the same better reflects the expected usage of such assets.

Had the Company continued to use the earlier life of depreciating the leasehold improvements and immovable fixtures, its depreciation and loss for the year ended March 31, 2016 would have been lower by Rs. 10,040 Lakh.

NOTE: 49

During the year ended March 31, 2016, the Company with respect to its "Pantaloons" business had changed its estimate of using the premises on lease for the period of 6 years instead of erstwhile lease period, hence the lease rentals have been straight lined for a period of 6 years.

Had the Company continued to use the earlier lease period of straight lining its operating lease, its rent and losses for the year ended March 31, 2016 would have been higher by Rs. 5,190 Lakh.

NOTE: 50**DEBENTURE REDEMPTION RESERVE**

The Company has made profits in the current financial year, however considering the accumulated losses of the previous periods and the profit of the current year being inadequate to set off the accumulated losses, the Company has not transferred the required amount in the Debenture Redemption Reserve as per provisions of section 71 of the Act.

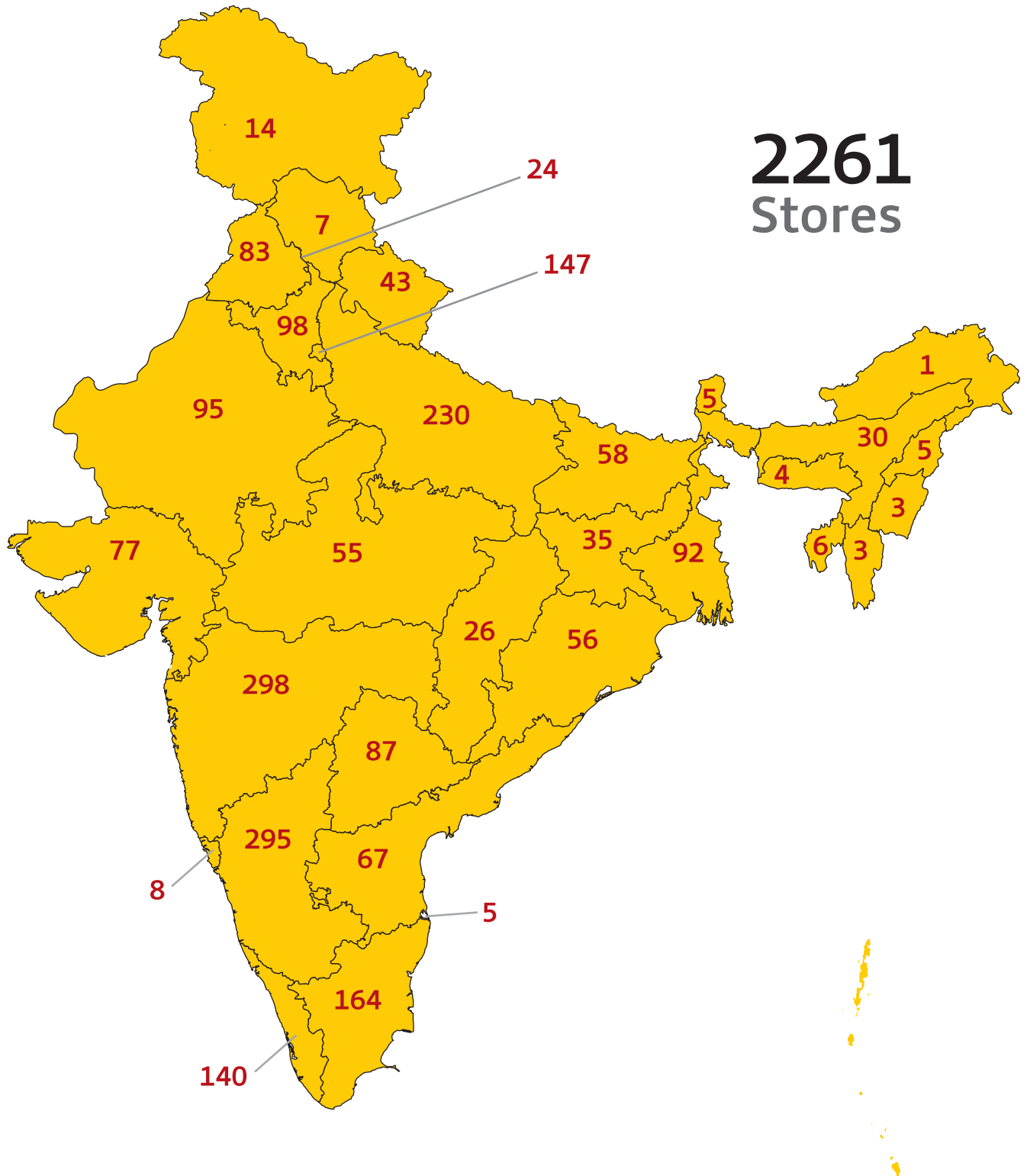
NOTE: 51**PREVIOUS YEAR FIGURES**

The Company has reclassified previous year figures to conform to this year's classification.

The figures for the current year includes the figures of the Forever 21 business acquired by the Company with effect from July 1, 2016 and are therefore to that extent not comparable with those of previous year.

As per our report of even date	For and on behalf of Board of Directors		
For S R B C & CO LLP ICAI Firm Reg. No.: 324982E / E300003 Chartered Accountants	Pranab Barua (Managing Director) (DIN: 00230152)	Sukanya Kripalu (Director) (DIN: 06994202)	Arun Thiagarajan (Director) (DIN: 00292757)
per Vijay Maniar Partner Membership No.: 36738	S. Visvanathan (Chief Financial Officer)	Geetika Anand (Company Secretary)	
Place: Mumbai Date: May 12, 2017	Place: Mumbai Date: May 12, 2017		

ABFRL STORE NETWORK



2261
Stores



Registered Office: Aditya Birla Fashion and Retail Ltd
7th Floor, Skyline Icon Business Park, 86-92, Off A.K. Road
Marol Village, Andheri (East), Mumbai 400 059
CIN: L18101MH2007PLC233901
Tel: (+91) 86529 05000 | **Fax:** (+91) 86529 05400
www.abfrl.com