MAKING INDIA FASHIONABLE

ADITYA BIRLA
FASHION & RETAIL

ANNUAL REPORT
2017-18

ADITYA BIRLA FASHION AND RETAIL LIMITED

BIG IN YOUR LIFE

Mr. Aditya Vikram Birla

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.

Letter to Shareholders

THE CHAIRMAN, ADITYA BIRLA GROUP

Dear Shareholder,

Global Economy

The global economy is on a rebound. The International Monetary Fund (IMF) estimates indicate that global real GDP grew 3.8% in 2017. This is the highest growth pace over the last six years. It is also the broadest synchronised global growth upsurge, since 2010 as underlined by IMF.

This impetus from a supportive monetary policy was further buoyed by a revival of investment spending in advanced economies. The expansionary fiscal and monetary policies in the US led to improve growth prospects. The US grew at 2.3% in 2017 as against 1.5% in 2016. Growth accelerated in Europe and Asia too.

The global economic recovery is expected to continue. For the current and the next year, a strong growth at 3.9% is projected. This positive outlook is somewhat clouded. Increased trade protectionism, rising international crude oil prices, geo-political risks and the uncertainty about normalisation of monetary policies in advanced economies from highly accommodative conditions in the past, are some of the factors that dim the outlook.

Indian Economy

India's economy is emerging strongly from the transitory effects of demonetisation and implementation of Goods and Services Tax (GST). Although India's GDP growth slowed from 7.1% in FY17 to 6.7% in FY18, the economy recorded a seven-quarter high GDP growth of 7.7% in the exit quarter of FY18. This reflects momentum.

India's macroeconomic indicators remain healthy. The fiscal deficit has been cut to 3.5% of GDP. India's foreign exchange reserves as at March end stood at a comfortable level of $ 424 billion.

Investors seem to be positive on India's economic prospects. The Foreign Direct Investment (FDI) flows continue to be encouraging. India's global ranking on the ease of doing business notched up to 100 from 142 in barely four years, while that on global competitiveness index has climbed from 71st in 2014-15 to 39th in 2016-17.

The prevailing sense of optimism accentuates India's continuing economic growth in the future as well. It is attributable to the country's solid fundamentals, such as deleveraging by corporates, resulting in much stronger balance sheets, better capacity utilisation with consumption demand becoming stronger, and insolvency and bankruptcy process weeding out non-performing assets, among others. The Government's unwavering push for infrastructure projects – Bharatmala Pariyojana, airports, metros, affordable housing, urbanisation, smart cities and digitisation are excellent stimulators for the economy's growth in the medium-term.

"India's economy is emerging strongly from the transitory effects of demonetisation and implementation of Goods and Services Tax (GST). India's macroeconomic indicators remain healthy. The fiscal deficit has been cut to 3.5% of GDP. India's foreign exchange reserves as at March end stood at a comfortable level of $ 424 billion."

> "Your Company recorded a turnover of ₹ 7,181 crores in FY 2018; a growth of 8.3% over the previous year on the wings of better performance across all of your Company's businesses."

At the same time, we cannot ignore near-term challenges. The bucket of concerns consist of rising oil prices, hardening inflation, firming bond yields and widening current account deficit. The ongoing global trade frictions, particularly between the US and China, are worrisome and can have a spillover negative effect on countries like India. So the terrain ahead could be a tad bumpy depending on the economic and geopolitical environment.

Your Company's Performance

Your Company recorded a turnover of ₹ 7,181 crores in FY 2018; a growth of 8.3% over the previous year on the wings of better performance across all of your Company's businesses. EBITDA grew to ₹ 501 crores vis-à-vis ₹ 476 crore last year, driven by improved profitability in our Value fashion segment. Your Company's profit after tax doubled at ₹ 118 crores versus to ₹ 54 crores in FY 2017.

The Lifestyle Brands: Louis Philippe, Allen Solly, Van Heusen and Peter England, sustained their leadership position backed by a strong brand equity and an increasing base of discerning consumers. Your Company's business underwent significant operational transformation with heightened focus on product design, innovation and multiple initiatives centered around driving channel efficiency.

Pantaloons extended through aggressive store additions and higher earnings. Spanning 275 stores across an area in excess of 4 million sq. ft. pan India, Pantaloons ranks amongst the leading players in the Value Fashion segment in India.

Your Company expanded its portfolio of super premium brands, in line with the overall movement of market in this space. Partnerships with iconic international brands like

American Eagle, Polo Ralph Lauren and Fred Perry were inked this year. In turn this has further strengthened its position in the growing segments of Premium and Super Premium brands.

With the launch of men's innerwear in FY 2017 under the Van Heusen brand, your Company entered the large and growing innerwear market. With an already established distribution reach of over 7,000 outlets across 75 cities in a short span, your Company is scaling up this business.

Outlook

I believe, the overall economic outlook for global and Indian economies is good. This will drive consumer spend in the Indian market, leading to sustained growth in the apparel sector. Your Company is well poised to leverage this opportunity, through its strong brand portfolio, varied product offerings and integrated multichannel play.

What Give Us The Edge

Undeniably our people, their dedication to work, their sense of belongingness and pride in the Group, their putting the organisation first and living our values. I acknowledge their contribution and count on their continued commitment to take our business far ahead.

The Aditya Birla Group: In Perspective

The year 2017-18 has been a momentous year on all counts. We reached a record revenue of $ 43 billion with an EBITDA of $ 6 billion. Our Group's market cap crossed the $ 50 billion mark. These spectacular achievements are a reflection not only of our growing size and scale, the inherent soundness

"Undeniably our people, their dedication to work, their sense of belongingness and pride in the Group, their putting the organisation first and living our values".

"I am delighted to share with you that Aon Hewitt, a reputed global consulting firm, in the 'Best Employers 2018' study conducted by them, have named our Aditya Birla Group as the 'Best Employer' in India."

of our strategies and operations, but importantly the enormous confidence that investors and other stakeholders have reposed in us.

I am delighted to share with you that Aon Hewitt, a reputed global consulting firm, in the 'Best Employers 2018' study conducted by them, have named our Aditya Birla Group as the 'Best Employer' in India.

Moving on to our people processes, what strikes me most is that the development and leadership aspects embedded in it, are all futuristic. I believe, we are headed in the right direction. Let me give you a flavour of what we have accomplished and how we are constantly refreshing and reengineering our HR initiatives.

Our Group HR has formulated a unique proposition for leadership development through the 2x2x2 formula. It is structured in a manner that accords opportunities to high talent to work in two businesses across two geographies and in two functions. Such an approach, should give a holistic experience and help prepare our leaders of the future.

I had apprised you earlier on the talent councils led by Business Heads and Directors at Group, business and at the functional levels. So far more than 250 talent council meetings have been held with over 8,000 development conversations and actions initiated for these colleagues. I have attended several of these meetings and am much encouraged by the positivity and enthusiasm they generate among employees down the line. They rightly believe that talent will always bubble to the top.

More than ever before in the people domain two segments that have grabbed the attention of progressive corporates, comprise of the millennials and gender diversity issue. In our Group 52% of our executives are under 35 years of age. They are the leaders of tomorrow whom we need to groom today.

Today, women constitute over 14% of our employee force. Game changing career enabling policies have been introduced. These include work life issues such as maternity, childcare, flexi time, local commute and accompanied travel for the child and the caretaker. Alongside as part of the family support initiative, paternity leave is also being provided.

For younger employees, through our flagship programme, which is the Aditya Birla Group Leadership Programme (ABGLP), we are building a robust talent pipeline at the entry, junior and middle levels who over the years move into senior leadership. From this cadre, over 350 youngsters have been placed across the Group.

Gyanodaya, the Aditya Birla Global Centre for Leadership and Learning continues its commitment to prepare P&L and manufacturing leaders through Accelerated Leadership Development programs. I take great pride in Gyanodaya bagging Gold Award as Best Corporate University – Culture and Brand in Global CCU Awards 2017, "for operating at the highest levels of excellence and creating value for people, business and society".

The sales, marketing and customer centricity academy, the HR academy enabled 1,765 managers hone their expertise to greater heights. The Gyanodaya virtual campus continues to offer 900+ e-learning modules in multiple languages.

"In our Group 52% of our executives are under 35 years of age. They are the leaders of tomorrow whom we need to groom today................
Today, women constitute over 14% of our employee force. Game changing career enabling policies have been introduced."

> **“Innovation and spirit of entrepreneurship that our employees bring to work is amazing and a major contributant to our Group scaling newer heights year after year.”**

During the year, nearly 40,000 employees leveraged the e-learning programme.

We are enhancing our HR processes for scale, agility and consistent employee experience. A comprehensive HR assurance and excellence framework, the HR portal to enable the last mile employee anytime anywhere connect, SeamEx, the Group HR Shared Services Center are milestones in this journey, as they enthuse and energise our people.

In sum,

Our Group’s robust revenue growth, healthy EBITDA margins, deploying capital efficiently and generating cash flows, support our ambitious growth plans. Innovation and spirit of entrepreneurship that our employees bring to work is amazing and a major contributant to our Group scaling newer heights year after year.

Yours sincerely,

Kumar Mangalam Birla
Chairman, Aditya Birla Group

Contents

Statutory Auditors	Secretarial Auditors	Registrar and Share Transfer Agent
M/s. S R B C & CO LLP Chartered Accountant [ICAI Firm Registration No. 324982E/E300003]	M/s. Dilip Bharadiya & Associates Company Secretaries	Link Intime India Pvt. Ltd.

Company Details

Aditya Birla Fashion and Retail Limited

CIN: L18101MH2007PLC233901

Registered Office: 701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off A. K. Road, Marol Village, Andheri (East), Mumbai - 400 059, Maharashtra, India

Tel.: +91 - 8652905000; **Fax:** +91 - 8652905400

Email: secretarial.abfrl@adityabirla.com; **Website:** www.abfrl.com;

FY2017-18 HIGHLIGHTS

₹7,181 Crore
REVENUE

₹501 Crore
EBITDA

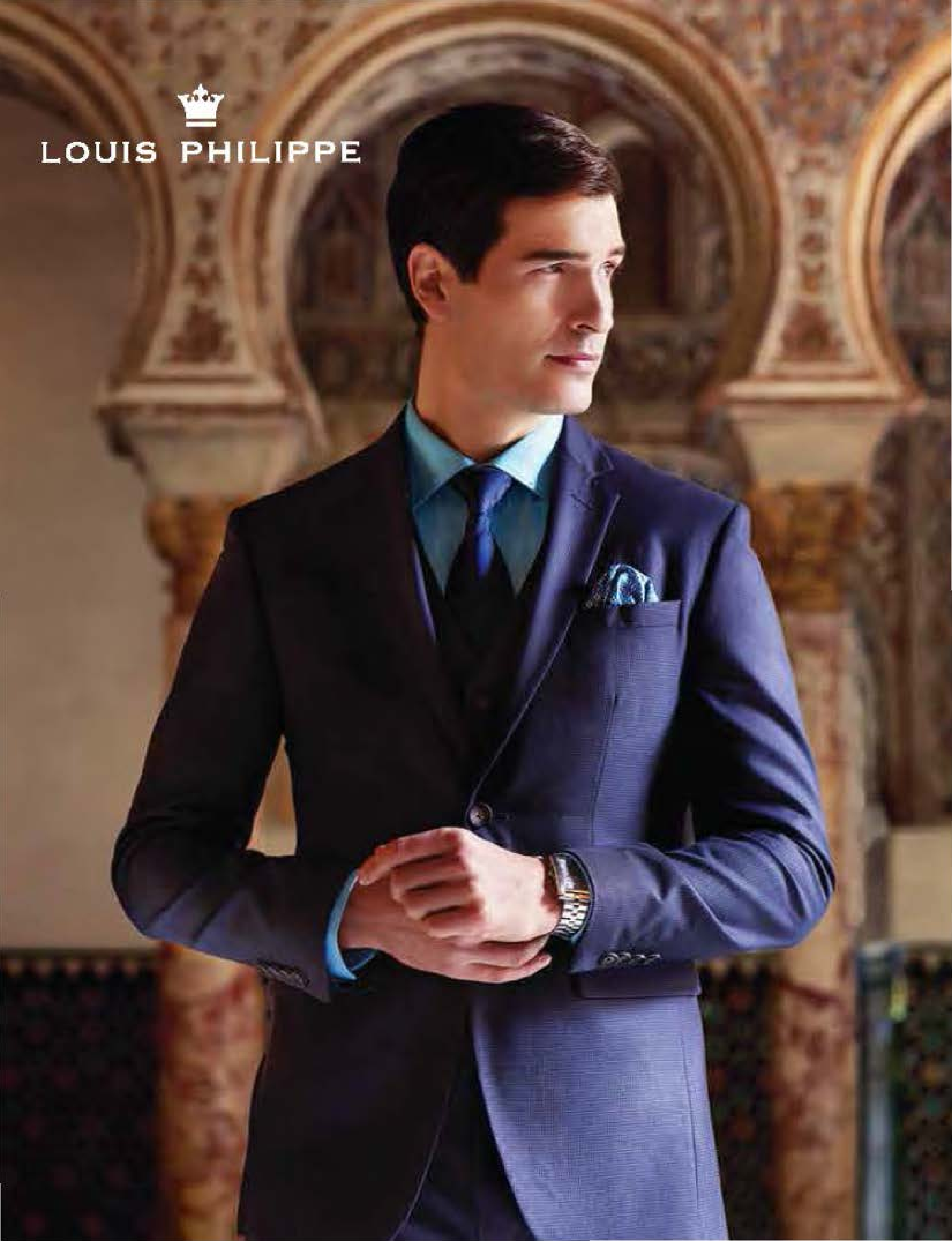
20,000+
EMPLOYEES

750+
CITIES

2,465
STORES

7 Million sq. ft.
RETAIL SPACE

*as on 31st March 2018


LOUIS PHILIPPE

298

Stores

400+

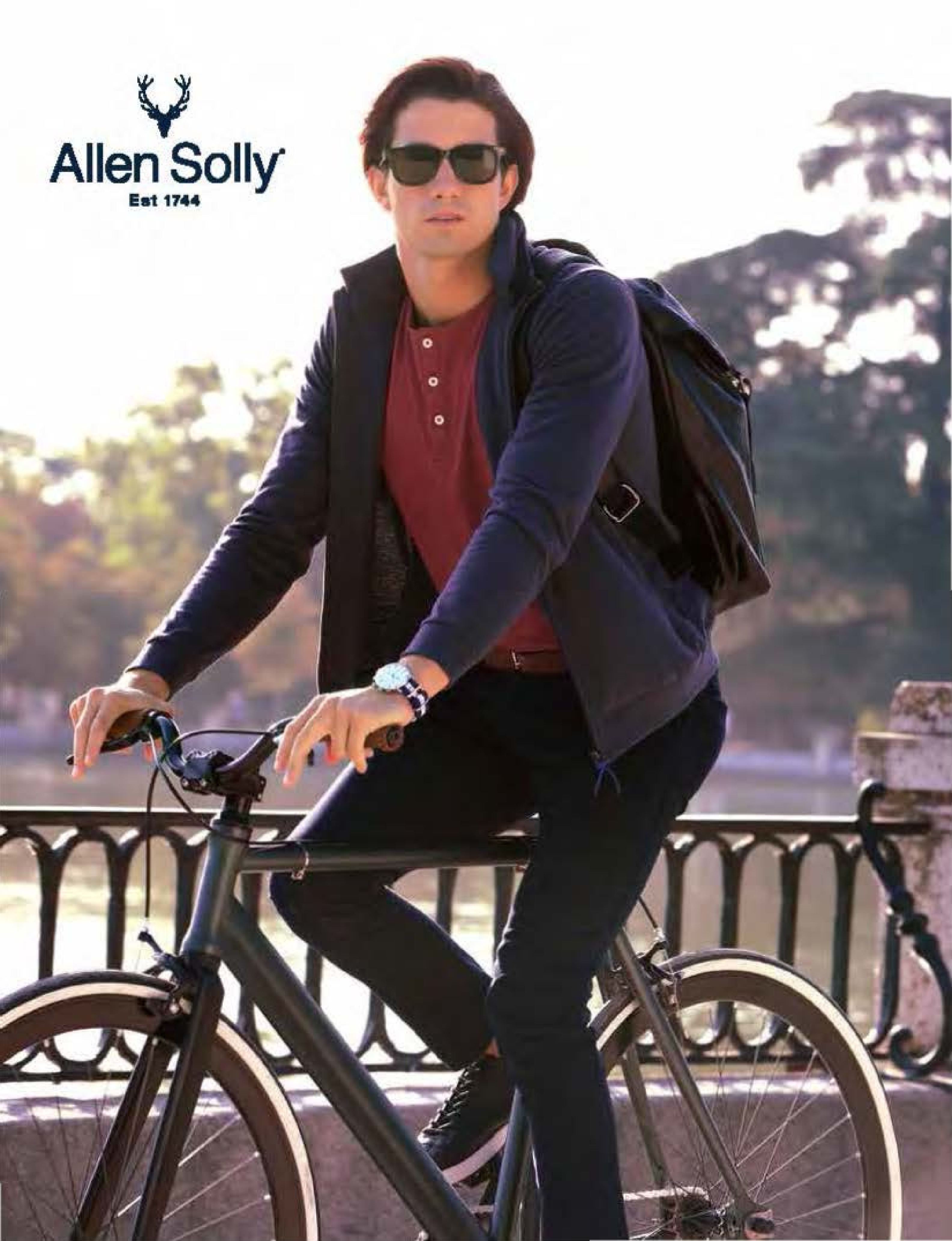
Cities

For over 25 years, Louis Philippe's Embellished Crest has been the epitome of fine craftsmanship and sophistication. It is truly the mark of a quintessential gentleman, manifesting a passion for excellence into exquisite menswear. From classic fashion to contemporary designs, the Louis Philippe collection includes formals and semi-formals along with footwear and accessories.

276
Stores

450+
Cities

Van Heusen has been committed to offering fashion-forward power dressing for dynamic professionals for over 20 years. A perfect blend of fashion and innovation, this definitive work wear brand for men and women has everything from shirts and suits for men to dresses and blazers for women. The Van Heusen collection spans formal wear, fashion formals, party wear, casual wear, ceremonial wear and customisable clothing.


Allen Solly
Est 1744

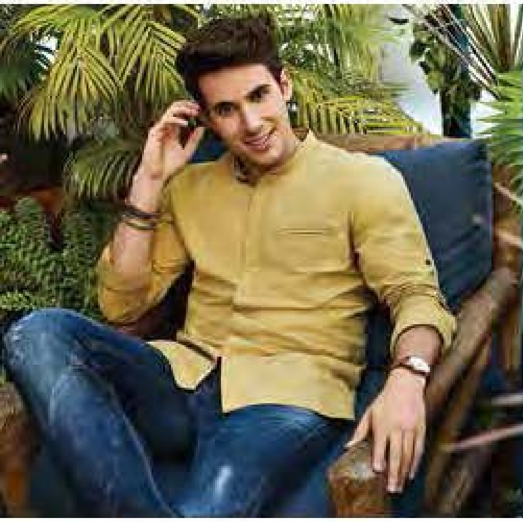
226
Stores

400+
Cities

Over the past two decades, Allen Solly has established itself as a leading brand for smart casuals. It is the pioneer of Friday Dressing in India with a collection that comprises shirts, T-shirts, chinos, jeans, trousers and jackets for men while womenswear includes dresses, tops, tunics, trousers, skirts, shirts, shorts, suits and blazers; all in a range of colours, innovative fabrics and stylish silhouettes.


PETER ENGLAND
BE EVERYTHING YOU LOVE

684
Stores



750+
Cities

The largest and most trusted menswear brand in India, Peter England offers unmatched value with a collection of contemporary work formals for young professionals. Its range has something for every occasion including shirts, trousers, suits, blazers and accessories. The brand also has an eclectic line of casual wear that spans washed cotton shirts, denims, cargos, jackets and sweaters.


pantaloons
IN ♥ WITH FASHION

275
Stores

130+
Cities

Recognized as India's 'Most Trusted Fashion Retailer' in the Brand Equity survey by The Economic Times 2016-2017.

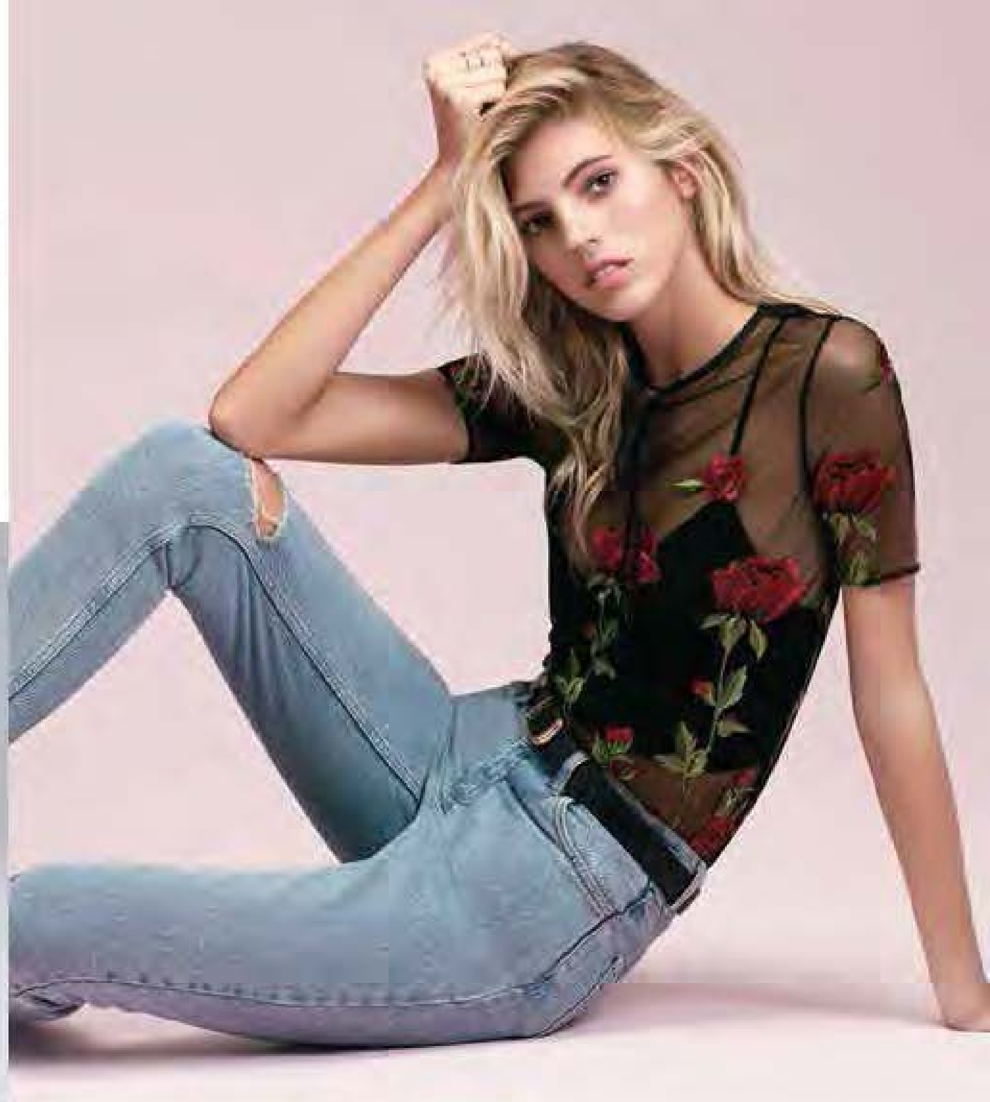
Committed to delivering the latest trends with its myriad brands, Pantaloons has been India's family shopping destination for 20 years now. It caters to different segments and fashion sensibilities, but what makes Pantaloons truly inimitable is the combination of 'wow fashion' and 'wow prices'. With its inviting stores and hospitable service, Pantaloons has garnered a strong Greencard member base of ten million. Such affinity for the brand is testimony to its one-of-a-kind shopping experience.

86
Stores

48
Cities

People is a one-stop shopping destination for young men and women with its trendy and fashion forward product line. Characteristic of the edgiest styles and college-ready attitude, this fast-fashion brand is changing the way the Indian youth dresses. Its collection of casual shirts, T-shirts, tops, kurtas, jeans, winter wear, footwear and accessories brings international runway trends to the street.

FOREVER 21



22
Stores

18
Cities

Catering to the fashion-conscious woman, the iconic Californian brand Forever 21 has rapidly gained popularity nationwide with its fast-fashion format. With stores in all major cities, this brand has built a strong market presence in India by offering the latest global trends at incredible prices.

AMERICAN EAGLE

American Eagle Outfitters, Inc. is a leading global specialty retailer that offers high-quality, on-trend clothing, accessories and personal care products at affordable prices under two distinct labels, American Eagle Outfitters and Aerie. The company operates more than 1,000 stores in the United States, Canada, Mexico, China and Hong Kong, and ships to 82 countries worldwide through its websites. American Eagle Outfitters and Aerie merchandise are also available at over 190 international locations operated by licensees in 24 countries.


RALPH LAUREN



"What I do is about living. So what I create is not about clothes, but about how they transform the people that wear them." – Ralph Lauren

Ralph Lauren has stayed true to that same vision for nearly 50 years, from his early days selling ties out of a drawer in the Empire State Building to the network of global fashion brands he oversees today. Ralph Lauren is now an American cultural icon in his own right, and the company he created is a global leader in the design, marketing, and distribution of premium apparel, accessories, home goods, and fragrances. His name is synonymous with timeless design, impeccable quality, and the utmost attention to detail.

TED BAKER

LONDON

Ted Baker London is world-renowned for its stylish and sophisticated menswear, womenswear, accessories (and everything in between), and is loved for its quality and distinctive use of design and colour. With the perfect blend of attention to detail, beautiful designs and high quality fabrics, Ted mixes traditional and contemporary influences with an irreverent sense of humour and a quintessential British attitude.

HACKETT
LONDON

A British luxury clothing retailer, Hackett specialises in formal menswear for spirited professionals.

FRED PERRY

The eponymous creation of Fred Perry, this British heritage brand successfully channels the Wimbledon champion's trademark style — a blend of sportswear and street fashion. It has been redefining classic over the last century with authenticity, integrity and attitude.

SIMON CARTER
LONDON

Simon Carter transcends traditional work and casual fashion with its quirky and eclectic designs. Its range of apparel and accessories specifically caters to the youth with a strong sense of personal style.

ReEarth

for our tomorrow

Our Vision

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

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

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

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

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

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

Let's preserve our tomorrow.
Let's protect our planet.
Let's ReEarth.

ReEarth

for our tomorrow

GREEN BUILDING

Received 'GOLD' certification for two manufacturing units under LEED rating system by the US Green Building Council.

WATER

20% reduction of ground water withdrawal from FY 2016–17.

54% of water recycled and reused across our own facilities.

SAFETY

"Zero Fatality" recorded in the workplace.

PRODUCT

Higg Index Assessments (5th consecutive year) and ABFRL Code of Conduct (3rd consecutive year) were carried across in-house brands, facilities and select vendor base.

Product Sustainability attribute measurement defined across raw material, production, people, factories and packaging.

Only Asian Brand to participate in the transparency pilot (Digital identity) conducted by the SAC.

WASTE

Achieved Zero Waste to landfill at own facilities.

CARBON FOOTPRINT

Achieved 3.5% reduction in Scope 1 & 2 emissions.

WASH

(Water, Sanitation & Hygiene)

Over 99% compliance with WBCSD's WASH Pledge at ABFRL facilities.

ENERGY

3% reduction in purchase of grid electricity through energy efficiency measures.

PACKAGING

Over 89% of our product packaging material is non-pollutant.

Corporate Social Responsibility

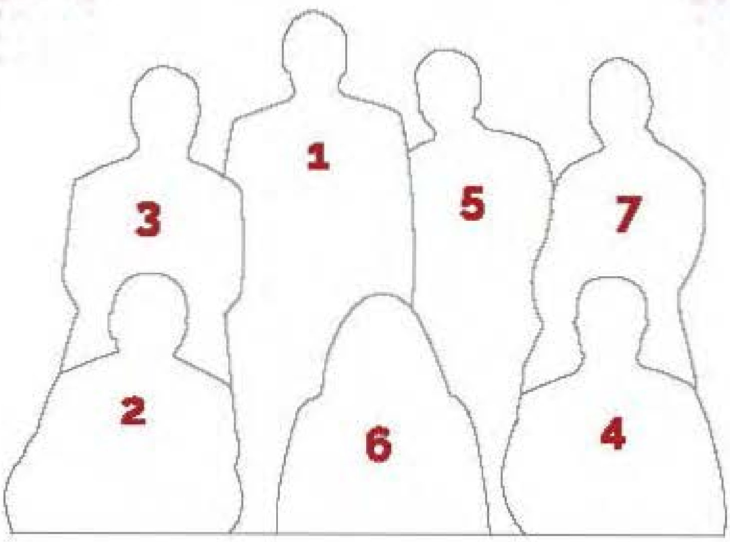
Our focus areas are girl child education, health & sanitation, sustainable livelihood and employee volunteering. The impact achieved through the initiatives is outlined below.

Education
13,482
students

Sustainable Livelihood
623
youths

Healthcare
2,18,706
individuals

Social Empowerment
10,791
Individuals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Board of Directors

1. **Mr. Arun Thiagarajan, Independent Director, 73,** 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.

2. **Mr. Ashish Dikshit, Managing Director, 48,** is an Electronics & Electrical Engineer from IIT - Madras and holds a Master's Degree in Business Administration from IIM – Bangalore. He is also an alumnus of Harvard Business School through its Advanced Management Program. He has worked in diverse roles across industries and functions over the last 25 years. Mr. Dikshit started his career at Asian Paints before moving to Madura Fashion and Lifestyle Division of the Company, where he worked in its various functions ranging from Sales, Brand Management, Supply Chain and Sourcing over 15 years. He was appointed President of its Lifestyle Business in 2007 and went on to become its CEO in 2012. Earlier, he also served as the Principal Executive Assistant to the Chairman of Aditya Birla Group, where he built strong knowledge across Group's various businesses in multiple industry sectors, ranging from manufacturing businesses such as Metals, Cement, Textiles and Speciality chemicals to consumer businesses such as Telecom, Financial Services and Retail. He was honoured with the "Outstanding Leader Award" in the year 2011 by the Chairman of Aditya Birla Group.

3. **Mr. Bharat Patel, Independent Director, 73,** 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.

4. **Mr. Pranab Barua, Non-Executive Director, 65,** is a Graduate in English (Honours) from St. Stephens College, New Delhi. He has attended many advanced management programmes in UK and the US. Mr. Barua has over 46 years of experience across multiple industries. Mr. Barua has been with the Group for over 10 years in various capacities. Presently, he is the Managing Director of Aditya Birla Retail Limited. In recognition of his contribution, he was honoured with the "Leader of Leaders Award" in 2011, by the Chairman of Aditya Birla Group and earlier this year, he was nominated as the Mentor for the Group. Before joining the Aditya Birla Group, he was working with Private Equity groups and their portfolio companies. Prior to that, he served as the Chairman and Managing Director of Reckitt Benckiser India as well as the Regional Director of Reckitt Benckiser for South Asia. He also worked as Foods Director of Hindustan Unilever Limited and Sales & Marketing Director of Brooke Bond India Limited.

5. **Mr. Sanjeeb Chaudhuri, Independent Director, 65,** 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, Colgate-Palmolive and Unilever.

6. **Ms. Sukanya Kripalu, Independent Director, 57,** is a graduate from St. Xavier's College and the Indian Institute of Management, Calcutta. She is a consultant in the fields of marketing, strategy, advertising and market research. Her experience includes working with leading corporates like Nestle India Limited, Cadbury India Limited and Kellogg's India. She was also the CEO of Quadra Advisory, a WPP group company. Ms. Kripalu is presently on the Board of Directors of various companies, namely Ultratech Cement Limited, Huhtamaki Paper Products Limited, Aditya Birla Health Insurance, ENIL and Colgate India Limited.

7. **Mr. Sushil Agarwal, Non-Executive Director, 55,** is a Qualified Chartered Accountant and holds a Master's degree in Commerce. He is currently the Group Chief Financial Officer for the Aditya Birla Group and also the Whole Time Director & CFO of Grasim Industries Limited and a member of the Business Review Council, which is an institutionalized mechanism for bringing in wider managerial perspectives and leadership experiences, into reviewing the development, growth and operations of the Group's businesses. He has been with the Aditya Birla Group since the beginning of his career in 1989 and has a distinction of working closely with the former Chairman Late Mr. Aditya Vikram Birla and current Chairman Mr. Kumar Mangalam Birla. He has worked with several businesses of the Aditya Birla Group and has richly contributed in many Restructurings, Mergers and Acquisitions initiatives of the Aditya Birla Group with his widely acknowledged financial acumen and analytical skills. He is on the board of several companies and is widely networked. He is familiar with operations in most states in India and several countries abroad through his experience of more than 25 years. In recognition of his stellar contribution, he was awarded as "Business Leader Corporate CFO" at the 11th ICAI Awards 2017. He was also awarded as the "Asia's Best CFO" in the category "Best CFO (Mergers and Acquisition)" at the Golden Globe Tigers Award held in Kuala Lumpur in April 2018. He was honoured with the "Exceptional Contribution Award" in 2000 and "Outstanding Leadership Award" in 2014 by the Chairman of Aditya Birla Group. 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. He was named among India's best CFOs by Business Today in the category "Enhancing Competitiveness through M&A" in 2013.

Key Managerial Personnel

Mr. Jagdish Bajaj, Chief Financial Officer, 52, is a Chartered Accountant having rich experience in finance operations and his professional expertise lies in Business Restructuring and M&As. He has been with the Aditya Birla Group for 28 years and he started his career with the Group in 1989, beginning with Aditya Birla Nuvo Limited, followed by stints in Grasim, UltraTech Cement and Swiss Singapore. Prior to joining the Company, he was the CFO of International Trading Business of Aditya Birla Group. Mr. Bajaj is a recipient of the 'Chairman's Individual Award for Exceptional Contribution' in the year 2003 and winner of the 'Accomplished Leader Award' in the year 2016.

Ms. Geetika Anand, Company Secretary & Compliance Officer, 32, is Graduate in Commerce from R. A. Poddar College of Commerce & Economics and an Associate Member of the Institute of Company Secretaries of India ("ICSI"). 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. She is also a part of the Core Group for Vision ICSI 2022. She is a speaker on Corporate Restructuring, Listing Regulations, Corporate Governance, Company Law, Securities Law, Mergers & Acquisitions, Takeovers, Fund Raising, etc., at the Seminars/Conferences/Workshops/Training programmes.

Other Key Executives

Mr. Vishak Kumar, Chief Executive Officer - Madura Fashion & Lifestyle Division, 48, 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 Aditya Birla Group since then. He has also served as the CEO of Aditya Birla Retail Limited, the food and grocery arm of Group 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.

Ms. Sangeeta Pendurkar, Chief Executive Officer - Pantaloons, 52, has had a successful career of ~30 years across diverse sectors, e.g. FMCG, pharmaceuticals and financial services. She is the first woman CEO at the Aditya Birla Group. Prior to joining the Company, she was the Managing Director for Kellogg India and South Asia. She has earlier held senior positions at Coca-Cola India, HSBC Bank, Hindustan Unilever and Novartis. She has been listed in Fortune's most powerful women in business for six consecutive years from 2012 to 2017. She has been the Chairperson of FICCI Food Processing Committee for two consecutive years and is an Independent Director on the board of Vistara Airlines.

Mr. Chandrashekhar Chavan, Chief Human Resource Officer, 46, 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, 58, 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 20 years. Prior to joining the Aditya Birla Group, he served as Senior Systems Manager of Hindustan Unilever Limited and as Corporate IT head for erstwhile Madura Coats. He has also worked for highly reputed organisations such as PricewaterhouseCoopers and the UB Group.

REPORT OF THE BOARD OF DIRECTORS

(INCLUDES MANAGEMENT DISCUSSION AND ANALYSIS)

Dear Members,

Your Company's Directors hereby present the Eleventh Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018 ("year under review/ FY 2017-18").

MANAGEMENT DISCUSSION AND ANALYSIS

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

Overview

The global economic outlook, as forecasted by International Monetary Fund ("IMF"), is better than previous year i.e. 2016. The growth for the world economy for 2017 is projected at 3.8% vs 3.2% last year. The revision reflects increased global growth momentum on account of changes in U.S. tax policies and notable upside surprises in Europe and Asia. The cyclical upswing underway since mid-2016 has continued to strengthen. More than 120 economies, accounting for three quarters of world GDP, have seen a pick-up in growth in year-on-year terms in FY 2017-18. IMF remains bullish for subsequent years as well, giving a growth forecast of 3.9% in both 2018 and 2019.

IMF remains positive on India's growth potential and has retained its GDP forecast for the country at 7.4% in 2018. It also estimated that the Indian economy would grow by 7.8% in 2019, making it world's fastest growing economy in 2018 and 2019.

FY 2017-18 was a landmark year due to implementation of much awaited Goods and Services Tax ("GST"). While sector experienced limited unfavourable impact early on due to roll out related disruptions, it gradually experienced steady recovery towards the end of the year. Your Company believes that this move has created a singular trading market across the country, creating an organised ecosystem under unified tax regime; expected to benefit both consumers and companies in the long run.

Industry Structure and Developments

Global Market

Global apparel market is close to 2%[(1)] of world GDP with Europe, USA and China being the largest markets, holding combined share of more than 50%. Europe and US comprise of ~11% of World population while their combined apparel consumption share is 40%; indicating very high per capita expenditure on apparel in these markets. This implies large headroom for growth in per capita apparel consumption for India to be played out over next few decades.

As per Mckinsey report[(2)], with the shift of economic growth from mature regions in West to emerging markets in South and East Asia, more than half of apparel and footwear sales will originate outside of Europe and North America. This further reflects available opportunities in these regions and companies have to seek new avenues of growth in emerging markets.

The biggest trend that's gaining momentum is that global fashion industry is moving towards a decisive phase of digital adoption by the mainstream consumers. The new age shoppers' comfort with digital medium and content has changed the customer shopping journey from a linear process to a complex trajectory traversing across online and offline touch points. This offers an immense opportunity for fashion brands to create consumer delight by offering 24X7, deeply engaging and much more premium shopping experience.

In the fast fashion segment, the robust 20% growth in the past few years has led to incubation of new online fast fashion players. This business has gained traction also partly because of rapid introduction of fashion trends by social media to an exponentially increasing consumer base.

Source:

(1) Reports by Wazir Advisors

(2) Mckinsey Fashion Scope 2017 and 2018.

Indian Market

The apparel market for India is expected to grow at CAGR of 9%[3] from USD 51 Billion in FY 2017-18 to USD 65.8 Billion in FY 2019-20; backed by greater purchasing power leading to higher discretionary spends, better access to products, higher brand awareness, rising urbanisation and increasing digitisation. The share of organised retailing in apparel swelled from 14% in FY 2007 to 24% in FY 2017-18. Over the past decade, organised retail has not only captured new and incremental demand, but has also successfully shifted demand away from unorganised retail.

Over the next three years, while branded apparel is projected to grow at CAGR of 19%, organised retail is expected to outpace it with growth of 21%. Additionally, though the per capita spend of apparel in India is expected to increase from USD 38 in FY 2017-18 to USD 66 in FY 2025-26, it will still be lower than other developed and emerging markets, ushering apparel players into a phase of robust growth.

Menswear still occupies larger share of apparel market at 41%, while womenswear contributes 38%. However, womenswear across other countries constitutes 55% to 60% of total apparel market, highlighting the opportunity that exists for Indian market.

The industry continued with its rapid growth this fiscal, led by aggressive expansion by value and mass fashion players, strengthening of foreign brands and strong growth of e-commerce players.

Over the past few years, numerous International Brands established their presence in India. This year, many of these brands expanded their reach by setting up exclusive brand outlets, along with tailoring their products and price points to suit the Indian market.

NSSO rural consumption survey has been showing continued trend towards more urban consumption pattern, with spends becoming more discretionary than need based in rural and urban markets. The expenditure on clothing, durables and consumer services is growing much faster than decadal average. Growth of these markets is characterised by increasing aspiration of owning brands and rising discretionary spends, though constrained by high price sensitivity.

In line with the above, though Tier 1 cities continue to dominate the consumption space, rest of the country has been seeing a much faster shift from unorganised and unbranded play. It is expected that the total organized shopping space in top 10 cities will be lower than rest of India in next three years. With appropriate positioning and carefully carved out retail model, value & mass fashion players have been able to grow exponentially in these markets.

E-commerce continued to build upon its strength of providing rapid scale and deep access to markets and consumers - augmenting the opportunity that lies in strong brands to partner with them and recruit new buyers. Industry is still witnessing high discounting and promotions linked to aggressive growth being chased by key players. However, with increased focus on profitability, the disruptive impact that the sector had on traditional offline players few years back has somewhat diminished; creating a conducive ecosystem for offline and online players in India to partner and grow the market together.

Omni-channel emerged as a promising bet as both online and offline players dabbled with it – many online players started physical stores while established offline businesses invested in developing online capabilities.

