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***INVESTING IN THE RIGHTS EQUITY SHARES INVOLVES RISKS AND YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER THE SECTION “RISK FACTORS” AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED DOCUMENTS BEFORE MAKING AN INVESTMENT DECISION.***

**Confirmation of Your Representation:** You have accessed the attached Documents on the basis that you have confirmed your representation, agreement and acknowledgement to each of the Lead Managers that (1) you are not resident in the United States, as defined in Regulation S under the U.S. Securities Act and, to the extent you purchase the securities described in the attached Documents, you will be doing so pursuant to Regulation S under the U.S. Securities Act; and (2) you consent to delivery of the attached Documents and any amendments or supplements thereto by electronic transmission.

The attached Documents have been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Lead Managers, or any of their directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Documents distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

**Restrictions:** The attached Documents are being furnished in connection with an offering exempt from registration under the U.S. Securities Act solely for the purpose of enabling you, as a prospective investor to consider the purchase of the Rights Equity Shares described in the Documents. An investment decision should only be made on the basis of the Documents. In making an investment decision, investors must rely on their own examination of the merits and risks involved.

You are reminded that no representation or warranty, express or implied is made or given by or on behalf of, the Lead Managers named herein, nor any person who controls it or any director, officer, employee, agent or representative of it or affiliate of such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

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## ADITYA BIRLA FASHION AND RETAIL LIMITED

Our Company was incorporated as 'Peter England Fashions and Retail Limited' at Bangalore on April 19, 2007, as a public limited company under the Companies Act, 1956. Subsequently, the name of our Company was changed to 'Pantaloons Fashion & Retail Limited' with effect from April 23, 2013 and to 'Aditya Birla Fashion and Retail Limited' with effect from January 12, 2016. For details of change in our name and the Registered and Corporate Office of our Company, see "General Information" and "History and Corporate Structure" beginning on pages 42 and 84, respectively.

**Registered and Corporate Office:** Piramal Agastya Corporate Park, Building 'A', 4<sup>th</sup> and 5<sup>th</sup> Floor, Unit No. 401,403, 501, 502, L.B.S. Road, Kurla, Mumbai 400 070