Business Overview

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

Lifestyle Brands

Riding on extensive and deeply penetrated distribution network, our lifestyle brands - Louis Philippe, Van Heusen, Allen Solly and Peter England, continue to be leaders within their respective segments. With continuous efforts towards offering consumer delight through high quality products and differentiated in-store experience, we expanded our loyal consumer base to approximately 12 million this fiscal.

These brands have created very strong equity amongst our loyal customers through years of persistent focus on product innovation, design development, consumer satisfaction and brand building.

Source:

(3) Technopak Analysis.

During this fiscal, business expanded its reach through new store openings, alongwith improving same store performance through focused store-level interventions. The business focused on integrating consumer feedback into product design and planning, aiming at improving product satisfaction scores amongst consumers. Lifestyle business took significant strides towards adopting digital ways of working both in terms of consumer engagement and brand building. We were one of the early movers to adopt Omni-channel capabilities and our concerted efforts helped expand the coverage to more than 700 stores, giving our consumers unmatched access to wide variety and choice of products.

Pantaloons

Pantaloons, is amongst the most widely present retailers in the value fashion segment with network of 275 stores spanning over 3.76 million square feet. During the year under review, as the value fashion segment grew strongly, Pantaloons added 66 new stores to its network and entered many new Tier 2 and Tier3 markets. These new stores will mature over the coming years and will add to our growth and profitability. Pantaloons also undertook various cost-optimisation initiatives, leading to improved profitability. The business continues to make sound progress towards increasing the share of franchisee stores in the network to improve capital efficiency.

Pantaloons has been awarded the IMAGES Most Admired Affordable Fashion Retailer of the year for second consecutive year along with the Best Turnaround Story Award - 2017. Pantaloons was also recognized as “Most Trusted Fashion Retailer” in the Brand Equity Survey of Economic Times, 2016-17. Its customer relationship programme with over 10 Million deeply engaged customers is one of the key drivers of the growth, contributing to more than 90% of sales.

Fast Fashion

Your Company took an early bet on Fast Fashion business by positioning itself in the segment through two “Youth fast fashion” retail brands – People and Forever 21. While Forever 21 is the iconic global fast fashion brand that enjoys an enviable following amongst young girls, People is a young and edgy brand that seeks to address the fashion aspirations of Indian youth.

This fiscal, your Company took calibrated approach towards this portfolio with clear focus on improving profitability. Many long vintage stores were rationalised during the year and new retail store models were tested and established. These initiatives led to improved profitability, thus establishing replicable profitable model for future expansion.

Your Company is poised to capture significant share of the fast fashion market through its varied offering across customer segments, wearing occasions and price points.

Innerwear

Innerwear is a large and attractive market, currently under-penetrated in the premium branded segment. Your Company forayed into this space with the launch of Van Heusen innerwear for men in mid of FY 2017-18 and is encouraged with the outcomes in a short span of time.

During this fiscal, Innerwear segment aggressively added points of distribution through pan India launches. Riding on product strategy focused on fit, fashion and innovation and favourable engagement models with channel partners, your Company considers this segment to become an important growth driver in coming years.

International Brands

International brands portfolio comprises The Collective, India’s largest multi-brand retailer of international brands and select mono brands. Simon Carter and Ted Baker, which were signed in FY 2016-17, opened their first store this fiscal and were well received by consumers.

Additionally, during the year under review, your Company signed few more premium international brands for the Indian market viz. Polo Ralph Lauren, American Eagle and Fred Perry. These brands will open their first store in the coming financial year. With aforesaid additions to its portfolio, your Company will continue on its trajectory on building a strong but selective play in the emerging Super Premium and Bridge to Luxury Segments.

GST

The implementation of GST came in two phases – Introduction of GST across country on July 1, 2017, followed by the second phase of tax slab reductions implemented by the government in November 2017.

Your Company responded to this huge transformation with utmost agility and precision. However, as clarity on rules and processes came in gradually, Trade approached the change very cautiously. While your Company worked seamlessly with the partners to smoothen the transition, given the scale of change, the operating environment for your Company remained challenging for most part of this fiscal.

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 refreshed store experience. The product innovation focus will continue to drive the differentiation, supplemented with initiatives to incorporate customer feedback. Your Company will continue to adopt newer modes of engagement with its customers and create strong associations to strengthen its brands. The consumer-centricity framework is based on continuous research, big data analytics, real-time feedback from retail outlets and a constantly growing loyalty programme.

Enhancing Portfolio

Your Company has laid out a clear growth path for value creation by strengthening its existing businesses and accelerating play in emerging business segments. 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 also gained a strong position in the fast growing value fashion segment through Pantaloons. The portfolio has been strengthened with inclusion of Forever 21 in women's fast fashion and men's innerwear under the brand Van Heusen.

Going 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 in these functions. Your Company will drive product innovation by incorporating customer feedback in the design cycle. In FY 2016-17 your Company shifted from a 2-season cycle to a 4-season cycle – Spring, Summer, Festive and Winter, thereby building an agile design and supply chain ecosystem. Your Company continued with the journey by increasing its proportion of closer to market lines to quickly address the changing needs of the market. This is a significant internal transformation that is enabling your Company 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.

With the expansion of retail opportunity across India, your Company intend to continue building reach and penetration through physical stores, alongwith strong Omni-channel play. Together with increasing its penetration in existing territories, your Company sees tremendous opportunity in the vast Tier 2, 3 and 4 markets of the country and plans to expand presence through appropriate business models. This will help the Company in gaining strong position across markets to meet the growing demand for high-quality ready-to-wear branded apparels.

Digital Transformation

The consumer behaviour in terms of buying is highly influenced by digital environment, ensuring way forward for fashion retail to have significant role of digital media and commerce. The digital space plays numerous roles for shoppers at varied stages of evolution in terms of digital adoption. The advent of digital has raised expectations of customer experience and put a higher value on convenience, price and personalisation. People are becoming comfortable using digital mediums, through social media, online videos and eventually shopping.

Your Company recognises the need for adoption of digital to ensure internal transformation and external market readiness. It has taken initiatives across Data analytics, In-store digitisation and marketing to ensure shifts in ways of doing business. The digital architecture is built around strong analytics framework, which gives a single customer view across physical and digital mediums, assisting in faster decision making. Your Company is pursuing In-store digitisation through virtual stores and Omni-channel initiatives, while also exploring additional functionalities. The customer shopping journey is not linear, thus, there is a significant focus to drive transformation using digital platforms, in the quest to build a future-ready organisation.

Financial Performance and Analysis

Financial Statements

(₹ in Crore)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenue (1)	7,181	6,633
EBITDA (2)	501	476
Finance Costs	172	180
Depreciation	281	242
Earnings Before Tax	49	54
Provision for Taxation	-	-
Deferred Tax Assets (3)	69	-
Net Profit / (Loss) (2)	118	54

Particulars	As on March 31, 2018	As on March 31, 2017
Net Fixed Assets (including Capital Advances and CWIP)	777	696
Goodwill	1,860	1,860
Net Working Capital	482	509
Capital Employed	3,119	3,065
Net Worth	1,093	958
Debt (4)	2,026	2,107

Notes:

(1) *Effective July 1, 2017, Revenue is recorded net of GST, whereas earlier the same was recorded gross of excise duty which forms part of expenses. Hence, revenue from operations are not comparable with the previous period corresponding figures.*

(2) *Includes Other Income of ₹ 13 Crore (Previous Year: ₹ 22 Crore) and Finance income of ₹ 20 Crore (Previous Year: ₹ 16 Crore).*

(3) *Recognized Deferred tax assets on brought forward accumulated losses and their absorption based on reasonable certainty in coming years.*

(4) *Includes interest accrued but not due on borrowings amounting to ₹ 164 Crore (Previous year: ₹ 62 Crore).*

As on March 31, 2018, Goodwill (after testing for impairment in accordance with the Ind AS - 36 issued by the Institute of Chartered Accountants of India) stands at ₹ 1860 Crore.

Net Working Capital as on March 31, 2018 includes Inventory of ₹ 1,691 Crore, Trade Receivables of ₹ 552 Crore, Cash and Bank Balances of ₹ 73 Crore and Trade Payables of ₹ 2,009 Crore.

Revenue

Your Company reported Revenue of ₹ 7,181 Crore (net of inter-segement adjustment) during the year, recording a growth of 8.3% over the previous year, due to overall improved performance in both segments.

Segment Performance: Madura Fashion and Lifestyle

MFL reported a revenue of ₹ 4,469 Crore recording growth of 9% over the previous year.

Its retail channel, which comprises of 1813 Exclusive Brand Outlets ("EBOs") and 229 value stores spanning 3.3 Million square feet, accounts for ~35% of MFL's revenue and reaches out to ~12 Million loyal consumers. Besides these EBOs, MFL is reaching customers through 9000+ additional points of sales including Multi Brand Outlets ("MBOs") and Shop-In-Shops ("SIS") in Department Stores.

Segment: Pantaloons

Pantaloons reported a revenue of ₹ 2,862 Crore recording growth of 12% over the previous year. During the year, it added 66 stores taking the total number of stores to 275 spanning 3.76 Million square feet. The business segment turned EBIT positive this year. Pantaloons reaches out to large middle class Indian households with its diversified offerings for men, women and kids.

Operating Profit (EBITDA)

The Operating Profit of the Company, including other income and finance income is ₹ 501 Crore (previous year ₹ 476 Crore) and grew by 5.4%. The EBITDA margin is at 7.0% and the Company is continuously making efforts to improve the same.

Finance Cost

Finance cost during the year was ₹ 172 Crore (down from ₹ 180 Crore in previous year). The average borrowing cost remains at 7.7%.

Depreciation

Depreciation during the year increased to ₹ 281 Crore from ₹ 242 Crore in previous year, due to opening of new stores in the last two years and accelerated depreciation provided on stores closed during the year.

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, the 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 up to ₹ 1,250 Crore, on private placement basis, within the overall borrowing limits of the Company as approved by the Members from time to time.

SWOT Analysis

Strengths

Portfolio of Strong Brands

Your Company's brand portfolio is its strongest and most fundamental strategic pillar, enabling it to maintain leading position in domestic apparel industry. These brands have been established over more than 25 years through deep distribution, presence in finest shopping destinations and being marketed through some of the most iconic campaigns. These brands have not only achieved leadership status in their core positioning, but have also successfully extended themselves to newer consumers, markets and wearing occasions.

Your Company continues to selectively add newer brands, further strengthening its brand portfolio and expanding its presence across multiple segments.

Deep expertise in Design, Product Development and Sourcing

Brands derive the strength from the products created. Hence, your Company has invested deeply in building robust design and product development capabilities. Ably aided by its well established sourcing competence and agile supply chain, your Company has enabled itself to swiftly and appropriately respond to ever changing fashion trends by delivering innovative products satisfying consumer needs.

Largest Distribution Network

Your Company runs a wide and extensive distribution network of 2,500 stores and 9000+ points of Sale; making it one of the largest distribution networks of any apparel business in the country. As it increases its focus on Tier 2 and 3 markets, your Company expects its brands to travel even further and deeper, creating a distribution network that will become its dominant competitive advantage.

Strong People Processes

Your Company is the preferred choice for best talent in the industry due to its established reputation of being a people focused, meritocratic, professionally run and progressive organisation. People are at the core of its business strategy, and hence, your Company has established a strong system running on people development processes, career development plans, mentoring programmes and employee engagement initiatives.

Leadership Capability and Corporate Governance

Home to some of the finest talent in the industry, most of the leadership team in the Company is home grown and has contributed to many important milestones in its long journey of more than two decades. Your Company is governed by a board comprising of industry stalwarts with rich experience across diverse consumer facing industries and multiple geographies.

Weaknesses

Inadequate representation in some high growth segments

With strong legacy of men's formal wear brands, the portfolio still needs more strength in other faster growing categories such as womenswear and kids; along with significant focus across wearing occasions such as casual wear, denims etc. In order to build a strong and balanced portfolio, your Company is taking aggressive positions to fill this gap, with the intent to organise the portfolio in line with the future configuration of apparel market.

Opportunities

Huge market with growing opportunity

Branded fashion is experiencing robust demand fuelled by rising incomes, increasing discretionary spending, improving access and growing aspiration for brands. Certain categories such as women and kids are expected to grow much faster due to rising proliferation of brands in these segments, more women joining workforce and discretion-based purchase replacing need-based buying.

Tremendous opportunity exists in Tier 2 and 3 towns with increasing urbanisation, growing propensity to spend and heightened aspiration to use branded products. The exposure to digital economy has greatly changed the aspirations and expectations of consumers in these markets. These markets will also see rise of high grade mall space, driving entry of numerous brands trying to address the needs of brand seeking consumers in better quality shopping space.

Rising affluence and increasing global exposure have led to growth in premium international brands business in India.

Digital Influence

Digital has emerged as the biggest force powering B2C businesses by creating digitally influenced and digitally enabled transactions. Your Company has embraced the digital revolution, upgrading the consumer shopping experience through Omni-channel play, blending post purchase consumer feedback in its product design process and digitally enabling the brick and mortar stores to offer more efficient and holistic shopping experience.

Threats and Risks

Increased discounting in industry

The unprecedented growth story of e-commerce created huge disruption in consumer retail over the last few years. Chasing customer acquisition and aggressive growth, the new/ e-commerce players rampaged offline commerce by resorting to aggressive discounting. End of Season Sale (“EOSS”), in its current form, heavily encouraged discount seeking behaviour and shifted a large portion of sales to discounting season; adversely impacting margins.

Increasing discounts is perceived as big risk for apparel industry – players are working on improving the core customer propositions comprising of innovative product, sharp pricing and delightful pre and post purchase experience, to shift consumers back to a full price sale regime.

Inadequate supply of good quality retail space

With larger part of FDI in real estate focusing on residential development in the last few years, commercial real estate development had slowed down. This has led to most of the cities having insufficient supply of grade A malls and good quality commercial space, translating into higher rentals and unviable economics for retail companies.

Limited availability of talent

Apparel industry experiences the demand for talent exceeding supply in many critical areas of analytical thinking, technical competency and leadership skills. Growth of e-commerce companies and advent of international players in India has also created tremendous challenge in terms of retaining key talent. The above two factors have made talent development and management, an extremely crucial component of business strategy.

Outlook – Way Forward

Your Company expects FY 2018-19 to be better as the after-effects of demonetisation and GST implementation seem to have subsided. As per economic surveys, India continues to be the fastest growing economies in the world, and is expected to continue in FY2018-19 as well. This is supported well by favorable factors such as policy reforms and encouraging monsoon forecasts.

Improving economic scenario is expected to translate into increased consumer spend. Furthermore, the fundamental themes driving consumer businesses such as increasing share of younger population, rising urbanisation, growing affluence, increasing discretionary spending and deeper penetration of digitisation continue to gain momentum.

In view of the above trends, the outlook is likely to remain positive for the sector. Your Company is well positioned to leverage the opportunity in this growing market with its diverse product offerings across varied categories, price points and portfolio of strong brands that will enable it in addressing changing consumer needs.

Risk Management

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

Your Company’s Board has constituted a Risk Management Committee (“RMC”) for identification, evaluation and mitigation of operational, strategic and external risks. RMC is supported by an Internal Committee, which consists of Chief Financial Officer, who is also the Chief Risk Officer of the Company alongwith experts from various business processes and segments. The Internal Committee assists the RMC in defining the framework for risk management & compliance and undertakes assessment of risks, adopts the risk mitigation plans and regularly monitors them in a structured and controlled environment. It also reviews developments in the socio-economic environment and identifies internal threats and opportunities, updates the framework and refines processes and systems for mitigation. Details of the composition of the RMC and the Risk Management Policy adopted by the Board, have been disclosed hereinafter.

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

Internal Control Systems and their Adequacy

Your Company’s internal control systems are commensurate with the nature of its business and the size and complexity of its operations. Internal control systems comprising policies and procedures are designed to ensure sound management of your Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed and these are routinely tested and certified by Statutory as well as Internal Auditors and cover all functions and business areas. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Human Resources

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

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

Your Company has a diverse workforce of 20,000+ employees with 50% women employees and with 53% of its employees in less than 30 years of age group. The Company has maintained healthy, cordial and harmonious industrial relations at all levels through Development Initiatives, Gender Diversity and Community Development.

Your Company has an environment of openness, enthusiasm and vibrancy. It continues to embed Company Values of Integrity, Commitment, Passion, Speed and Seamlessness within the organisation through well rounded value conversations between managers and employees. Its well-entrenched people processes enable the Company to attract and retain the best of talents in the industry.

Delivering 'Employee Value Proposition' (EVP) through its People Strategy:

Your Company is committed to strengthening its employee value proposition and provide its employees a world of opportunities in every aspect – learning and development, career growth, rewards and recognition and enrichment of life through healthy work environment and well-being programme. Its programme under EVP factors in diversity of employee profile, skills and age group.

- <u>Learning and Development</u>

  Learning and Development initiatives equip employees to develop taller leadership capabilities armed with strong management competence in both domain specific and behavioural disciplines.

  Your Company invests in multiple initiatives such as Gyanodaya - Aditya Birla Group Global Centre for Leadership Learning for its leaders; management development programs on various managerial capabilities; ABFRL University model for domain specific programme and Aditya Birla Centre for Retail Excellence focused on training and development for its employees in the stores. There are also significant opportunities for on the job development through various business and functional projects.

  These not only help employees perform to their potential in the current roles, but also prepare them to aspire and occupy higher responsibilities.

- <u>Career Growth</u>

  Anchored on the Aditya Birla Group's Talent Management Policy, your Company identifies, develops and grows its talent for current and future roles, using a matrix of current performance and future potential. Your Company plans for their growth through various development initiatives such as role movements, on the job projects and leadership learning programme.

  Your Company provides visibility to its employees on their career paths and how they can achieve them. It has structured career conversations to understand aspirations of its employees and provide them with a direction. Your Company focus on succession planning to create a visible leadership pipeline. It believes in providing internal growth to it employees.

  Your Company created strong ownership and governance on Careers through Talent Council, which are chaired by business leaders and meet at periodic intervals.

- Rewards and Recognition

  Your Company's initiatives are aligned to driving the culture of meritocracy and ensuring market competitiveness. They celebrate successes and also help in raising the bar on performance and achievement.

  Celebrating success through recognition programme are at the core of building vibrant ABFRL culture. Well-entrenched annual engagement events are forums where your Company celebrates and recognises team and individual achievements, value champions and feats achieved by employees beyond the call of duty.

  Your Company has various forums where it recognises outstanding performance of its employees in the stores, warehouse, manufacturing facilities and its offices.

- Enrich Your Life

  Your Company has embarked on multiple initiatives to create a wholesome approach for its employees. These include Retail Olympics focused on sports events leading to employee bonding and competitiveness. It also encourages its employees to volunteer in various CSR initiatives of the Company, offering them an opportunity to work together for the common good of the community. Your Company's initiatives also focus on the physical and mental well-being of its employees. It also offers flexible work arrangement for its employees to encourage them to balance their work, family, personal and professional commitments.

DIRECTORS' RESPONSIBILITY STATEMENT

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

Your Directors confirm that:

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

b) accounting policies selected have been applied consistently and reasonable & prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of your Company as at the end of the year under review and the profit & loss of your Company for the year under review;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d) the annual accounts of your Company have been prepared on a 'going concern' basis;

e) adequate internal financial controls were laid down & followed by your Company and such internal financial controls were operating effectively; and

f) proper systems have been devised by your Company to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Further, your Directors confirm that during the year, the Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

SHARE CAPITAL

The paid-up Equity Share Capital of your Company as at the end of the year under review stood at ₹ 771.69 Crore vis-à-vis ₹ 770.53 Crore as at the end of previous year.

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

(i) Allotment to Non-Resident Shareholders of Aditya Birla Nuvo Limited ("ABNL") holding shares on repatriation basis ("NRE Shareholders")

  In terms of Clause 21 of 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"), the allotment of 37,82,178 Equity Shares of ₹ 10/- each ("said shares"), pertaining to the NRE Shareholders, was kept pending until the receipt of applicable regulatory approval(s).

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 had allotted 10,36,736 Equity Shares of ₹ 10/- each to 273 NRE Shareholders, in terms of the provisions of applicable laws, during the previous Financial Year.

During the period under review, the Company allotted further 10,34,529 Equity Shares of ₹ 10/- each to 1,134 NRE Shareholders. Hence, out of the said shares, allotment of 17,10,913 Equity Shares of ₹ 10/- each to 2,068 NRE Shareholders ("pending allotment") was pending as at the end of the period under review.

The NRE Shareholders, desirous of getting their respective entitlements allotted on Non-repatriation basis, may submit the details of their respective NRO account, vide a duly filled-in Consent Form, to the Company, in the manner as described in detail under the "Composite Scheme of Arrangement" tab in the "Investors" section on the website of the Company i.e. www.abfrl.com. Alternatively, they may get in touch with the Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited, at the details mentioned in the "General Shareholder Information" section forming part of this Annual Report.

Further, your Company continues to evaluate various options for settling the matter with respect to the pending allotment, more specifically in terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("New FEMA 20 Regulations"), notified by the Reserve Bank of India ("RBI") on January 4, 2018 and any further development in this regard will be separately intimated to such NRE Shareholders.

(ii) Fractional Entitlements of NRE Shareholders

In terms of Clause 19(iii) of the Composite Scheme, 343 Equity Shares (out of the 10,34,529 Equity Shares allotted to the NRE Shareholders during the year under review), represent "Fractional Entitlements" arising out of the allotment of Equity Shares to 1,407 NRE Shareholders. The Company sold the said Fractional Entitlements in the Open Market on October 21, 2017, in terms of the Clause 19 of the Composite Scheme and the proceeds of the sale were distributed at a value of ₹ 171.83/- per Equity Share 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.

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

1,32,301 Equity Shares of ₹ 10/- each were allotted to the employees of the Company, pursuant to the exercise of Stock Options granted to them in terms of the provisions of the Scheme 2013.

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

A. Board of Directors ("Board")

(i) Number of Meetings

Board met 8 times during the year under review and the details of such meetings are disclosed in the Corporate Governance Report forming part of this Annual Report.

(ii) Appointments/ Resignations

Details of the Directors, who were appointed or have resigned during the year under review, are as under:

Name of the Director and DIN	Designation	Effective Date	
		Appointment	Resignation
Mr. Sanjeeb Chaudhuri DIN: 03594427	Independent Director[(1)]	January 9, 2017	-
Mr. Pranab Barua	Managing Director	-	January 31, 2018
DIN: 00230152	Non-Executive Director[(2)]	February 1, 2018	-
Mr. Ashish Dikshit DIN: 01842066	Managing Director[(3)]	February 1, 2018	-

Notes:

(1) Appointed for a period of 5 consecutive years.

(2) Appointed as an Additional Director, proposed to be appointed as a Non-Executive Director, liable to retire by rotation, subject to the approval of the Members of the Company.

(3) Appointed for a term of 5 years, subject to the approval of the Members of the Company.

The aforesaid appointments were approved by the Board on recommendation of the Nomination and Remuneration Committee ("NRC") and the business with respect to the same forms part of the Notice of the ensuing 11th Annual General Meeting ("AGM") of the Company.

The Board places its gratitude on record for the immense contribution of Mr. Barua towards the growth of the Company and for his leadership during his tenure as the Managing Director of the Company.

Further, in accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sushil Agarwal, Non-Executive Director of the Company, is due to retire by rotation at the ensuing 11th AGM and being eligible, he has offered himself for re-appointment. Business with respect to his re-appointment also forms part of the Notice of the ensuing AGM of the Company.

Brief profiles of the Directors proposed to be appointed/ re-appointed forms part of the Notice of the ensuing AGM of the Company.

(iii) Board Evaluation

In terms of the provisions of the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Nomination Policy of the Company, NRC and the Board have approved a framework, which lays down a structured approach, guidelines and processes to be adopted for carrying out an evaluation of the performance of the Board, its Committees and individual Directors.

During the year under review, the Board carried out the evaluation of its own performance and that of its Committees and the individual Directors.

The evaluation process focused on various aspects of the functioning of the Board and its Committees, such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. The Board also carried out the evaluation of the performance of individual directors based on criteria such as contribution of the director at the meetings, strategic perspective or inputs regarding the growth and performance of the Company etc. Also, pursuant to the applicable provisions of the Act, the performance evaluation criteria for the Independent Directors is disclosed in the Corporate Governance Report forming part of this Annual Report.

Outcome of the Evaluation

The Board of your Company was completely satisfied with the functioning of the Board and its Committees. The Committees are functioning well and besides the Committee's terms of reference, as mandated by law, and important issues are brought up and discussed in the Committee Meetings. The Board was also satisfied with the contribution of Directors, in their respective capacities, which reflects the overall engagement of the Individual Directors.

Further, in line with the familiarisation programme of the Company, during the year under review, Functional presentations covering methods of operation of specific functions of the Company were made to the Directors as a part of the Board Process. Going forward, it is proposed to continue with these presentations and a calendar drawing out the areas for such presentations has been outlined.

(iv) 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.

B. Committees of the Board

(i) Audit Committee

Your Company has a duly constituted Audit Committee comprising the following Members:

Name of the Members	Designation
Mr. Arun Thiagarajan (Chairperson)	Independent Director
Mr. Bharat Patel	Independent Director

Name of the Members	Designation
Mr. Pranab Barua	Non-Executive Director
Ms. Sukanya Kripalu	Independent Director
Mr. Sanjeeb Chaudhuri	Independent Director
Mr. Sushil Agarwal	Non-Executive Director

The recommendations made by the Audit Committee to the Board, from time to time during the year under review, have been accepted by the Board.

Vigil Mechanism

The Board has, on recommendation of its 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 victimisation 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.

(ii) Nomination and Remuneration Committee

Your Company has a duly constituted NRC, with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act and SEBI Listing Regulations. The detailed information with respect to the NRC is disclosed in the Corporate Governance Report forming part of this Annual Report.

Nomination Policy and Executive Remuneration Policy/ Philosophy

The Board has, on recommendation of the NRC, adopted a Nomination Policy, which enumerates your Company's policy on appointment of Directors and Key Managerial Personnel ("KMP"), including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act.

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

- to institute processes which enable the identification of individuals who are qualified to become Directors and who may be appointed as KMP and/or in senior management and recommend to the Board of Directors their appointment and removal from time to time;
- to devise a policy on Board Diversity;
- to review and implement the succession and development plans for Managing Director, Executive Directors and Senior Managers;
- to formulate the criteria for determining qualifications, positive attributes and independence of Directors; and
- to establish evaluation criteria of Board, its Committees and each Director.

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 the Company.

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

The Executive Remuneration Programme is designed to attract, retain and reward talented executives who will contribute to the long-term success of your Company and thereby build value for the Shareholders. The programme is intended to:

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

Both the aforesaid policies are available on the website of the Company i.e. www.abfrl.com.

(iii) Risk Management Committee ("RMC")

Your Company has a duly constituted RMC, which *inter alia* evaluates significant risk exposures of your Company and assesses management's actions to mitigate the exposures in a timely manner. The Committee also ensures that your Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

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

Risk Management Policy

Considering the susceptibility of your Company to the inherent business risks, the 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; and
- capitalise on opportunities along with minimisation of identifiable risks, in compliance with the provisions of the Act and Regulations 4(2)(f)(ii)(7) and 17(9)(b) of the SEBI Listing Regulations, which require the Company to lay down procedure for risk assessment and procedure for risk minimisation.

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 various risks emanating from frauds. Accordingly, the Board has, on recommendation of the Audit Committee, also adopted an Anti-Fraud Policy and a Whistle Blower Policy, to put in place, a system for detecting and/or preventing and/or deterring and/or controlling the occurrence of frauds.

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

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has a duly constituted CSR Committee comprising the following members:

Name of the Members	Designation
Mr. Bharat Patel (Chairperson)	Independent Director
Mr. Pranab Barua	Non-Executive Director
Mr. Sanjeeb Chaudhuri	Independent Director
Mr. Sushil Agarwal	Non-Executive Director

Mrs. Rajashree Birla - Chairperson, The Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram - Group Executive President, Corporate Communications & CSR are the Permanent Invitees to the CSR Committee Meetings, alongwith Mr. Ashish Dikshit, Managing Director.

Policy on Corporate Social Responsibility ("CSR")

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.

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

- Education - to spark the desire for learning and knowledge;
- Health care - to render quality health care facilities to people living in the villages and elsewhere through our Hospitals;
- Sustainable Livelihood - to provide livelihood in a locally appropriate and environmentally sustainable manner;

- Infrastructure Development - to set up essential services that form the foundation of sustainable development; and
- Social Cause - to bring about the Social Change we advocate and support.

CSR initiatives taken during the year

Your Company's CSR activities are mainly focused towards Girl Child Education, Skilling, Health and Sanitation.

As per the applicable provisions of Section 135 of the Act, your Company was not required to spend any amount towards the CSR activities. However, an Annual Report on CSR Activities of the Company for FY 2017-18 is annexed as **Annexure I** to this Report.

C. Key Managerial Personnel

Detailed profiles of the KMP and other key executives of your Company are disclosed in the Corporate Information forming part of this Annual Report.

Details of appointments/ resignations of KMP during the year under review are as under:

Name of the KMP		Effective Date	
		Appointment	**Resignation**
A.	**Managing Director**		
	Mr. Pranab Barua	-	January 31, 2018
	Mr. Ashish Dikshit	February 1, 2018	-
B.	**Chief Financial Officer**		
	Mr. S. Visvanathan	-	February 28, 2018
	Mr. Jagdish Bajaj	April 1, 2018	-
C.	**Chief Executive Officer, Pantaloons**		
	Mr. Shital Mehta	-	September 15, 2017

The aforesaid appointments were approved by the Board on recommendation of the NRC.

The Board places on record its deep appreciation and gratitude for the valuable contributions of Mr. Shital Mehta and Mr. S. Visvanathan, during their respective tenures as the KMP of the Company.

In addition to the above, Mr. Vishak Kumar, Chief Executive Officer of the Madura Fashion & Lifestyle Division of the Company ("MFL Division"), who was appointed as one of the KMP of the Company with effect from November 1, 2016, in terms of the provisions of the Act, ceased to be one of the KMP of the Company with effect from May 11, 2018. However, he will continue to be the Chief Executive Officer of the MFL Division.

D. Remuneration of Directors and Employees

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

Further, a statement containing such particulars of employees as required 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, 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 and the same is open for inspection at the Registered Office of the Company during working hours. Further, any Member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

E. Employee Stock Option Scheme and Share Based Employee Benefits

Grant of share based benefits to employees is a mechanism to align the interest of 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.

Your Company regards Employee Stock Options as instruments that would enable the employees to share the value they create for the Company in the years to come. Accordingly, in the year 2013, the Employee Stock Option Scheme - 2013 (“Scheme 2013”) was instituted by the Company, to reward its employees for their past association and performance, as well as to motivate them to contribute in the Company’s future growth and profitability.

During the year under review, pursuant to the approval of Members of the Company at the 10th AGM held on August 23, 2017, the NRC, at its meeting held on September 8, 2017, instituted and implemented the “Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017” (“Scheme 2017”).

Both the Schemes of the Company i.e. Scheme 2013 and Scheme 2017, are governed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“SEBI SBEB Regulations”) and in terms of the approvals granted by the Members of the Company, the NRC *inter alia* administers, implements and monitors the aforesaid Schemes, thereby governing the grant of share based benefits to its employees, in the form of Options and Restricted Stock Units (“RSUs”) (collectively referred to as “Stock Options”).

A certificate from the Statutory Auditor of the Company, confirming that the aforesaid Schemes have been implemented in accordance with the SEBI SBEB Regulations, will be placed at the ensuing Eleventh Annual General Meeting for inspection by the Members.

Disclosure pursuant to the Regulation 14 of the SEBI SBEB Regulations

Details of the Stock Options granted by the Company under the aforesaid Schemes are available on the website of the Company i.e. www.abfrl.com, in terms of the provisions of Regulation 14 of the SEBI SBEB Regulations and a summary of the same is as under:

Particulars	Scheme 2013		Scheme 2017	
	Options	RSUs	Options	RSUs
No. of Stock Options granted	Nil	Nil	40,40,782	14,36,270
No. of Stock Options vested	1,50,146	5,000	Nil	Nil
No. of Stock Options exercised(1)	1,04,642	50,491	Nil	Nil
Total No. of Equity Shares of ₹ 10/- each, arising as a result of exercise of Stock Options	1,04,642	50,491	Nil	Nil
No. of Stock Options lapsed	28,771	Nil	2,75,067	92,716

Note:
(1) No loan was provided by your Company to exercise any of these Stock Options.

The aforesaid details have been also disclosed in the Financial Statements of your Company for the year under review.

Stock Appreciation Rights (“SARs”)

Your Company has also instituted a “Stock Appreciation Rights Plan - 2013” (“Plan 2013”), which is a cash based plan linked to the actual stock price movement over the plan tenure. This plan doesn’t give rise to any right towards any Equity Shares of the Company and hence, it is not covered under the provisions of SEBI SBEB Regulations. On exercise of the SARs granted under this plan, the employee exercising the SARs becomes entitled to receive Cash, in terms of the plan.

During the year under review, pursuant to the exercise of 95,665 SARs granted under the Plan 2013, your Company has credited ₹ 61,66,376.85 (Rupees Sixty One Lakh Sixty Six Thousand Three Hundred Seventy Six and Eighty Five Paise only) to its employees and the same have been also disclosed in the Financial Statements of your Company for the year under review.

Details of the SARs granted by your Company under the Plan 2013 are also available on the website of the Company i.e. www.abfrl.com.

F. Related Party Transactions

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

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

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

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

G. Dividend Distribution Policy

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

H. Subsidiaries, Joint Ventures, Associate Companies

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

Accordingly, as at the end of the year under review 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 Ventures.

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

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

J. Sustainability and Business Responsibility Report

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

Through this mission, we hope to create a future ready organisation, which 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.

K. Auditors and Auditors' Report

(i) Statutory Auditor

M/s. S R B C & CO LLP, Chartered Accountants (ICAI Registration No. 324982E/E30003), were appointed as the Statutory Auditors of the Company at the 9th AGM, for a term of 5 years i.e. till the conclusion of the 14th AGM, subject to the ratification of their appointment by the Members at every AGM. Accordingly, business with respect to the same forms part of the Notice of the ensuing 11th AGM of the Company.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2017-18, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

Also, no frauds in terms of the provisions of Section 143(12) of the Act, have been reported by the Statutory Auditors in their report for the year under review.

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

(ii) Secretarial Auditor

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

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

L. Other Disclosures

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

- there was no change in the nature of business of your Company;
- your Company has not accepted any fixed deposits from the public falling under Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2018, there were no deposits which were unpaid or unclaimed and due for repayment, hence, there has been no default in repayment of deposits or payment of interest thereon;
- your Company has not issued any shares with differential voting rights;
- your Company has not any Sweat Equity Shares; and
- no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status operations of your Company in future.

It is further disclosed that:

- There is no plan to revise the Financial Statements or Directors' Report in respect of any previous financial year.
- 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.
- Particulars of the loans, guarantees and investments as required under Section 186 of the Act are disclosed in the Financial Statements of your Company for the year under review.
- Details pertaining to Unclaimed Shares Demat Suspense Account of your Company are disclosed in the General Shareholder Information forming part of this Annual Report.
- Your Company does not engage in Commodity hedging activities.

CORPORATE GOVERNANCE

Your Company is committed to follow the best practices of Corporate Governance 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, vide their certificate dated May 11, 2018, have confirmed that the Company is and has been compliant with the conditions stipulated in the Chapter IV of the SEBI Listing Regulations. The said certificate is annexed as **Annexure VI** to this Report.

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

EXTRACT OF ANNUAL RETURN

As required under the provisions of Sections 92(3) and 134(3)(a) of the Act and the Companies (Management and Administration) Rules, 2014, an Extract of the Annual Return in Form No. MGT-9 is annexed as **Annexure VII** to this Report and is also available on the website of the Company i.e. www.abfrl.com.

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

Your Company 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.

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), your Company has adopted a Policy on Prevention of Sexual Harassment at Workplace. This policy is applicable to all employees, irrespective of their level and it also includes 'Third Party Harassment' cases i.e. where sexual harassment is committed by any person who is not an employee of the Company.

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

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

AWARDS AND RECOGNITIONS

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

- Pantaloons was recognised as India's 'Most Trusted Fashion Retailer' in the Brand Equity survey of The Economic Times.
- Pantaloons also bagged:
  - the IMAGES Award for "Most Admired Affordable Fashion Retailer, 2017", for second consecutive year and the IMAGES Award for "Best Turnaround Story, 2017";
  - awards for "Best Festive Window" and "Best Winter Window" at the VM&RD (Visual Merchandising and Retail Design) Awards 2018; and
  - awards for "Best Use of Social Media to Enhance Loyalty" and "Best Regional Loyalty Marketing Campaign" at the Customer Loyalty Awards 2018.
- Simon Carter won the Awards for 'Best In Store Visual Merchandising' and 'Best Retail Graphics' at the VM&RD (Visual Merchandising and Retail Design) Awards 2018.
- The Company won the following awards for its Corporate Social Responsibility and Sustainability initiatives:
  - "Sustainable Business of the Year", "Sustainable Leadership" and "Sustainable Professional of the Year", by World Sustainability - a global not-for-profit organisation;
  - "Special Commendation" for Corporate Social Responsibility at the 'Golden Peacock Awards 2017', by the Institute of Directors; and
  - "Arogya World Platinum Award for Global Healthy Workplaces, 2017".
- All the factories of MFL Division of your Company were certified as "Healthy Workplace" at Global Healthy Workplace Awards and 2 of them were also awarded with 'Unnatha Suraksha Puraskara 2017' by Karnataka Chapter of National Safety Council.
- Your Company was adjudged as winner of "PR Case Study" and "House Journal - In-House Magazine" Appreciation Awards at the 8th Annual Corporate Collateral Awards, 2018, conferred by the Public Relations Council of India Awards.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

Ashish Dikshit	**Arun Thiagarajan**
Managing Director	Independent Director

Place : Mumbai
Date : May 11, 2018

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

ANNEXURE I

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

<table>
<tr><td>1.</td><td>A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be taken and a reference to the web link to the CSR Policy and projects or programmes</td><td>:</td><td>• To actively contribute to the social and economic development of the communities in which the Company operates. In doing so, build a better, sustainable way of life for the weaker sections of society, to contribute effectively towards inclusive growth and raise the country's human development index.
• Projects of the Company focus on education, healthcare & sanitation and sustainable livelihood, epitomising a holistic approach to inclusive growth.
• The Company's CSR Policy can be accessed on www.abfrl.com.</td></tr>
<tr><td>2.</td><td>Composition of the CSR Committee</td><td>:</td><td>• Mr. Bharat Patel, Chairperson
• Mr. Sanjeeb Chaudhuri, 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 and CSR, Permanent Invitee
• Mr. Ashish Dikshit, Managing Director, Permanent Invitee</td></tr>
<tr><td>3.</td><td>Average net profit of the Company for the last three Financial Years</td><td>:</td><td>Average loss of ₹ 93.54 Crore during the three immediately preceding financial years.</td></tr>
<tr><td>4.</td><td>Prescribed CSR expenditure (2% of the amount as mentioned in point 3 above)</td><td rowspan="3">:</td><td rowspan="3">As per the provisions of Section 135 of the Companies Act, 2013, a company is required to spend, in every Financial Year, atleast 2% of the average net profit of the Company made during the three immediately preceding Financial Years, in pursuance of its CSR Policy.

As the Company had incurred losses during FY 2014-15 and FY 2015-16, aggregating more than the profits for FY 2016-17, the Company was not required to spend towards the CSR activity during the year under review.

CSR expenditure incurred by the Company, during FY 2017-18, is tabled below:</td></tr>
<tr><td>5.</td><td>Details of CSR expenditure during the year
- Total amount to be spent for the Financial Year
- Amount unspent, if any
- Manner in which amount spent during the Financial Year 2017-18 ("FY 2017-18")</td></tr>
<tr><td>6.</td><td>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</td></tr>
</table>

(Amount in ₹ Crore)

(1) Sr. No.	(2) CSR Projects or Activities identified	(3) Sector in which project is covered	(4) Project or Programmes 1) Local Area or Others 2) Specify the State and District where the projects or programmes are undertaken	(5) Amount Outlay (Budget) Project or Programme wise	(6) Amount Spent on Project or Programmes Subheads: (1) Direct expenditure on projects/ programmes (2) Overheads	(7) Cumulative Expenditure up to Reporting Period	(8) Amount Spent: Direct or through implementation Agency
1	School Education Project	Education	Karnataka (Bangalore Urban / Rural District and Ramnagar), Tamil Nadu (Krishnagiri district) & Maharashtra (Panvel)	0.21	0.24	1.12	MFL Jan Kalyan Trust
	Education Support Project			1.00	0.89		
2	Preventive Health	Health Sanitation		0.01	0.02	0.14	
	Curative Health Care			0.06	0.06		
	Health Infrastructure			0.06	0.06		
3	Skill development & alternate livelihood	Sustainable Livelihood		0.23	0.25	0.25	
4	Support to development organizations	Institutional Building, Social Causes, and others		0.28	0.26	0.43	
	Others			0.15	0.16		
		Total		**2.00**	**1.94**	**1.94**	

Note: During the year under review, Company's contribution to MFL Jan Kalyan Trust was ₹ 1.82 Crore.

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 11, 2018

Ashish Dikshit
Managing Director
DIN: 01842066

Bharat Patel
Chairperson of the CSR Committee
DIN: 00060998

ANNEXURE II

INFORMATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE CHAPTER XIII OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) Percentage increase in the median remuneration of employees in the Financial Year 2017-18:

Median remuneration of employees of the Company as at the end of the year under review was ₹ 1,62,045, which increased by ~6.62% over the previous year's median remuneration of ₹ 1,51,986.

(ii) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18; and

(iii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the Financial Year 2017-18:

Sr. No.	Name	Designation	Remuneration for the Financial Year 2017-18 (Amount in ₹ Lakh)	Percentage Increase/ (Decrease) in Remuneration in the Financial Year 2017-18 (%)	Ratio of Remuneration of each Director to Median Remuneration of Employees
		Non-Executive/ Independent Directors			
1	Mr. Arun Thiagarajan (1)	Independent Director	4.85	51.56	3.16
2	Mr. Bharat Patel (1)	Independent Director	6.65	118.03	4.33
3	Mr. Sanjeeb Chaudhuri (1)	Independent Director	5.00	900.00	3.25
4	Ms. Sukanya Kripalu (1)	Independent Director	6.70	97.06	4.36
5	Mr. Sushil Agarwal (1)	Non-Executive Director	5.95	158.70	3.87
		Managing Director			
6	Mr. Ashish Dikshit (2)	Business Head (upto January 31, 2018)	414.19	16.30	-
		Managing Director (w.e.f. February 1, 2018)	50.73	-	33.00
7	Mr. Pranab Barua (3)	Managing Director (upto January 31, 2018)	544.77	(42.09)	354.43
		Additional Non-Executive Director (w.e.f. February 1, 2018)	0.50	-	0.33
		Key Managerial Personnel			
8	Mr. Vishak Kumar (4)	Chief Executive Officer, Madura Fashion & Lifestyle	292.29	233.43	-
9	Mr. Shital Mehta (5)	Chief Executive Officer, Pantaloons (upto September 15, 2017)	338.79	5.85	-
10	Mr. S. Visvanathan (6)	Chief Financial Officer (upto February 28, 2018)	217.29	21.18	-
11	Ms. Geetika Anand	Company Secretary	61.26	16.62	-

Notes:

(1) 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.

(2) During the year under review, Mr. Ashish Dikshit, serving as the Business Head of the Company, was appointed as the Managing Director of the Company, for a period of 5 years, with effect from February 1, 2018. Accordingly, details mentioned in the above table comprise details of the remuneration paid to Mr. Dikshit in both capacities viz. Business Head (from April 1, 2017 upto January 31, 2018) and Managing Director (from February 1, 2018 upto March 31, 2018). Hence, the remuneration paid to Mr. Dikshit during the year under review is strictly not comparable with the remuneration paid to him during the previous year.

(3) Mr. Pranab Barua stepped down from the position of the Managing Director of the Company with effect from the closing hours of January 31, 2018 and he was appointed as an Additional Director with effect from February 1, 2018, proposed to be appointed as a Non-Executive Director, liable to retire by rotation, subject to the approval of the Members of the Company at the ensuing Annual General Meeting. Accordingly, details mentioned in the above table comprise details of the remuneration paid to Mr. Barua in both capacities viz. Managing Director (from April 1, 2017 upto January 31, 2018) and Additional Non-Executive Director (from February 1, 2018 upto March 31, 2018).

Further, the remuneration paid to him during the previous year included the total value of the perquisites arising pursuant to the exercise of 2,39,022 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).

Hence, the remuneration paid to Mr. Barua during the year under review is strictly not comparable with the remuneration paid to him during the previous year.

(4) Mr. Vishak Kumar was appointed as one of the KMP of the Company with effect from November 1, 2016. Accordingly, his remuneration as KMP during the previous year comprised the remuneration paid to him for the part of the previous year i.e. from November 1, 2016 upto March 31, 2017, whereas his remuneration as KMP during the year under review comprised the remuneration paid to him for the full year under review. Hence, the remuneration paid to him as a KMP of the Company during the previous year is strictly not comparable with the remuneration paid to him as a KMP of the Company during the year under review.

(5) Remuneration of Mr. Shital Mehta mentioned in the above table are relatable to the period from April 1, 2017 upto September 15, 2017 i.e. for the period upto which Mr. Mehta was one of the KMP of the Company, whereas his remuneration as KMP during the previous year comprised the remuneration paid to him for the full year.

Further, the remuneration paid to Mr. Mehta for the year under review comprised and included:

(i) the total value of perquisites arising pursuant to the exercise of 44,264 Options of the Company (vested unto him on October 25, 2015 and October 25, 2016, out of 88,527 Options granted to him); and

(ii) retirals paid to him on ceasing to be an employee of the Company.

Hence, the remuneration paid to him as a KMP of the Company during the previous year is strictly not comparable with the remuneration paid to him as a KMP of the Company during the year under review.

(6) Remuneration of Mr. S. Visvanathan mentioned in the above table are relatable to the period from April 1, 2017 upto February 28, 2018 i.e. for the period upto which Mr. Visvanathan was one of the KMP of the Company, whereas his remuneration as KMP during the previous year comprised remuneration paid to him for the full year.

Further, the remuneration paid to Mr. Visvanathan for the year under review comprised and included the retirals paid to him on ceasing to be an employee of the Company.

Hence, the remuneration paid to him as a KMP of the Company during the previous year is strictly not comparable with the remuneration paid to him as a KMP of the Company during the year under review.

(iv) Number of Permanent Employees of the Company:

As on March 31, 2018, there were ~20,508 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) decreased by ~42.09% while the average remuneration of the employees of the Company other than Managerial Personnel increased by ~8.95%. However, such increase/ decrease is not comparable for the reasons as mentioned in Notes to Point No. (ii) and (iii) above.

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

It is hereby affirmed that the remuneration paid to:

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

b. other employees of the Company is as per the Human Resource Philosophy of the Company.

ANNEXURE III

DIVIDEND DISTRIBUTION POLICY

Introduction

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

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

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

Target Dividend Payout

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

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

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

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

Factors to be considered for Dividend Payout

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

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

General

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

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

ANNEXURE IV

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

A. CONSERVATION OF ENERGY:

Energy conservation measures were taken during the year 2017-18:

- Energy conservation measures at your Company are looked at in synergy with Carbon Footprint and Green Building initiatives and your Company has taken actions to reduce its energy footprint.
- Operational improvement measures have also been taken at the stores of the Company to increase the efficiency in energy utilisation.
- Installation of energy efficient lighting/ LED lights for energy conservation has been completed at 133 stores of your Company.
- As the result of the initiatives taken, your Company has saved ~27.20 Lakh units of electricity during the year under review.

Steps were taken by the Company for utilising alternate sources of energy:

- Two manufacturing units of your Company have been recognised as “Gold Certified Buildings” by US Green Building Council LEED rating system.
- Further, your Company has signed an agreement with a solar developer for installation of solar power units at the rooftop of our manufacturing units for power generation of 2 MW, out of which installation for units generating 1.8 MW has been completed.
- Your Company purchased 405 non-solar Renewable Energy Certificates (RECs), equivalent to 4.05 Lakh units of electricity, during the year under review.
- Further, usage of 4,354 tons of briquettes in the boilers, as renewable biomass for steam generation at the manufacturing units of the Company, has cut down significant amount of Greenhouse Gas emissions.

Investment was made on energy conservation equipment:

- Your Company has invested ~₹ 9.57 Crore on energy conservation measures, which includes installation of energy efficient lamps (LEDs), solar rooftop (BOOT Model) and other operational efficiency measures.

B. TECHNOLOGY ABSORPTION:

There has been no import of technology in the Financial Year 2017-18.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- Foreign exchange earnings for the year under review: ₹ 139 Crore (vis-à-vis ₹ 184 Crore during the previous year).
- Foreign exchange outgo for the year under review: ₹ 600 Crore (vis-à-vis ₹ 393 Crore during the previous year).

ANNEXURE V

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,

The Members,

ADITYA BIRLA FASHION AND RETAIL LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate 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, 2018 ("period under review"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure - A,** for the period under review, according to the applicable provisions of:

   (i) The Companies Act, 2013 ("the Act") and the rules made thereunder and the Companies Act, 1956 *(to the extent applicable)*;

   (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

      (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

      (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

      (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

      (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client; and

      (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. We have relied on the representations made by the Company and its officers and report of the Internal Auditor for systems and mechanism formed by the Company for compliances under other applicable Laws. The list of other laws applicable to the Company is given in **Annexure - B.**

3. We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (hereinafter collectively referred to as "Stock Exchanges"), from time to time and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of all Directors at the meeting.

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

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

We further report that

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

We further report that

In terms of Clause 21 of the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors ("Composite Scheme"), the allotment of 37,82,178 Equity Shares of ₹ 10/- each ("said shares"), representing 0.49% of the total paid-up capital, pertaining to 3,475 Non-Resident Shareholders of ABNL holding shares on repatriation basis ("NRE Shareholders") was kept pending until receipt of applicable regulatory approval(s).

Thereafter, the Company allotted 10,36,736 Equity Shares of ₹ 10/- each to 273 NRE Shareholders, in terms of the provisions of applicable laws, during the Financial Year ended on March 31, 2017.

During the period under review, the Company allotted 10,34,529 Equity Shares of ₹ 10/- each to 1,134 NRE Shareholders, more particularly as follows:

Sr. No.	Date of Allotment	No. of Securities	Amount (in ₹)
1.	April 4, 2017	9,96,022	99,60,220
2.	August 16, 2017	28,501	2,85,010
3.	January 24, 2018	10,006	1,00,060
	Total	**10,34,529**	**1,03,45,290**

Thus, out of the said shares, allotment of 17,10,913 Equity Shares is pending as at the end of the period under review.
We further report that during the year under review, the Company has:

i. vide respective Circular Resolutions of the Stakeholders Relationship Committee, approved the following allotments pursuant to Employee Stock Option Scheme, 2013 ("ESOS-2013") as approved by the Shareholders on August 23, 2013:

Sr. No.	Date of Allotment	No. of Equity Shares allotted			Nominal Value (in ₹)	Total amount received towards exercise (including premium on Options) (in ₹)
		On exercise of Options	On exercise of RSUs	Total		
1.	April 28, 2017	-	5,709	5,709	57,090	57,090
2.	July 11, 2017	62,069	6,364	68,433	6,84,330	64,94,959
3.	September 8, 2017	5,843	5,000	10,843	1,08,430	6,46,571
4.	November 29, 2017	23,107	24,209	47,316	4,73,160	26,01,317
	Total	**91,019**	**41,282**	**1,32,301**	**13,23,010**	**97,99,937**

Note: Nomination and Remuneration Committee of the Board of Directors, vide its Circular Resolution dated April 23, 2018, allotted a total of 22,832 Equity Shares of ₹ 10/- each, pursuant to the exercise of Stock Options by eligible employees in terms of the ESOS-2013.

ii. vide Special Resolution passed by the Members of the Company, in the 10th Annual General Meeting held on August 23, 2017, approved the Issuance of Non-Convertible Debentures for an amount of upto ₹ 1,250 Crore on private placement basis.

iii. acquired 7,000 Equity Shares of ₹ 10/- each, representing ~14.29% of Equity Share capital of Birla Management Centre Services Limited ("BMCSL") from ABNL at a price of ₹ 6,006/- per share (total consideration of ~ ₹ 4.21 Crore).

iv. vide Circular Resolution No. 1 of the Board of Directors, for the Financial Year 2017-18, dated August 15, 2017, approved strategic alliance of the Company with American Eagle Outfitters, Inc. (NYSE: AEO), for entering into a Multi Store Retail and E-commerce License Agreement and such other incidental agreements, deeds, documents with American Eagle Outfitters, Inc.

v. vide Circular Resolution No. 3 of the Board of Directors, for the Financial Year 2017-18, dated January 30, 2018, approved entering into a Store License and Distribution Agreement ("License Agreement") with Ralph Lauren Asia Pacific Limited ("RALPL"), a Company incorporated in Hong Kong and a subsidiary of Ralph Lauren Corporation (NYSE: RL), which is an American corporation founded in 1967.

vi. vide Circular Resolution No. 4 of the Board of Directors, for the Financial Year 2017-18, dated March 21, 2018, approved entering into a Distribution Agreement ("Distribution Agreement") with Fred Perry Limited.

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

DILIP BHARADIYA

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

Place: Mumbai
Date : May 11, 2018

Annexure - A

List of documents verified:

1. Memorandum and Articles of Association of the Company.
2. Annual Report for the Financial Year ended March 31, 2017.
3. Minutes and Attendance Registers of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders' Relationship Committee, held during the period under review.
4. Circular Resolutions approved by the Board of Directors and its Committees from time to time.
5. Minutes of General Body Meetings held during the period under review.
6. Statutory Registers viz.
   - Register of Members;
   - Register of Debenture holders and other security holders;
   - Register of Directors and Key Managerial Personnel and their Shareholding;
   - Register of Employee Stock Options;
   - Register of loans, guarantee, security and acquisition made by the Company;
   - Register of Renewed and Duplicate Share Certificates;
   - Register of Charge;
   - Register of Contracts with Related Party and contracts and bodies, etc. in which directors are interested.
7. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings.
8. Declarations received from the Directors of the Company pursuant to the provisions of Sections 184(1), 164(2), 149(3) and 149(7) of the Act.
9. Intimations received from Directors under the Code of Conduct for Trading in Listed or Proposed to be Listed Securities of Aditya Birla Fashion and Retail Limited.
10. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Act, alongwith the attachments thereof, during the period under review.
11. Intimations/ documents/ reports/ returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with the Stock Exchange(s), from time to time during the period under review.

Annexure - B

List of applicable laws to the Company

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

Annexure - C

To,
The Members,
ADITYA BIRLA FASHION AND RETAIL LIMITED

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

1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed by us provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4) Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

DILIP BHARADIYA

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

Place: Mumbai
Date : May 11, 2018

ANNEXURE VI

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of
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

1. The Corporate Governance Report prepared by Aditya Birla Fashion and Retail Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

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

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
   i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
   ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;
   iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one women director was on the Board during the year;
   iv. Obtained and read the minutes of the following committee meetings held April 1, 2017 to March 31, 2018:
      (a) Board of Directors meeting;
      (b) Audit committee meeting;
      (c) Annual General meeting;

(d) Nomination and remuneration committee meeting;

(e) Stakeholders Relationship Committee meeting; and

(f) Risk Management Committee meeting

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 7 above and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**
Partner
Membership Number: 37638

Place of Signature: Mumbai
Date: May 11, 2018

ANNEXURE VII

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L18101MH2007PLC233901
(ii)	Registration Date	:	April 19, 2007
(iii)	Name of the Company	:	Aditya Birla Fashion and Retail Limited
(iv)	Category & Sub-Category of the Company	:	Company Limited by shares and Indian Non-Government Company
(v)	Address of the Registered office and contact details	:	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	60.11%
Retail sale of clothing, footwear and leather articles in specialized stores	4771	39.89%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN/ GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
		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 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 in terms of the provisions of the Employee Stock Option Scheme - 2013 of the Company.

Such changes are reflected in the tables below:

i) Category-wise Shareholding:

Category of the Shareholders	No. of Shares held at the beginning of the year [1]				No. of Shares held at the end of the year [1]				% Change during the year [2]
	Demat	Physical	Total	% of Total Shares [2]	Demat	Physical	Total	% of Total Shares [2]	
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.	45,64,55,863	-	45,64,55,863	59.24	45,64,55,863	-	45,64,55,863	59.15	(0.09)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**45,71,64,117**	**-**	**45,71,64,117**	**59.33**	**45,71,64,117**	**-**	**45,71,64,117**	**59.24**	**(0.09)**
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)	**45,71,64,117**	**-**	**45,71,64,117**	**59.33**	**45,71,64,117**	**-**	**45,71,64,117**	**59.24**	**(0.09)**
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	7,70,77,022	39,204	7,71,16,226	10.01	8,70,49,728	39,204	8,70,88,932	11.29	1.28
b) Financial Institutions and Banks	6,25,195	45,409	6,70,604	0.09	2,83,203	44,754	3,27,957	0.04	(0.05)
c) Central Government	577	-	577	0.00	577	-	577	0.00	0.00
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	3,76,61,981	29,437	3,76,91,418	4.89	3,65,14,386	29,437	3,65,43,823	4.74	(0.15)
g) Foreign Portfolio Investors and Foreign Institutional Investors	8,57,53,023	19,209	8,57,72,232	11.13	8,10,21,804	19,209	8,10,41,013	10.50	(0.63)
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	0.01
iii. Alternate Investment Funds	-	-	-	-	2,68,125	-	2,68,125	0.03	0.03
Sub-Total (B)(1)	**20,11,30,614**	**2,43,404**	**20,13,74,018**	**26.13**	**20,51,50,639**	**2,42,749**	**20,53,93,388**	**26.62**	**0.49**
2) Non-Institutions									
a) Bodies Corp.									
i. Indian	2,54,30,520	3,12,609	2,57,43,129	3.34	2,49,95,449	1,24,168	2,51,19,617	3.26	(0.08)
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual Shareholders holding nominal share capital upto ₹ 1 Lakh	4,97,57,886	89,87,029	5,87,44,915	7.32	4,53,59,560	84,52,414	5,38,11,974	6.97	(0.35)
ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,95,01,674	6,33,967	2,01,35,641	2.93	2,24,91,179	5,99,128	2,30,90,307	2.99	0.06

i) Category-wise Shareholding (continued):

Category of Shareholders	No. of Shares held at the beginning of the year (1)				No. of Shares held at the end of the year (1)				% Change during the year (2)
	Demat	Physical	Total	% of Total Shares (2)	Demat	Physical	Total	% of Total Shares (2)	
c) Others:									
i. Non Resident Indians (Repat)	9,59,045	1,822	9,60,867	0.12	14,10,575	1,38,295	15,48,870	0.20	0.08
ii. Non Resident Indians (Non-Repat)	22,51,526	1,08,010	23,59,536	0.31	20,85,285	1,14,536	21,99,821	0.29	(0.02)
iii. Foreign Nationals	20	-	20	-	3,280	-	3,280	0.00	0.00
iv. Clearing Members	18,96,223	-	18,96,223	0.25	13,29,393	-	13,29,393	0.17	(0.08)
v. Directors	5,56,326	-	5,56,326	0.07	6,72,353	-	6,72,353	0.09	0.02
vi. Trusts	1,65,278	15,364	1,80,642	0.02	1,62,643	18,364	1,81,007	0.02	0.00
vii. Office Bearers (3)	2,49,749	-	2,49,749	0.03	10,942	-	10,942	0.00	(0.03)
viii. HUF	11,61,971	-	11,61,971	0.15	11,68,915	-	11,68,915	0.15	0.00
Sub-Total (B)(2)	**10,19,30,218**	**1,00,58,801**	**11,19,89,019**	**14.55**	**9,96,89,574**	**94,46,905**	**10,91,36,479**	**14.16**	**(0.40)**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**30,30,60,832**	**1,03,02,205**	**31,33,63,037**	**40.68**	**30,48,40,213**	**96,89,654**	**31,45,29,867**	**40.76**	**0.08**
C. Shares held by Custodian for GDRs and ADRs									
Total Shares held by Custodian for GDRs and ADRs (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**76,02,24,949**	**1,03,02,205**	**77,05,27,154**	**100.00**	**76,20,04,330**	**96,89,654**	**77,16,93,984**	**100.00**	**-**

Notes:

(1) Beginning of the year -> As on April 1, 2017; End of the year-> As on March 31, 2018; and During the year -> From April 1, 2017 upto March 31, 2018.

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

(3) Office Bearers constitute Key Managerial Personnel (other than Managing Director, whose holding is disclosed as a Director).

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 (1)			Cumulative Shareholding at the end of the year (1)			% Change in Share-holding during the year
		No. of Shares held	% of Total Shares of the Company (2)	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares held	% of Total Shares of the Company (2)	% of Shares Pledged/ Encumbered to Total Shares	
1	Birla Group Holdings Private Limited	1,87,73,560	2.44	-	1,87,73,560	2.43	-	(0.01)
2	Mr. Kumar Mangalam Birla	23,966	0.00	-	23,966	0.00	-	0.00
3	Mrs. Rajashree Birla	6,63,696	0.09	-	6,63,696	0.09	-	0.00
4	Mrs. Neerja Birla	10,270	0.00	-	10,270	0.00	-	0.00
5	Mrs. 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	Grasim Industries Limited (3)	1,73,98,243	2.26	-	8,73,80,613	11.32	-	9.06
8	IGH Holdings Private Limited	8,50,30,930	11.04	-	8,50,30,930	11.02	-	(0.02)
9	TGS Investment & Trade Private Limited	7,02,35,027	9.12	-	7,02,35,027	9.10	-	(0.02)
10	Aditya Birla Nuvo Limited (3)	6,99,82,370	9.08	-	-	-	-	(9.08)
11	Umang Commercial Company Private Limited	6,49,72,778	8.43	-	6,49,72,778	8.42	-	(0.01)
12	Trapti Trading And Investments Private Limited	4,90,04,462	6.36	-	4,90,04,462	6.35	-	(0.01)
13	Hindalco Industries Limited	4,49,82,142	5.84	-	4,49,82,142	5.83	-	(0.01)
14	Turquoise Investment And Finance Private Limited	3,34,93,678	4.35	-	3,34,93,678	4.34	-	(0.01)
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	0.08	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**	**59.33**	**-**	**45,71,64,117**	**59.24**	**-**	**(0.09)**

Notes:

(1) Beginning of the year -> As on April 1, 2017; End of the year-> As on March 31, 2018; and During the year -> From April 1, 2017 upto March 31, 2018.

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

(3) Pursuant to the Composite Scheme of Arrangement between ABNL and Grasim Industries Limited and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) and their respective shareholders and creditors, ABNL got amalgamated with Grasim Industries Limited w.e.f. July 1, 2017. Accordingly, during the year under review, the shareholding of ABNL got transferred to Grasim Industries Limited.

iii) Change in Promoters' Shareholding:

Sr. No.	Name of the Promoter/ Entity Part of the Promoter Group	Shareholding		Reason for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares held	% of Total Shares of the Company (1)		No. of Shares held	% of Total Shares of the Company (1)
1	Aditya Birla Nuvo Limited			Pursuant to the Composite Scheme of Arrangement between ABNL and Grasim Industries Limited and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) and their respective shareholders and creditors		
	At the beginning of the year (2)	6,99,82,370	9.08		-	-
	Date wise Increase/ Decrease during the year (2)					
	July 21, 2017	(6,99,82,370)	(9.07)		-	-
	At the end of the year (2)	-	-		-	-
2	Grasim Industries Limited					
	At the beginning of the year (2)	1,73,98,243	2.26		-	-
	Date wise Increase/ Decrease during the year (2)					
	July 21, 2017	6,99,82,370	9.07		8,73,80,613	11.32
	At the end of the year (2)	8,73,80,613	11.32		-	-

Notes:

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

(2) Beginning of the year -> As on April 1, 2017; End of the year-> As on March 31, 2018; and During the year -> From April 1, 2017 upto March 31, 2018.

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

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding		Reason(s) for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company (1)		No. of Shares	% of Total Shares of the Company (1)
1	Life Insurance Corporation of India (3) (4)					
	At the beginning of the year (2)	3,16,26,684	4.10	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	- January 19, 2018	(29,612)	(0.00)	Transfer	3,15,97,072	4.09
	At the end of the year (2)	3,15,97,072	4.09	-	-	-
2	Franklin Templeton Mutual Fund and its affiliates (3) (4)					
	At the beginning of the year (2)	4,39,43,509	5.70	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	- April 7, 2017	38,800	0.01	Transfer	4,39,82,309	5.70
	- April 28, 2017	(5,00,000)	(0.06)	Transfer	4,34,82,309	5.64
	- June 16, 2017	(2,52,485)	(0.03)	Transfer	4,32,29,824	5.60
	- July 21, 2017	(200)	(0.00)	Transfer	4,32,29,624	5.60
	- July 28, 2017	(1,09,099)	(0.01)	Transfer	4,31,20,525	5.59
	- August 4, 2017	(6,38,216)	(0.08)	Transfer	4,24,82,309	5.51
	- August 11, 2017	(15,00,000)	(0.19)	Transfer	4,09,82,309	5.31
	- August 18, 2017	(8,614)	(0.00)	Transfer	4,09,73,695	5.31
	- August 25, 2017	(13,91,386)	(0.18)	Transfer	3,95,82,309	5.13
	- September 1, 2017	(2,00,000)	(0.03)	Transfer	3,93,82,309	5.10
	- September 8, 2017	(4,00,000)	(0.05)	Transfer	3,89,82,309	5.05
	- September 15, 2017	(1,00,000)	(0.01)	Transfer	3,88,82,309	5.04
	- September 29, 2017	(4,00,000)	(0.05)	Transfer	3,84,82,309	4.99
	- October 6, 2017	(1,00,000)	(0.01)	Transfer	3,83,82,309	4.97
	- October 13, 2017	(2,27,799)	(0.03)	Transfer	3,81,54,510	4.94
	- November 3, 2017	(99,201)	(0.01)	Transfer	3,80,55,309	4.93
	- November 17, 2017	(23,73,000)	(0.31)	Transfer	3,56,82,309	4.62
	- November 24, 2017	(27,00,000)	(0.35)	Transfer	3,29,82,309	4.27
	- December 22, 2017	(20,36,370)	(0.26)	Transfer	3,09,45,939	4.01
	- December 29, 2017	(16,40,985)	(0.21)	Transfer	2,93,04,954	3.80
	- February 23, 2018	(53,117)	(0.01)	Transfer	2,92,51,837	3.79
	- March 16, 2018	37,446	0.00	Transfer	2,92,89,283	3.80

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 [1]		No. of Shares	% of Total Shares of the Company [1]
	- March 23, 2018	1,62,554	0.02	Transfer	2,94,51,837	3.82
	- March 31, 2018	1,57,926	0.02	Transfer	2,96,09,763	3.84
	At the end of the year [2]	2,96,09,763	3.84	-	-	-
3	Reliance Capital Trustee Co. Ltd. a/c Reliance Equity Opportunities Fund [3] [4]					
	At the beginning of the year [2]	1,25,55,356	1.63	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	May 26, 2017	50,000	0.01	Transfer	1,26,05,356	1.63
	June 16, 2017	(95,600)	(0.01)	Transfer	1,25,09,756	1.62
	July 21, 2017	(4,26,894)	(0.06)	Transfer	1,20,82,862	1.57
	August 25, 2017	39,411	0.01	Transfer	1,21,22,273	1.57
	September 29, 2017	38,000	0.00	Transfer	1,21,60,273	1.58
	October 27, 2017	1,50,000	0.02	Transfer	1,23,10,273	1.60
	November 3, 2017	13,67,955	0.18	Transfer	1,36,78,228	1.77
	November 10, 2017	10,37,000	0.13	Transfer	1,47,15,228	1.91
	November 17, 2017	5,00,000	0.06	Transfer	1,52,15,228	1.97
	November 24, 2017	40,58,463	0.53	Transfer	1,92,73,691	2.50
	December 1, 2017	99,271	0.01	Transfer	1,93,72,962	2.51
	December 8, 2017	(22,840)	(0.00)	Transfer	1,93,50,122	2.51
	January 5, 2018	(3,13,767)	(0.04)	Transfer	1,90,36,355	2.47
	January 12, 2018	7,500	0.00	Transfer	1,90,43,855	2.47
	January 26, 2018	10,22,288	0.13	Transfer	2,00,66,143	2.60
	February 2, 2018	11,42,389	0.15	Transfer	2,12,08,532	2.75
	February 9, 2018	23,42,774	0.30	Transfer	2,35,51,306	3.05
	February 16, 2018	1,32,000	0.02	Transfer	2,36,83,306	3.07
	March 16, 2018	66,860	0.01	Transfer	2,37,50,166	3.08
	March 23, 2018	13,30,000	0.17	Transfer	2,50,80,166	3.25
	March 31, 2018	12,79,000	0.17	Transfer	2,63,59,166	3.42
	At the end of the year [2]	2,63,59,166	3.42	-	-	-
4	Franklin Templeton Investment Funds [3] [4]					
	At the beginning of the year [2]	2,31,94,784	3.01	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	April 7, 2017	3,52,700	0.05	Transfer	2,35,47,484	3.05
	April 14, 2017	2,24,700	0.03	Transfer	2,37,72,184	3.08
	May 26, 2017	44,490	0.01	Transfer	2,38,16,674	3.09
	October 13, 2017	(9,596)	(0.00)	Transfer	2,38,07,078	3.09
	October 20, 2017	(10,052)	(0.00)	Transfer	2,37,97,026	3.08
	February 9, 2018	(27,99,751)	(0.36)	Transfer	2,09,97,275	2.72
	February 16, 2018	(18,900)	(0.00)	Transfer	2,09,78,375	2.72
	March 2, 2018	(10,97,990)	(0.14)	Transfer	1,98,80,385	2.58
	March 9, 2018	(8,66,015)	(0.11)	Transfer	1,90,14,370	2.46
	March 16, 2018	(19,08,000)	(0.25)	Transfer	1,71,06,370	2.22
	At the end of the year [2]	1,71,06,370	2.22	-	-	-
5	UTI-Mastershare Unit Scheme [4]					
	At the beginning of the year [2]	19,28,998	0.25	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	May 19, 2017	1,02,461	0.01	Transfer	20,31,459	0.26
	May 26, 2017	(4,32,000)	(0.06)	Transfer	15,99,459	0.21
	June 2, 2017	1,00,000	0.01	Transfer	16,99,459	0.22
	June 30, 2017	(90,000)	(0.01)	Transfer	16,09,459	0.21
	July 7, 2017	(5,732)	(0.00)	Transfer	16,03,727	0.21
	August 4, 2017	1,05,000	0.01	Transfer	17,08,727	0.22
	August 11, 2017	4,00,000	0.05	Transfer	21,08,727	0.27
	August 18, 2017	55,212	0.01	Transfer	21,63,939	0.28
	September 1, 2017	(1,382)	(0.00)	Transfer	21,62,557	0.28
	September 22, 2017	(2,346)	(0.00)	Transfer	21,60,211	0.28
	September 29, 2017	4,19,893	0.05	Transfer	25,80,104	0.33
	October 6, 2017	3,14,094	0.04	Transfer	28,94,198	0.38

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 [1]		No. of Shares	% of Total Shares of the Company [1]
	October 20, 2017	2,13,842	0.03	Transfer	31,08,040	0.40
	October 27, 2017	3,17,925	0.04	Transfer	34,25,965	0.44
	November 3, 2017	73,199	0.01	Transfer	34,99,164	0.45
	November 24, 2017	3,00,198	0.04	Transfer	37,99,362	0.49
	December 1, 2017	2,46,501	0.03	Transfer	40,45,863	0.52
	December 8, 2017	4,83,989	0.06	Transfer	45,29,852	0.59
	December 15, 2017	2,17,757	0.03	Transfer	47,47,609	0.62
	December 22, 2017	5,08,360	0.07	Transfer	52,55,969	0.68
	December 29, 2017	7,828	0.00	Transfer	52,63,797	0.68
	January 5, 2018	3,51,757	0.05	Transfer	56,15,554	0.73
	January 12, 2018	(3,321)	(0.00)	Transfer	56,12,233	0.73
	January 19, 2018	91,152	0.01	Transfer	57,03,385	0.74
	January 26, 2018	2,47,530	0.03	Transfer	59,50,915	0.77
	February 2, 2018	2,41,021	0.03	Transfer	61,91,936	0.80
	February 9, 2018	14,78,612	0.19	Transfer	76,70,548	0.99
	February 16, 2018	5,13,346	0.07	Transfer	81,83,894	1.06
	February 23, 2018	2,68,454	0.03	Transfer	84,52,348	1.10
	March 2, 2018	9,58,128	0.12	Transfer	94,10,476	1.22
	March 9, 2018	2,53,152	0.03	Transfer	96,63,628	1.25
	March 16, 2018	2,90,590	0.04	Transfer	99,54,218	1.29
	March 23, 2018	26,414	0.00	Transfer	99,80,632	1.29
	March 31, 2018	(6,770)	(0.00)	Transfer	99,73,862	1.29
	At the end of the year [2]	99,73,862	1.29	-	-	-
6	India Opportunities Growth Fund Ltd. - Pinewood Strategy [3] [4]					
	At the beginning of the year [2]	73,52,128	0.95	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	April 14, 2017	(5,50,000)	(0.07)	Transfer	68,02,128	0.88
	April 21, 2017	(50,000)	(0.01)	Transfer	67,52,128	0.88
	June 16, 2017	10,000	0.00	Transfer	67,62,128	0.88
	July 28, 2017	38,49,661	0.50	Transfer	1,06,11,789	1.38
	December 15, 2017	(40,000)	(0.01)	Transfer	1,05,71,789	1.37
	December 22, 2017	(50,000)	(0.01)	Transfer	1,05,21,789	1.36
	January 5, 2018	(1,23,361)	(0.02)	Transfer	1,03,98,428	1.35
	March 31, 2018	(13,00,000)	(0.17)	Transfer	90,98,428	1.18
	At the end of the year [2]	90,98,428	1.18	-	-	-
7	Mirae Asset Emerging Bluechip Fund [4]					
	At the beginning of the year [2]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	December 1, 2017	3,50,000	0.05	Transfer	3,50,000	0.05
	December 8, 2017	20,000	0.00	Transfer	3,70,000	0.05
	December 15, 2017	6,55,949	0.09	Transfer	10,25,949	0.13
	December 22, 2017	50,000	0.01	Transfer	10,75,949	0.14
	December 29, 2017	18,60,715	0.24	Transfer	29,36,664	0.38
	January 5, 2018	5,65,000	0.07	Transfer	35,01,664	0.45
	January 12, 2018	2,38,651	0.03	Transfer	37,40,315	0.48
	January 19, 2018	4,23,233	0.05	Transfer	41,63,548	0.54
	January 26, 2018	1,80,000	0.02	Transfer	43,43,548	0.56
	February 16, 2018	70,000	0.01	Transfer	44,13,548	0.57
	February 23, 2018	40,000	0.01	Transfer	44,53,548	0.58
	March 2, 2018	40,000	0.01	Transfer	44,93,548	0.58
	March 9, 2018	30,000	0.00	Transfer	45,23,548	0.59
	March 16, 2018	13,77,006	0.18	Transfer	59,00,554	0.76
	March 23, 2018	7,83,000	0.10	Transfer	66,83,554	0.87
	March 31, 2018	57,000	0.01	Transfer	67,40,554	0.87
	At the end of the year [2]	67,40,554	0.87	-	-	-

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 (1)		No. of Shares	% of Total Shares of the Company (1)
8	HSBC Global Investment Funds - Indian Equity (3) (4)					
	At the beginning of the year (2)	83,62,788	1.09	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	June 2, 2017	(89,723)	(0.01)	Transfer	82,73,065	1.07
	June 9, 2017	(5,97,467)	(0.08)	Transfer	76,75,598	0.99
	June 16, 2017	(1,82,703)	(0.02)	Transfer	74,92,895	0.97
	December 1, 2017	(40,000)	(0.01)	Transfer	74,52,895	0.97
	December 15, 2017	(9,69,574)	(0.13)	Transfer	64,83,321	0.84
	December 22, 2017	(1,87,928)	(0.02)	Transfer	62,95,393	0.82
	January 5, 2018	(3,75,000)	(0.05)	Transfer	59,20,393	0.77
	January 12, 2018	(32,995)	(0.00)	Transfer	58,87,398	0.76
	At the end of the year (2)	58,87,398	0.76	-	-	-
9	Mr. Akash Bhanshali (4)					
	At the beginning of the year (2)	-	-	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	August 11, 2017	14,50,000	0.19	Transfer	14,50,000	0.19
	August 25, 2017	9,90,000	0.13	Transfer	24,40,000	0.32
	October 6, 2017	4,00,000	0.05	Transfer	28,40,000	0.37
	October 13, 2017	2,09,000	0.03	Transfer	30,49,000	0.40
	October 27, 2017	5,00,000	0.06	Transfer	35,49,000	0.46
	November 3, 2017	5,530	0.00	Transfer	35,54,530	0.46
	November 10, 2017	5,00,000	0.06	Transfer	40,54,530	0.53
	November 17, 2017	7,50,000	0.10	Transfer	48,04,530	0.62
	At the end of the year (2)	48,04,530	0.62	-	-	-
10	Sundaram Mutual Fund and its affiliates (4)					
	At the beginning of the year (2)	28,84,000	0.37	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	April 7, 2017	86,000	0.01	Transfer	29,70,000	0.38
	April 28, 2017	20,000	0.00	Transfer	29,90,000	0.39
	May 12, 2017	25,000	0.00	Transfer	30,15,000	0.39
	May 26, 2017	10,000	0.00	Transfer	30,25,000	0.39
	June 9, 2017	5,000	0.00	Transfer	30,30,000	0.39
	June 23, 2017	5,000	0.00	Transfer	30,35,000	0.39
	June 30, 2017	15,000	0.00	Transfer	30,50,000	0.40
	July 14, 2017	25,000	0.00	Transfer	30,75,000	0.40
	July 28, 2017	10,000	0.00	Transfer	30,85,000	0.40
	August 18, 2017	30,000	0.00	Transfer	31,15,000	0.40
	August 25, 2017	15,000	0.00	Transfer	31,30,000	0.41
	September 1, 2017	2,37,432	0.03	Transfer	33,67,432	0.44
	September 8, 2017	4,80,229	0.06	Transfer	38,47,661	0.50
	September 15, 2017	1,20,102	0.02	Transfer	39,67,763	0.51
	September 29, 2017	10,000	0.00	Transfer	39,77,763	0.52
	October 6, 2017	50,000	0.01	Transfer	40,27,763	0.52
	October 27, 2017	2,000	0.00	Transfer	40,29,763	0.52
	December 1, 2017	75,000	0.01	Transfer	41,04,763	0.53
	December 29, 2017	25,000	0.00	Transfer	41,29,763	0.54
	February 2, 2018	52,279	0.01	Transfer	41,82,042	0.54
	February 9, 2018	61,066	0.01	Transfer	42,43,108	0.55
	February 16, 2018	20,000	0.00	Transfer	42,63,108	0.55
	March 16, 2018	61,260	0.01	Transfer	43,24,368	0.56
	March 31, 2018	42,270	0.01	Transfer	43,66,638	0.57
	At the end of the year (2)	43,66,638	0.57	-	-	-
11	Dimensional Emerging Markets Value Fund (3) (4)					
	At the beginning of the year (2)	46,80,312	0.61	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	April 7, 2017	(59,589)	(0.01)	Transfer	46,20,723	0.60
	April 14, 2017	(28,942)	(0.00)	Transfer	45,91,781	0.60
	April 21, 2017	(9,619)	(0.00)	Transfer	45,82,162	0.59

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 [1]		No. of Shares	% of Total Shares of the Company [1]
	April 28, 2017	(76,391)	(0.01)	Transfer	45,05,771	0.58
	May 5, 2017	(15,323)	(0.00)	Transfer	44,90,448	0.58
	May 12, 2017	(50,480)	(0.01)	Transfer	44,39,968	0.58
	May 19, 2017	(16,160)	(0.00)	Transfer	44,23,808	0.57
	May 26, 2017	(25,679)	(0.00)	Transfer	43,98,129	0.57
	June 2, 2017	(29,401)	(0.00)	Transfer	43,68,728	0.57
	June 9, 2017	(35,639)	(0.00)	Transfer	43,33,089	0.56
	June 16, 2017	(21,497)	(0.00)	Transfer	43,11,592	0.56
	June 23, 2017	(13,578)	(0.00)	Transfer	42,98,014	0.56
	June 30, 2017	(31,481)	(0.00)	Transfer	42,66,533	0.55
	July 7, 2017	(39,527)	(0.01)	Transfer	42,27,006	0.55
	July 14, 2017	(21,762)	(0.00)	Transfer	42,05,244	0.55
	July 21, 2017	(27,100)	(0.00)	Transfer	41,78,144	0.54
	August 4, 2017	(5,213)	(0.00)	Transfer	41,72,931	0.54
	August 18, 2017	(7,820)	(0.00)	Transfer	41,65,111	0.54
	August 25, 2017	(20,038)	(0.00)	Transfer	41,45,073	0.54
	September 1, 2017	(60,802)	(0.01)	Transfer	40,84,271	0.53
	September 8, 2017	(19,470)	(0.00)	Transfer	40,64,801	0.53
	September 15, 2017	(28,044)	(0.00)	Transfer	40,36,757	0.52
	September 22, 2017	(24,390)	(0.00)	Transfer	40,12,367	0.52
	September 29, 2017	(55,688)	(0.01)	Transfer	39,56,679	0.51
	October 6, 2017	(67,484)	(0.01)	Transfer	38,89,195	0.50
	October 13, 2017	(4,860)	(0.00)	Transfer	38,84,335	0.50
	October 20, 2017	(30,702)	(0.00)	Transfer	38,53,633	0.50
	October 27, 2017	(1,00,287)	(0.01)	Transfer	37,53,346	0.49
	November 3, 2017	(22,661)	(0.00)	Transfer	37,30,685	0.48
	November 10, 2017	(52,330)	(0.01)	Transfer	36,78,355	0.48
	November 17, 2017	(78,250)	(0.01)	Transfer	36,00,105	0.47
	November 24, 2017	(52,100)	(0.01)	Transfer	35,48,005	0.46
	December 1, 2017	(59,647)	(0.01)	Transfer	34,88,358	0.45
	December 8, 2017	(47,003)	(0.01)	Transfer	34,41,355	0.45
	December 22, 2017	(30,181)	(0.00)	Transfer	34,11,174	0.44
	December 29, 2017	(20,632)	(0.00)	Transfer	33,90,542	0.44
	January 5, 2018	(18,373)	(0.00)	Transfer	33,72,169	0.44
	January 12, 2018	(63,950)	(0.01)	Transfer	33,08,219	0.43
	January 19, 2018	(20,483)	(0.00)	Transfer	32,87,736	0.43
	January 26, 2018	(19,039)	(0.00)	Transfer	32,68,697	0.42
	February 2, 2018	(54,619)	(0.01)	Transfer	32,14,078	0.42
	February 9, 2018	(21,091)	(0.00)	Transfer	31,92,987	0.41
	February 16, 2018	(23,468)	(0.00)	Transfer	31,69,519	0.41
	March 2, 2018	(24,745)	(0.00)	Transfer	31,44,774	0.41
	March 9, 2018	(25,108)	(0.00)	Transfer	31,19,666	0.40
	March 16, 2018	(30,483)	(0.00)	Transfer	30,89,183	0.40
	March 23, 2018	(67,419)	(0.01)	Transfer	30,21,764	0.39
	March 31, 2018	(35,745)	(0.00)	Transfer	29,86,019	0.39
	At the end of the year [2]	29,86,019	0.39	-	-	-
12	Parvest Equity India [3]					
	At the beginning of the year [2]	43,02,306	0.56	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	July 21, 2017	4,03,964	0.05	Transfer	47,06,270	0.61
	October 13, 2017	(2,06,270)	(0.03)	Transfer	45,00,000	0.58
	December 15, 2017	(7,33,000)	(0.09)	Transfer	37,67,000	0.49
	December 22, 2017	(3,66,000)	(0.05)	Transfer	34,01,000	0.44
	December 29, 2017	(3,80,000)	(0.05)	Transfer	30,21,000	0.39
	January 5, 2018	(3,65,000)	(0.05)	Transfer	26,56,000	0.34
	February 16, 2018	(3,55,000)	(0.05)	Transfer	23,01,000	0.30
	March 16, 2018	(2,50,000)	(0.03)	Transfer	20,51,000	0.27
	March 23, 2018	(6,26,000)	(0.08)	Transfer	14,25,000	0.18
	At the end of the year [2]	14,25,000	0.18	-	-	-

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 (1)		No. of Shares	% of Total Shares of the Company (1)
13	Tata Balanced Fund (3)					
	At the beginning of the year (2)	95,09,000	1.23	-	-	-
	Date wise Increase/ Decrease during the year (2)					
	April 21, 2017	(5,12,000)	(0.07)	Transfer	89,97,000	1.17
	April 28, 2017	(6,41,959)	(0.08)	Transfer	83,55,041	1.08
	May 5, 2017	(2,00,000)	(0.03)	Transfer	81,55,041	1.06
	May 19, 2017	(6,06,041)	(0.08)	Transfer	75,49,000	0.98
	June 23, 2017	(1,00,000)	(0.01)	Transfer	74,49,000	0.97
	June 30, 2017	(2,25,000)	(0.03)	Transfer	72,24,000	0.94
	July 7, 2017	(2,50,000)	(0.03)	Transfer	69,74,000	0.90
	July 28, 2017	(2,50,000)	(0.03)	Transfer	67,24,000	0.87
	August 4, 2017	(1,50,000)	(0.02)	Transfer	65,74,000	0.85
	August 11, 2017	(6,50,000)	(0.08)	Transfer	59,24,000	0.77
	September 15, 2017	(50,000)	(0.01)	Transfer	58,74,000	0.76
	September 29, 2017	(3,75,000)	(0.05)	Transfer	54,99,000	0.71
	October 6, 2017	(2,00,000)	(0.03)	Transfer	52,99,000	0.69
	October 20, 2017	(5,00,000)	(0.06)	Transfer	47,99,000	0.62
	October 27, 2017	(2,00,000)	(0.03)	Transfer	45,99,000	0.60
	November 3, 2017	(18,75,000)	(0.24)	Transfer	27,24,000	0.35
	November 10, 2017	(6,00,000)	(0.08)	Transfer	21,24,000	0.28
	November 17, 2017	(5,00,000)	(0.06)	Transfer	16,24,000	0.21
	November 24, 2017	(7,00,000)	(0.09)	Transfer	9,24,000	0.12
	December 22, 2017	(5,00,000)	(0.06)	Transfer	4,24,000	0.05
	January 12, 2018	(24,000)	(0.00)	Transfer	4,00,000	0.05
	March 9, 2018	(4,00,000)	(0.05)	Transfer	-	-
	At the end of the year (2)	-	-	-	-	-
14	Macquarie Emerging Markets Asian Trading Pte. Ltd. (3)					
	At the beginning of the year (2)	39,00,000	0.51	-	-	-
	Date wise Increase/ Decrease during the year (2)	-				
	July 28, 2017	(39,00,000)	(0.51)	Transfer	-	-
	At the end of the year (1)	-	-	-	-	-

Notes:

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

(2) Beginning of the year -> As on April 1, 2017; End of the year-> As on March 31, 2018; and During the year -> From April 1, 2017 upto March 31, 2018.