**Contact person:** Ms. Geetika Anand, Company Secretary and Compliance Officer

**Telephone:** +91 86529 05000 | **E-mail id:** secretarial.abfirl@adityabirla.com | **Website:** www.abfirl.com

**Corporate Identity Number:** L18101MH2007PLC233901

PROMOTER OF OUR COMPANY: BIRLA GROUP HOLDINGS PRIVATE LIMITED					
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ADITYA BIRLA FASHION AND RETAIL LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY					
<p><b>ISSUE OF 9,04,65,693 PARTLY PAID-UP SHARES* OF FACE VALUE OF ₹ 10 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 110 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 100 PER RIGHTS EQUITY SHARE) AGGREGATING TO ₹ ₹ 9,95,12,26,230# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 9 (NINE) RIGHTS EQUITY SHARES FOR EVERY 77 (SEVENTY SEVEN) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS WEDNESDAY, JULY 1, 2020 (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 210.</b></p> <p><i>*Assuming full subscription</i></p>					
PAYMENT METHOD FOR RIGHTS EQUITY SHARES					
Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)		
On Application	5.00	50.00	55.00		
First Call** (January 2021)	2.50	25.00	27.50		
Final Call** (July 2021)	2.50	25.00	27.50		
<b>Total (₹)</b>	<b>10.00</b>	<b>100.00</b>	<b>110.00</b>		
<p><i>*For further details on Payment Schedule, see "Terms of the Issue – Payment Terms" on pages 227-228.</i></p> <p><i>** Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time.</i></p>					
GENERAL RISKS					
<p>Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the investors is invited to "Risk Factors" beginning on page 17 before making an investment in this Issue.</p>					
ISSUER'S ABSOLUTE RESPONSIBILITY					
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.</p>					
LISTING					
<p>The existing Equity Shares of our Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (collectively, the "Stock Exchanges"). Our Company has received "in-principle" approvals from BSE through its letter dated June 20, 2020, as revised by its letter dated June 25, 2020 and NSE through its letter dated June 22, 2020. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE.</p>					
LEAD MANAGERS TO THE ISSUE					REGISTRAR TO THE ISSUE
<p><b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg Churchgate Mumbai – 400 020 Telephone: +91 (22) 2288 2460 E-mail id: abfirl.rights@icicisecurities.com Investor grievance e-mail id: customercare@icicisecurities.com Contact person: Shekher Asnani/ Rishi Tiwari Website: www.icicisecurities.com SEBI registration number: INM000011179</p>	<p><b>SBI Capital Markets Limited</b> 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Telephone: +91 (22) 2217 8300 E-mail id: abfirl.rights@sbicaps.com Investor grievance e-mail id: investor.relations@sbicaps.com Contact person: Sambit Rath/Janardhan Wagle Website: www.sbicaps.com SEBI registration number: INM000003531</p>	<p><b>Axis Capital Limited</b> 1<sup>st</sup> Floor, Axis House C-2, Wadia International Centre, P.B. Marg, Worli Mumbai 400 025 Telephone: +91 (22) 4325 2183 E-mail id: abfirl.rights@axiscap.in Investor Grievance e-mail id: complaints@axiscap.in Contact Person: Sagar Jatakiya Website: www.axiscapital.co.in SEBI registration number: INM000012029</p>	<p><b>BNP Paribas</b> BNP Paribas House, 1-North Avenue Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051 Telephone: +91 (22) 3370 4000 E-mail id: dl.rights.abfirl@asia.bnpparibas.com Investor Grievance E-mail id: indiainvestors.care@asia.bnpparibas.com Contact Person: Soumya Guha Website: www.bnpparibas.co.in SEBI registration number: INM000011534</p>	<p><b>CLSA India Private Limited</b> 8/F Dalamal House Nariman Point Mumbai 400 021 Telephone: +91 (22) 6650 5050 E-mail id: abfirl.rights@clsa.com Investor Grievance E-mail: investor.helpdesk@clsa.com Contact Person: Prachi Chandgothia Website: www.india.clsa.com SEBI registration number: INM000010619</p>	<p><b>Link Intime India Private Limited</b> C-101, 247 Park L B S Marg Vikhroli (West) Mumbai 400 083 Telephone: +91 (22) 4918 6200/ 4918 6171 / 4918 6172 E-mail id: abfirl.rights@linkintime.co.in Investor grievance e-mail id: abfirl.rights@linkintime.co.in Contact person: Mr. Sumeet Deshpande Website: www.linkintime.co.in SEBI registration number: INR000004058</p>
ISSUE PROGRAMME					
ISSUE OPENS ON		LAST DATE FOR ON MARKET RENUNCIATIONS		ISSUE CLOSES ON <sup>#</sup>	
Wednesday, July 8, 2020		Friday, July 17, 2020		Wednesday, July 22, 2020	

\* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

# Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

*[Intentionally left blank]*

## TABLE OF CONTENTS

<b>SECTION I: GENERAL</b> .....	<b>1</b>
DEFINITIONS AND ABBREVIATIONS .....	1
NOTICE TO INVESTORS.....	9
PRESENTATION OF FINANCIAL AND OTHER INFORMATION.....	11
FORWARD-LOOKING STATEMENTS .....	13
SUMMARY OF LETTER OF OFFER .....	14
<b>SECTION II: RISK FACTORS</b> .....	<b>17</b>
<b>SECTION III: INTRODUCTION</b> .....	<b>38</b>
THE ISSUE .....	38
SUMMARY FINANCIAL INFORMATION .....	39
GENERAL INFORMATION .....	42
CAPITAL STRUCTURE .....	48
OBJECTS OF THE ISSUE.....	55
STATEMENT OF SPECIAL TAX BENEFITS .....	59
<b>SECTION IV: ABOUT OUR COMPANY</b> .....	<b>64</b>
INDUSTRY OVERVIEW .....	64
OUR BUSINESS .....	77
HISTORY AND CORPORATE STRUCTURE .....	84
OUR MANAGEMENT .....	87
<b>SECTION V: FINANCIAL INFORMATION</b> .....	<b>91</b>
FINANCIAL STATEMENTS .....	91
MATERIAL DEVELOPMENTS.....	193
ACCOUNTING RATIOS AND CAPITALISATION STATEMENT .....	194
STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY .....	196
<b>SECTION VI: LEGAL AND OTHER INFORMATION</b> .....	<b>198</b>
OUTSTANDING LITIGATION AND DEFAULTS .....	198
GOVERNMENT AND OTHER APPROVALS .....	200
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	201
<b>SECTION VII: ISSUE INFORMATION</b> .....	<b>210</b>
TERMS OF THE ISSUE .....	210
RESTRICTIONS ON PURCHASES AND REALES .....	241
<b>SECTION VIII: OTHER INFORMATION</b> .....	<b>245</b>
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	245
DECLARATION .....	246

## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013 the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “Statement of Special Tax Benefits” and “Financial Statements” beginning on pages 59 and 91, respectively, shall have the meaning given to such terms in such sections.