(3) Part of Top Ten Shareholders as on March 31, 2017.

(4) Part of Top Ten Shareholders as on March 31, 2018.

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

Sr. No.	Name of the Director/ KMP	Shareholding		Reason for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company (1)		No. of Shares	% of Total Shares of the Company (1)
1	**Mr. Arun Thiagarajan** (Director)					
	At the beginning of the year (2)	-	-	-	-	-
	Date wise Increase/ Decrease during the year (2)	-	-	-	-	-
	At the end of the year (2)	-	-	-	-	-
2	**Mr. Ashish Dikshit** (Managing Director w.e.f. February 1, 2018)					
	At the beginning of the year (2)	1,16,027	0.02	-	-	-
	Date wise Increase/ Decrease during the year (2)	-	-	-	-	-
	At the end of the year (2)	1,16,027	0.02	-	-	-
3	**Mr. Bharat Patel** (Director)					
	At the beginning of the year (2)	-	-	-	-	-
	Date wise Increase/ Decrease during the year (2)	-	-	-	-	-
	At the end of the year (2)	-	-	-	-	-

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

Sr. No.	Name of the Director & KMP	Shareholding		Reason for change in Shareholding	Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company [1]		No. of Shares	% of Total Shares of the Company [1]
4	**Mr. Pranab Barua** [3] (Director)					
	At the beginning of the year [2]	4,36,497	0.06	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of the year [1]	4,36,497	0.06	-	-	-
5	**Mr. Sanjeeb Chaudhuri** (Director)					
	At the beginning of the year [2]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of the year [2]	-	-	-	-	-
6	**Ms. Sukanya Kripalu** (Director)					
	At the beginning of the year [2]	-	-	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of the year [2]	-	-	-	-	-
7	**Mr. Sushil Agarwal** [4] (Director)					
	At the beginning of the year [2]	1,19,829	0.02	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of the year [2]	1,19,829	0.02	-	-	-
8	**Mr. Vishak Kumar** (Chief Executive Officer - Madura Fashion and Lifestyle)					
	At the beginning of the year [2]	2,184	0.00	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of the year [2]	2,184	0.00	-	-	-
9	**Mr. Shital Mehta** [5] (Chief Executive Officer - Pantaloons)					
	At the beginning of the year [2]	89,551	0.01	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	July 11, 2017	44,264	0.01	Exercise of Stock Options	1,33,815	0.02
	At the end of his tenure	1,33,815	0.02	-	-	-
10	**Mr. S. Visvanathan** [6] (Chief Financial Officer)					
	At the beginning of the year [2]	36,946	0.00	-	-	-
	Date wise Increase/ Decrease during the year [2]	-	-	-	-	-
	At the end of his tenure	36,946	0.00	-	-	-
11	**Ms. Geetika Anand** (Company Secretary)					
	At the beginning of the year [2]	5,041	0.00	-	-	-
	Date wise Increase/ Decrease during the year [2]					
	July 11, 2017	1,859	0.00	Exercise of Stock Options	6,900	0.00
	November 29, 2017	1,858	0.00	Exercise of Stock Options	8,758	0.00
	At the end of the year [2]	8,758	0.00	-	-	-

Notes:

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

(2) Beginning of the year -> As on April 1, 2017; End of the year-> As on March 31, 2018; and During the year -> From April 1, 2017 upto March 31, 2018.

(3) Mr. Pranab Barua stepped down from the position of the Managing Director of the Company w.e.f. closing hours of January 31, 2018 and he has been appointed as an Additional Director w.e.f. February 1, 2018, proposed to be appointed as a Non-Executive Director, liable to retire by rotation, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

(4) The details of shareholding of Mr. Sushil Agarwal mentioned hereinabove include the shareholding of Sushil Agarwal HUF.

(5) Mr. Shital Mehta resigned from the post of Chief Executive Officer, Pantaloons Division of the Company w.e.f. September 15, 2017, thereby ceasing to be one of the KMP of the Company. Therefore, the details of his shareholding have been provided upto the date of his resignation.

(6) Mr. S. Visvanathan resigned from the post of Chief Financial Officer of the Company w.e.f. February 28, 2018, thereby ceasing to be one of the KMP of the Company. Therefore, the details of his shareholding have been provided upto the date of his resignation. Mr. Jagdish Bajaj was appointed as the Chief Financial Officer of the Company w.e.f. April 1, 2018, being one of the KMP and hence, the details of his shareholding have not been provided as a part of the above table.

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, 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**
Change in Indebtedness during the Financial Year				
Addition	16,752	17,745	-	34,497
Reduction	(1,559)	(41,059)	-	(42,618)
Net Change	**15,193**	**(23,314)**	**-**	**(8,121)**
Indebtedness at the end of the Financial Year i.e. as on March 31, 2018				
(i) Principal Amount	17,181	1,68,964	-	1,86,145
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	16,426	-	16,426
Total (i + ii + iii)	**17,181**	**1,85,390**	**-**	**2,02,571**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director:

(Amount in ₹ Lakh)

Sr. No.	Particulars	Mr. Pranab Barua (upto January 31, 2018) (1)	Mr. Ashish Dikshit (w.e.f. January 31, 2018)
1	Gross Salary	490.16	45.82
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	487.33	43.60
	Value of Perquisites u/s 17(2) of the Income-tax Act, 1961	2.83	2.22
	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of Profit	-	-
	- others	-	-
5	Others, please specify	-	-
	(a) Company's Contribution to Provident Fund	13.87	1.98
	(b) Company's Contribution to Superannuation Fund	-	2.47
	(c) Company's Contribution to Gratuity	-	-
	(d) Food Coupon/ Voucher	0.11	0.02
	(e) Car Valuation	15.63	0.43
	(f) House Deposit Valuation	25.00	-
	(g) NPS	-	-
	Total	**544.77**	**50.73**
	Ceiling as per the Act	Not Applicable (2)	

Notes:

(1) Mr. Pranab Barua is also 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 disclosed in the above table.

(2) The Company is in compliance with the conditions specified in the Schedule V of the Act, more specifically as stated in the Notification bearing No. S.O. 2922(E) issued by the Ministry of Corporate Affairs on September 12, 2016 and accordingly, there is no ceiling with respect to payment of remuneration to Mr. Barua and Mr. Dikshit.

B. Remuneration to other Directors:

(Amount in ₹ Lakh)

Sr. No.	Particulars of Remuneration	Name of the Directors						Total Amount
		Mr. Arun Thiagarajan	Mr. Bharat Patel	Mr. Pranab Barua	Mr. Sanjeeb Chaudhuri	Ms. Sukanya Kripalu	Mr. Sushil Agarwal	
1	Independent Directors							
	- Fee for attending Board/ Committee Meetings	4.85	6.65	-	5.00	6.70	-	23.20
	- Commission	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-
	Total (1)	**4.85**	**6.65**	**-**	**5.00**	**6.70**	**-**	**23.20**
2	Other Non-Executive Directors							
	- Fee for attending Board/ Committee Meetings	-	-	0.50	-	-	5.95	6.45
	- Commission	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**0.50**	**-**	**-**	**5.95**	**6.45**
3	**Total (B) = (1+2)**	**4.85**	**6.65**	**0.50**	**5.00**	**6.70**	**5.95**	**29.65**
4	**Total Managerial Remuneration (A+B)**							**625.15**
5	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) Rules, 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 Amount
		Mr. Ashish Dikshit, Business Head (upto January 31, 2018)	Mr. Vishak Kumar, Chief Executive Officer - MFL	Mr. Shital Mehta, Chief Executive Officer – Pantaloons (upto September 15, 2017)	Mr. S. Visvanathan, Chief Financial Officer (upto (upto February 28, 2018)	Ms. Geetika Anand, Company Secretary	
1	Gross Salary	391.48	279.16	297.30	203.17	56.19	1,763.28
	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	381.25	278.79	265.85	194.80	53.53	1,705.14
	Value of Perquisites u/s 17(2) of the Income-tax Act, 1961	10.24	0.38	31.45	8.37	2.66	58.14
	Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	31.25	-	2.25	33.50
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-
	Others -	-	-	-	-	-	
5	Others, please specify	-	-	-	-	-	-
	(a) Company's Contribution to Provident Fund	9.08	8.25	3.70	4.45	2.01	43.33
	(b) Company's Contribution to Superannuation Fund	11.35	-	-	5.56	-	19.38
	(c) Company's Contribution to Gratuity	-	-	1.48	-	0.81	2.29
	(d) Food Coupon/ Voucher	0.11	0.13	0.09	0.22	-	0.69
	(e) Car Valuation	2.17	4.75	1.90	3.90	-	28.77
	(f) House Deposit Valuation	-	-	-	-	-	25.00
	(g) NPS	-	-	3.08	-	-	3.08
	Total	**414.19**	**292.29**	**338.79**	**217.29**	**61.26**	**1,919.32**

D. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalities/ punishment/ compounding of offences for the year ended March 31, 2018.

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, to achieve the ultimate goal of making the Company a value driven organisation.

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 to all Stakeholders, as well as superior transparency and timely disclosure.

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

The Group Values - Integrity, Commitment, Passion, Seamlessness and Speed, also reflect this philosophy. These core values are central to the business philosophy of the Company and act as the guiding inspiration for the day-to-day business operations.

In addition to the above, following principles supplement the core of the 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 its Stakeholders.

Further, at ABFRL, we also believe that good Corporate Governance encompasses not only regulatory and legal requirements. The role of corporate laws, though essential, is only complementary and supplementary, whereas Corporate Governance extends beyond the realms of such laws. Your Company strives to comply with both the "spirit" and the "letter" of each such law.

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

Your Company is in compliance with the Corporate Governance requirements as enshrined in the Companies Act, 2013 read with the Rules made thereunder ("Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable laws.

Also, your Company shall ensure that its governance framework incorporates the amendments introduced by the Securities and Exchange Board of India ("SEBI") in the SEBI Listing Regulations, pursuant to the recommendations made by the Kotak Committee on Corporate Governance and the same are complied with, on or before their effective date.

Your Company presents this report, prepared in terms of the SEBI Listing Regulations (including the amendments to the extent applicable), enumerating the current Corporate Governance systems and processes at the Company.

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 responsible for and committed to sound principles of Corporate Governance in the Company and plays a crucial role in overseeing how the Management serves the short-term & long-term interests of Members and other Stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board.

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

Also, while discharging its fiduciary duties and in ensuring effective functioning of your Company, the Board is duly supported by the Managing Director, Key Managerial Personnel ("KMP") and the Senior Management. 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 the Members and other Stakeholders of the Company.

A. Composition of the Board

An independent and well-informed Board goes a long way in protecting the Stakeholders' interest and simultaneously maximise long-term corporate values.

In compliance with the requirements under the relevant provisions of the Act & SEBI Listing Regulations and with a strong belief that the Board needs to have an appropriate blend of Directors to maintain its diversity and independence, the Board of your Company has an optimum combination of such number of Executive, Non-Executive and Independent Directors, including a Woman Director.

The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with the statutory as well as business requirements and it separates the roles of governance and management. Your Company has in place a succession plan for the Board, KMP and Senior Management of the Company.

The composition of the Board is in conformity with Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, your Company's Board comprises 7 Directors, categorised as below:

Category	Name of the Director	DIN
Executive Director	Mr. Ashish Dikshit, Managing Director(1)	01842066
Non-Executive Director	Mr. Sushil Agarwal	00060017
	Mr. Pranab Barua(2)	00230152
Independent Non-Executive Director (including one Woman Director)	Mr. Bharat Patel	00060998
	Ms. Sukanya Kripalu	06994202
	Mr. Arun Thiagarajan	00292757
	Mr. Sanjeeb Chaudhuri	03594427

Notes:

(1) Appointed w.e.f. February 1, 2018, subject to the approval of the Members of the Company.

(2) Managing Director upto January 31, 2018. He was appointed as a Non-Executive Director w.e.f. February 1, 2018, subject to the approval of the Members of the Company.

Mr. Sushil Agarwal retires by rotation in the ensuing 11th Annual General Meeting of the Company. Details of Directors retiring or being appointed/ re-appointed form part of the Notice of the said AGM.

The important and key decisions are taken after due discussion and deliberation with the Board 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 Section 184 of the Act and Regulation 26 of the SEBI Listing Regulations, the Directors present necessary disclosures regarding the positions held by them on the Board and/or Committees of other public and/or private companies, from time to time. On basis of such disclosures, it is confirmed that as on the date of this Report, none of the Directors of your Company:-

a) hold directorships in more than 10 public limited companies (listed or unlisted);

b) is a member of more than 10 Committees (considering only Audit Committee and Stakeholders Relationship Committee) or Chairperson of more than 5 Committees across all the public companies (listed or unlisted) in which he/ she is a Director; and

c) are related to each other.

The profiles of the Directors of your Company are available on the website of the Company i.e. www.abfrl.com.

The details of each Director alongwith the number of Directorships/ Committee Memberships/ Chairmanships and their shareholding in the Company as on March 31, 2018, alongwith the date of joining the Board, are provided hereinbelow:

Name of the Director	Date of joining	Shareholding in the Company	Directorships in other Companies(1)	No. of other Companies Board Committees (2) in which Chairperson/ Member	
				Chairperson	Member
Mr. Arun Thiagarajan	May 11, 2015	-	5	4	2
Mr. Ashish Dikshit	February 1, 2018	1,16,027	-	-	-
Mr. Bharat Patel	April 19, 2013	-	3	1	2
Mr. Pranab Barua	January 23, 2009	4,36,497	1	-	1
Mr. Sanjeeb Chaudhuri	January 9, 2017	-	-	-	-
Ms. Sukanya Kripalu	October 13, 2014	-	3	-	1
Mr. Sushil Agarwal	August 6, 2009	1,19,829 (3)	3	-	3

Notes:

(1) In terms of the provisions of Regulation 26 of the SEBI Listing Regulations, total number of Directorships 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) In terms of the provisions of Regulation 26 of the SEBI Listing Regulations, Chairmanship/ Membership of Committee only includes the Audit Committee and Stakeholders Relationship Committee in other Indian Public Companies (Listed and Unlisted).

(3) Includes the Shareholding of Sushil Agarwal HUF.

B. Details of Meetings of the Board of Directors and Annual General Meeting held during the period under review, alongwith attendance of Directors at each meeting

The Board meets at regular intervals to discuss and decide on strategies, policies and reviews the financial performance of the Company. The meetings of the Board are pre-scheduled and a tentative annual calendar of the meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly. In case of business exigencies, the Board's approval is taken through circular resolutions and the same are noted at the subsequent meeting of the Board and/or Committees.

The notice and detailed agenda alongwith the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the Meeting with the approval of the Board. This ensures timely and informed decisions by the Board. The Board also reviews the performance of the Company vis-à-vis the budgets/ targets.

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 the applicable laws.

The Board meets atleast 4 times in a year (one meeting in every calendar quarter) and the maximum gap between any two consecutive meetings is less than 120 days, as stipulated under Section 173(1) of the Act, Regulation 17(2) of the SEBI Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India. Additional meetings are held as and when necessary.

The Board of your Company met 8 times during the year under review i.e. on May 12, 2017, June 8, 2017, July 25, 2017, July 27, 2017, August 23, 2017, October 27, 2017, January 9, 2018 and February 2, 2018 (each meeting being consecutively numbered from 1 to 8). The details of attendance of Directors at each such meeting of the Board and at the 10th Annual General Meeting of the Company held on August 23, 2017, are provided hereinbelow:

Name of the Director	Meetings of the Board for the Financial Year 2017-18									10th Annual General Meeting
	Held during the tenure	1	2	3	4	5	6	7	8	
Mr. Arun Thiagarajan	8	Present	Present	Leave of Absence	Present	Present	Present	Leave of Absence	Present	Present
Mr. Ashish Dikshit(1)	1				-				Present	-
Mr. Bharat Patel	8	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mr. Pranab Barua	8	Present	Leave of Absence	Present	Present	Present	Present	Present	Present	Present
Mr. Sanjeeb Chaudhuri	8	Present	Present	Leave of Absence	Present	Present	Present	Present	Present	Present
Ms. Sukanya Kripalu	8	Present	Present	Attended through Video Conferencing	Present	Present	Present	Present	Present	Present
Mr. Sushil Agarwal	8	Present	Present	Leave of Absence	Present	Present	Present	Present	Present	Present

Present   Leave of Absence   Attended through Video Conferencing

Note:

(1) Appointed as the Managing Director w.e.f. February 1, 2018.

C. Independent Directors

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.

In compliance with the SEBI Listing Regulations, the Directors of the Company do not serve as an Independent Director in more than seven listed companies.

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

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

Separate meeting of Independent Directors

The Independent Directors met once during the year, on December 8, 2017, without the presence of Executive Directors or Management representatives, *inter alia*, to discuss the performance of Non-Independent Directors & the Board as a whole and to assess the quality, quantity & 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.

D. Appointment and Tenure

The Directors of the Company are appointed/ re-appointed by the Board on the recommendations of the Nomination and Remuneration Committee and approval of the Members at the Annual General Meeting ("AGM"). In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, are liable to retire by rotation at the AGM each year and, if eligible, offer themselves for re-election. The Executive Directors on the Board have been appointed in terms of the provisions of the Act and serve in accordance with the terms of their contract of service with the Company.

As regards the appointment and tenure of the Independent Directors, the Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Act and the SEBI Listing Regulations.

E. Board Induction, Training and Familiarisation

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

At the time of appointing an Independent Director, a formal letter of appointment is given to him/ her, which *inter alia* explains the role, function, duties and responsibilities expected from him/ her as an Independent Director of the Company. The Directors are also provided with necessary documents, reports and internal policies of the Company, to enable them to familiarise with the Company's procedures and practices. The compliances applicable to them, in terms of the provisions of the Act, SEBI Listing Regulations and other applicable laws, are explained to them and an affirmation is obtained from them, in that regard.

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

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

COMMITTEES OF THE BOARD

The Committees of the Board ("Committees") play a crucial role in the governance structure of the Company. They have been constituted under the formal approval of the Board to carry out clearly defined roles. Members of the Commitees possess expertise in relevant areas and functions, which enables better handling and expedient resolution of diverse matters. Terms of reference of all the committees are laid down in line with the requirements of the Act and the SEBI Listing Regulations, to deal with specific areas/ activities which concern the Company and need a closer review and to carry out clearly defined roles.

The Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. There is seamless flow of information between the Board and its Committees, as the Committees report their recommendations and opinions to the Board, which in turn supervises the execution of respective responsibilities by the Committees. The minutes of the meetings of all the Committees are placed before the Board for its review.

Composition of Committees as on March 31, 2018

Board of Directors

Audit Committee	Stakeholders Relationship Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Risk Management Committee
Mr. Arun Thiagarajan *(Chairperson)*	Mr. Pranab Barua *(Chairperson)*	Ms. Sukanya Kripalu *(Chairperson)*	Mr. Bharat Patel *(Chairperson)*	Mr. Arun Thiagarajan *(Chairperson)*
Mr. Bharat Patel	Mr. Bharat Patel	Mr. Sanjeeb Chaudhuri	Mr. Sanjeeb Chaudhuri	Mr. Bharat Patel
Ms. Sukanya Kripalu	Ms. Sukanya Kripalu	Mr. Arun Thiagarajan	Mr. Sushil Agarwal	Mr. Sushil Agarwal
Mr. Sanjeeb Chaudhuri	Mr. Sushil Agarwal	Mr. Sushil Agarwal	Mr. Pranab Barua	Mr. Pranab Barua
Mr. Sushil Agarwal				
Mr. Pranab Barua				

Mr. Ashish Dikshit, Managing Director of your Company, is a Permanent Invitee for all the meetings of the Committees. Ms. Geetika Anand, Company Secretary of your Company, acts as the Secretary of all the Committees.

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, quorum, powers, role and scope are in accordance with the 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 possess high expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

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

(i) Composition:

The Committee comprises 6 Non-Executive Directors as its Members, out of which 4 are Independent Directors.

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

(ii) Brief Description of Terms of Reference:

The Board has framed the Audit Committee Charter for the purpose of effective compliance of provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

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

a. Financial Matters:

- Overseeing the Company's financial reporting process and the 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/ Auditor's 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 and 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;
- Evaluating of Internal Financial Controls, Risk Management Systems of the Company;
- Discussing with the Internal Auditors of any significant findings 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;
- Approving appointment of Chief Financial Officer of the Company; and
- Reviewing the functioning of Vigil/ Whistle Blower Mechanism.

(iii) Meetings and Attendance during the year:

The Committee met 6 times during the year under review i.e. on May 12, 2017, July 27, 2017, October 27, 2017, December 8, 2017, January 9, 2018 and February 2, 2018 (each meeting being consecutively numbered from 1 to 6), to deliberate on various matters.

The details of attendance of the Members of the Committee at each meeting, are provided hereinbelow:

Name of the Member	Meetings of Committee for the Financial Year 2017-18						
	Held during the tenure	1	2	3	4	5	6
Mr. Arun Thiagarajan (Chairperson)	6	Present	Present	Present	Present	Leave of Absence	Present
Mr. Bharat Patel	6	Present	Present	Leave of Absence	Present	Present	Present
Mr. Pranab Barua[(1)]	-	Present	Present	Present	Present	Present	Present
Mr. Sanjeeb Chaudhuri	6	Present	Present	Present	Present	Present	Present
Ms. Sukanya Kripalu	6	Present	Present	Present	Present	Present	Present
Mr. Sushil Agarwal	6	Present	Present	Present	Leave of Absence	Present	Present
	Present		Leave of Absence				

Note:

(1) Appointed as the Member of the Committee by the Board at its meeting held on February 2, 2018.

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 was present at the 10th AGM of your Company held on August 23, 2017, to answer the queries of the Members of the Company.

B. Nomination and Remuneration Committee

The Board of your Company has constituted a Nomination and Remuneration Committee ("NRC") in terms of the provisions of Section 178 of the Act. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

The Committee is *inter alia* 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. It also specifies the methodology for effective evaluation of performance of the Board, its Committees and individual Directors.

(i) Composition:

The Committee comprises 4 Non-Executive Directors as its Members, out of which 3 are Independent Directors. Ms. Sukanya Kripalu, Independent Director, is the Chairperson of the NRC.

(ii) Brief Description of Terms of Reference:

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

a. Identifying persons who are qualified to become Directors and who may be appointed at Senior Management positions in accordance with the criteria laid down and recommending to the Board their appointment and removal;

b. Recommending the remuneration/ revision in remuneration of Managing Director and Executive Directors to the Board for approval and review;

c. Formulating criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, KMP and other employees;

d. Formulating criteria for evaluation of Board, its Committees and each Director and reviewing its implementation and compliance;

e. Devising a policy on Board diversity; and

f. Recommending to the Board the extension or continuation of term of appointment of the Independent Director, on the basis of the report of performance evaluation of the Independent Directors.

(iii) Meetings and Attendance during the year:

NRC met 5 times during the year under review i.e. on July 25, 2017, September 8, 2017, October 27, 2017, January 9, 2018 and February 2, 2018 (each meeting being consecutively numbered from 1 to 5), to deliberate on various matters.

The details of attendance of Members of the Committee at each meeting, are provided hereinbelow:

Name of the Member	Meetings of Committee for the Financial Year 2017-18					
	Held during the tenure	1	2	3	4	5
Ms. Sukanya Kripalu (Chairperson) (1)	5	Attended through Video Conferencing	Present	Present	Present	Present
Mr. Arun Thiagarajan	5	Leave of Absence	Leave of Absence	Present	Leave of Absence	Present
Mr. Bharat Patel (2)	5	Present	Present	Present	Present	Present
Mr. Sushil Agarwal	5	Leave of Absence	Present	Present	Present	Present
Mr. Sanjeeb Chaudhuri (3)	-	NA				

Present | Leave of Absence | Attended through Video Conferencing

Notes:

(1) Appointed as the Chairperson of the Committee pursuant to the reconstitution of the Committee by the Board at its meeting held on February 2, 2018.

(2) Ceased to be a Member and the Chairperson of the Committee pursuant to the reconstitution of the Committee by the Board at its meeting held on February 2, 2018.

(3) Appointed as the Member of the Committee pursuant to the reconstitution of the Committee by the Board at its meeting held on February 2, 2018.

Mr. Bharat Patel, Chairperson of the Committee as on the date of the 10th AGM of your Company held on August 23, 2017, was present at the said AGM to answer the queries of the Members of the Company.

(iv) Performance Evaluation Criteria for Independent Directors:

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

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

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

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

Both the aforesaid policies are available on the website of the Company i.e. www.abfrl.com.

The 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 severance fees are paid to the Directors of the Company.

a. Remuneration to Non-Executive Directors:

In terms of the provisions of the Act and in line with the provisions of Articles of Association of your Company, the Non-Executive Directors/ Independent Directors are paid remuneration by way of Sitting Fees for each Meeting of the Board or Committees attended by them. The sitting fees paid to the Non-Executive Directors/ Independent Directors during the year under review are mentioned hereinbelow:

Name of Director	Sitting Fees Paid(1) (Amount in ₹ Lakh)
Mr. Arun Thiagarajan	4.85
Mr. Bharat Patel	6.65
Mr. Pranab Barua(2)	0.50
Mr. Sanjeeb Chaudhuri	5.00
Ms. Sukanya Kripalu	6.70
Mr. Sushil Agarwal	5.95
Total	**29.65**

Notes:
(1) Gross amount (without deducting TDS).
(2) Appointed as a Non-Executive Director w.e.f. February 1, 2018.

The Non-Executive Directors/ Independent Directors do not have any material pecuniary relationship or transactions with the Company.

b. Remuneration to Executive Directors:

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

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

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

The details of remuneration paid to the Executive Director(s), during the year under review, are mentioned hereinbelow:

Name of Director	Remuneration Paid[1] (Amount in ₹ Lakh)
Mr. Ashish Dikshit (Appointed as the Managing Director w.e.f. February 1, 2018)	50.73 [2]
Mr. Pranab Barua (Ceased to be the Managing Director w.e.f. closing hours of January 31, 2018)	544.77 [3]
Total	**595.50**

Notes:

(1) The requisite disclosure w.r.t. the details of fixed component and performance linked incentive, in terms of the provisions of Part C of the Schedule V of the SEBI Listing Regulations and in terms of the provisions of the provisions of Sub-clause (IV) of the second proviso to Clause (B) of Section II of Part - II of the Schedule V of the Act, have been made in the Extract of the Annual Return in Form No. MGT-9 annexed as Annexure IV to the Directors' Report forming part of this Annual Report.

(2) Includes the remuneration paid to Mr. Ashish Dikshit as the Managing Director i.e. from February 1, 2018 to March 31, 2018, only.

(3) The remuneration paid to Mr. Pranab Barua is strictly not comparable with the remuneration paid to him last year, since the remuneration paid to him last year included the total value of the perquisites arising pursuant to the exercise of 2,39,022 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 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.

c. Stock Options:

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

Accordingly, to grant the Stock Options, in the form of Options and Restricted Stock Units ("RSUs"), to the employees, your Company has in place Employee Stock Options Scheme - 2013 ("Scheme -2013") and Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme - 2017"), duly implemented by NRC, pursuant to the approval of the Board and the Members of the Company, in terms of the provisions of applicable laws.

Further, the details of Stock Options, granted in the form of Options and RSUs, to Mr. Pranab Barua and Mr. Ashish Dikshit, as on March 31, 2018, are as under:

I. Scheme 2013:

Name of Grantee	No. of Stock Options granted[1]	Date of Grant	Vesting[2]	Exercise Period
A. Options - Tranche I				
Mr. Pranab Barua	4,78,045[3] 2013	October 25,	25% of the Options granted would vest each year, over a period of 4 years, beginning from the first anniversary of Grant date i.e. October 25, 2014	5 years from the date of vesting
B. RSUs - Tranche I				
Mr. Pranab Barua	1,09,091[4]	October 25, 2013	Single Bullet Vesting after 3 years i.e. on October 25, 2016 vesting	5 years from the date of
C. RSUs - Tranche III				
Mr. Pranab Barua	88,384[4]	May 11, 2016	Single Bullet Vesting on December 7, 2016	5 years from the date of vesting
Mr. Ashish Dikshit	36,462[5]			

Notes:

(1) Stock Options under the Scheme 2013 were granted to Mr. Pranab Barua during his tenure as the Managing Director.

(2) Subject to the fulfillment of such criteria, as determined from time to time.

(3) *Mr. Barua exercised 2,39,022 Options (vested unto him on October 25, 2015 & October 26, 2016, out of 4,78,045 Options granted to him) during the previous year.*
Consequent to the appointment of Mr. Ashish Dikshit as the Managing Director w.e.f. February 1, 2018, Mr. Barua ceased to be the Managing Director of the Company w.e.f. closing hours of January 31, 2018. However, in terms of the applicable laws and pursuant to the approval of NRC and Board vide a resolution passed at their respective meetings held on January 9, 2018, 1,19,512 Options granted to Mr. Barua in terms of the Scheme 2013 (vested unto him on October 25, 2017), will continue to be in operation.

(4) *Mr. Barua exercised 1,97,475 RSUs (vested unto him on October 25, 2016 & December 7, 2016) during the previous year.*

(5) *Mr. Barua exercised 36,462 RSUs (vested unto him on December 7, 2016) during the previous year.*

II. Scheme 2017:

Name of Grantee	No. of Stock Options granted[1]	Date of Grant	Vesting[2]	Exercise Period
A. Options - Tranche I				
Mr. Pranab Barua	5,04,216[3]	September 8, 2017	25% of the Options granted would vest each year, over a period of 4 years, beginning from the first anniversary of Grant date i.e. September 8, 2018	5 years from the date of vesting
Mr. Ashish Dikshit	4,50,194			
B. RSUs - Tranche 1				
Mr. Pranab Barua	1,69,955[3]	September 8, 2017	100% of the RSUs granted would vest at the end of third year from the date of grant i.e. on September 8, 2020	5 years from the date of vesting
Mr. Ashish Dikshit	91,048			

Notes:

(1) *Stock Options under the Scheme 2017 were granted to Mr. Pranab Barua during his tenure as the Managing Director.*

(2) *Subject to the fulfillment of such criteria, as determined from time to time.*

(3) *Consequent to the appointment of Mr. Ashish Dikshit as the Managing Director w.e.f. February 1, 2018, Mr. Barua ceased to be the Managing Director of the Company w.e.f. closing hours of January 31, 2018. However, in terms of the applicable laws and pursuant to the approval of NRC and Board vide a resolution passed at their respective meetings held on January 9, 2018, Options and RSUs granted to Mr. Barua in terms of the Scheme - 2017, will continue to be in operation.*

C. Stakeholders Relationship Committee

The Board of your Company has constituted a Stakeholders' Relationship Committee (formerly "Investor Relations & Finance Committee") ("SRC") in terms of the provisions of Section 178 of the Act. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.

The Committee is *inter alia* entrusted with the responsibility of 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.

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

(i) Composition:

The Committee comprises 4 Non-Executive Directors as its Members, out of which 2 are Independent Directors.

Mr. Pranab Barua, Non-Executive Director, is the Chairperson of the SRC.

(ii) Brief Description of Terms of Reference:

In terms of the applicable provisions of the Act and Regulation 20(4) read with Part D of Schedule II 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 dividends 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 and Transfer Agent.

(iii) Meetings and Attendance during the year:

SRC met once during the year under review i.e. on February 2, 2018, to deliberate on various matters with respect to Stakeholders of the Company. Mr. Bharat Patel, Ms. Sukanya Kripalu and Mr. Sushil Agarwal, Members of the Committee as on the date of the meeting, were physically present at the meeting.

Mr. Bharat Patel, Chairperson of the Committee as on the date of the 10th AGM of your Company held on August 23, 2017, was present at the said AGM to answer the queries of the Members of the Company.

(iv) Shareholders' complaints:

During the year under review, your Company received total of 22 complaints from the Shareholders. Details of the same alongwith the status thereof as on March 31, 2018, are tabled hereinbelow:

Sr. No.	Nature of complaints	Received	Resolved	Pending
1	Non-receipt of Dividend/ Interest/ Redemption Warrant	3	3	0
2	Non-receipt of Annual Report	5	5	0
3	Non-receipt of Shares after Allotment	3	3	0
4	Non-receipt of Share Certificate(s) - Transfer	5	5	0
5	Others, if any	6	6	0
	Total	**22**	**22**	**0**

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

D. Corporate Social Responsibility Committee

The Board of your Company has constituted a Corporate Social Responsibility Committee ("CSR Committee") in terms of the provisions of Section 135 of the Act. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 135 of the Act.

The Committee is *inter alia* entrusted with the responsibility of 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 related activities.

(i) Composition:

The Committee comprises 4 Non-Executive Directors as its Members, out of which 2 are Independent Directors. Mr. Bharat Patel, Independent Director, is the Chairperson of the CSR Committee.

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

(ii) 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 and terms of reference of CSR Committee *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 to implement the same post approval of the Board;
- Authorising any officer and/or other person 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.

(iii) Meetings and Attendance:

CSR Committee met on May 11, 2018, to approve the Annual Report on the CSR activities of the Company for the year under review and to review & approve the plan and budget for the CSR activities of the Company for the Financial Year 2018-19. All the Members of the Committee were physically present at the meeting.

E. Risk Management Committee

The Board of your Company has constituted a Risk Management Committee ("RMC) to comply with the provisions of Clause 49 of the erstwhile Equity Listing Agreement. Its composition, role and scope are in accordance with the provisions of Regulation 21 of the SEBI Listing Regulations.

The Committee is *inter alia* entrusted with the responsibility of evaluating significant risk exposures of your Company, assessing Management's actions to mitigate the risk exposures in a timely manner (including one-off initiatives and ongoing activities such as business continuity planning and disaster recovery planning and testing) and ensuring that your Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

(i) Composition:

The Committee comprises 4 Non-Executive Directors as its Members, out of which 2 are Independent Directors.

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

(ii) Brief Description of Terms of Reference:

The scope and functions of the RMC *inter alia* includes following:

- to assist the Board with regard to the identification, evaluation and mitigation of operational, strategic and external risks;
- to monitor and review 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.

(iii) Meetings and Attendance during the year:

RMC met once during the year under review i.e. on October 27, 2017, to review the risks identified and their mitigation plans. Mr. Bharat Patel, Mr. Arun Thiagarajan, Mr. Pranab Barua and Mr. Sushil Agarwal, Members of the Committee as on the date of the meeting, were physically present at the meeting.

GENERAL BODY MEETINGS

A. Annual General Meetings

Details of the last 3 AGMs of the Members of the Company alongwith the details of Special Resolutions passed at each such AGM, are tabled hereinbelow:

Financial Year	AGM	Location	Date	Time	Particulars of Special Resolution(s) passed
2014-15	8th	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 Non-Convertible Debentures for an amount of upto ₹1,000 Crore, on private placement basis; and (ii) Approval for transactions with Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Limited (ultimate Holding Company).
2015-16	9th	Ravindra Natya Mandir, PL Deshpande Maharashtra Kala Academy, Near Siddivinayak Temple, Sayani Road, Prabhadevi, Mumbai - 400 025.	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; and (iv) Revision in limits of Remuneration of Mr. Pranab Barua, Managing Director of the Company.

Financial Year	AGM	Location	Date	Time	Particulars of Special Resolution(s) passed
2016-17	10th	Swatantryaveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai - 400 028.	August 23, 2017	3:00 p.m.	(i) Issuance of Non-Convertible Debentures of the Company for an amount of upto ₹ 1,250 Crore, on private placement basis; (ii) Introduction of the "Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017; and (iii) Extension of benefits of the "Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017" to the Employees of the Holding and the Subsidiary Companies of the Company.

B. Postal Ballot

During the year under review, no resolution was passed through postal ballot.

MEANS OF COMMUNICATION

The quarterly/ half yearly/ annual results ("said results") alongwith the Limited Review/ Auditor's Report thereon are filed with the BSE Limited and the National Stock Exchange of India Limited (collectively referred to as "Stock Exchanges") at their respective electronic platforms i.e. BSE Corporate Compliance & Listing Centre and NSE Electronic Application Processing System (NEAPS), so as to enable them to display the same on their respective websites. The said results are simultaneously uploaded on the website of the Company i.e. www.abfrl.com, for the ease of reference of the Members of the Company. The aforesaid results are also published in "The Business Standard" and "Navshakti" (a regional daily newspaper published from Mumbai) within the stipulated timelines.

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

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

A separate dedicated "Investors section", on the website of the Company, gives information on the aforesaid results, shareholding pattern and other relevant information of interest to the investors/ public.

In addition to the above, the Company has separate designated E-mail IDs viz. invrelations.abfrl@adityabirla.com and secretarial.abfrl@adityabirla.com, respectively for Investor Relations and Shareholders assistance and the same are prominently displayed on the website of the Company.

GENERAL SHAREHOLDER INFORMATION

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

OTHER DISCLOSURES

a. 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 2017-18, 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.

b. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges 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, there has been no instance of non-compliance with any legal requirements and hence, no penalties or strictures are imposed on your Company by SEBI or the Stock Exchanges or any statutory authority on any matter related to the capital markets during the last 3 years.

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

Your Company has in place a Vigil Mechanism/ Whistle Blower Policy which facilitates for direct access to the Management and the Audit Committee of the Board to all Stakeholders to report concerns about any unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

Also, the Company has adopted "Policy for Prevention of Sexual Harassment at Workplace" and "Anti-fraud Policy" which specifically guarantee the right to "blow a whistle". This ensures a work environment that is professional and mature, free from animosity and one that reinforces ABFRL's value of integrity, which includes respect for the individual.

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

d. Other Policies, Programmes and Codes of the Company

(i) Corporate Social Responsibility Policy:

In terms of the provisions of Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rues, 2014, your Company has adopted Corporate Social Responsibility policy having the following scope:

i. Planning project or programmes which a Company plans to undertake falling within the purview of Schedule VII of the Act; and

ii. Monitoring process of such project or programmes.

(ii) Risk Management Policy:

For assessment and minimisation of risk in terms of the provisions of Regulation 17 of the SEBI Listing Regulations, your Company has framed a Risk Management Policy. Since your Company is in the retail industry, it is prone to inherent business risks and the Risk Management Policy enables the Company to proactively manage uncertainty, changes in the internal and external environment to limit negative impacts and capitalise on opportunities along with minimisation of identifiable risks. Key strategy initiatives are identified to mitigate specific risks. The policy covers inherent business risks and appropriate measures to be taken by the Company.

(iii) Policy on Related Party Transactions:

In terms of the provisions of Regulation 23 of the SEBI Listing Regulations, your Company has framed 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.

(iv) Forex Policy:

The 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 the Company's profitability, business plans and sustainability of operations.

(v) 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.

(vi) 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 along with integrity and to work to the best of their ability and judgement.

(vii) Policy on Preservation of Documents:

In terms of 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, specifies the period of preservation of such Documents and its destruction/disposal. This policy aims to provide efficient and systematic control on the maintenance, periodicity and destruction of business related Documents.

(viii) 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".

(ix) Policy for Determination of Materiality of Information or Event:

In terms of 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 acts as a guidance for determining materiality of such price sensitive information and with the objective to ensure prompt disclosure of material price sensitive information/ event to the Stock Exchange(s), 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.

(x) Policy for Archival of Documents:

In terms of 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 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.abfrl.com.

(xi) 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 "SEBI PIT Regulations", to adhere to each of the Principles of Fair Disclosure for the purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, as set out in Schedule A to the SEBI PIT Regulations.

e. Commodity Price Risk and Commodity Hedging Activities

Your Company does not engage in Commodity hedging activities.

f. 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 following discretionary requirements specified under Regulation 27(1) and Part E of the Schedule II of the SEBI Listing Regulations, to the extent applicable:

(i) 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 an Unmodified Audit Opinion.

(ii) Reporting of Internal Auditor: The Internal Auditor of your Company directly reports to the Audit Committee on functional matters.

g. Disclosure of Accounting Treatment

The Company has followed all applicable and relevant Accounting Standards while preparing the Financial Statements.

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

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

i. 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 Report of the Board of Directors.

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

j. 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 11th AGM of the Company and is aligible for re-appointment. Accordingly the Board has recommended his re-appointment in the said AGM. The detailed profile of Mr. Sushil Agarwal is provided in the notice convening the said AGM.

SUBSIDIARY COMPANIES

As on March 31, 2018, your Company did not have any subsidiary.

CEO/ CFO CERTIFICATION

As required under the provisions of Regulation 33 of the SEBI Listing Regulations, Mr. Ashish Dikshit, Managing Director and Mr. Jagdish Bajaj, Chief Financial Officer have reviewed the Audited Financial Results and Cash Flow Statements for the Financial Year ended March 31, 2018 and accordingly have provided a certificate, which is enclosed separately at the end of this Report.

REPORT ON CORPORATE GOVERNANCE

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

The Compliance Certificate received from 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 VI** to the Report of the Board of Directors.

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

1) We have reviewed the Audited Financial Statements and the cash flow statement of Aditya Birla Fashion and Retail Limited *("Company")* for the Financial Year ended on March 31, 2018 and to the best of our knowledge and belief:

   I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;

   II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended on March 31, 2018 which are fraudulent, illegal or violative of the Code of Conduct of the Company.

3) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.

4) We have indicated to the Auditors and the Audit Committee:

   I. significant changes in the Company's internal control over financial reporting, during the Financial Year ended on March 31, 2018;

   II. significant changes in accounting policies, if any, during the Financial Year ended on March 31, 2018 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 11, 2018

Ashish Dikshit
Managing Director

Jagdish Bajaj
Chief Financial Officer

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 Directors and Senior Management Personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended March 31, 2018.

Place : Mumbai
Date : May 11, 2018

Ashish Dikshit
Managing Director

GENERAL SHAREHOLDER INFORMATION

In terms of the provisions of Point No. 9 of 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) Eleventh Annual General Meeting:

Day and Date	:	Tuesday, August 28, 2018
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	:	Tuesday, August 21, 2018
Last date for submission of proxy	:	Sunday, August 26, 2018 (upto 3:00 p.m.)

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking appointment/ re-appointment at Annual General Meeting ("AGM") are given in the Annexure to the Notice of this AGM.

(ii) Financial Year:

Your Company follows April-March as the Financial Year.

Calendar of the Financial Year ended on March 31, 2018:

The meetings of Board of Directors for approval of quarterly/ half-yearly/ annual financial results for the Financial Year ended on March 31, 2018, were held on the following dates:

Sr. No.	Particulars of the Quarter	Date of Meetings
1.	Results for the quarter ended June 30, 2017	July 27, 2017
2.	Results for the quarter and six months ended September 30, 2017	October 27, 2017
3.	Results for the quarter and nine months ended December 31, 2017	February 2, 2018
4.	Results for the quarter and year ended March 31, 2018	May 11, 2018

Tentative calendar for the Financial Year ending March 31, 2019:

The tentative months for the quarterly meetings of the Board of Directors for consideration of quarterly/ half-yearly/ annual financial results for the Financial Year ending March 31, 2019, are as under:

Sr. No.	Particulars of the Quarter	Tentative Months
1.	Results for the quarter ending June 30, 2018	July/ August, 2018
2.	Results for the quarter and six months ending September 30, 2018	October/ November, 2018
3.	Results for the quarter and nine months ending December 31, 2018	January/ February, 2019
4.	Results for the quarter and year ending March 31, 2019	April/ May, 2019

Further, the tentative months for the Twelth AGM of the Company for the Financial Year ending March 31, 2019 shall be August/ September, 2019.

(iii) Dividend Payment Date:

Not Applicable

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

(a) Equity Shares:

Your Company's Shares are listed on the following Stock Exchanges:

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

(b) Non-Convertible Debentures:

Unsecured, Rated, Redeemable, Zero Coupon Non-Convertible Debentures ("NCDs") of face value of ₹ 10,00,000/- each are listed on BSE, details of which are as under:

Year	Series	Scrip Code	ISIN	Principal Amount (₹ in Crore)	Date of Maturity	Debenture Trustee
2013(1)	2	949235	INE647O08024	100	May 22, 2018	**Axis Trustee Services Ltd.** Ground Floor, Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025. Phone : +91 22 6226 0054/ 0050, Fax : +91 22 4325 3000, E-mail : debenturetrustee@axistrustee.com Web. : www.axistrustee.com
2016(2)	1	953898	INE647O08032	200	April 12, 2019	
	2	954050	INE647O08040	300	May 31, 2019	
2017(2)	3	955053	INE647O08057	400	April 20, 2020	
	4	955876	INE647O08065	260	June 17, 2021	

Notes:

(1) Rated as "AA" by ICRA Limited.

(2) Rated as "AA/Stable" by CRISIL Limited.

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

Annual Listing Fees for the Financial Year 2018-19 have been paid to both the Stock Exchanges.

Annual Custody/ Issuer Fees have been paid to National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for the Financial Year 2018-19.

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

(vi) Stock Market Price Data:

The stock market price data and volume of the Company's share traded on the BSE and NSE during the Financial Year 2017-18 were as under:

Month - Year	BSE				NSE			
	High (in ₹)	Low (in ₹)	Close (in ₹)	Total Traded Volume (No. of shares)	High (in ₹)	Low (in ₹)	Close (in ₹)	Total Traded Volume (No. of shares)
April - 2017	184.75	153.85	172.80	19,62,931	185.70	154.35	172.70	1,48,28,748
May - 2017	183.30	157.00	175.40	14,93,330	182.90	156.70	175.50	1,15,90,846
June - 2017	188.60	166.55	173.40	15,19,999	188.45	166.20	173.40	96,96,686
July - 2017	185.80	166.50	171.30	49,54,247	185.75	166.00	172.50	1,07,25,022
August - 2017	179.25	161.40	171.20	49,86,817	179.60	161.05	170.95	70,58,879
September - 2017	184.35	152.00	162.80	15,77,277	184.40	151.10	163.00	74,04,213
October - 2017	168.25	143.80	156.05	18,25,950	168.80	143.25	156.90	1,04,25,748
November - 2017	174.80	146.70	168.10	75,16,706	174.00	147.00	167.55	1,52,22,500
December - 2017	179.00	162.30	172.35	62,44,219	178.90	162.50	172.45	1,55,69,362
January - 2018	182.85	155.55	162.15	25,13,175	182.85	155.80	163.05	1,22,28,914
February - 2018	166.85	143.55	152.05	8,66,344	166.90	143.20	152.30	1,37,44,751
March - 2018	152.50	132.20	150.55	10,50,301	152.80	133.85	150.85	1,51,35,229

Source: BSE and NSE websites.

Closing Price of your Company's Share and the Market Capitalisation as on the last trading day of the Financial Year 2017-18 i.e. March 28, 2018, were as under:

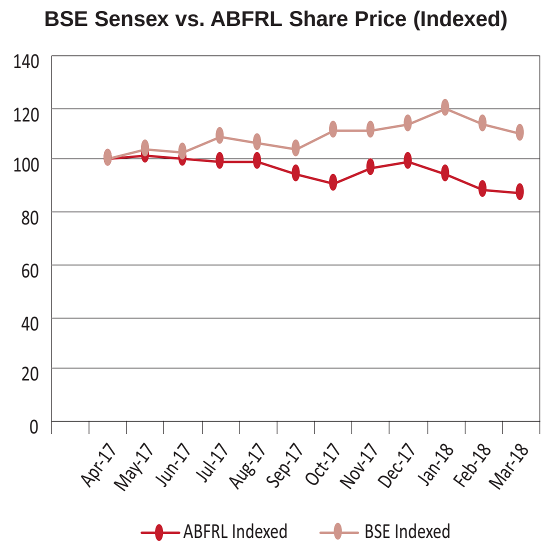
Particulars	BSE	NSE
Closing Price (in ₹)	150.55	150.85
Market Capitalisation (in ₹ Crore)	11,617.85	11,641.00

(vii) Stock Performance:

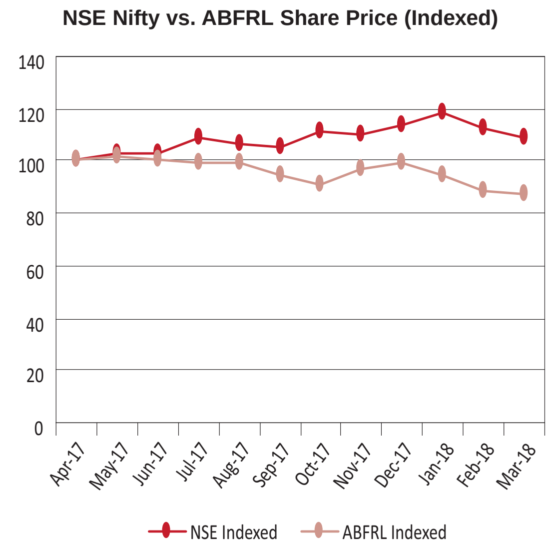
Performance in comparison to broad-based indices viz. NSE CNX Nifty and BSE SENSEX during the Financial Year 2017-18 were as under:

Month - Year	ABFRL		BSE		NSE	
	NSE Closing Price (in ₹)	Indexed	SENSEX (in ₹)	Indexed	CNX Nifty (in ₹)	Indexed
April, 2017	172.70	100.00	29,918.40	100.00	9,304.05	100.00
May, 2017	175.50	101.62	31,145.80	104.10	9,621.25	103.41
June, 2017	173.40	100.41	30,921.61	103.35	9,520.90	102.33
July, 2017	172.50	99.88	32,514.94	108.68	10,077.10	108.31
August, 2017	170.95	98.99	31,730.49	106.06	9,917.90	106.60
September, 2017	163.00	94.38	31,283.72	104.56	9,788.60	105.21
October, 2017	156.90	90.85	33,213.13	111.01	10,335.30	111.08
November, 2017	167.55	97.02	33,149.35	110.80	10,226.55	109.92
December, 2017	172.45	99.86	34,056.83	113.83	10,530.70	113.18
January, 2018	163.05	94.41	35,965.02	120.21	11,027.70	118.53
February, 2018	152.30	85.55	34,184.04	115.13	10,492.85	113.74
March, 2018	150.85	87.35	32,968.68	110.20	10,113.70	108.70

Source: BSE and NSE websites.



Base 100 = Friday, April 28, 2017



Base 100 = Friday, April 28, 2017

Source: BSE & NSE websites.

(viii) Distribution of Shareholding as on March 31, 2018:

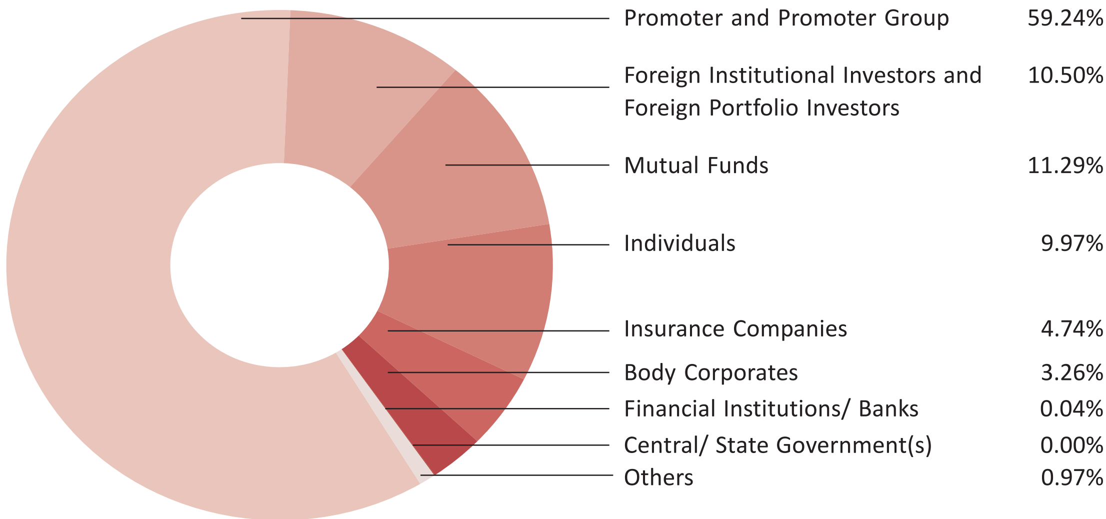
Range of No. of Shares Held	No. of Folios	% of Folios (falling under this range)	Total Shares Held (by Shareholders falling under this range)	% of Shares Held
1 to 500	1,32,785	81.77	1,40,23,652	1.82
501 to 1000	14,811	9.12	1,04,22,740	1.35
1001 to 2000	7,802	4.80	1,10,47,023	1.43
2001 to 3000	2,625	1.62	65,13,784	0.84
3001 to 4000	1,207	0.74	41,93,555	0.54
4001 to 5000	718	0.44	32,53,640	0.42
5001 to 10000	1,395	0.86	95,75,627	1.24
10001 and above	1,048	0.65	71,26,63,963	92.35
Total	**1,62,391**	**100.00**	**77,16,93,984**	**100.00**

Category-wise Shareholding Pattern of the Company as on March 31, 2018:

Category	No. of Shareholders(1)	No. of Shares	%
Promoter and Promoter Group	20	45,71,64,117	59.24
Foreign Institutional Investors and Foreign Portfolio Investors	134	8,10,41,013	10.50
Mutual Funds	32	8,70,88,932	11.29
Individuals	1,51,226	7,69,02,281	9.97
Insurance Companies	6	3,65,43,823	4.74
Body Corporates	1,336	2,51,19,617	3.26
Financial Institutions/ Banks	50	3,27,957	0.04
Central/ State Government(s)	2	577	0.00
Others	4,641	75,05,667	0.97
Total	**1,57,447**	**77,16,93,984**	**100.00**

Note:

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



(ix) Dematerialisation of Shares and Liquidity

As on March 31, 2018, 98.74% of the total Equity Share Capital of the Company was held in dematerialised form with NSDL and CDSL under International Securities Identification Number ("ISIN") - INE647O01011.

The break-up of Equity Shares held in dematerialised and physical mode as on March 31, 2018, is as under:

Particulars	No. of Shares	%
Physical	96,89,654	1.25
Dematerialised Mode(1):		
NSDL	65,35,21,010	84.69
CDSL	10,84,83,320	14.06
Total	**77,16,93,984**	**100.00**

Note:

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

(x) Unclaimed Shares:

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

As on March 31, 2018, total number of 8,90,655 Equity Shares of ₹ 10/- each were lying in the said suspense account and details of the same are as under:

Particulars	No. of Shareholders	No. of Shares
Outstanding at the beginning of the Year	5,587	9,42,824
Shareholders who approached the Company and to whom shares were transferred during the Year	9	52,169
Outstanding at the end of the Year	5,578	8,90,655(1)

Note:

(1) Voting rights on these shares shall remain frozen till the rightful owners of such shares claims the shares.

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

(xi) Reconciliation of Share Capital Audit:

As stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, M/s. Dilip Bharadiya & Associates, Company Secretaries, carry out a quarterly audit for the purpose of reconciliation of the total issued capital, listed capital and the capital held by the depositories in dematerialised form, the details of changes in the Share Capital during each quarter and the in-principle approval pending from Stock Exchanges with respect to such further issued capital, if any.

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

(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, 2018.

(xiii) Commodity Price Risk/ Foreign Exchange Risk and Hedging Activities:

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

(xiv) Share Transfer System:

Your Company has an appropriate share transfer system. Requests for transfer of shares held in physical form can be lodged with the RTA of the Company. If documents are complete in all aspects then the request is generally processed within 15 days of the receipt of the documents.

The RTA of your Company is authorised to approve transfers upto 5,000 shares covered under one transfer deed. For cases where transfers above 5,000 shares are covered under one transfer deed, the same are considered and approved by the Stakeholders' Relationship Committee of the Board.

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

RTA of your Company ensures compliance with all the procedural requirements with respect to transfer, transmission and transposition of shares and formalities with respect to name deletion, sub-division, consolidation, renewal, exchange and endorsement of share certificates. Further, as stipulated under Regulation 40(9) of the SEBI Listing Regulations, the RTA also obtains a half yearly certificate in that regard from M/s. Dilip Bharadiya & Associates, Company Secretaries and the same is filed with the stock exchanges.

(xv) Investor Service and Grievance Handling Mechanism:

A robust mechanism is established by your Company which ensures efficient service to the investors, pro-active handling of investor correspondences and redressal of grievances in an expeditious manner. This mechanism is handled by the Compliance Officer of your Company and the RTA, through its Investor Service Centres which are spread across the Country.

Details of complaints received during the Financial Year 2017-18 alongwith their status as on March 31, 2018, have been disclosed separately in the Corporate Governance Report forming part of this Annual Report.

(xvi) Company's Recommendations to the Shareholders:

a. Open Demat Account and Dematerialise your shares

Shareholders may consider converting their physical holdings into dematerialised form and avail the benefits of dealing in Shares in demat form. There are various other benefits such as immediate transfer of shares, no stamp duty payable on transfer of shares held in dematerialised form and avoidance of risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries.

b. Consolidation of folios and avoidance of multiple mailing

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

c. Submit Nomination Form

Shareholders shall register their nominations with the Company, in case of physical shares and with their DP, in case of dematerialised shares, to ensure that their shares are transmitted to their respective nominees without any hassles. They must ensure that nomination made is in the prescribed form and must be witnessed by two witnesses in order to be effective. The said form is available for download from the "Investor Relations" section on the website of the Company i.e. www.abfrl.com.

d. Furnish/ update bank account particulars with the Company/ DP

Shareholders holding the shares in physical form shall furnish/ update their latest bank account number and other details with the Company and those holding the shares in dematerialised 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 events such as postal delays and loss in transit.

e. Intimate/ update contact details

In order to receive communications on corporate actions and other information of the Company, the Investors may consider intimating their contact details (including address) 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.

f. Service of documents through electronic means

Your Company holds its Green Initiative in high regard. Pursuant to Section 101 and Section 136 of the Act, Companies can serve Annual Reports and other communications through electronic mode to those Shareholders who have registered their E-mail address either with the Company or with the DPs. Accordingly, Shareholders who have not registered their e-mail addresses so far, are requested to register 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.abfrl.com, to RTA or to the Company on its designated E-mail Id i.e. secretarial.abfrl@adityabirla.com.

g. Exercise caution

Shareholders shall 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.

h. Deal with Registered Intermediaries

Shareholders 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, the matter can be taken up with SEBI/ Stock Exchanges.

i. Monitor holdings regularly

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

j. 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 such instruments are by registered post or courier.

k. Mergers and demergers

Details of mergers and demergers are available on the website of the Company i.e. www.abfrl.com. Shareholders may also send a request to the Company for availing the said details by an email to secretrial.abfrl@adityabirla.com and/or send a request letter to the Company at its Registered Office or to the RTA of the Company.

(xvii) Plants of the Company with their locations:

1. Madura Clothing (Crafted Clothing)
   No. 527, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka.
2. Madura Clothing (Fashion Craft)
   No. 324, Marasur Village, Anekal Taluk, Bengaluru - 562106, Karnataka.
3. Madura Clothing (Europa Garments)
   Survey No. 62/2A, 62/2B, Parappana Agrahara, Off Hosur Road, Begur Hobli, Naganathapura, Bengaluru - 560100, Karnataka.
4. Madura Clothing (Classical Menswear)
   No. 288/2, Dodda Begur, Bommanahalli, Bengaluru - 560068, Karnataka.
5. Madura Clothing (English Apparels)
   No. 52/2, Bilvaradahalli, Jigani Hobli, Anekal Taluk, Bengaluru - 560083, Karnataka.
6. Madura Clothing (Haritha Apparels)
   Survey No. 42/2, 43, Basavanapura, Mayaganahalli, Kasaba Hobli, Ramanagara Taluk and District - 562159, Karnataka.
7. Madura Clothing (Alpha Garments)
   No. 10/1, Byatarayanapura Jakkur Layout, Bellary Main Road, Bengaluru - 560064, Karnataka.
8. Madura Clothing (Little England Apparels)
   Survey No.#569/1,569/2B,570,606,853/1, Kurbarapalli village Doddaubanur Post, Denkanikotte Taluk, Thally - 635118, Tamil Nadu.
9. 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.

(xviii) Address for Correspondence:

- All Members' correspondence should be forwarded to Link Intime India Pvt. Ltd., the Registrar and Transfer Agent of the Company or to the Company Secretary at the Registered Office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for Members' Complaints and other communications is secretarial.abfrl@adityabirla.com.
- As stated in the SEBI circular dated March 26, 2018, whereby SEBI has issued new policy measures with respect to SEBI Complaints Redress System (SCORES), Members are requested to approach the Company directly at the first instance for their grievances.

Registrar and Transfer Agent

Link Intime India Pvt. Ltd.
Unit: Aditya Birla Fashion and Retail Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083.
Phone : +91 22 49186270
Fax : +91 22 49186060
E-mail : rnt.helpdesk@linkintime.co.in

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 86529 05000
Fax : +91 86529 05400
E-mail : secretarial.abfrl@adityabirla.com
Website : www.abfrl.com

(xix) Feedback:

Your feedback is valuable to us to help us serve you better. Members are requested to give us their valuable suggestions, if any, for enhancement of our Investor Services by writing to us/ RTA at the address provided hereinabove.

SUSTAINABILITY AND BUSINESS RESPONSIBILITY REPORT

BUILDING SUSTAINABLE BUSINESSES AT THE ADITYA BIRLA GROUP:

At the Aditya Birla Group, we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations. We define a "Sustainable Business" as one that can continue to survive and thrive within the growing needs, and tightening legal and resource constraints of a "Sustainable World". We believe that this means that as we go forward towards the constrained operating environments of 2030 and 2050 that for a continued "Sustainable World" it can increasingly only contain "Sustainable Businesses".

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

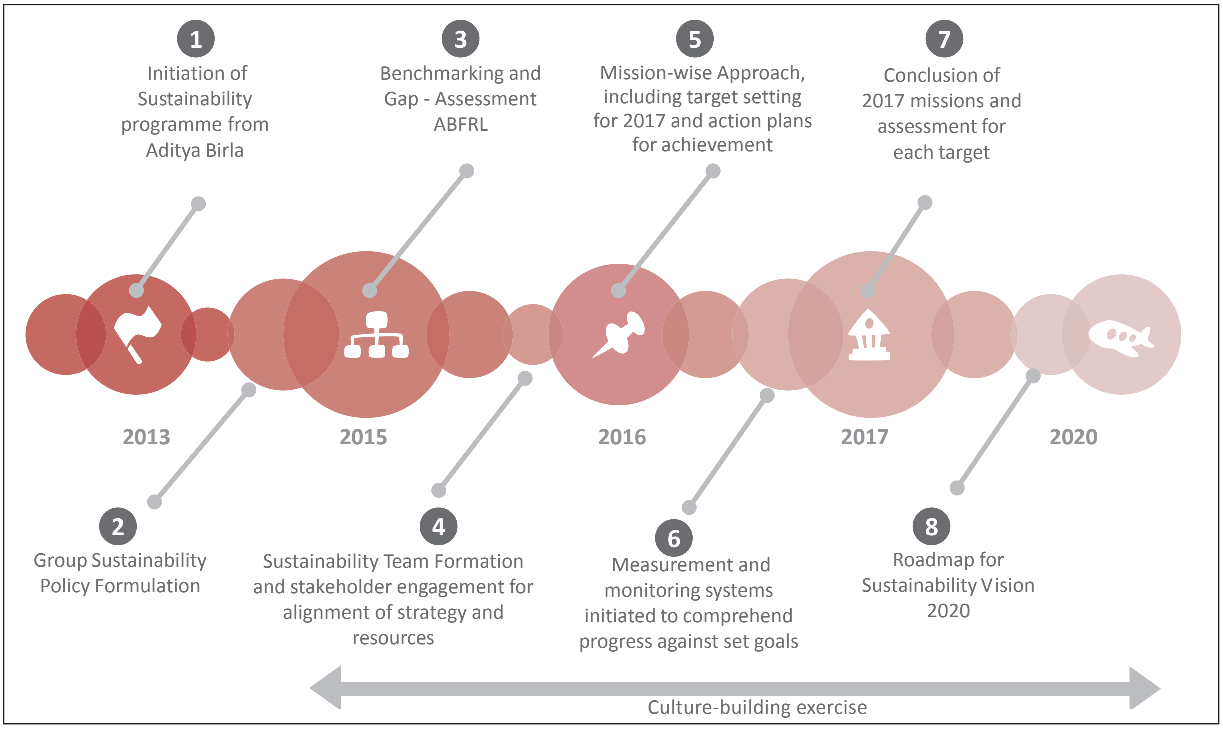
We began our quest with the question, "If everyone and every business followed the law as written today, is the planet sustainable?" We quickly concluded that around the year 2050, when the Earth's population reaches an estimated 9 billion, climate change, water scarcity, pollution, biodiversity loss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

The first step of our programme to build sustainable businesses is focused on increasing the capability of our business management systems. Under this programme, called "Responsible Stewardship", we try to move from merely complying with the 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. Our Group Sustainable Business Framework is currently certified to 14 international standards (http://sustainability.adityabirla.com/). So far, we have had much success with respect to reductions in accidents, energy use, water use, and have implemented our first Biodiversity Plans. Our programme, to achieve the World Business Council for Sustainable Development's Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations, has resulted in building over 600 new bathrooms, many for women and differently abled people. Each of these achievements helps reduce and mitigate our impact on the planet, and are imperative to building the sustainable business platform for our future.

If we are to create fully sustainable business models and systems for the future then "Responsible Stewardship" by itself is not enough. We need other components to help us with a greater transformation. We need to understand the global mega-trends and their effect on us - geographically, physically, technologically - and how the legal system (including regulations and tax) will need to change in order to motivate business to create a sustainable world. Our performance will need to be improved further to meet the changes needed to mitigate and adapt to these External Factors. By talking to our Strategic Stakeholders, knowledgeable in these issues, we can scan the horizon to better understand their likely risk to our business. With this information, we enhance our business models, strategies and risk profiles in order to "Future Proof" them and our value chains in the medium to long term. Since only "Sustainable" business can exist in a Sustainable World then a Sustainable Value Chain can also only contain these businesses, and so it becomes imperative to map our value chains to look for vulnerabilities. Our goal is to create not only Sustainable Businesses but Sustainable Value Chains of which we can be a key member. We are helping our leaders to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that are also impervious to all external forces that will inevitably begin to affect us in the future. To build sustainable businesses will take time, particularly when we consider some of our very complex value chains but by pushing to be a leader today, we are giving our businesses the best possible chance of achieving long-term success, not only for ourselves but also for our value chains and hence for our planet.

BUSINESS SUSTAINABILITY INITIATIVES:

Beginning our sustainability journey, with the ReEarth campaign in 2012-13, we have progressed from legal requirements compliance to embedding sustainability in our way of doing business. We aim to become sustainability leaders in the apparel and retail sector.



We started with an as-is-assessment of where we were against industry standards and peers; moving ahead with achieving operational efficiency in the areas of energy, GHG, water and waste management. We formed teams, set targets across ten missions [Water, Waste, Energy, Green Buildings, Carbon Footprint, Corporate Social Responsibility (CSR), Sustainable Products, Packaging, Safety and Water, Sanitation and Hygiene (WASH)], defined concepts and methodologies for measuring sustainability performance across our functions and facilities.

Since then, we have been constantly monitoring the missions' progress to meet targets through robust review and governance mechanisms. Year on year, we have made significant progress in not only moving closer to targets, but have also improved efficiencies in the progress. Sustainability performance measurements are being extended to increase the scope and boundary; inclusion of newer facilities such as our new corporate office and in-house manufacturing units.

In addition, we have also extended our sustainability initiatives to our key suppliers using a collaborative approach through assessments, support for improvement and follow up. We intend to increase the number of value chain partners in the coming years. Details of few of the key missions are given below:

Energy:

At ABFRL, long-term goals and short-term targets are devised for the Energy Mission, which is in synergy with Carbon Footprint and the Green Building missions. Energy mission has a dual function, increasing energy productivity year on year and increasing proportion of renewable energy in the entire energy usage. The target for FY 18 was to reduce 2% in the consumption of grid electricity through energy efficiency, against which we have achieved a saving of 3%, i.e., 27.20 Lakh units (KWh), which resulted in reduction of 2,230 tCO_2 emissions through initiatives such as LED installations and enhancing operational efficiency. The second **target for FY18 was to reduce 10% in the consumption of grid electricity through renewable energy**, against which (**MFL division) we have achieved 5.08%, i.e., 4.05 Lakh units (KWh) through the purchase of Renewable Energy Certificates (REC), which resulted in reduction of 332.10 tCO_2** emissions through renewable energy initiatives.

In addition to the ongoing initiatives, this year, we have focused on substituting conventional grid electricity requirements with renewable energy. As part of this, we have signed an agreement with a solar developer for solar rooftop installations at our facilities, and the installation has been completed at 4 factories, and scheduled to be commissioned in FY19. Further, we have increased the use of renewable fuel (i.e., biomass-based briquettes) in the boilers for steam generation.

We invested ₹ **9.57 Crore** in the energy mission, which has enhanced energy productivity and also enabled a shift towards renewable energy which contributed in savings of **27.20 Lakh units** resulting in **2562.73 tCO_2** emission reductions.

Water:

We believe that Water Stewardship is a key focus area for our business operations, with the emerging water scarcity in most of our areas of operation. In the journey of moving towards our long-term goal of achieving water-neutrality status across our own operations by 2020; we have devised a strategy along with an action plan. In addition to the Goal 2020, we have also adopted year-on-year targets. For the year 2017-18, the target was to recycle 60% of water, against which we have recycled and reused **54%, i.e., 62.22 '000 m^3** of water (MFL division) through initiatives such as strengthening waste water recycling systems, installation of rainwater harvesting with artificial recharge systems and installation of water efficient fixtures across our own facilities.

We invested ₹ **1.52 Crore** in the water mission to mitigate our risk associated with water scarcity, and we have also improved our water management performance, in the process.

Waste:

As part of our continuous efforts to reduce overall waste and encourage safe disposal, reuse, recycling and composting at ABFRL, we have established seamless monitoring systems to track the waste management process. Also, we have ensured that hazardous waste and e-waste is disposed through authorised vendors, in line with ABG's stated procedures as well as government norms. As a result of our efforts, **we achieved ZERO waste going to landfills across all ABFRL facilities.** We have started a programme to establish traceability of the destination of waste and also initiated a pilot project - **"Zero Waste Stores"** with a goal to achieve zero waste at our retail stores.

WASH:

World Business Council for Sustainable Development (WBCSD) Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace is an opportunity for companies to contribute concretely to the implementation of (Sustainable Development Goals) SDG 6, while, at the same time, ensuring that they implement international best practices on WASH.

At Aditya Birla Group (ABG) level, we have signed the WBSCD WASH pledge for reaffirming our commitment to provide employees with safe and sustainable drinking water, sanitation and hygiene. **We are compliant to the WASH standards,** and have monitoring and review mechanisms to ensure compliance. Quarterly, we conduct a deep dive exercise assessing current compliance to WASH pledge and addressing gaps, if any.

Green Building:

At ABFRL, by pursuing green building certification for our built environment, we target to minimise the associated environmental impact. As part of this journey, **2 of our manufacturing facilities have been recognised this year as Gold Certified Buildings by US Green Building Council LEED rating system**. We are also working towards achieving Green Building certification for our built-up area of around 13 Lakh sq. ft.

Sustainable Products and Packaging:

Ingraining sustainability into our business means our core area, clothing, is designed, manufactured, sourced, transported and sold in a sustainable manner. To achieve this, we are striving to imbibe sustainable innovations into the mainstream production process. We are in the process of measuring sustainable products using a 'sustainable attributes' approach, defined across five categories – sustainable raw materials, sustainable packaging, sustainable production, people, cluster development and sustainable factories.

This year, FY 2017-18, we continued to launch sustainable products across Brands such as Earth Chinos, which uses agro-waste based dyes; use of sustainable raw materials such as modal, tencel and bamboo-based fibres and use of traditional prints such as Ikkat, Kalamkari and Ajrakh. In addition, we are striving to ensure minimal and sustainable packaging materials for our product as well as transport packaging.

We assess vendor sustainability performances through our vendor Code of Conduct, which is based on the Indian Factories Act and other global environmental and social compliance standards. The assessments help us map and understand our supply base, and support vendors improve their performance, making them at par with global standards on environment and social compliance requirements.

Finally, we also track and measure the GHG emissions from transportation and logistics, and also explore innovative concepts to further reduce our emissions.

Safety:

Safety has always been one of our key focus areas, and our goal is to achieve 'zero severity level 5 incidents at workplace' by the year 2020 (Note: Level 5 – Work-related injuries resulting in death of employee/contractor or third party). In order to ensure this, we have instituted various mechanisms to assess, manage and improve safety practices. An Occupational

Health Policy and a Safety Policy have been rolled out in line with the ABG policy. OHS has been designed developed and implemented in all our operations under direct control. We conduct regular safety audits including third party assessments. '5S', which is a workplace organisation method, has been executed at warehouses, and is being implemented in the factories and offices. We have instituted Environment, Health and Safety (EHS) committees at our factories, warehouses and at our regional and corporate offices. Monthly EHS meetings and reviews are being carried out to track performance. **In the FY 2017-18, there were 08 lost-time injuries and no fatalities in operations under our control.** (Note: A lost-time injury is any work-related injury or illness or adverse health condition or exposure which renders the injured person (employee or contractor) temporarily unable to attend next scheduled work shift after the day on which injury occurred.)

Corporate Social Responsibility:

ABFRL follows the Aditya Birla Group's CSR Policy which aims at reaching out to underserved communities and a firm conviction in the Trusteeship concept, which entails transcending business interests and working towards making a meaningful difference to those communities. Our Vision is to actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index. ABFRL has put in robust systems to ensure effective and ethical implementation.

BUSINESS RESPONSIBILITY REPORT:

At ABFRL, we believe that the long-term sustenance of our business is inter-linked with the well-being of all our stakeholders. The concept of sustainability is incorporated into the core of our business, and has been expanded to encompass our aspirations and responsibilities to the society and to the environment. We acknowledge the impact of our business operations on the environment, and continuously invest in new technologies, quality improvements and innovations to minimise this very impact.

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 eco-system'

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 in terms of 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 2017-18.

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, 7th Floor, Skyline Icon Business Park, 86-92, Off A. K. Road, Marol Village, Andheri (East), Mumbai – 400059
4.	Website	:	www.abfrl.com
5.	E-mail ID	:	secretarial.abfrl@adityabirla.com
6.	Financial Year Reported	:	2017-2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Apparel and Retail
8.	List three Key Products that the Company manufactures/provides (as in the Balance Sheet)	:	Apparel and Accessories - Menswear, Womenswear and Kidswear
9.	Total number of locations where business activity is undertaken by the Company	:	More than 375 cities across 26 states
10.	Markets served by the Company: State, National, International	:	26 states across India, and the Middle East

Section B: Financial Details of the Company:

1. Paid-up capital: ₹ 7,72,19,89,840
2. Total Turnover: ₹ 7,181.41 (Amount in Crore)
3. Total Profit after Tax: ₹ 117.79 (Amount in Crore)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax: 1.64 % (₹ 1,93,69,000)
5. List of activities in which expenditure (in point 4, above) has been incurred:
   - Education: 13,482 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.
   - Health and Sanitation: 2,18,706 beneficiaries through - pulse polio immunization, sanitation to tribal village through our partner Swami Vivekananda Youth Movement (SVYM), eye camps, school health camps, dental camps, specialised health camps such as cancer awareness and screening camps.
   - Sustainable Livelihoods: 623 youth were coached at a skills training centre as part of the Kaushalya initiative and also a partnership with SVYM.
   - Focus Village: 10,791 beneficiaries through village development projects, this includes academic support, conducting workshops, career guidance programme for students, health and hygiene awareness programme for community.

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. Do 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 : 01842066
   Name : Mr. Ashish Dikshit
   Designation : Managing Director

   (b) Details of the BR Head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Dr. Naresh Tyagi
3.	Designation	Chief Sustainability Officer
4.	Telephone Number	080-67271000
5	E-mail ID	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 P1	Product Life Responsibility P2	Employee Well-being P3	Stakeholder Engagement P4	Human Rights P5	Environment P6	Policy Advocacy P7	Inclusive Growth P8	Customer Value P9
1.	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	N	Y	N
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	N
3.	Does the policy conform to any national/ international standards? If Yes, specify?	Y	Y	Y	Y	Y	Y	N	Y	N
4.	Has the policy being approved by the Board? If Yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	N
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online	http:// www.abfrl. com/ #investors (Codes and Policies)	NA	http:// www.abfrl. com/ #investors (Codes and Policies)	http:// www.abfrl. com/ #investors (Codes and Policies)	NA	NA	NA	http:// www.abfrl. com/ #investors (Codes and Policies)	NA
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	The policy has been communi-cated to the relevant internal stakeholders, and to the external stakeholders on a need basis	Y	Y	The policy has been communicated to the relevant internal stakeholders, and to the external stakeholders on a need basis	The ABG policies on environment, health and water stewardship have been communicated to the relevant internal stakeholders and to the external stakeholders on a need basis	NA	Y	The policy has been communicated to the relevant internal stakeholders and to the 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	Y	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	Y	Y	Y	Y	Y	NA	Y	N
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	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 months	–	–	–	–	–	–	–	–	–
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 the relevant industry bodies such as Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).	–	While ABFRL does not have a stated policy on Customer Value, aspects such as overall well-being of the customers and the society at large, product labelling, safe use of product, impact of use of product on the environment and grievance resolution are captured in our other policies such as Product Stewardship Policy, Safety Policy, Health Policy, Environment Policy and Human Rights Policy.

3. Governance related to BR:

i) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO 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 is the second BRR being published. We have also published our maiden Sustainability Report last year.

Hyperlink to the FY17 BRR and Sustainability Report is provided below.

Link to BRR:

http://www.abfrl.com/pdf/investors/financial_reports/Annual_Report_2017.pdf

Link to Sustainability Report:

http://www.abfrl.com/sustainability_2016_17/

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

The above described policies are 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 206 cases reported in FY 2017-18 have been investigated and 204 resolved.

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

We strive to make clothing that not only has a low cost to the environment, but also have a minimal negative impact socially, throughout the value chain. Our sustainability initiatives span across own operations, upstream and downstream value chains.

Listed below are some of our key sustainability initiatives as part of product sustainability.

Higg Index (SAC – Sustainability Index)

The Sustainable Apparel Coalition (SAC) is the apparel and footwear industry's foremost alliance for sustainable production. The Coalition's main focus is to build unified Sustainability Matrix across textile and apparel industry. SAC has developed Higg Index as a standardised sustainability measurement tool for all industry participants to understand and measure the environmental, social and labour impacts of designing, manufacturing, supply chain and retailing of their products.

As we are one of the founding circle members of the SAC, Higg Index assessments are now a part of our key sustainability initiatives. Started in 2013, this year marks our fifth year of self-assessment for Brand and Facility Modules. The assessments include bringing together cross functional teams such as design, product, quality, sourcing, logistics, human resources, manufacturing and jointly discussing and identifying focus areas for improvement.

Annual Conference

In addition to collaborating with the SAC, through participation in working groups, every year we are part of the global SAC conferences. This year, the Annual Global Conference was held at Bengaluru from May 22 – 26, 2017. The sessions included Strategic Plan Reviews, path towards equal partnership, MSI and DDM training, brand module update; transparency, launch of the new facility module - FEM 3.0, among others. ABFRL key representatives, including the Chief Sustainability Officer (CSO), were panel members across the sessions wherein the discussions revolved around water pollution management, chemical management, wet processing efficiency, social aspects, improved operational efficiency thereby delivering high quality fabrics. One of the sessions also included a visit to our in-house factories to understand the process and key initiatives implemented.

Higg Transparency Pilot

Last year, ABFRL was the only Asian Brand to volunteer for a Transparency Pilot (digital identity) carried out by the SAC. The intent was to collect consumer insights and feedback on Higg Index transparency efforts in order to create the most suitable Higg Index communication guidance and support for sharing Higg Index facilities and brand performance information publicly. A pilot on digital identity was tested, which included use of a QR Code in a hang tag on the product. This tag provided information on environment and social scores of the manufacturing facility where the garment was made. We carried out Focused Group Discussions (FGDs) to capture the consumer perspective, in terms of the relevance and understanding of such information, mode of communication being used as if this would influence decision making while purchase. The results are being analysed and will support the next phase of Higg Transparency at the SAC.

We intend to continue our partnership with the SAC and positively contribute to their initiatives and work towards implementing key learnings in our operations.

Sustainability Attributes

The concept and definition of sustainability attributes was developed last year with a computation of a baseline, to test the same. The attributes are measured across raw materials, people, production, packaging and factories. This year, we considered a larger volume to carry out the attribute computation, and are working towards bringing together cross functional teams to take it forward.

Sustainable Products

In continuation with our 2020 goals, every year we launch products with low environmental impact, with a significant sustainability feature in them. Some of the sustainable products in FY 18 include use of agro-based dyes, use of alternative fibres such as Tencel, Lyocell, Liva and concepts such as Kalamkari and Ajrakh prints.

Packaging

Based on the plastic score card, we have categorised packaging into pollutant and non-pollutant material, basis their biodegradability. Therefore, majority of the plastic used fall under the pollutant category, whereas paper, thread, carton form the non-pollutant category. We aim to reach 100% non-pollutant packaging with elimination, reduction or reuse of packaging material.

Supply Chain Sustainability

As indicated earlier in this section, we have been closely working with our suppliers to create awareness, enhance capacities on sustainability and how to maintain it in the long term.

Higg Index (Facility)

We extended the Higg Index Facility Module assessments to outsourced suppliers (garment and textile). While, last year, we had carried out site visits and documentation assessment for these suppliers, this year we carried out a follow up and self-assessment for them. The suppliers have appreciated the effort and have also implemented the recommendations provided for improving sustainability performance at their respective facilities. Going ahead, we plan to increase the number of suppliers to be assessed using the Higg Index.

Vendor Code of Conduct (COC)

The ABFRL Vendor Code of Conduct, which is based on IFC Performance standards, International Labour Organization (ILO) and SA 8000 standards, and applicable national rules and regulations continues to be our sustainability vendor evaluation tool. While the COC is an audit, we do not stop with the evaluation process, we take it to the next level, where the vendors are provided support by identifying improvement areas and implementation support. This way, it is a collaborative approach in which we bring on-board suppliers, on our sustainability journey.

Quality/ Joint Implementation Programme

This year, we continued with our Quality/ Joint Implementation Programme being managed by the Vendor Development Cell and Product Development, Quality Assurance & Technical Team. 5S, Six Sigma, Kaizen and other productivity improvement tools were the focus to improve quality and productivity at the suppliers end.

Green Channel Partnership

The Green Channel Partnership is another initiative where we work with key fabric suppliers to reduce lead time, cost and improve efficiency. This helps us to procure responsible and through a sustainable supply chain.

Principle 3: Business should promote the well-being of all employees

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

Professional Work Environment

Our 'Policy on 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 redressal are clearly outlined.
- The policy is visible through the Company intranet, communicated via e-mail and posters that have been placed across all offices and stores.

- Human Resources (HR) Department of the Company carries out awareness sessions, and ensures each new employee undergoes a training module on the same.
- All the POSH Committee Members undergo refresher training by external facilitator, once in a year.
- Cases reported under this policy include any form of unwelcome, sexually motivated behaviour (whether directly or by implication).
- Investigations are conducted by the designated POSH Committee Members as per the prescribed timelines.

All 36 cases reported in FY 17-18 have been investigated and 33 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 **30 different initiatives for employees over FY 2017-18**. We provide an **Annual Health Check-up** for Headquarter Employees. These are managed by a third party vendor, and focused on physicals, Blood Sugar, ECG, Echocar diogram, X-Ray, etc. A detailed health report is provided to all participants, and a voluntary follow-up is carried out post-six months.

We have covered approximately **760+** employees in 2017-18. 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:

1. Wellness
    - Preventive Health Check-up
    - Ergonomics at work
    - Eye Camp – Mumbai and Bengaluru
    - Dental Camp
    - Stress Management – Delhi and Mumbai
    - Yoga @ work, Zumba sessions
    - Refreshed version of Vit H portal for physical well-being of employees
    - ‘Santulan’: ABG’s Employee Online Counselling Service
2. Diversity
    - Refreshed Maternity Policy with support programmes like Healthy Pregnancy, Phase Back, Transition Guidance and Career Management Support
    - Empanelment with Crèche Facility
    - Empanelment with Cloud Nine for maternity and new born care services at discounted price
    - Onus Programme
3. Body Mass Index:
    - One ABG Sport Day: An outdoor and indoor sports event as well as a cross-business sports tournament
    - Gym access provided
    - Promotion of physical activity such as the use of staircases
4. Flexible work timings
5. Launch of Paternity leave policy

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 organise Year-End programmes like EKO focused on bringing the team together and celebrating our journey through the year.

Continuous Learning

Enhancing employee skills and optimising productivity has been one of our major focus areas, and ABFRL has a **comprehensive training framework** to address the same. A need-based analysis is carried out to align training goals to business objectives, and is finalised with top management as well as functional heads. Based on the analysis, a formative training calendar for the financial year is chalked out.

We believe in investing **strategically towards employee development**. Here are some of the initiatives:

- Introducing employees to global brands and their best practices. This has resulted in a motivated and inspired senior-mid level management team.
- In order to integrate growth and developmental opportunities for identified talent, the Company has set up talent management councils at three distinct organisation levels.
- We have defined talent management processes covering various levels. Many of the processes are driven by leadership through talent councils.
- Specific training content has been developed for store managers.

These sustained efforts have borne favourable results. Succession readiness has gone up for mid-management employee levels during the FY 2017-18 due to hiring of Leadership Associate Programme (LEAP), Leadership Programme for the Experienced (LEAD), and mapping of external and group successors. Also, the effectiveness of formal class room training being measured has shown improvement over the last two years.

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 employees (as of March 31, 2018) : **20,508**

Total number of employees hired on temporary/ contractual/ casual basis:

Temporary – **9,136**

Contractual – **3,895**

Casual basis – **0**

Number of permanent women employees : **10,297**

Number of permanent employees with disabilities : **102**

Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, etc.:

Sr. No.	Category	No. of complaints filed during the last financial year, i.e., 2017-18	No. of complaints pending as on the end of the financial year, 31st March, 2018
1.	Child labour, forced labour, involuntary labour	-	-
2.	Sexual harassment	36	3
3.	Discriminatory employment	-	-

Percentage of employees given safety and skill upgradation training during the year:

Sr. No.	Category	Skill Upgradation
1.	Permanent Employees	30%
2.	Permanent Woman Employees	20%
3.	Casual/ Temporary/ Contractual Employees	-
4.	Employees with Disabilities	-

In view of enhancing our medical emergency preparedness, we have initiated project "SAVE LIFE". In this, we are covering 02 leads from all Pantaloons stores and giving them a professional "Basic First Aid" full-day training. Here, they are trained on how to overcome any medical emergency and provide proper "First Aid".

We have already completed 13 batches in the project "Save Life", wherein 257 employees were trained on First Aid for Cuts, Fracture, Fits, CPR, Chocking, etc., and will be reaching other stores shortly. This training data is in addition to the number of trainings we conduct monthly.

Sr. No.	Category	Safety
1.	Total employees trained	Approximately 3,962* Pantaloons stores employees monthly; 100% factory employees; and 50% warehouse employees

* The Training data is tracked since the Digitalisation Drive from June, 2017.

Principle 4: Business should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

A continuous and engaging dialogue leads to long-term, mutually enriching relationships. ABFRL invests in **engaging and cultivating these relationships** with its various stakeholders. We have also identified and mapped our internal and external stakeholders, which include:

- Shareholders
- Investors
- Employees
- Consumers
- Vendors
- Community
- Government and Regulators

As part of ABG as well as Aditya Birla 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.
- Going forward, the **implementation of the Code of Conduct (COC)** will lead to further strengthening of human rights protection across the value chain.

The Company has received 22 shareholders complaints during the Financial Year ended March 31, 2018 and has resolved 100% of the same.

Principle 6: Business should respect, protect and make effort to restore the environment

At ABFRL, we are striving to provide every customer a sense of meaningful contribution in building a sustainable ecosystem, through resource neutral closed loop models, sustainable raw materials and enhanced transparency.

In line with this vision, we are consistently enhancing our environmental initiatives, some of which are:

- We closely monitor our operations to ensure adherence to environmental compliances and permissible limits, and valid licences.
- We undertook benchmark assessment exercise against global players in apparel, leading companies in sustainability space and also government regulations to determine the need for strengthening current missions, and thereby ensure complete adherence to the policy. Insights from the analysis helped us in strategizing in line with global trends.
- Our two manufacturing units have been recognised as Gold Certified Buildings by US Green Building Council LEED rating system, this also fulfils the requirements of energy performance.
- 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.
- We have strengthened waste water recycling systems, installed rainwater harvesting systems and water efficient fixtures across our own facilities.
- The Stack Emissions/ Wastes Generated (used oil, oil-soaked cotton waste) and STP water generated by the Company are within the permissible limits stated by KSPCB & TNPCB.
- Along with our continuous efforts in energy conservations with initiatives like LED installations and enhancing operational efficiency, we have also made significant strides in the renewable energy space. We have collaborated with a solar developer for solar rooftop installations at our facilities and purchased 405 non-solar Renewable Energy Certificates (RECs), which is equivalent to 4.05 Lakh units of electricity.
- Other initiatives regarding the Company's efforts to lower environmental impact 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 CPCB/ SPCB during the previous financial year.

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

In a continuously evolving world, it is imperative that we have a consistent dialogue with myriad stakeholders, who can have an impact on policy making. As we focus on excellence in clothing, we continue to **share our invaluable experience** to provide incisive insights and detailed inputs to key decision makers in planning better policies. We also learn from the **best practices of others**. Along with collaborations with various trade and industry associations, we are also members of Retail Association of India (RAI) and Clothing Manufacturers Association of India (CMAI).

While ABFRL does not have a stated policy on Policy Advocacy, as part of the ABG Group, we actively undertake need-based advocacy on issues pertaining to the industry through our membership of relevant industry bodies.

Principle 8: Business should support inclusive growth and equitable development

Our CSR spend was ₹ 1.94 Crore

The CSR Committee of the Board sets the direction and focus areas for CSR Policies, Strategies, Programmes and initiatives. It also outlines the detail CSR budget and the CSR plan. This is presented and approved by the Board of Directors. The CSR Committee monitors the implementation of the initiatives that are approved by the Board.

ABFRL focuses its CSR initiatives under 3 pillars, i.e., Education, Health and Sanitation and Skilling. ABFRL also strongly encourages voluntary employee participation in the CSR activities, and has a policy in place to facilitate this. Through employee volunteering, the expertise of individuals in the organisation helps enhance the scale, reach and effectiveness of our CSR initiatives. Some of the initiatives we have undertaken are outlined below:

Education

Our initiative, "Help Vidya Write", has been ongoing since last 6 years. In FY 2017-18, we supported 4,091 underprivileged students across 25 government schools.

"Gyanarjan" accords special coaching classes to the students of 10th to 12th Std., and prepares them for competitive exams such as CET/ NEET. During the year, we engaged with two centres (Channapattana Govt. Girls PU College and Maharani Govt. Girls Jr. College, Mysore) covering 876 students across southern states. Up until now, this initiative has supported 2,570 rural girl students. Furthermore, personality development and career counselling programs are also conducted for these students.

Through the "Kasturba Gandhi Balika Vidyalaya (KGBV)" programme, under the "Sarva Shiksha Abhiyan", we motivate underprivileged girls in continuing their education. At ABFRL, through the MFL Jan Kalyan Trust (MFLJKT), we support 10 KGBV schools in Karnataka and Tamil Nadu. Here again, we organise Special Coaching classes for the core subjects (Maths, Science and English), benefiting 580 rural girl students. This was begun in 2011-12. As a result, the KGBV School, Byrapattana, is continuously achieving over 95% score in their 10th exams.

MFLKJLT, in association with Swami Vivekananda Youth Movement (SVYM), supports 5 KGBV schools in Mysore district. As of March 2018, we empowered 482 rural dropout girls. Our primary focus areas in these schools are academic inputs, life skill training, health education, financial literacy, leadership skills training etc.

Through 'Viveka Tribal Centre for Learning (VTCL)', we provide quality education to tribal girls, while focusing on values, literacy, numeracy and appropriate vocational training in the age group of 6 to 15 years. Furthermore, MFLJKT completely adopted 83 tribal girls and provided support for their continued education, including inputs on academic and co-curricular activities.

We continued our support to 'Urban Poor Girls' in coordination with ROCKFUND (a development organisation), benefitting 79 students in FY 2017-18.

Project Panvel

This initiative began in 2014-15, and has benefited 100 urban poor girls, studying from 5th to 10th std.

In coordination with Panvel Municipal Corporation, we set up Project Panvel to improve the quality of education and health of 2060 children studying in 11 primary schools. The project ensures a suitable learning environment for children, which equips them with academic skills and mobilises greater community participation to build strong linkages between community and the schools. Furthermore, children's fairs have been organised in which 4,120 parents and over 2000 children participated in different activities. We also initiated self-defence training in all 11 schools. Project Panvel reached out to around 6900 beneficiaries.

Health & Sanitation

Community Healthcare programme

Under our community healthcare programme, 10 eye camps were organised, benefitting 2,223 people. We treated 131 people for cataract and provided 1,038 people with suitable spectacles.

At 8 cancer awareness and screening camps held by us, 635 women participated. Of these 351 beneficiaries were referred for Pap smear test.

At our 10 School Health Check-Up camps, 2,338 school students were treated.

With the support of government officials, we organised polio vaccination camps across 331 booths in Bangalore. This programme covered 2,13,310 infants for polio immunisation.

Sanitation at Tribal Village (SVYM)

Under Swacchh Bharat Abhiyan, we conducted a health education drive to spread awareness of hygiene and sanitation among tribal girls. We also supported families of students in constructing 50 toilets in their houses.

Sustainable Livelihood

Kaushalya Project (The Skills Training Centre)

Through this project, we trained 385 rural youths through various skill development programmes in livelihood skills such as Data Entry Operator (DEO), Beauty and Hair care specialists (BHC) and Retail operations. While 369 youths were trained and certified, 294 of them were linked to sustainable livelihood opportunities. Furthermore, we initiated Reskilling programs for the earlier batch of students to upgrade their skills.

Skilling (SVYM)

We have partnered with SVYM to provide vocational training for rural and tribal youth to improve their livelihood, with a special focus on girls. As of March 2018, 238 tribal girls were trained in tailoring.

Village Development Projects

We have chosen 8 villages around our factories to focus on holistic development. These villages act as nodal centres to develop other villages in the vicinity. Our initiative targets all age groups and caters to different problems. We have moved from an event-based approach towards a life-cycle approach. Each village has been provided with a community tutor and a health worker to meet our mission to create happy villages " the villages where all the children are in a school and learning well. Our initiatives include sanitation, merit scholarships, Aadhaar card drive, clean drinking water, first aid services etc. As a result, we have positively impacted the lives of around 10,800 people.

Volunteering

Our employees have volunteered in various initiatives such as blood donation, health camps, eye camps, cancer screening camps etc. and have invested 15,047 hours for their personal time.

They have actively participated in various social causes such as teaching life skills to underprivileged children, volunteering for the T20 Cricket match for the Blind, teaching computer skills to children, spoken English etc.

Our Partners/ Collaborators include:

• Gram Panchayats • Sarva Shiksha Abhiyan • Swami Vivekananda Youth Movement • ROCKFUND • Swachh Bharat Abhiyan • Government Schools & Anganwadis • Cricket Association for the Blind in India

Our Investments:

Our spending in CSR for the year 2017-18 was ₹ 1.94 Crore, reaching out to 2,43,602 beneficiaries through various initiatives.

Principle 9: Customer value

We believe that customer-centricity is key to long-term business sustainability. We strive to ensure that customer complaints (if any) are appropriately and promptly addressed to the satisfaction of customers and consumers.

Our customer-centricity approach encompasses a gamut of propositions:

- We recognise our position as an influencer of public choice and values, and therefore ensure 'responsible advertising', by eliminating bias, being political neutral and minimising ambiguity
- We have created strong competencies around brand building, product positioning and communicating the brand USP to the potential customer segments
- Beyond the label requirements mandated by local laws, all apparel product labels also include information on raw materials utilised. Further, instructions for wash and care are included to maintain durability of the products
- 'Mission Happiness' was launched to deliver a positive and uniform customer experience across all outlets. Through an electronic interface, the consumers can provide 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 Brand Equity Index (BEI) and Customer Value Proposition (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 March 31, 2018.

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 (formerly known as Pantaloons Fashion & Retail Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 financial position, 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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 of the Ind AS financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Cash Flow Statement 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 Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act;
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report 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 45 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.

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 11, 2018

Annexure 1 to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(i) (b) All Property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(i) (c) According to information and explanations given by the management, the title deeds of immovable properties, included in Property, plant and equipment are held in the name of the Company except for the following immovable properties other than self-constructed buildings aggregating to ₹ 6.05 Crore which are held in the name of the demerged companies and is in the process of being transferred to the Company:

Total number of cases	Asset category	Amount as at March 31, 2018 (₹ in Crores)	Remarks
12	Freehold land	5.92	Title deeds are in names of the companies whose divisions got merged with the Company and are pending to be transferred in the name of the Company.
1	Building (Flat)	0.13	

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other 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, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, 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, service tax, customs duty, excise duty , value added tax and cess on account of any dispute, are as follows:

Statute	Nature of dues	Unpaid amount involved (₹ in Crores)*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise duty	1.86	May, 2001 to April, 2003	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Central Sales Tax Act	Central sales tax	0.01	2006-07	The Appellate Deputy Commissioner (CT) Secunderabad Division
Customs Act	Customs duty	2.04	1998-99	Hon'ble High Court – Karnataka
Customs Act	Customs duty	0.50	2010	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Gujarat Commercial Tax Act	Sales tax	2.26	2011-12	Joint Commissioner - JCCT(A)
Karnataka Sales Tax Act	Sales tax	5.28	2011-12	Karnataka Appellate Tribunal
Karnataka Sales Tax Act	Sales tax	1.01	2005-07	Joint Commissioner of Commercial Taxes - Appeal
Karnataka Sales Tax Act	Sales tax	6.46	2012-13 to 2014-15	Joint Commissioner of Commercial Taxes - Appeal
Karnataka Tax on Entry of Goods Act	Entry tax	0.02	2002-03 to 2004-05	Joint Commissioner of Commercial Taxes - Appeal-1
Kerala Commercial Tax Act	Surcharge	2.44	April, 2008 to June, 2017	Kerala High Court, Ernakulum
Kerala General Sales Tax Act	Kerala sales tax	0.01	2004-05	Kerala Sales Tax Appellate Tribunal, Ernakulum
Orissa Sales Tax Act	Sales tax	0.74	2014-15	Joint Commissioner of Commercial Tax
Orissa Sales Tax Act	Sales tax	0.005	2002-03	Assistant Commissioner of Commercial Taxes, Bhubaneswar
Orissa Entry Tax Act	Entry tax	0.001	2002-03	Assistant Commissioner of Commercial Taxes, Bhubaneswar
Textile Committee Act	Textile cess	0.59	1999-2005	Hon'ble High Court - Karnataka
Uttar Pradesh Commercial Tax Act	Value added tax	2.15	2008-09 to 2009-10	Deputy Commissioner of Commercial Taxes
Uttar Pradesh Commercial Tax Act	Value added tax	5.22	2008-09, 2011-12 and 2012-13	Additional Commissioner - Appeal
Uttarakhand Commercial Tax Act	Value added tax	3.75	2008-09 to 2010-11, 2012-13 and 2013-14	Additional Commissioner - Appeal
West Bengal Commercial Tax Act	Sales tax	0.05	2013-14	Joint Commissioner Appeal - JCCT (A)
West Bengal Commercial Tax Act	Sales tax	0.20	2011-12	Appellate and Revisional Board

Statute	Nature of dues	Unpaid amount involved (₹ in Crores)*	Period to which the amount relates	Forum where dispute is pending
Employee State Insurance Act	Employee state insurance	0.11	2003-06	Hon'ble Court of Labour Tribunal, Bangalore
KVAT Act	Value added tax	0.08	2008-09	Joint Commissioner of Commercial Tax
Madhya Pradesh VAT Act	Value added tax	0.08	2013-14	Commercial Tax Department
Haryana Commercial Tax Act	Central sales tax	0.08	2013-14	Joint Commissioner of Commercial Taxes - Appeal

* The unpaid amount mentioned above is net of ₹ 39.14 Crore paid under protest.

(viii) 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 does not have any borrowing from the government during the year.

(ix) In our opinion and according to the information and explanations given by the management, monies raised by way of term loans and debt instruments were applied for the purposes for which those were raised. The Company has not raised any money by way of initial public offer/ further public offer.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Aditya Birla Fashion and Retail Limited

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

We have audited the internal financial controls over financial reporting of Aditya Birla Fashion and Retail Limited (formerly known as Pantaloons Fashion & Retail Limited) ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting 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 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, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 11, 2018

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
BALANCE SHEET AS AT MARCH 31, 2018

₹ in Crores

			Notes	As at March 31, 2018	As at March 31, 2017
ASSETS					
I	**Non-current assets**				
	(a)	Property, plant and equipment	3	**646.45**	546.24
	(b)	Capital work-in-progress	3	**45.89**	25.00
	(c)	Goodwill	4, 41	**1,859.60**	1,859.60
	(d)	Other intangible assets	4	**76.25**	81.22
	(e)	Financial assets			
		(i) Investments	5	**4.21**	-
		(ii) Loans	6	**2.90**	3.49
		(iii) Security deposits	7	**251.53**	213.90
		(iv) Other financial assets	8	**1.15**	1.00
	(f)	Deferred tax assets (net)	9	**68.82**	-
	(g)	Non-current tax assets (net)		**18.75**	17.78
	(h)	Other non-current assets	10	**107.99**	151.82
	Sub-Total - Non-current assets			**3,083.54**	2,900.05
II	**Current assets**				
	(a)	Inventories	11	**1,691.20**	1,431.25
	(b)	Financial assets			
		(i) Loans	12	**4.69**	3.80
		(ii) Security deposits	13	**69.20**	83.02
		(iii) Trade receivables	14	**551.84**	452.18
		(iv) Cash and cash equivalents	15	**72.56**	49.53
		(v) Bank balances other than the above	16	**0.23**	0.13
		(vi) Other financial assets	17	**27.99**	19.68
	(c)	Other current assets	18	**232.59**	96.21
	Sub-Total - Current assets			**2,650.30**	2,135.80
	TOTAL - ASSETS			**5,733.84**	5,035.85

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
BALANCE SHEET AS AT MARCH 31, 2018

₹ in Crores

	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	**771.69**	770.53
(b) Other equity	20	**321.42**	187.63
Sub-Total - Equity		**1,093.11**	958.16
II Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	**1,187.91**	1,270.99
(ii) Deposits		**73.45**	78.51
(b) Provisions	22	**121.14**	107.08
(c) Other non-current liabilities	23	**87.21**	63.26
Sub-Total - Non-current liabilities		**1,469.71**	1,519.84
III Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	**570.45**	760.74
(ii) Trade payables	25	**2,009.32**	1,457.80
(iii) Deposits		**89.02**	58.83
(iv) Other financial liabilities	26	**336.70**	111.07
(b) Provisions	27	**70.87**	85.85
(c) Other current liabilities	28	**94.66**	83.56
Sub-Total - Current liabilities		**3,171.02**	2,557.85
TOTAL - EQUITY AND LIABILITIES		**5,733.84**	5,035.85
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/ E300003
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board of Directors

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

SUKANYA KRIPALU
(Director)
(DIN: 06994202)

ARUN THIAGARAJAN
(Director)
(DIN: 00292757)

JAGDISH BAJAJ
(Chief Financial Officer)

GEETIKA ANAND
(Company Secretary)

Place: Mumbai
Date: May 11, 2018

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Crores

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
I	**Revenue from operations**	29	**7,181.41**	6,632.98
II	**Other income**	30	**32.81**	38.15
III	**Total income (I + II)**		**7,214.22**	6,671.13
IV	**Expenses**			
	(a) Cost of materials consumed	31a	**664.16**	606.87
	(b) Purchases of stock-in-trade	31b	**2,971.99**	2,399.19
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	31c	**(246.07)**	2.61
	(d) Employee benefits expense	32	**772.33**	705.80
	(e) Finance costs	33	**171.60**	179.67
	(f) Depreciation and amortisation expense	34	**280.52**	242.47
	(g) Excise duty on sale of goods		**9.34**	30.12
	(h) Rent expense		**1,042.87**	1,017.23
	(i) Other expenses	35	**1,498.51**	1,433.67
	Total expenses		**7,165.25**	6,617.63
V	**Profit/ (loss) before tax (III - IV)**		**48.97**	53.50
VI	**Income tax expense**			
	(a) Current tax		**-**	-
	(b) Deferred tax		**(68.82)**	-
VII	**Profit/ (loss) for the year (V - VI)**		**117.79**	53.50
VIII	**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		**4.26**	(8.71)
	Income tax effect		**-**	-
	Other comprehensive income for the year		**4.26**	(8.71)
IX	**Total comprehensive income for the year (VII + VIII)**		**122.05**	44.79
X	**Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2017: ₹ 10)]**	36		
	Basic (₹)		**1.52**	0.69
	Diluted (₹)		**1.52**	0.69
Summary of significant accounting policies		2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/ E300003
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board of Directors

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

SUKANYA KRIPALU
(Director)
(DIN: 06994202)

ARUN THIAGARAJAN
(Director)
(DIN: 00292757)

JAGDISH BAJAJ
(Chief Financial Officer)

GEETIKA ANAND
(Company Secretary)

Place: Mumbai
Date: May 11, 2018

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

a. Equity share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity shares of ₹ 10 each issued, subscribed and fully paid				
As at the beginning of the year	**77,05,27,154**	**770.53**	76,88,42,726	768.84
Allotment to NR shareholders (Refer Note - 20)	**10,34,529**	**1.03**	10,36,736	1.04
Exercise of Options (Refer Note - 43)	**1,32,301**	**0.13**	6,47,692	0.65
As at the end of the year	**77,16,93,984**	**771.69**	77,05,27,154	770.53

b. Other equity

₹ in Crores

	Share application money pending allotment (Refer Note - 20)	Share suspense account (Refer Note - 20)	Reserves and surplus				Other comprehensive income	Total other equity
			Securities premium (Refer Note - 20)	Retained earnings (Refer Note - 20)	Share options outstanding account (Refer Note - 20)	Capital reserve (Refer Note - 20)	Re-measurement gains/ (losses) (Refer Note - 20)	
As at April 1, 2016	-	3.78	751.48	(644.60)	4.17	21.69	0.13	136.65
Profit for the year	-	-	-	53.50	-	-	-	**53.50**
Allotted to NR shareholders during the year	-	(1.04)	-	-	-	-	-	**(1.04)**
Premium on exercise of share Options	-	-	8.41	-	-	-	-	**8.41**
Remeasurement gains/ (losses) on defined benefit plans	-	-	-	-	-	-	(8.71)	**(8.71)**
Gross compensation for Options granted during the year	-	-	-	-	4.81	-	-	**4.81**
Transfer to Securities Premium on exercise of Options	-	-	-	-	(5.99)	-	-	**(5.99)**
As at March 31, 2017	-	2.74	759.89	(591.10)	2.99	21.69	(8.58)	187.63
As at April 1, 2017	-	2.74	759.89	(591.10)	2.99	21.69	(8.58)	187.63
Profit for the year	-	-	-	117.79	-	-	-	**117.79**
Allotted to NR shareholders during the year	-	(1.03)	-	-	-	-	-	**(1.03)**
Premium on exercise of share Options	-	-	2.01	-	-	-	-	**2.01**
Re-measurement gains/ (losses) on defined benefit plans	-	-	-	-	-	-	4.26	**4.26**
Gross compensation for Options granted during the year	-	-	-	-	11.72	-	-	**11.72**
Transfer to Securities Premium on exercise of Options	-	-	-	-	(1.11)	-	-	**(1.11)**
Share application money received towards exercise of share Options	0.15	-	-	-	-	-	-	**0.15**
As at March 31, 2018	0.15	1.71	761.90	(473.31)	13.60	21.69	(4.32)	321.42

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/ E300003
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board of Directors

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

SUKANYA KRIPALU
(Director)
(DIN: 06994202)

ARUN THIAGARAJAN
(Director)
(DIN: 00292757)

JAGDISH BAJAJ
(Chief Financial Officer)

GEETIKA ANAND
(Company Secretary)

Place: Mumbai
Date: May 11, 2018

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Crores

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities			
Profit/ (loss) before tax		**48.97**	53.50
Adjustments to reconcile profit/ (loss) before tax to net cash flows:			
Depreciation and amortisation of property, plant and equipment and intangible assets	34	**280.52**	242.47
Finance costs	33	**166.86**	176.11
Loss/ (profit) on sale of property, plant and equipment		**2.45**	1.42
Employee stock compensation expense	32	**11.72**	6.79
Interest income	30	**(5.52)**	(3.83)
Net gain on sale of investments	30	**(0.61)**	(0.43)
Unrealised exchange (gain)/ loss		**(0.09)**	1.22
Expense/ (income) on financal assets/ liabilities that are not designated as at fair value through profit or loss		**1.26**	0.05
Provision for doubtful debts, deposits and advances	35	**14.25**	8.00
Bad debts written off	35	**0.28**	0.20
Operating profit before working capital changes		**520.09**	485.50
Movements in working capital:			
(Increase)/ decrease in trade and other receivables		**(105.03)**	(138.02)
(Increase)/ decrease in inventories		**(259.95)**	5.99
(Increase)/ decrease in other assets		**(170.98)**	(57.86)
Increase/ (decrease) in trade and other payables		**551.03**	114.64
Increase/ (decrease) in provisions		**3.34**	(4.86)
Increase/ (decrease) in other liabilities		**57.59**	22.82
Cash generated from/ (used in) operations		**596.09**	428.21
Direct taxes paid (Net of refunds)		**(0.97)**	(3.02)
Net cash flow from/ (used in) operating activities		**595.12**	425.19
Cash flows from investing activities			
Purchase of property, plant and equipment, intangible assets and capital advance		**(339.09)**	(296.16)
Acquisitions during the year	41	**-**	(175.60)
Proceeds from sale of property, plant and equipment and intangible assets		**11.97**	21.88
Purchase of current investments		**(475.74)**	(581.12)
Proceeds from sale/ maturity of current investments		**476.35**	581.55
Purchase of non-current investments		**(4.21)**	-
Interest income	30	**5.52**	3.83
Net cash flow from/ (used in) investing activities		**(325.20)**	(445.62)

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Crores

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from financing activities			
Proceeds from issuance of equity share capital		**1.18**	1.09
Proceeds from non-current borrowings		**20.00**	1,363.58
Repayment of non-current borrowings		**(12.89)**	(1,130.25)
Proceeds from current borrowings		**212.52**	3,956.47
Repayment of current borrowings		**(402.80)**	(3,995.00)
Interest paid		**(64.90)**	(144.97)
Net cash flow from/ (used in) in financing activities		**(246.89)**	50.92
Net increase/ (decrease) in cash and cash equivalents		**23.03**	30.49
Cash and cash equivalents at the beginning of the year		**49.53**	19.04
Cash and cash equivalents at the end of the year	15	**72.56**	49.53

Components of Cash and cash equivalents

₹ in Crores

		As at March 31, 2018	As at March 31, 2017
Balances with banks - on current account		**47.24**	27.39
Balance with credit card companies		**8.15**	8.75
Balance with e-wallet companies		**0.01**	0.02
Cash on hand (Refer Note - 15)		**13.30**	5.24
Cheques/ drafts on hand		**3.86**	8.13
Total Cash and cash equivalents		**72.56**	49.53

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/ E300003
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board of Directors

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

SUKANYA KRIPALU
(Director)
(DIN: 06994202)

ARUN THIAGARAJAN
(Director)
(DIN: 00292757)

JAGDISH BAJAJ
(Chief Financial Officer)

GEETIKA ANAND
(Company Secretary)

Place: Mumbai
Date: May 11, 2018

ADITYA BIRLA FASHION AND RETAIL LIMITED (FORMERLY KNOWN AS PANTALOONS FASHION & RETAIL LIMITED) NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 domiciled in India, Mumbai. The registered office of the Company is located at 701-704, 7th floor, Skyline Icon Business Park, 86-92, Off A.K. Road, Marol Village, Andheri (E), Mumbai – 400 059.

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, 2017, the Company had 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 had 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 11, 2018.

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").

The date of transition to Ind AS is April 1, 2015. The previous year financial statements was the first financial statements under Ind AS.

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

- certain financial assets and liabilities (refer accounting policy regarding financial instruments);
- defined employee benefit plans;
- share-based payments; and
- derivative financial instruments.

The financial statements are presented in Indian Rupee (INR), and all values are rounded to the nearest crore (INR 00,00,000), except when otherwise indicated.

2.2 Summary of significant accounting policies

(I) Business combination and goodwill

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 the 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 the 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 equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is 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. Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents income and expenses which relate to the Company as a whole, and are not allocated to the segments.

Refer Note 47 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) Fair value measurements and hierarchy

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.

The carrying amounts of trade receivables, trade payables, capital creditors, and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The carrying value of loans, security deposits and investments are considered to be reasonably the 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 counter-party credit risk.

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.

(V) Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances: Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or the Statement of Profit and Loss are also reclassified in OCI or the Statement of Profit and Loss, respectively).

(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 the 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 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 voucher sales are recognised when the vouchers are redeemed and goods are sold to the customer.

The Company operates a loyalty programme which allows customers to accumulate points on purchases made in retail stores. The points entitles them to discount on future purchases. Consideration received is allocated between the sale of products and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of points is determined by applying 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 are recognised as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes.

Interest income on all debt instruments is measured either at amortised cost or at fair value through OCI. 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 EIR, 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 other 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 a straight-line basis over the lease 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 a reasonable assurance that the grant will be received and all attached conditions will be complied with:

- When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, at a below-market rate of interest, the effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised and measured at fair value, and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

(VIII) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Statement of Profit and Loss.

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(IX) Income taxes

Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The 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

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 is received or circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition, if they result from new information obtained about facts and circumstances existing at the acquisition date.

Current tax and deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in OCI 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.

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.

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 de-recognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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 management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. 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 equipment	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 and 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, and 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 fuel cell powered vehicles	8 years	5 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

Leasehold assets

Asset	Estimated useful life
Leasehold improvements at stores	5 to 6 years or period of lease whichever is shorter
Leasehold improvements other than stores	Period of lease

Items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use.

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 the Statement of Profit and Loss within other gains/ (losses).

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(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 the Statement of Profit and Loss, in the period in which the expenditure is incurred.

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.

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.

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/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	12 years	Amortised on straight-line basis over the period of franchise agreement

(XII) Impairment of non-financial assets

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 the Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or Cash-Generating Unit's (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 the 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.

Where the Company is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases, where substantial 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 rewards of ownership of an asset is classified as an operating lease. Assets subject to operating leases are included in the property, plant and equipment. Rental income on an operating lease is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

(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 the Statement of Profit and Loss are recognised immediately in the Statement of Profit and Loss.

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.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised debt, debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit or Loss (FVTPL) or at amortised cost, equity instruments at FVTOCI, non-derivative financial liabilities at amortised cost or FVTPL and derivative instruments (under the category of financial assets or financial liabilities) at FVTPL.

(a) Non-derivative financial assets

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost, if both the conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured initially at fair value plus transaction cost and subsequently measured at amortised cost using effective interest rate (EIR) method, less any impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in the other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Effective Interest Rate (EIR) method

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. 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 the Statement of Profit and Loss, and is included in the ‘Other income’ line item.

(ii) Debt instruments at FVTOCI

An instrument shall be measured at FVTOCI, if both of the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

For the impairment policy on financial assets measured at amortised cost, refer note below.

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in OCI. However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss. Interest earned is recognised under the Effective Interest Rate (EIR) model.

(iii) 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 re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(iv) Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Impairment of financial assets

The Company applies 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 OCI, and is not reduced from the carrying amount in the Balance Sheet.

(b) Non derivative financial liabilities

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.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) 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 the 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.

(iii) 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.

<u>Financial liabilities at FVTPL</u>

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 the Statement of Profit and Loss. The net gain or loss recognised in the 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 are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to the Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in the Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the Statement of Profit and Loss as 'Finance costs'.

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 payment 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 the 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

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments, and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of Profit and Loss.

De-recognition of financial assets and financial liabilities

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (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 the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Company de-recognises financial liabilities only when the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date, which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interests.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss at the reclassification date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(XV) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the Statement of Profit and Loss when the hedge item affects the Statement of Profit and Loss or treated as basis adjustment, if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

(XVI) Inventories

Raw materials, components, stores and spares, and packing materials are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Traded goods, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. Traded goods, work-in-progress and finished goods include costs of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing cost. Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Proceeds in respect of sale of raw materials/ stores are credited to the respective heads. Obsolete and defective inventory are duly provided for basis the management estimates. (Refer Note - 37).

(XVII) Provisions

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. (Refer Note - 37).

(XVIII) Retirement and other employee benefits

(a) Defined contribution plan

The Company makes defined contribution to the Government Employee Provident Fund, which are recognised in the Statement of Profit and Loss on accrual basis. The Company recognises contribution payable to the provident fund scheme as an 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 operates a defined benefit gratuity plan in India. The Company contributes to a gratuity fund maintained by an independent insurance company. The Company's liabilities under the Payment of Gratuity Act 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 benefits expense' in the Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

(c) Compensated absences

The Company's liabilities for long-term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. 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 the Statement of Profit and Loss.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

(XIX) Share-based payments

Employees of the Company receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share options outstanding account.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based 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 benefits 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 the Statement of Cash Flows comprise cash in hand and cash at bank including fixed deposits with original maturity period of three months and short term highly liquid investments with an original maturity of three months or less net off outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(XXII) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crore, unless otherwise stated.

(XXIII) Standards issued but not yet effective

<u>Ind AS 115 Revenue from contracts with customers</u>

The Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115, "Revenue from contracts with customers", will replace all existing Ind AS revenue recognition requirements. It supersedes Ind AS 11, "Construction contracts", and Ind AS 18, "Revenue", and is applicable for all accounting periods commencing on or after April 1, 2018.

Ind AS 115 introduces a new framework of five-step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the disaggregation of revenue, contract balances, performance obligation, judgements and assumptions, nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Full Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period.

Modified Retrospective approach - Under this approach the entity shall recognise the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application.

The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project is completed.

Other changes:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018, containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

NOTE: 3
PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

	Freehold land	Freehold buildings	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Vehicles	Capital work-in-progress (CWIP)	Total
Cost										
As at April 1, 2016	**5.92**	**12.61**	**121.67**	**85.69**	**50.89**	**262.65**	**103.72**	**5.30**	**25.38**	**673.83**
Additions	-	1.26	18.96	43.99	35.11	104.04	44.87	5.28	86.02	**339.53**
Additions pursuant to acquisition (Refer Note - 41)	-	-	-	34.31	1.22	16.15	3.96	-	0.07	**55.71**
Disposals/ Capitalisation of CWIP	-	-	6.49	19.59	15.68	86.71	34.30	3.19	86.47	**252.43**
As at March 31, 2017	**5.92**	**13.87**	**134.14**	**144.40**	**71.54**	**296.13**	**118.25**	**7.39**	**25.00**	**816.64**
As at April 1, 2017	**5.92**	**13.87**	**134.14**	**144.40**	**71.54**	**296.13**	**118.25**	**7.39**	**25.00**	**816.64**
Additions	-	0.45	21.56	141.16	24.97	166.70	11.60	5.33	409.68	**781.45**
Disposals/ Capitalisation of CWIP	-	-	5.41	33.19	9.55	27.17	2.03	3.01	388.79	**469.15**
As at March 31, 2018	**5.92**	**14.32**	**150.29**	**252.37**	**86.96**	**435.66**	**127.82**	**9.71**	**45.89**	**1,128.94**
Depreciation and impairment										
As at April 1, 2016	**-**	**0.45**	**7.73**	**24.42**	**8.41**	**84.12**	**39.25**	**0.38**	**-**	**164.76**
Depreciation for the year	-	0.58	14.40	34.20	21.99	107.12	42.49	2.54	-	**223.32**
Disposals	-	-	4.74	19.38	7.36	75.85	32.69	2.66	-	**142.68**
As at March 31, 2017	**-**	**1.03**	**17.39**	**39.24**	**23.04**	**115.39**	**49.05**	**0.26**	**-**	**245.40**
As at April 1, 2017	**-**	**1.03**	**17.39**	**39.24**	**23.04**	**115.39**	**49.05**	**0.26**	**-**	**245.40**
Depreciation for the year	-	0.60	17.83	84.28	25.26	117.75	8.56	2.86	-	**257.14**
Disposals	-	-	4.67	29.01	4.98	24.13	1.57	1.58	-	**65.94**
As at March 31, 2018	**-**	**1.63**	**30.55**	**94.51**	**43.32**	**209.01**	**56.04**	**1.54**	**-**	**436.60**
Net book value as at:										
March 31, 2018	**5.92**	**12.69**	**119.74**	**157.86**	**43.64**	**226.65**	**71.78**	**8.17**	**45.89**	**692.34**
March 31, 2017	**5.92**	**12.84**	**116.75**	**105.16**	**48.50**	**180.74**	**69.20**	**7.13**	**25.00**	**571.24**

Net Book Value

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment	**646.45**	546.24
Capital work-in-progress	**45.89**	25.00
Total	**692.34**	571.24

NOTE: 3A
During the year, the Company has capitalised the following expenses to the cost of Property, plant and equipment/ Capital work-in-progress:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Rent	**12.42**	15.74
Travelling and conveyance	**0.09**	-
Miscellaneous expenses	**0.46**	-
	12.97	15.74
Less: Capitalised during the year	**12.42**	15.74
Balance in capital work-in-progress	**0.55**	-

NOTE: 3B

PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2018, land and buliding and moveable assets with carrying amount of ₹ 20.00 Crore (March 31, 2017: ₹ 15.59 Crore) are subject to first charge to secured borrowings (Refer Note - 21).

Capital work-in-progress

Capital work-in-progress mainly comprises of land and stores and warehouse under construction.

NOTE: 4

OTHER INTANGIBLE ASSETS

₹ in Crores

	Goodwill	Brands/ Trademarks	Computer software	Technical knowhow	Franchisee rights	Total
Cost						
As at April 1, 2016	**1,795.22**	**19.89**	**30.60**	**0.15**	**-**	**1,845.86**
Additions	-	-	20.01	-	-	**20.01**
Additions pursuant to acquisition (Refer Note - 41)	64.38	-	0.23	2.03	33.81	**100.45**
Disposals	-	-	0.50	-	-	**0.50**
As at March 31, 2017	**1,859.60**	**19.89**	**50.34**	**2.18**	**33.81**	**1,965.82**
As at April 1, 2017	**1,859.60**	**19.89**	**50.34**	**2.18**	**33.81**	**1,965.82**
Additions	-	8.00	10.41	-	-	**18.41**
Disposals	-	-	0.59	-	-	**0.59**
As at March 31, 2018	**1,859.60**	**27.89**	**60.16**	**2.18**	**33.81**	**1,983.64**
Amortisation and impairment						
As at April 1, 2016	**-**	**2.31**	**3.89**	**0.15**	**-**	**6.35**
Amortisation for the year	-	2.27	14.24	0.53	2.11	**19.15**
Disposals	-	-	0.50	-	-	**0.50**
As at March 31, 2017	**-**	**4.58**	**17.63**	**0.68**	**2.11**	**25.00**
As at April 1, 2017	**-**	**4.58**	**17.63**	**0.68**	**2.11**	**25.00**
Amortisation for the year	-	2.33	18.25	-	2.80	**23.38**
Disposals	-	-	0.59	-	-	**0.59**
As at March 31, 2018	**-**	**6.91**	**35.29**	**0.68**	**4.91**	**47.79**
Net book value as at:						
March 31, 2018	**1,859.60**	**20.98**	**24.87**	**1.50**	**28.90**	**1,935.85**
March 31, 2017	**1,859.60**	**15.31**	**32.71**	**1.50**	**31.70**	**1,940.82**

Net Book Value

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Goodwill	**1,859.60**	1,859.60
Other intangible assets	**76.25**	81.22
Total	**1,935.85**	1,940.82

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 licences to retail various international brands like Armani Collezioni, Hugo Boss, Versace Collection and many more under one roof, 'The Collective'. Both these divisions jointly comprise the Madura Fashion & Lifestyle CGU.

Forever 21 CGU

Effective July 1, 2016, the Company has acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of 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 a separate CGU.

For the purpose of Segment reporting, Madura Fashion & Lifestyle and Forever 21 CGUs have been aggregated to form one segment in accordance with Ind AS 108.

Carrying amounts of Goodwill allocated to each of the CGUs is as below:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Pantaloons CGU	**1,167.55**	1,167.55
Madura Fashion & Lifestyle CGU	**627.67**	627.67
Forever 21 CGU (Refer Note - 41)	**64.38**	64.38
Total	**1,859.60**	1,859.60

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 CGUs, as at March 31, 2018, 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, 2021, and then have considered that as a base to arrive at the value of perpetuity beyond March 31, 2021, based on the H model for Pantaloons and Madura Fashion & Lifestyle CGUs, and Gordon's Growth model for Forever 21 CGU. 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.

	As at March 31, 2018			As at March 31, 2017		
	Pantaloons CGU	**Madura Fashion & Lifestyle CGU**	**Forever 21 CGU**	**Pantaloons CGU**	**Madura Fashion & Lifestyle CGU**	**Forever 21 CGU**
Value in use (recoverable amount) (₹ in Crores)	**2,669.97**	**2,968.38**	**303.59**	3,139.84	4,470.00	248.85
Pre-tax discount rate	**15.22%**	**18.94%**	**14.25%**	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. Growth rate is based on the Company's projection of business and growth of the industry in which the Company is operating.

Sensitivity to changes in assumptions

Discount rate assumption

A change in the discount rate by 100 basis points will result in change by ₹ 733.59 Crore (March 31, 2017: ₹ 1,013.07 Crore) in the recoverable 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 point will result in change by of ₹ 595.96 Crore (March 31, 2017: ₹ 804.99 Crore) in the recoverable value.

NOTE: 5
NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Investments at fair value through OCI (fully paid)		
Unquoted investments (fully paid)		
7,000 fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited (March 31, 2017: 0 equity shares)	4.21	-
Total	**4.21**	-
Aggregate book value of unquoted investments	4.21	-
Aggregate amount of impairment in value of investments	-	-

NOTE: 6
NON-CURRENT FINANCIAL ASSETS - LOANS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Loans and advances to employees		
Unsecured, considered good	2.90	3.49
Total	**2.90**	3.49

NOTE: 7
NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Security deposits		
Unsecured, considered good	251.53	213.90
Unsecured, considered doubtful	7.67	0.75
Provision for doubtful deposits	(7.67)	(0.75)
Total	**251.53**	213.90

NOTE: 8
NON-CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Other bank balance		
Bank deposits more than 12 months maturity from the Balance Sheet date	**1.15**	1.00
Total	**1.15**	1.00

NOTE: 9
DEFERRED TAX ASSETS (NET)

The major components of income tax (income)/ expense are:

Profit or Loss section

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Current income tax		
Current income tax charge	**-**	-
Adjustments in respect of current income tax of previous year	**-**	-
Deferred tax		
(Gains)/ losses relating to origination and reversal of temporary differences	**(68.82)**	-
Total	**(68.82)**	-

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
OCI section - Deferred tax related to items recognised in OCI during the year		
Net (gains)/ losses on re-measurements of defined benefit plans	**-**	-
Total	**-**	-

Reconciliation of tax (income)/ expense and the accounting profit multiplied by India's domestic tax rate

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before income tax	**48.97**	53.50
At India's statutory income tax rate of 34.94% (March 31, 2017: 30.90%)	**17.11**	16.53
Disallowance under section 43B of the Income Tax Act, 1961	**2.54**	4.18
Preliminary expenses allowed under section 35DD	**(2.25)**	(2.66)
Utilisation of previously unrecognised tax losses to the extent of available profits	**(15.17)**	(11.21)
Depreciation (net of books and tax)	**(25.14)**	(13.30)
Expenses on which TDS has not been deducted under section 40(a)(ia)	**(0.33)**	2.78
Provision for gratuity	**4.28**	2.48
Non-deductible expenses for tax purposes:		
Loss on sale of assets	**0.86**	0.44
Other non-deductible expenses	**(18.10)**	0.76
	-	-
At the effective income tax rate of 0% (March 31, 2017: 0%)		
Income tax (income)/ expense reported in the Statement of Profit and Loss	**(68.82)**	-
Total	**(68.82)**	-

Deferred tax

Deferred tax related to the following:

₹ in Crores

	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2018	As at March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Loss as per income tax computations available for offsetting against future taxable income	**68.82**	-	**(68.82)**	-
Deferred tax (income)/ expense			**(68.82)**	-
Net deferred tax assets/ (liabilities)	**68.82**	-		

Based on management's estimate of future taxable income, the Company has during the year recognised deferred tax assets on the brought forward losses available for utilisation.

In the absence of convincing evidence, the Company had not recognised deferred tax assets during the year ended March 31, 2017.

Reflected in the balance sheet as follows:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets	**68.82**	-
Deferred tax liabilities	**-**	-
Deferred tax assets/ (liabilities) (net)	**68.82**	-

Reconciliation of deferred tax assets/ (liabilities) (net)

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
As at the beginning of the year	-	-
Tax (income)/ expense during the year recognised in the Statement of Profit and Loss	**(68.82)**	-
Tax (income)/ expense during year recognised in OCI	**-**	-
As at the end of the year	**68.82**	-

NOTE: 10
OTHER NON-CURRENT ASSETS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Capital advances	**8.32**	43.91
Prepayments	**42.27**	53.67
Advances to suppliers	**0.22**	0.22
Balances with government authorities	**57.13**	53.43
(other than income tax)		
Other receivable	**0.05**	0.59
Total	**107.99**	151.82

NOTE: 11
INVENTORIES

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Raw materials	**125.12**	105.49
Includes goods-in-transit ₹ 17.76 Crore (March 31, 2017: ₹ 11.79 Crore)		
Work-in-progress	**17.57**	16.23
Finished goods	**295.00**	272.29
Stock-in-trade	**1,245.19**	1,023.17
Includes goods-in-transit ₹ 5.31 Crore (March 31, 2017: ₹ 36.43 Crore)		
Stores and spares	**1.16**	1.20
Packing materials	**7.16**	12.87
Total	**1,691.20**	1,431.25

During the year ended March 31, 2018 ₹ 68.74 Crore (March 31, 2017: ₹ 10.22 Crore) was recognised as an expense for inventories carried at net realisable value.

NOTE: 12
CURRENT FINANCIAL ASSETS - LOANS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Loans and advances to employees		
Unsecured, considered good	**4.69**	3.80
Total	**4.69**	3.80

NOTE: 13
CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Security deposits		
Unsecured, considered good	**69.20**	83.02
Unsecured, considered doubtful	**4.64**	7.63
Provision for doubtful deposits	**(4.64)**	(7.63)
Total	**69.20**	83.02

NOTE: 14
TRADE RECEIVABLES

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Trade receivables	**548.66**	446.95
Receivables from related parties (Refer Note - 46)	**3.18**	5.23
Total	**551.84**	452.18

Break-up for security details and more than six months overdue:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	**1.07**	0.77
Unsecured, considered good	**28.38**	39.98
Doubtful	**7.07**	2.79
	36.52	43.54
Impairment allowance for doubtful debts	**(7.07)**	(2.79)
	29.45	40.75
Other receivables		
Secured, considered good	**37.12**	30.15
Unsecured, considered good	**485.27**	381.28
Doubtful	**2.82**	2.21
	525.21	413.64
Impairment allowance for doubtful debts	**(2.82)**	(2.21)
	522.39	411.43
Total	**551.84**	452.18

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 46.

Trade receivables are generally non-interest bearing and on terms of 30 to 120 days.

Based on the risk profiling for each category of customer, the Company has not evaluated credit risk where the risk is mitigated by collateral. The Company has therefore evaluated credit risk for departmental, depletion, e-commerce customers. Any customer related specific information has been factored over and above the Profitability of Default (PD). The company uses provision matrix to determine impairment loss allowance on its portfolio of receivables. The provision matrx takes into account historical credit loss experience over the expected life of the trade receivables and is adjusted for forward - looking estimates/ information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing

	Expected credit loss (%)
Not due	4%
0 to 60 days	7%
61 to 120 days	5%
121 to 180 days	5%
181 to 365 days	4%

Ageing of receivables on which impairment allowance of doubtful debts is applied

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Not due	**33.82**	26.35
0 to 60 days	**16.52**	12.87
61 to 120 days	**4.44**	3.46
121 to 180 days	**1.87**	1.46
181 to 365 days	**-**	-
Total	**56.65**	44.14

Movement in the expected credit loss allowance

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
As at the beginning of the year	**5.00**	1.85
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**0.61**	0.36
Specified provision identified	**4.28**	2.79
As at the end of the year	**9.89**	5.00

NOTE: 15
CASH AND CASH EQUIVALENTS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
Current accounts	**47.24**	27.39
Balance with credit card companies	**8.15**	8.75
Balance with e-wallet companies	**0.01**	0.02
Cash on hand	**13.30**	5.24
Cheques/ drafts on hand	**3.86**	8.13
Total	**72.56**	49.53

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.

As at March 31, 2018, the Company had available ₹ 481.22 Crore (March 31, 2017: ₹ 731.80 Crore) of undrawn committed borrowing facilities.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
Current accounts	**47.24**	27.39
Balance with credit card companies	**8.15**	8.75
Balance with e-wallet companies	**0.01**	0.02
Cash on hand	**13.30**	5.24
Cheques/ drafts on hand	**3.86**	8.13
Total	**72.56**	49.53

NOTE: 16
BANK BALANCES OTHER THAN THE ABOVE

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Earmarked deposits		
Current accounts	**0.10**	-
Bank deposits (with maturity more than 3 months but less than 12 months)	**0.13**	0.13
Total	**0.23**	0.13

Bank balances other than the above are held as margin money under lien to banks for assuring guarantees.

NOTE: 17
CURRENT FINANCIAL ASSETS - OTHERS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Forward contract receivable	**0.08**	0.09
Interest accrued on fixed deposit	**-**	0.03
Other receivables	**27.91**	19.56
Total	**27.99**	19.68

NOTE: 18
OTHER CURRENT ASSETS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Prepayments	**31.48**	39.70
Advance to suppliers	**47.77**	44.10
Export incentives	**5.39**	3.01
Balances with government authorities (other than income tax)	**133.47**	5.97
Government grant receivable	**0.80**	1.32
Other receivables	**13.68**	2.11
Total	**232.59**	96.21

BREAK-UP OF FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH OCI, AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Financial assets carried at fair value through OCI		
Investments (Refer Note - 5)	**4.21**	-
Financial assets carried at amortised cost		
Loans (Refer Notes - 6 and 12)	**7.59**	7.29
Security deposits (Refer Notes - 7 and 13)	**320.73**	296.92
Trade receivables (Refer Note - 14)	**551.84**	452.18
Cash and cash equivalents (Refer Note - 15)	**72.56**	49.53
Bank balances other than the above (Refer Note - 16)	**0.23**	0.13
Other financial assets (Refer Notes - 8 and 17)	**29.06**	20.59
Financial assets carried at fair value through profit or loss		
Derivative instruments (Refer Note - 17)	**0.08**	0.09
Total	**986.30**	826.73

NOTE: 19
EQUITY SHARE CAPITAL

Authorised share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
As at the beginning of the year	**1,00,00,00,000**	**1,000.00**	1,00,00,00,000	1,000.00
Increase during the year	-	-	-	-
As at the end of the year	**1,00,00,00,000**	**1,000.00**	1,00,00,00,000	1,000.00

Issued equity share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
As at the beginning of the year	**77,05,27,154**	**770.53**	76,88,42,726	768.84
Increase during the year towards:				
Allotment to NR shareholders (Refer Note - 20)	**10,34,529**	**1.03**	10,36,736	1.04
Exercise of Options (Refer Note - 43)	**1,32,301**	**0.13**	6,47,692	0.65
As at the end of the year	**77,16,93,984**	**771.69**	77,05,27,154	770.53

(i) Terms/ rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of the 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 the remaining assets of the Company, after distribution to all preference shareholders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

(ii) Details of shares held by each shareholder holding more than 5% shares

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares held	% holding in that class of shares	No. of shares held	% holding in that class of shares
Grasim Industries Limited	**8,73,80,613**	**11.32%**	-	0.00%
IGH Holdings Private Limited	**8,50,30,930**	**11.02%**	8,50,30,930	11.04%
TGS Investment and Trade Private Limited	**7,02,35,027**	**9.10%**	7,02,35,027	9.12%
Umang Commercial Company Private Limited	**6,49,72,778**	**8.42%**	6,49,72,778	8.43%
Trapti Trading and Investments Private Limited	**4,90,04,462**	**6.35%**	4,90,04,462	6.36%
Hindalco Industries Limited	**4,49,82,142**	**5.83%**	4,49,82,142	5.84%
Aditya Birla Nuvo Limited	**-**	**0.00%**	6,99,82,370	9.08%
Franklin Templeton Mutual Fund and its affiliates	**-**	**0.00%**	4,39,43,509	5.70%

(iii) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceeding the reporting year

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Equity shares allotted as fully paid-up pursuant to demerger contracts for consideration other than cash	**72,44,25,383**	72,33,90,854	72,23,54,118	4,63,16,518	4,63,16,518

In terms of Clause 21 of the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), the allotment of 37,82,178 equity shares of ₹ 10/- each ("said shares"), pertaining to the 3,475 non-resident shareholders of ABNL holding shares on repatriation basis ("NRE shareholders") was kept pending until receipt of applicable regulatory approval(s).

Out of the said shares, the Company has, upto March 31, 2018, allotted 20,71,265 equity shares of ₹ 10/- each to 1,407 NRE shareholders, in terms of the applicable laws.

(iv) Shares reserved for issue under Options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, please refer Note - 43.

NOTE: 20
OTHER EQUITY

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Share application money pending allotment (Refer Note - 43)		
As at the beginning of the year	-	-
Share application money received towards exercise of share Options	0.15	-
As at the end of the year	0.15	-
Share suspense account (Refer Note - 19)		
As at the beginning of the year	2.74	3.78
Allotted to non-resident (NR) shareholders during the year - 10,34,529 equity shares (March 31, 2017: 10,36,736 equity shares)	(1.03)	(1.04)
As at the end of the year	1.71	2.74
Capital reserve		
As at the beginning of the year	21.69	21.69
Changes during the year	-	-
As at the end of the year	21.69	21.69
Securities premium reserve		
As at the beginning of the year	759.89	751.48
Premium on exercise of share Options	2.01	8.41
As at the end of the year	761.90	759.89
Share options outstanding account		
As at the beginning of the year	2.99	4.17
Gross compensation for Options granted during the year	11.72	4.81
Transfer to Securities premium on exercise of Options	(1.11)	(5.99)
As at the end of the year	13.60	2.99
Retained earnings		
As at the beginning of the year	(591.10)	(644.60)
Profit for the year	117.79	53.50
As at the end of the year	(473.31)	(591.10)
Other comprehensive income		
As at the beginning of the year	(8.58)	0.13
Re-measurement gains/ (losses) on defined benefit plans	4.26	(8.71)
As at the end of the year	(4.32)	(8.58)
Total	321.42	187.63

Other equity

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Share application money pending allotment (Refer Note - 43)	**0.15**	-
Share suspense account (Refer Note - 19)	**1.71**	2.74
Reserves and surplus		
Capital reserve	**21.69**	21.69
Securities premium reserve	**761.90**	759.89
Other reserves		
Share options outstanding account	**13.60**	2.99
Retained earnings	**(473.31)**	(591.10)
Other comprehensive income	**(4.32)**	(8.58)
Total	**321.42**	187.63

The description of the nature and purpose of each reserve within other equity is as follows:

1. **Share application money pending allotment (Refer Note - 43)**

   Share application money received towards exercise of Options and Restricted Stock Units (RSUs) pending allotment.

2. **Share suspense account (Refer Note - 19)**

   As per the Scheme of Arrangement, the non-resident shareholders of ABNL, holding shares on repatriation basis, are alloted shares upon receiving necessary regulatory approval(s). The amount lying in share suspense account pertains to shares not issued on account of pending requisite approvals.

3. **Capital reserve**

   Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of the Scheme of Arrangement.

4. **Securities premium reserve**

   Securities premium reserve is used to record the premium on issue of shares, and is utilised in accordance with the provisions of the Companies Act, 2013.

5. **Share options outstanding account (Refer Note - 43)**

   The share options outstanding account is used to record the value of equity-settled share-based payment transactions with employees. The amounts recorded in this account is transferred to securities premium reserve on exercise of stock Options by employees. In case of forfeiture, corresponding balance is transferred to general reserve.

6. **Retained earnings**

   Retained earnings comprise of the Company's prior years undistributed profits/ (losses) after taxes.

7. **Other comprehensive income**

   Items of other comprehensive income consists of re-measurement gains/ (losses) on defined benefit plans of the Company.

NOTE: 21
NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

	Effective interest rate %	Maturity	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Redeemable non-convertible debentures [1]				
Redeemable non-convertible debentures - Series 4 Zero coupon (Unsecured)	7.70%	June 17, 2021	**260.00**	260.00
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	**400.00**	400.00
Redeemable non-convertible debentures - Series 2 Zero coupon (Unsecured)	8.73%	May 31, 2019	**300.00**	300.00

	Effective interest rate %	Maturity	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Redeemable non-convertible debentures - Series 1 Zero coupon (Unsecured)	8.84%	April 12, 2019	**200.00**	200.00
Redeemable non-convertible debentures - Series 2 (Unsecured)	9.20%	May 22, 2018	-	100.00
Term loans from banks				
Term loan from HDFC Bank (TUF) (Secured) [2]	9.66%	September 4, 2018	-	1.53
Term loan from HDFC Bank (TUF) (Secured) [3]	9.45%	March 23, 2022	-	8.95
Term loan from HDFC Bank (TUF) (Unsecured) [3]	9.45%	March 23, 2022	**7.90**	-
Term loan from HDFC Bank (TUF) (Secured) [4]	8.80%	March 15, 2025	**20.00**	-
Preference shares				
Cumulative redeemable preference shares [7]	8.00%	March 31, 2019	-	0.50
Cumulative redeemable preference shares [8]	6.00%	October 14, 2019	**0.01**	0.01
Total			**1,187.91**	1,270.99

	Effective interest rate %	Maturity	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Current maturities of long-term borrowings (Refer Note - 26)				
Redeemable non-convertible debentures - Series 2 (Unsecured) [1]	9.20%	May 22, 2018	**100.00**	-
Term loan from HDFC bank (TUF) (Secured) [2]	9.66%	September 4, 2018	-	3.07
Term loan from HDFC bank (TUF) (Secured) [3]	9.45%	March 23, 2022	-	0.85
Term loan from HDFC Bank (TUF) (Unsecured) [2]	9.66%	September 4, 2018	**1.53**	-
Term loan from HDFC Bank (TUF) (Unsecured) [3]	9.45%	March 23, 2022	**1.06**	-
Term loan from IDBI bank (TUF) (Secured) [5]	11.50%	October 1, 2017	-	0.68
Term loan from HDFC bank (TUF) (Secured) [6]	10.91%	September 27, 2017	-	0.51
External commercial borrowings (Unsecured)	Libor + 0.88.	January 12, 2018 Present interest rate is 8.90%	-	7.78
Cumulative redeemable preference shares [7]	8.00%	March 31, 2019	**0.50**	-
			103.09	12.89
Aggregate secured borrowings			**20.00**	15.59
Aggregate unsecured borrowings			**1,271.00**	1,268.29

The Company has not defaulted on any loans payable, and there has been no breach of any loan covenants.

Details of security and terms of repayment

1. Redeemable non-convertible debentures are unsecured and are repayable at face value on maturity. The interest on Zero Coupon debentures is to be paid at the time of redemption, except Redeemable non-convertible debentures Series 2 for which interest is paid annually.
2. Term loan from HDFC Bank (TUF) secured by way of first pari passu charge created by hypothecation of movable plant and equipment of the Company's Madura Clothing Plant at Manasur village, Karnataka. Upon satisfaction of charge during the current financial year, the loan has been converted into unsecured borrowing.

   The repayment terms of term loan from HDFC bank (TUF) are 17 semi annual instalments commencing from September 4, 2010. First four instalments of ₹ 0.12 Crore each, next four instalments of ₹ 0.24 Crore each, next four instalments of ₹ 0.72 Crore each, and next 5 instalments of ₹ 1.53 Crore each.
3. Term loan from HDFC Bank (TUF) secured by way of first pari passu charge created by hypothecation of movable assets of the units CCL and FCL of the Company's Madura Clothing Plant at Marasur village, Karnataka. Upon satisfaction of charge during the current financial year, the loan has been converted into unsecured borrowing.

The repayments terms of term loan from HDFC bank (TUF) are 21 quarterly instalments commencing from March 23, 2017. First four instalments of ₹ 0.20 Crore each, next four instalments of ₹ 0.25 Crore each, next four instalments of ₹ 0.30 Crore each, next four instalments of ₹ 0.40 Crore each and next 5 instalments of ₹ 1.08 Crore each.

4. Term loan from HDFC bank (TUF) secured by way of exclusive charge over movable assets of the Company's plant situated at Bhubaneswar. The loan is repayable in 24 equal quarterly instalments commencing from June 15, 2019.

5. Term loan from IDBI bank (TUF) secured by way of first pari passu charge created by hypothecation of movable assets of the Company's Madura Garment Export plant at Kasaba Hobli, Karnataka.

   The repayment terms of term loan from IDBI bank (TUF) are 32 quarterly instalments commencing from January 1, 2010. First instalment of ₹ 0.16 Crore, next four instalments of ₹ 0.04 Crore each, next 8 instalments of ₹ 0.08 Crore each, next 8 instalments of ₹ 0.24 Crore each, next 8 instalments of ₹ 0.51 Crore each and next 3 instalments of ₹ 0.34 Crore each.

6. Term loan from HDFC bank (TUF) secured by way of first pari passu charge created by hypothecation of movable plant and equipment of the Company's Madura Clothing plant at Marasur village, Karnataka.

   The repayment terms of term loan from HDFC bank (TUF) are 16 half yearly instalments commencing from September 27, 2009. First four instalments of ₹ 0.04 Crore each, next 4 instalments of ₹ 0.08 Crore each, next 4 instalments of ₹ 0.24 Crore each and next 4 instalments of ₹ 0.64 Crore each.

Details of Cumulative redeemable preference shares

7. 5,00,000 8% Cumulative redeemable preference shares of ₹ 10/- each are entitled to a cumulative dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. These preference shares are redeemable by the Company at any time after completion of ten years from March 31, 2009, at 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.

8. 500 6% Cumulative redeemable preference shares of ₹ 100/- each are entitled to a cumulative dividend @ 6% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. These preference shares are redeemable by the Company at any time after completion of ten years from October 14, 2009, at 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.

TUF - Technology Upgradation Fund.

NOTE: 22
NON-CURRENT PROVISIONS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Employee benefit obligation		
Provision for gratuity (Refer Note - 42)	**12.06**	11.38
Stock Appreciation Rights (SAR)	**-**	0.94
Provision for pending litigations (Refer Note - 45)	**109.08**	94.76
Total	**121.14**	107.08

NOTE: 23
OTHER NON-CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Liability for rent straight-lining	**80.06**	55.60
Deferred income	**7.15**	7.66
Total	**87.21**	63.26

NOTE: 24
CURRENT FINANCIAL LIABILITIES - BORROWINGS

	Effective interest rate	Maturity	As at March 31, 2018	As at March 31, 2017
	%		₹ in Crores	₹ in Crores
Loan repayable on demand from banks				
Cash credit (Secured)	8.45% - 8.65%	On demand	**5.02**	4.29
Cash credit (Unsecured)	8.85%	On demand	**-**	0.41
Commercial papers (Unsecured) *	7.00% - 7.34%	Between 2 and 3 months	**345.67**	719.32
Buyers credit (Secured)	2.50% - 2.65%	Within 6 months	**101.79**	-
Buyers credit (Unsecured)	2.50% - 2.65%	Within 6 months	**7.97**	12.72
Working capital demand loan (Unsecured)	8.00%	Within 15 days	**65.00**	-
Loan repayable on demand (Secured)	4.90%	Within 6 months	**45.00**	-
Loan repayable on demand (Unsecured)	4.35%	On demend	**-**	24.00
Total current borrowings			**570.45**	760.74
Aggregate secured borrowings			**151.81**	4.29
Aggregate unsecured borrowings			**418.64**	756.45

Details of security

Current borrowings are secured by way of first pari passu charge on the current assets of the Company and second pari passu charge on the movable and immovable assets of the Company.

* Commercial papers are shown net of unamortised discounting charges.

NOTE: 25
TRADE PAYABLES

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Trade payables	**1,992.72**	1,455.06
Payables to related parties (Refer Note - 46)	**16.60**	2.74
Total	**2,009.32**	1,457.80

For terms and conditions with related parties (Refer Note - 46)

Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to Micro and Small Enterprises	**14.21**	7.39
Interest due on the above	**-**	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the 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, Small and Medium Enterprises Development Act, 2006;	**-**	-

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

NOTE: 26
CURRENT FINANCIAL LIABILITIES - OTHERS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (Refer Note - 21)	**103.09**	12.89
Interest accrued but not due on borrowings	**164.26**	62.30
Creditors for capital supplies/ services	**68.79**	33.86
Other financial liabilities	**0.10**	-
Foreign exchange contracts	**0.46**	2.02
Total	**336.70**	111.07

NOTE: 27
CURRENT PROVISIONS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Employee benefit obligation		
Provision for compensated absence	**68.53**	78.07
Provision for gratuity (Refer Note - 42)	**2.06**	7.78
Stock Appreciation Rights (SAR)	**0.28**	-
Total	**70.87**	85.85

NOTE: 28
OTHER CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Liability for rent straight-lining	**15.92**	15.50
Advances received from customers	**23.47**	12.68
Deferred revenue *	**28.76**	17.78
Other advances received	**2.82**	2.08
Statutory dues		
taxes payable (other than income taxes)	**23.65**	35.48
Deferred income	**0.04**	0.04
Total	**94.66**	83.56

Other current liabilities are non-interest bearing and have an average of 3-month terms.

Undisputed statutory dues are generally settled in the next month.

*** Deferred revenue**

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
As at the beginning of the year	**17.78**	24.30
Deferred during the year	**129.85**	104.98
Released to the Statement of Profit and Loss	**(118.87)**	(111.50)
As at the end of the year	**28.76**	17.78

The deferred revenue relates to the accrual and release of customer loyalty points according to the loyalty programme of respective businesses. As at March 31, 2018, the estimated liability towards unredeemed points amounted to approximately ₹ 28.76 Crore (March 31, 2017: ₹ 17.78 Crore).

BREAK-UP OF FINANCIAL LIABILITIES CARRIED AT AMORTISED COST AND FAIR VALUE THROUGH PROFIT OR LOSS

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Financial liabilities carried at amortised cost		
Non-current borrowings (Refer Note - 21)	**1,187.91**	1,270.99
Current borrowings (Refer Note - 24)	**570.45**	760.74
Current maturities of long-term borrowings (Refer Note - 26)	**103.09**	12.89
Deposits	**162.47**	137.34
Trade payables (Refer Note - 25)	**2,009.32**	1,457.80
Other financial liabilities (Refer Note - 26)	**233.15**	96.16
Financial liabilities carried at fair value through profit or loss		
Foreign exchange contracts (Refer Note - 26)	**0.46**	2.02
Total	**4,266.85**	3,737.94

NOTE: 29
REVENUE FROM OPERATIONS

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from sale of goods (including excise duty)		
Sale of goods	**7,036.68**	6,469.97
Revenue from redemption of loyalty points (Refer Note - 28)	**118.87**	111.50
Total revenue from sale of goods	**7,155.55**	6,581.47
Revenue from rendering of services	**2.29**	6.42
Other operating income		
Scrap sales	**4.67**	4.77
Export incentives	**11.41**	11.00
License fees and royalties	**1.57**	1.06
Cash discounts	**-**	7.43
Space on hire	**1.29**	1.16
Commission income	**2.39**	9.57
Miscellaneous other operating income	**2.24**	10.10
Total	**7,181.41**	6,632.98

Revenue from sale of goods includes excise duty collected from customers of ₹ 9.34 Crore (March 31, 2017: ₹ 30.12 Crore).

Revenue from sale of goods net of excise duty is ₹ 7,146.21 Crore (March 31, 2017: ₹ 6,551.35 Crore).

Effective July 1, 2017, sales are recorded net of GST whereas earlier the same was recorded gross of excise duty, which formed part of expenses. Hence, Revenue from operations for the year ended March 31, 2018, are not comparable with previous period corresponding figures.

NOTE: 30
OTHER INCOME

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income	**5.52**	3.83
Net gain on sale of investments	**0.61**	0.43
Foreign exchange gain (net)	**2.27**	3.25
Miscellaneous income #	**6.02**	14.51
Fair value gain on financial instruments at FVTPL	**18.39**	16.13
Total	**32.81**	38.15

Includes ₹ 1.41 Crore (March 31, 2017: ₹ 2.20 Crore) received towards Government incentives under Integrated Skill Development Scheme (ISDS). The Company is required to train and employ 4,752 trainees. The Company has, till date, trained and employed 4,426 trainees. The Company has complied with all the revised requisite requirements.

NOTE: 31
COST OF MATERIALS CONSUMED

₹ in Crores

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	**Raw materials consumed**		
	Inventories at the beginning of the year	**105.49**	108.16
	Add: Purchases	**683.79**	604.20
		789.28	712.36
	Less: Inventories at the end of the year	**125.12**	105.49
	Total	**664.16**	606.87
(b)	**Purchases of stock-in-trade**		
	Purchases of stock-in-trade	**2,971.99**	2,399.19
	Total	**2,971.99**	2,399.19
(c)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening inventories		
	Finished goods	**272.29**	303.32
	Stock-in-trade	**1,023.17**	961.42
	Work-in-progress	**16.23**	22.85
	Inventories taken over pursuant to Business Combination (Refer Note - 41)		
	Stock-in-trade	**-**	26.71
		1,311.69	1,314.30
	Less: Closing inventories		
	Finished goods	**295.00**	272.29
	Stock-in-trade	**1,245.19**	1,023.17
	Work-in-progress	**17.57**	16.23
		1,557.76	1,311.69
	(Increase)/ decrease in inventories	**(246.07)**	2.61

NOTE: 32
EMPLOYEE BENEFITS EXPENSE

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, wages and bonus	656.73	610.94
Contribution to provident and other funds (Refer Note - 42)	42.84	38.69
Share-based payment to employees (Refer Note - 43)	11.72	6.79
Gratuity expense (Refer Note - 42)	12.26	9.64
Staff welfare expense	48.78	39.74
Total	**772.33**	705.80

NOTE: 33
FINANCE COSTS

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense	166.60	175.63
Other borrowing costs	0.26	0.48
Fair value loss on financial instruments at FVTPL	4.74	3.56
Total	**171.60**	179.67

NOTE: 34
DEPRECIATION AND AMORTISATION EXPENSE

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on tangible assets (Refer Note - 3)	257.14	223.32
Amortisation on intangible assets (Refer Note - 4)	23.38	19.15
Total	**280.52**	242.47

NOTE: 35
OTHER EXPENSES

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spares	3.88	3.64
Power and fuel	10.90	9.45
Electricity charges	110.17	101.45
Repairs and maintenance		
Buildings	0.71	1.73
Plant and machinery	11.12	11.97
Others	168.68	162.02
Insurance	5.23	6.67
Rates and taxes	17.77	30.98
Processing charges	74.46	31.10
Commission to selling agents	36.86	35.27
Brokerage and discounts	0.66	0.43
Advertisement and sales promotion	338.03	286.69

NOTE: 35
OTHER EXPENSES (Contd..)

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Transportation and handling charges	**82.13**	97.44
Royalty expense	**27.82**	37.27
Legal and professional expenses	**113.68**	116.03
Bad debts written off	**0.28**	0.20
Provision for bad and doubtful debts	**5.17**	3.15
Provision for bad and doubtful deposits and advances	**9.08**	4.85
Printing and stationery	**10.15**	10.98
Travelling and conveyance	**71.78**	61.54
Communication expenses	**7.72**	9.13
Loss on sale/ discard of property, plant and equipment	**2.45**	1.42
Bank and credit card charges	**40.25**	40.83
Auditors' remuneration (Refer details below)	**1.35**	1.32
Postage expenses	**4.05**	6.15
Information technology expenses	**51.06**	49.49
Outsourcing, housekeeping and security expenses	**237.40**	250.14
Corporate Social Responsibility (CSR) expenses (Refer Note - 40)	**1.82**	2.32
Miscellaneous expenses	**53.85**	60.01
Total	**1,498.51**	1,433.67

Details of auditors' remuneration:

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Payments to statutory auditor:		
For audit fees (including Limited Review fees)	**1.03**	0.80
For tax audit	**0.15**	0.13
For other services	**0.03**	0.12
For reimbursement of expenses	**0.14**	0.19
	1.35	1.24
Payments to branch auditor:		
For audit fees (including Limited Review fees)	**-**	0.07
For reimbursement of expenses	**-**	0.01
	-	0.08
Total	**1.35**	1.32

NOTE: 36
EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent 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 equity share data used in the basic and diluted EPS computations:

₹ in Crores

		As at March 31, 2018	As at March 31, 2017
Profit/ (loss) for calculation of EPS	**(A)**	**117.79**	53.50
Weighted average number of equity shares for calculation of Basic EPS	**(B)**	**77,33,55,670**	77,27,87,180
Basic EPS (₹)	**(A/B)**	**1.52**	0.69
Weighted average number of equity shares outstanding		**77,33,55,670**	77,27,87,180
Weighted average number of potential equity shares		**15,204**	1,04,828
Weighted average number of equity shares for calculation of Diluted EPS		**77,33,70,874**	77,28,92,008
Diluted EPS (₹)	**(C)**	**1.52**	0.69
Nominal value of shares (₹)		**10.00**	10.00

NOTE: 37
SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below. The Company has 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 fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next three years, and 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 - 4A.

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 - 43.

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.

As at March 31, 2018, the Company has ₹ 1,291.97 Crore (March 31, 2017: ₹ 1,178.48 Crore) 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 - 9.

Employee benefit plans

The cost of the defined benefit gratuity plan and other post-employment retirement 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 - 42.

Based on a periodic review of the demographic assumptions, annual rate of leave availment was reassessed from 10% per annum to 5% per annum. For the purpose of assessing the leave availment rate, the Company has considered the past leave availment history of the employees. The change in assumption resulted in a reduction of ₹ 16.32 Crore of the closing liability related to provision for compensated absence.

Revenue recognition – Loyalty points

The Company operates a loyalty programme where customers accumulate points for purchases made which entitle them to discount on future purchases. The Company estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rate basis the Company’s historic trends of redemption and expiry period of the points and such estimates are subject to significant uncertainty. As at March 31, 2018, the estimated liability towards unredeemed points amounted to approximately ₹ 28.76 Crore (March 31, 2017: ₹ 17.78 Crore).

Provision on inventories

The Company has defined policy for provision on inventory for each of its business by differentiating the inventory into core and non-core (fashion) and sub-categorised into finished goods, raw materials 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.

During the year, the Company with respect to its "Madura Fashion & Lifestyle" segment has changed its estimate of providing provision on inventories. Had the Company continued to use the earlier provisioning policy, its cost of raw materials consumed for the current year would have been higher by ₹ 1.32 Crore. Correspondingly, profits for the year would have been lower by ₹ 1.32 Crore and inventory value as at March 31, 2018, would have been lower by ₹ 1.32 Crore.

Provision for discount and sales return

The Company provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Company reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on management's assessment of market conditions.

Impairment allowance for doubtful debts

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impaitment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when the management deems them not to be collectible. The carrying amount of allowance for doubtful debts under ECL model is ₹ 9.89 Crore (March 31, 2017: ₹ 5.00 Crore).

NOTE: 38

DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives: Outstanding at the Balance Sheet date:

As at March 31, 2018

	Currency	Foreign currency in Crores	₹ in Crores
Forward contracts to buy (Hedge of payables)	USD	1.76	114.26

As at March 31, 2017

	Currency	Foreign currency in Crores	₹ in Crores
Forward contracts to buy	USD	0.85	55.42
(Hedge of payables)	EURO	0.02	1.38
	JPY	13.42	7.78
Forward contracts to sell	USD	0.25	16.21
(Hedge of receivables)	EURO	0.04	2.77
	GBP	0.09	7.12

b) Particulars of unhedged foreign currency exposure as at the Balance Sheet date:

As at March 31, 2018

	Currency	Foreign currency in Crores	₹ in Crores
Trade payables	USD	1.27	82.72
	EURO	0.06	4.61
	GBP	0.03	2.62
	HKD	0.02	0.20
Trade receivables	USD	0.28	18.26
	EURO	0.02	1.73
	GBP	0.04	3.65

As at March 31, 2017

	Currency	Foreign currency in Crores	₹ in Crores
Trade payables	USD	0.33	21.11
	EURO	-	0.30
	GBP	0.01	1.18
	HKD	0.03	0.25
	JPY	0.03	0.02

NOTE: 39
VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS CONSUMED AND PERCENTAGE THEREOF TO THE TOTAL CONSUMPTION

₹ in Crores

	Percentage	Year Ended March 31, 2018	Percentage	Year Ended March 31, 2017
Raw materials				
Imported	**16%**	**104.24**	15%	88.52
Indigenous	**84%**	**559.92**	85%	518.35
		664.16		606.87
Spare parts				
Imported	**4%**	**0.17**	0%	0.01
Indigenous	**96%**	**3.71**	100%	2.00
		3.88		2.01

NOTE: 40
DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON

The Company is required to spend ₹ NIL Crore (March 31, 2017: ₹ NIL Crore) on the corporate social responsibility activities.

Amount spent during the year:

₹ in Crores

	In Cash	Yet to be paid in Cash	Total
March 31, 2018:			
i) Construction/ acquisition of any asset	-	-	**-**
ii) On purposes other than (i) above	1.82	-	**1.82**
March 31, 2017:			
i) Construction/ acquisition of any asset	2.32	-	**2.32**
ii) On purposes other than (i) above	-	-	**-**

NOTE: 41
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 also executed a franchise agreement with Forever 21 Inc., in terms of which the Company had been appointed as the exclusive franchisee for the brand "Forever 21" for the Indian market. The results of "Forever 21" have been included in Madura Fashion & Lifestyle segment of the Company.

As per para 18 of Ind AS 103, "Business Combinations", the acquired assets were fair valued. Fair value of assets was carried out on "Fair Market Value" basis, which has been done using replacement cost method. The Company recognised and measured the Goodwill acquired in the business combination as per Ind AS 103, and 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	
	₹ in Crores	₹ in Crores
Assets taken over		
Property, plant and equipment	55.71	
Other intangible assets	36.07	
Other non-current assets	0.03	
Inventories	26.71	
Security deposits	18.50	
Other current assets	0.32	**137.34**
Liabilities taken over		
Trade payables	25.42	
Other payables	0.70	**26.12**
Total identifiable net assets at fair value		**111.22**
Purchase consideration transferred		**175.60**
Goodwill arising on acquisition		**64.38**

The Goodwill of ₹ 64.38 Crore 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 mangement's estimate of useful life. Transaction cost of ₹ 2.13 Crore has been expensed and is included in other expenses.

During the previous year ended March 31, 2017, from the date of acquisition, Forever 21 contributed ₹ 200.57 Crore of revenue and ₹ 59.71 Crore to the loss before tax of the Company. If the combination had taken place at the beginning of the previous year, revenue from operations would have been ₹ 267.43 Crore and loss before tax for the Company would have been ₹ 79.61 Crore.

Net cash flow on acquisition

	₹ in Crores
Transaction costs of the acquisition (included in cash flows from operating activities)	(2.13)
Purchase consideration paid in cash (included in cash flows from investing activities)	(175.60)
Total	**(177.73)**

NOTE: 42
GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Company operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A part of the gratuity plan is funded and managed within the Company, hence the liability has been bifurcated into funded and unfunded.

The Company contributes to the Fund based on the actuarial valuation report. The Company has contributed to the Insurer Managed Fund (managed by Life Insurance Corporation of India), details of which is available in the table of Investment pattern of Plan assets. Based on which, the Company is not exposed to any market risk.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss, and the funded status and amounts recognised in the Balance Sheet for the respective plans:

Unfunded defined benefit plan

Net benefit expense recognised through the Statement of Profit and Loss

₹ in Crores

	Year Ended March 31, 2018	Year Ended March 31, 2017
Current service cost	**2.42**	1.83
Interest cost on defined benefit obligation	**0.90**	0.65
Total	**3.32**	2.48

Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	**12.37**	8.43
Current service cost	**2.42**	1.83
Interest cost on defined benefit obligation	**0.90**	0.65
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	**0.05**	-
Changes in financial assumptions	**(1.10)**	1.29
Experience adjustments	**0.61**	0.97
Actuarial (gain)/ loss recognised in OCI	**(0.44)**	2.26
Benefits paid	**(2.13)**	(0.80)
Closing defined benefit obligation	**13.12**	12.37

Funded defined benefit plan

Net benefit expense recognised through the Statement of Profit and Loss

₹ in Crores

	Year Ended March 31, 2018	Year Ended March 31, 2017
Current service cost	**8.45**	7.07
Interest on defined benefit obligation	**3.28**	2.45
Interest on plan assets	**(2.79)**	(2.36)
Total	**8.94**	7.16

Changes in the defined benefit obligation and fair value of plan assets are as follows:

Change in present value of the obligation

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	**45.52**	31.51
Current service cost	**8.45**	7.07
Interest on defined benefit obligation	**3.28**	2.45
Actuarial (gain)/ loss on account of:		
Changes in financial assumptions	**(4.44)**	8.20
Experience adjustments	**0.99**	(1.44)
Actuarial (gain)/ loss recognised in OCI	**(3.45)**	6.76
Benefits paid	**(3.71)**	(3.64)
Liabilities assumed/ (settled)*	**0.40**	1.37
Closing defined benefit obligation	**49.69**	45.52

Change in fair value of plan assets

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Opening fair value of the plan assets	**38.73**	28.82
Contributions by the employer	**6.80**	10.80
Interest on plan assets	**2.79**	2.36
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest on plan assets	**0.37**	0.31
Actuarial gain/ (loss) recognised in OCI	**0.37**	0.31
Benefits paid	**-**	(3.64)
Asset acquired/ (settled)*	**-**	0.08
Closing fair value of the plan assets	**48.69**	38.73

* On account of business combination or inter-company transfer.

Amounts recognised in the Balance Sheet

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Present value of the defined benefit obligation at the end of the year:		
Funded	**49.69**	45.52
Unfunded	**13.12**	12.37
	62.81	57.89
Fair value of plan assets	**48.69**	38.73
Net liability/ (asset)	**14.12**	19.16
Net Liability is bifurcated as follows:		
Current	**2.06**	7.78
Non-current	**12.06**	11.38
Net liability	**14.12**	19.16

The Investment pattern of Plan assets are as follows:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Government of India securities	**62%**	62%
Corporate bonds	**31%**	31%
Insurer managed funds	**7%**	7%
	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, 2018	As at March 31, 2017
Discount rate		
Funded plan	**7.80%**	7.20%
Unfunded plan	**7.80%**	7.20%
Salary escalation rate		
Funded plan		
Management	**8.00%**	8.00%
Staff	**7.00%**	7.00%
Workers	**5.00%**	5.00%
Unfunded plan		
Store and PFO	**7.00%**	7.00%
HO and Zones	**8.00%**	8.00%

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

The overall expected rate of return on plan assets is determined based on the market 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 is as follows:

	As at March 31, 2018		As at March 31, 2017	
Sensitivity level				
Discount rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Impact on DBO (₹ in Crores)				
Funded Plan	**(3.33)**	**3.67**	(3.07)	3.38
Unfunded Plan	**(0.85)**	**0.94**	(0.68)	0.96
Salary escalation rate	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Impact on DBO (₹ in Crores)				
Funded Plan	**3.63**	**(3.34)**	3.34	(3.06)
Unfunded Plan	**0.84**	**(0.79)**	0.88	(0.63)

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:

₹ in Crores

	March 31, 2018	March 31, 2017
Within the next 12 months (next annual reporting period)	**2.69**	3.25
From 2 to 5 years	**10.79**	9.67
From 6 and 9 years	**14.00**	10.51
Beyond 9 years	**210.57**	172.19
Total	**238.05**	195.62

The average duration of the defined benefit plan obligation at the end of the reporting period is 14 to 18 years (March 31, 2017: 13 to 19 years).

Defined benefit and contribution plans

Amount recognised as an expense and included in Note – 32 as "Contribution to provident and other funds"

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to government provident fund	**28.15**	26.16
Contribution to superannuation fund	**1.16**	1.14
Contribution to Employee Pension Scheme (EPS)	**3.67**	3.52
Contribution to Employee State Insurance (ESI)	**9.19**	7.42
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	**0.16**	0.18
Contribution to Labour Welfare Fund (LWF)	**0.09**	0.05
Contribution to National Pension Scheme (NPS)	**0.42**	0.22
Total	**42.84**	38.69

NOTE: 43
SHARE-BASED PAYMENTS

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Expense arising from equity-settled share-based payment transactions	**12.40**	4.81
Expense arising from cash-settled share-based payment transactions	**(0.68)**	0.12
Expense arising on employee stock option scheme of erstwhile ultimate holding company	-	1.86
Total	**11.72**	6.79

a. Employee Stock Option Plans (Options and RSUs)

I. Employee Stock Option Scheme - 2013

During the year ended March 31, 2014, i.e., on July 22, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 4, 2014) ("Committee") and the Board of Directors ("Board") approved the introduction of an Employee Stock Option Scheme, viz., Employee Stock Option Scheme - 2013 ("Scheme 2013") for issue of Stock Options in the form of Options ("Options") and/ or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, vide a resolution passed by the Committee at its meeting held on October 25, 2013, the Scheme 2013 was finalised.

i) Details of the grants under Scheme 2013

	Options		RSUs		
	Tranche I	**Tranche II**	**Tranche I**	**Tranche II**	**Tranche III**
No. of Options/ RSUs	8,30,382	11,686	2,59,849	5,000	2,79,544
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 100% at the end of 3rd year	Graded vesting - 100% at the end of 3rd year	Graded vesting - 100% at the end of 3rd year
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting

	Options		RSUs		
	Tranche I	Tranche II	Tranche I	Tranche II	Tranche III
Grant date	October 25, 2013	June 10, 2014	October 25, 2013	June 10, 2014	May 11, 2016
Grant/ exercise price (₹ per share)	102.10	118.20	10.00	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE- 104.10 NSE- 103.55	BSE- 116.85 NSE- 117.40	BSE- 104.10 NSE- 103.55	BSE- 116.85 NSE- 117.40	BSE- 152.10 NSE- 152.10
Method of settlement	Equity	Equity	Equity	Equity	Equity

Note:

RSUs – Tranche III were granted to employees of Madura Fashion & Lifestyle division of the Company, who were grantees of RSUs of Aditya Birla Nuvo Limited ("ABNL") and had become employees of the Company pursuant to the effectiveness of the Composite Scheme of Arrangement between the Company, ABNL, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors under section 391 to 394 of the Companies Act, 1956. Accordingly, as per the terms and conditions of the grant, these RSUs vested as per the original vesting schedule of ABNL RSUs, i.e., on December 7, 2016.

ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2018			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche I				
Outstanding at the beginning of the financial year	**2,69,657**	**102.10**	**23,991**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year #	(98,799)	102.10	(21,364)	10.00
Lapsed during the financial year	(28,771)	102.10	-	-
Outstanding at the end of the financial year	**1,42,087**	**102.10**	**2,627**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**1,42,087**	**102.10**	**2,627**	**10.00**
Tranche II				
Outstanding at the beginning of the financial year	**11,686**	**118.20**	**5,000**	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year #	(5,843)	118.20	(5,000)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**5,843**	**118.20**	**-**	**-**
Unvested at the end of the financial year	**2,922**	**118.20**	**-**	**-**
Exercisable at the end of the financial year	**2,921**	**118.20**	**-**	**-**
Tranche III				
Outstanding at the beginning of the financial year	**-**	**-**	**84,727**	10.00
Granted during the financial year	-	-	-	-
Exercised during the financial year #	-	-	(24,127)	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**60,600**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**60,600**	**10.00**

The weighted average share price at the date of exercise of these Options was ₹ 163.62.

13,623 Options (Tranche I) and 9,209 RSUs (Tranche III) were exercised during the year ended March 31, 2018. However, the consequent allotment of 22,832 equity shares was pending as at March 31, 2018 (Refer Note - 20). The said allotment was done on April 23, 2018.

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2017			
	No. of Options	**Weighted average exercise price (₹ per share)**	**No. of RSUs**	**Weighted average exercise price (₹ per share)**
Tranche I				
Outstanding at the beginning of the financial year	**5,36,299**	**102.10**	**217,121**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year *	(2,62,925)	102.10	(1,89,950)	10.00
Lapsed during the financial year	(3,717)	102.10	(3,180)	10.00
Outstanding at the end of the financial year	**2,69,657**	**102.10**	**23,991**	**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**	**23,991**	**10.00**
Tranche II				
Outstanding at the beginning of the financial year	**11,686**	**118.20**	**5,000**	**10.00**
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**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**	**-**	**-**
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
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**-**	**-**	**84,727**	**10.00**
Unvested at the end of the financial year	**-**	**-**	**-**	**-**
Exercisable at the end of the financial year	**-**	**-**	**84,727**	**10.00**

* The weighted average share price at the date of exercise of these Options was ₹ 136.82.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2018, was 5 years (March 31, 2017: 6 years) and for RSUs outstanding as at March 31, 2018, is 4 years (March 31, 2017: 5 years).

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options		RSUs		
	Tranche 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/ RSU (₹)	52.96	59.32	95.9	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 comparable peer company'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.

II. Aditya Birla Fashion and Retail Employee Stock Options Scheme 2017

During the year ended March 31, 2018 i.e. on July 25, 2017, the Nomination and Remuneration Committee of the Board of Directors of the Company ("NRC") and the Board of Directors ("Board") approved the introduction of another Employee Stock Option Scheme viz. Aditya Birla Fashion and Retail Employee Stock Option Scheme 2017 ("Scheme 2017") for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the Identified Employees of the Company and of its Holding and Subsidiary Companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, vide the resolution passed by the NRC at its meeting held on September 8, 2017, the Scheme 2017 was finalised.

i) Details of grants under Scheme 2017

	Options			RSUs		
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III
No. of Options/ RSUs	37,38,254	14,406	2,88,122	13,04,558	14,568	1,17,144
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 100% at the end end of 3rd year	Graded vesting - 100% at the end of 3rd year	Graded vesting - 100% at the end of 3rd year
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	September 8, 2017	October 27, 2017	February 2, 2018	September 8, 2017	October 27, 2017	February 2, 2018
Grant/ exercise price (₹ per share)	178.30	148.10	163.60	10.00	10.00	10.00
Market price on the date of granting of Option/ RSUs (₹ per share)	BSE- 176.40 NSE- 176.50	BSE- 147.95 NSE- 148.70	BSE- 156.35 NSE- 156.55	BSE- 176.40 NSE- 176.50	BSE- 147.95 NSE- 148.70	BSE- 156.35 NSE- 156.55
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity

ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2018			
	No. of Options	**Weighted average exercise price (₹ per share)**	**No. of RSUs**	**Weighted average exercise price (₹ per share)**
Tranche I				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	37,38,254	178.30	13,04,558	10.00
Lapsed during the financial year	(2,75,067)	178.30	(92,716)	10.00
Outstanding at the end of the financial year	**34,63,187**	**178.30**	**12,11,842**	**10.00**
Unvested at the end of the financial year	**34,63,187**	**178.30**	**12,11,842**	**10.00**
Exercisable at the end of the financial year	-	-	-	-

	As at March 31, 2018			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
Tranche II				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	14,406	1,48.10	14,568	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**14,406**	**1,48.10**	**14,568**	**10.00**
Unvested at the end of the financial year	**14,406**	**1,48.10**	**14,568**	**10.00**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**
Tranche III				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	2,88,122	1,63.60	1,17,144	10.00
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	**2,88,122**	**163.60**	**1,17,144**	**10.00**
Unvested at the end of the financial year	**2,88,122**	**163.60**	**1,17,144**	**10.00**
Exercisable at the end of the financial year	**-**	**-**	**-**	**-**

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2018, is 7 years and for RSUs outstanding as at March 31, 2018, is 7 years.

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options			RSUs		
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III
Expected dividend yield (%)	NIL	NIL	NIL	NIL	NIL	NIL
Expected volatility (%)	36.57	36.28	35.32	36.57	36.28	35.32
Risk-free interest rate (%)	6.70	6.75	7.43	6.77	6.98	7.54
Weighted average fair value per Option/ RSU (₹)	77.04	63.85	71.56	171.41	141.29	156.99
Model used	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

b. Stock Appreciation Rights (SARs)

The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.68 Crore gain (March 31, 2017: ₹ 0.12 Crore charge) has been taken to the Statement of Profit and Loss.

Plan for Stock Appreciation Rights, 2013

On October 25, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 4, 2014) approved a plan viz. named as “Plan for Stock Appreciation Rights, 2013” (“Plan”), for granting Stock Appreciation Rights (“SARs”) to the eligible employees of the Company, and also to its present future holding and/ or subsidiary companies.

i) The details of the Plan are as below:

	SARs	
	Tranche I	Tranche II
No. of SARs	3,08,295	10,225
Method of accounting	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year
Exercise period	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	3 years from the date of vesting or within six years from the date of grant, whichever is earlier
Grant date	October 25, 2013	June 10, 2014
Grant/ exercise price (₹ per share)	102.10	118.20
Market Price on the date of granting of SARs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40
Method of settlement	Cash	Cash

ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at March 31, 2018		As at March 31, 2017	
	No. of SARs	**Weighted average exercise price (₹ per share)**	No. of SARs	Weighted average exercise price (₹ per share)
Tranche I				
Outstanding at the beginning of the financial year	**1,60,812**	**102.10**	1,65,694	102.10
Granted during the financial year	**-**	**-**	-	-
Exercised during the financial year	**(94,038)**	**102.10**	(1,627)	102.10
Lapsed during the financial year	**(19,365)**	**102.10**	(3,255)	102.10
Outstanding at the end of the financial year	**47,409**	**102.10**	1,60,812	102.10
Unvested at the end of the financial year	**-**	**-**	49,425	102.10
Exercisable at the end of the financial year	**-**	**-**	1,11,387	102.10
Tranche II				
Outstanding at the beginning of the financial year	**10,225**	**118.20**	10,225	118.20
Granted during the financial year	**-**	**-**	-	-
Exercised 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	**2,557**	**118.20**	5,113	118.20
Exercisable at the end of the financial year	**7,668**	**118.20**	5,112	118.20

The remaining contractual life for SARs outstanding as at March 31, 2018, is 2 years (March 31, 2017: 3 years).

iii) The following table lists the inputs to the model used for SARs:

	As at March 31, 2018		As at March 31, 2017	
	Tranche I	**Tranche II**	Tranche I	Tranche II
Expected dividend yield (%)	**NIL**	**NIL**	NIL	NIL
Expected volatility (%) *	**30.93**	**31.81**	27.69	34.37
Risk-free interest rate (%)	**6.71**	**6.71**	6.43	6.43
Weighted average fair value per SAR (₹)	**50.18**	**38.53**	58.59	50.88
Model used	**Black-Scholes model**	**Black-Scholes model**	Black-Scholes model	Black-Scholes model

* Expected volatility of the Company's stock price is based on the comparable peer company's stock price on NSE based on the price data of the last three years up to 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 Share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

NOTE: 44
COMMITMENTS AND CONTINGENCIES

a) Leases

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 licence basis. The lease term is for a period ranging from 3 to 21 years, with escalation clauses in the lease agreements.

Expenses/ (income) recognised in the Statement of Profit and Loss:

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Minimum lease payments	**652.25**	665.57
Contingent rent *	**390.62**	351.66
Total	**1,042.87**	1,017.23
Sublease payments received (not shown separately in the Statement of Profit and Loss)	**(1.90)**	(1.76)

* The contingent rent varies basis the Net Sales Value (NSV).

Future minimum rentals payable under non-cancellable operating leases:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Within one year	**415.90**	198.64
After one year but not more than five years	**1,156.76**	616.38
More than five years	**110.62**	59.49
Total	**1,683.28**	874.51

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 the above disclosure.

b) Capital and other commitments

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction	**93.15**	55.93
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG schemes, against which export obligation is to be fulfilled	**2.61**	1.88
Total	**95.75**	57.81

NOTE: 45
CONTINGENT LIABILITIES NOT PROVIDED FOR

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debt		
Commercial taxes	**32.02**	35.09
Excise duty	**1.55**	13.60
Customs duty payable	**2.54**	2.54
Textile committee cess	**0.75**	2.14
Labour laws - Minimum Wages Act	**0.09**	0.19
ESIC demand notice for which appeal has been filed	**0.11**	0.11
Others	**60.93**	2.91
Total	**97.99**	56.58

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 a provision of ₹ 109.08 Crore as at March 31, 2018 (March 31, 2017: ₹ 94.76 Crore).

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and 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: 46
RELATED PARTY TRANSACTIONS

Names of related parties and related party relationship with whom transactions have taken place during the year:

a. Aditya Birla Retail Limited (ABRL), upto January 31, 2018 - by virtue of being a body corporate having common managing director;

b. Aditya Birla Management Corporation Private Limited (ABMCPL), upto February 1, 2018 - by virtue of being a private company in which a director or manager or his relative was a director; and

c. Aditya Birla Online Fashion Private Limited (ABOF) - by virtue of being a private company in which a director is a director.

Directors

a. Mr. Arun Thiagarajan (Independent Director);
b. Mr. Ashish Dikshit (Managing Director with effect from February 1, 2018) (previously Chief Executive Officer, being one of the Key Managerial Personnel upto January 31, 2018);
c. Mr. Bharat Patel (Independent Director);
d. Mr. Pranab Barua (Non-Executive Director with effect from February 1, 2018) (previously Managing Director upto January 31, 2018);
e. Mr. Sanjeeb Chaudhuri (Independent Director);
f. Ms. Sukanya Kripalu (Independent Director); and
g. Mr. Sushil Agarwal (Non-Executive Director).

Key Managerial Personnel other than Managing Director

a. Ms. Geetika Anand (Company Secretary);
b. Mr. Shital Mehta (Chief Executive Officer - Pantaloons, upto September 15, 2017);
c. Mr. S. Visvanathan (Chief Financial Officer upto February 28, 2018);
d. Mr. Vishak Kumar (Chief Executive Officer - Madura Fashion & Lifestyle); and
e. Mr. Jagdish Bajaj (Chief Financial Officer, with effect from April 1, 2018).

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Aditya Birla Online Fashion Private Limited		
Sales of goods	**0.01**	5.18
Purchase of brands	**8.96**	-
Reimbursement of expenses (Recovered from)	**0.07**	-
Purchase of property, plant and equipment	**5.20**	-
Payment of security deposit	**1.09**	-
Purchase of inventories	**4.20**	-
Post-employment liabilities transferred from ABOF	**0.83**	-
Aditya Birla Retail Limited		
Sales of goods	**8.73**	1.38
Rental income	**0.42**	0.84
Purchases	**0.54**	0.56
Expenses		
Electricity charges	**0.43**	-
Reimbursement of expenses (Recovered from)	**1.24**	0.81
Reimbursement of expenses (Paid to)	**3.04**	2.56
Post-employment liabilities transferred to ABRL	**0.03**	-
Issue of gift vouchers to ABRL	**0.01**	-
Aditya Birla Management Corporation Private Limited		
Expenses		
Advertisement and sales promotion expenses	**0.99**	0.13
Communication expenses	**-**	0.24
Electricity charges	**-**	0.08
Insurance	**-**	0.01
Legal and professional expenses	**3.82**	3.02
Miscellaneous expenses	**2.29**	1.29

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Printing and stationery	**-**	0.05
Rates and taxes	**-**	0.01
Rent expense	**0.95**	0.80
Repairs and maintenance - others	**-**	0.23
Salaries, wages and bonus	**14.03**	10.43
Reimbursement of expenses (Recovered from)	**0.02**	-
Purchase of property, plant and equipment	**0.01**	0.15
Post-employment liabilities transferred from ABMCPL	**0.06**	-
Issue of gift vouchers to ABMCPL	**0.12**	-

Balance outstanding at the year end

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Amounts owed to related parties		
Aditya Birla Management Corporation Private Limited	**4.79**	2.74
Aditya Birla Online Fashion Private Limited	**11.81**	-
Amounts owed by related parties		
Aditya Birla Retail Limited	**3.18**	2.03
Aditya Birla Online Fashion Private Limited	**-**	3.20
Security deposit - Pranab Barua	**-**	2.50

The above amounts are classified as security deposits receivable, trade receivables and trade payables (Refer Notes - 7, 14 and 25 respectively).

No amounts in respect of the related parties have been written off/ back during the year.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. 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, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of Key Managerial Personnel (KMP) of the Company

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term employee benefits	**18.48**	18.00
Post-employment benefits	**0.91**	0.72
Other long-term benefits (net)	**(6.14)**	1.98
Share-based payment	**3.69**	2.45
Directors' sitting fees	**0.31**	0.10
Total	**17.25**	23.25

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

KMPs interests in the Employee stock Options, RSUs and SARs schemes

Schemes	Grant date	Expiry date	Exercise price	As at March 31, 2018	As at March 31, 2017
				Number outstanding	Number outstanding
Employee Stock Option Scheme - 2013					
Options - Tranche I	October 25, 2013	October 24, 2022	102.10	-	1,89,625
Options - Tranche II	June 10, 2014	June 9, 2023	118.20	-	-
Employee Stock Option Scheme - 2017					
Options - Tranche I	September 8, 2017	September 7, 2026	178.30	**7,68,332**	-
Options - Tranche II	October 27, 2017	October 26, 2026	148.10	-	-
Options - Tranche III	February 2, 2018	February 1, 2027	163.60	-	-
Total				**7,68,332**	**1,89,625**
Employee Stock Option Scheme - 2013					
Restricted Stock Units - Tranche I	October 25, 2013	October 24, 2021	10.00	-	-
Restricted Stock Units - Tranche II	June 10, 2014	June 9, 2022	10.00	-	-
Restricted Stock Units - Tranche III	May 11, 2016	December 6, 2021	10.00	-	-
Employee Stock Option Scheme - 2017					
Restricted Stock Units - Tranche I	September 8, 2017	September 7, 2025	10.00	**1,57,817**	
Restricted Stock Units - Tranche II	October 27, 2017	October 26, 2025	10.00	-	-
Restricted Stock Units - Tranche III	February 2, 2018	February 1, 2026	10.00	-	-
Total				**1,57,817**	**-**
Plan for Stock Appreciation Rights - 2013					
Stock Appreciation Rights - Tranche I	October 25, 2013	October 24, 2019	102.10	**4,881**	62,976
Stock Appreciation Rights - Tranche II	June 10, 2014	June 9, 2020	118.20	-	-
Total				**4,881**	**62,976**

NOTE: 47
SEGMENT INFORMATION

Based on the “management approach”, as defined under Ind AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) 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 which are as follows:

SEGMENT	ACTIVITIES
Madura Fashion & Lifestyle	Manufacturing and distribution of branded fashion apparel and accessories
Pantaloons	Retailing of apparel and accessories

The Forever 21 business has been included in Madura Fashion & Lifestyle, segment 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, 2018 **₹ in Crores**

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
Revenue					
External customers	4,316.54	2,864.87	7,181.41	-	7,181.41
Inter-segment	152.22	(3.36)	148.86	(148.86)	-
Total revenue	**4,468.76**	**2,861.51**	**7,330.27**	**(148.86)**	**7,181.41**

As at March 31, 2018

₹ in Crores

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation	132.03	148.49	280.52	-	280.52
Segment profit/ (loss)	**211.97**	**22.34**	**234.31**	**(185.34)**	**48.97**
Total assets	**3,170.78**	**2,526.63**	**5,697.41**	**36.43**	**5,733.84**
Total liabilities	**1,725.77**	**940.87**	**2,666.64**	**(51.62)**	**2,615.02**
Other disclosures					
Capital expenditure	199.18	211.85	**411.03**	-	**411.03**

Year ended March 31, 2017

₹ in Crores

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
Revenue					
External customers	4,079.87	2,553.11	6,632.98	-	6,632.98
Inter-segment	34.38	(0.85)	33.53	(33.53)	-
Total revenue	**4,114.25**	**2,552.26**	**6,666.51**	**(33.53)**	**6,632.98**

As at March 31, 2017

₹ in Crores

Particulars	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
Expenses/ (income)					
Depreciation and amortisation	99.40	143.07	242.47	-	242.47
Segment profit/ (loss)	**243.23**	**(17.35)**	**225.88**	**(172.38)**	**53.50**
Total assets	**2,831.82**	**2,189.58**	**5,021.40**	**14.45**	**5,035.85**
Total liabilities	**1,454.83**	**516.47**	**1,971.30**	**(0.53)**	**1,970.77**
Other disclosures					
Capital expenditure	259.21	170.02	429.23	-	429.23

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

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Segment profit	**234.31**	**225.88**
Other unallocable (expenditure)/ income (net)	**(3.98)**	7.35
Finance costs (Refer Note - 33)	**(171.60)**	(179.67)
Inter-segment (loss)/ profit on sale (elimination)	**9.76**	14.64
Profit/ (loss) before tax	**48.97**	53.50

Reconciliation of assets

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Segment operating assets	**5,697.41**	5,021.40
Unallocated corporate assets	**112.18**	28.62
Inter-segment eliminations	**(75.75)**	(14.17)
Total	**5,733.84**	5,035.85

Reconciliation of liabilities

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Segment operating liabilities	**2,666.64**	1,971.30
Unallocated corporate liabilities	**2.74**	2.00
Inter-segment eliminations	**(54.36)**	(2.53)
Total	**2,615.02**	1,970.77

Geographical segment

₹ in Crores

	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from customers outside India	**142.76**	183.63
Revenue from customers within India	**7,038.65**	6,449.35
Total	**7,181.41**	6,632.98

NOTE: 48
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: 49
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, 2018 and March 31, 2017.

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, 2018.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's exposure to the risk of changes in the market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2018, approximately 68% of the Company's borrowings are at a fixed rate of interest (March 31, 2017: 62%).

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, 2018		As at March 31, 2017	
Basis points (%)	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (decrease) on profit before tax				
₹ in Crores	**(3.01)**	**3.01**	(3.82)	3.82

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, 2018, the Company has hedged 0% (March 31, 2017: 100%) of its receivables in foreign currency and 56% of its payables in foreign currency (March 31, 2017: 74%).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Company's profit/ (loss) before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	As at March 31, 2018		As at March 31, 2017	
Change in USD rate (%)	**0.50% increase**	**0.50% decrease**	0.50% increase	0.50% decrease
Increase/ (decrease) on profit before tax				
₹ in Crores	**(0.34)**	**0.34**	(0.12)	0.12

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. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risks limits are set and periodically reviewed on the basis of such information. Credit risks from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company only deals with parties which has good credit rating given by external rating agencies or based on Company's internal assessment.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due where recoveries are made, these are recognised as income in the Statement of Profit and Loss.

The Company is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

Trade receivables

Customer credit risk is managed by each business unit, subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at March 31, 2018, the Company has 13 customers (March 31, 2017: 11 customers) that owed the Company more than ₹ 5.00 Crore and accounted for approximately 65% (March 31, 2017: 75%) of all the receivables outstanding. There are 95 customers (March 31, 2017: 88 customers) with balances greater than ₹ 0.50 Crore accounting for just over 16% (March 31, 2017: 14%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Company's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2018 and March 31, 2017, is the carrying amounts as provided in Note – 14.

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 36% of the Company's debt will mature in less than one year as at March 31, 2018 (March 31, 2017: 38%) 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.

The below tables summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2018

₹ in Crores

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (Other than preference shares)	673.04	1,187.90	-	1,860.94
Cumulative redeemable preference shares	0.50	0.01	-	0.51
Other financial liabilities	233.15	-	-	233.15
Deposits	89.02	73.45	-	162.47
Trade payables	2,009.32	-	-	2,009.32
Derivatives	0.46	-	-	0.46
Total	**3,005.49**	**1,261.36**	**-**	**4,266.85**

As at March 31, 2017

₹ in Crores

	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (Other than preference shares)	773.63	1,270.48	-	2,044.11
Cumulative redeemable preference shares	-	0.51	-	0.51
Other financial liabilities	96.16	-	-	96.16
Deposits	58.83	78.51	-	137.34
Trade payables	1,457.80	-	-	1,457.80
Derivatives	2.02	-	-	2.02
Total	**2,388.44**	**1,349.50**	**-**	**3,737.94**

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: 50
CAPITAL MANAGEMENT

The Company's objective when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Company is to borrow through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

The following table summarises the capital of the Company:

₹ in Crores

	As at March 31, 2018	As at March 31, 2017
Short-term debts (including current maturities of long-term borrowing)	**673.54**	773.63
Long-term debts	**1,187.91**	1,270.99
Total borrowings	**1,861.45**	2,044.62
Equity	**1,093.11**	958.16

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

NOTE: 51
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 Companies Act, 2013.

NOTE: 52
PREVIOUS YEAR FIGURES

The Company has reclassified previous year figures to conform to this year's classification. The Company acquired exclusive franchise rights for the Indian market of Forever 21 with effect from July 1, 2016, and results of the same are included in the Madura Fashion & Lifestyle segment of the Company, for relevant reporting periods. Accordingly, the results for the year ended March 31, 2017, include nine months results of Forever 21 and, hence, are not comparable to that extent.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No. 324982E/ E300003
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No.: 36738

Place: Mumbai
Date: May 11, 2018

For and on behalf of the Board of Directors

ASHISH DIKSHIT
(Managing Director)
(DIN: 01842066)

SUKANYA KRIPALU
(Director)
(DIN: 06994202)

ARUN THIAGARAJAN
(Director)
(DIN: 00292757)

JAGDISH BAJAJ
(Chief Financial Officer)

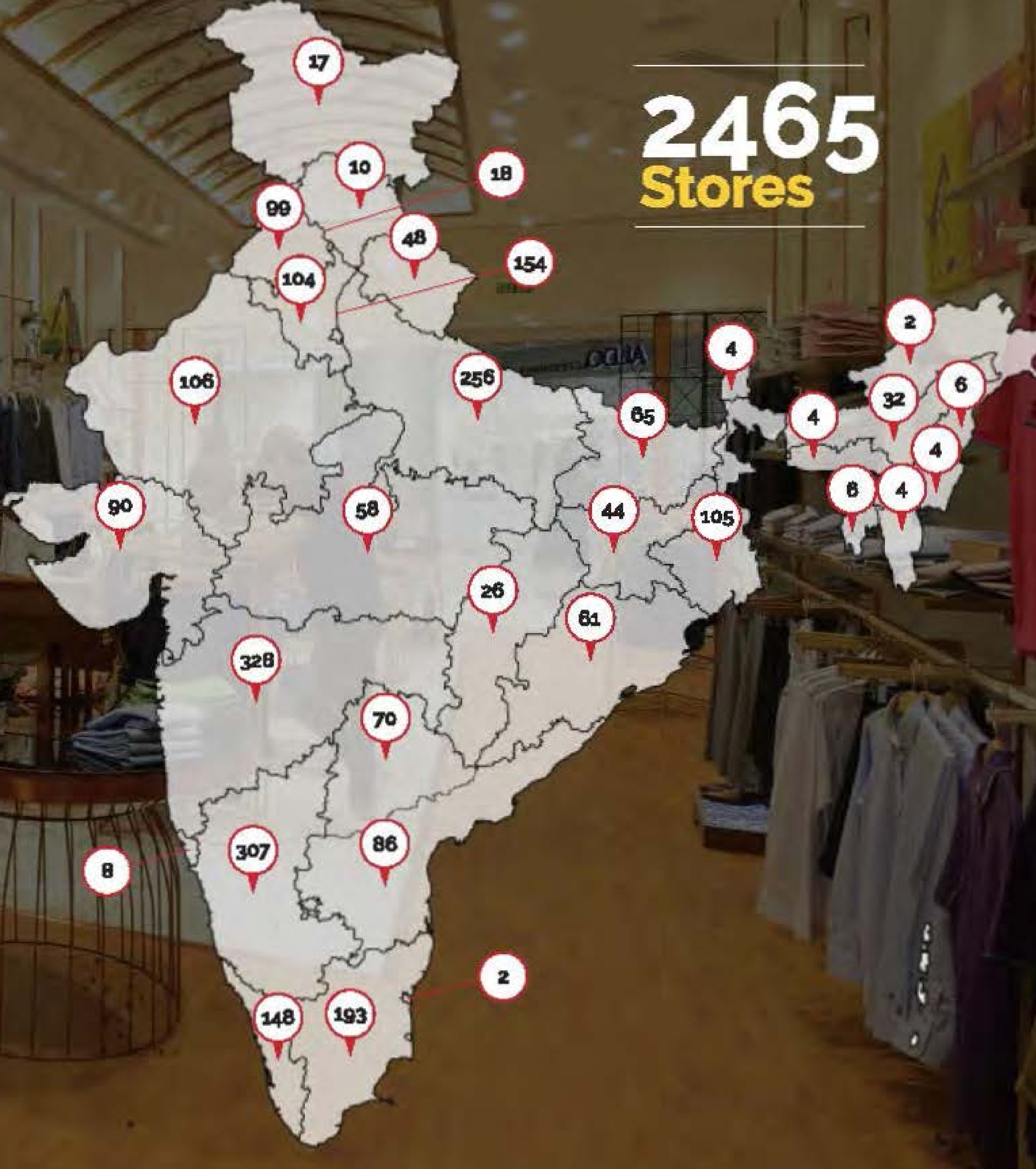
GEETIKA ANAND
(Company Secretary)

Place: Mumbai
Date: May 11, 2018

NOTES

ABFRL STORE NETWORK

2465
Stores



Map Source: www.mea.gov.in (Ministry of External Affairs)
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ADITYA BIRLA

FASHION & RETAIL

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