#### Company and Industry Related Terms

Term	Description
“Our Company” or “the Company” or “the Issuer”	Aditya Birla Fashion and Retail Limited incorporated under the Companies Act 1956, with its registered and corporate office at Piramal Agastya Corporate Park, Building 'A', 4 <sup>th</sup> and 5 <sup>th</sup> Floor, Unit No. 401,403, 501, 502, L.B.S. Road, Kurla, Mumbai 400 070
“We”, “us”, “our” or “ABFRL Group”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company together with our Subsidiaries, on a consolidated basis
2010 Scheme	Scheme of arrangement amongst ABNL, Madura Garments Exports Limited, MG Lifestyle Clothing Company Private Limited, our Company and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956. For further details, see “History and Corporate Structure – Schemes of Arrangement” beginning on page 85
ABNL	Aditya Birla Nuvo Limited (which amalgamated into Grasim Industries Limited in 2017)
Articles of Association or Articles	The Articles of Association of our Company, as amended from time to time
Audited Financial Statements	The audited consolidated financial statements of our Company together with our Subsidiaries (collectively the “ <b>ABFRL Group</b> ”) for the year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information
Board or Board of Directors	The board of directors of our Company or a duly constituted committee thereof
B2B	Business-to-Business
B2C	Business-to-Consumer
bn	Billion
Directors	Directors on the Board, as may be appointed from time to time
EOSS	End of season sale
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
Group Companies	Group companies of our Company, in terms of the SEBI ICDR Regulations, namely: <ul style="list-style-type: none"><li>• Aditya Birla Management Corporation Private Limited;</li><li>• Aditya Birla Online Fashion Private Limited;</li><li>• Grasim Industries Limited; and</li><li>• Grasim Premium Fabric Private Limited (formerly known as Suktas India Private Limited).</li></ul>
Independent Director	Independent directors on the Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” beginning on page 87
Madura Clothing	Manufacturing arm of our Company

<b>Term</b>	<b>Description</b>
Madura Scheme	Scheme of arrangement amongst ABNL, MGLRCL and our Company and their respective shareholders and creditors under Sections 391 to 394 of the Companies Act, 1956. For further details, see “ <i>History and Corporate Structure – Schemes of Arrangement</i> ” beginning on page 85
Madura Segment	Our business segment which includes lifestyle brands, fast fashion, global brands, innerwear and other businesses
Memorandum of Association or Memorandum	The Memorandum of Association of our Company, as amended from time to time
MGLRCL	Madura Garments Lifestyle Retail Company Limited
Pantaloons Scheme	Scheme of arrangement amongst Future Retail India Limited, formerly known as Pantaloon Retail (India) Limited, and our Company and their respective shareholders and creditors and Indigold Trade and Services Limited as a resultant shareholder under Sections 391 to 394 of the Companies Act, 1956. For further details, see “ <i>History and Corporate Structure – Schemes of Arrangement</i> ” on beginning page 85
Pantaloons Segment	Our business segment which houses our large format retail business
Promoter	The promoter of our Company, namely, Birla Group Holdings Private Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
6% Redeemable Cumulative Preference Shares	6% redeemable cumulative preference shares of face value of ₹ 100 each
8% Redeemable Cumulative Preference Shares	8% redeemable cumulative preference shares of face value of ₹ 10 each
Registered and Corporate Office	Registered and corporate office of our Company situated at Piramal Agastya Corporate Park, Building 'A', 4 <sup>th</sup> and 5 <sup>th</sup> Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai 400 070
Rights Issue Committee - 2020	The committee of our Board constituted through the resolution dated May 27, 2020, for purposes of this Issue and incidental matters thereof, consisting Ms. Sukanya Kripalu, Mr. Sushil Agarwal and Mr. Ashish Dikshit
Shareholders	The equity shareholders of our Company from time to time
SIS	Shop-in-shop
Statutory Auditors	S R B C & CO LLP, Chartered Accountants
Subsidiaries	Subsidiaries of our Company namely: <ul style="list-style-type: none"> <li>• Finesse International Design Private Limited with effect from July 26, 2019;</li> <li>• Jaypore E-Commerce Private Limited with effect from July 2, 2019;</li> <li>• Jaypore Inc., USA with effect from July 2, 2019; and</li> <li>• TG Apparel &amp; Décor Private Limited with effect from July 2, 2019</li> </ul>
Wazir Advisors	Wazir Advisors Private Limited
Wazir Advisors Report or Wazir Report	The report entitled “Indian Fashion Market”, dated June 2020, prepared by Wazir Advisors

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer/ ALOF	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013
Allotment/ Allot/ Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Banks	Collectively, Axis Bank Limited, The Federal Bank Ltd and State Bank of India

<b>Term</b>	<b>Description</b>
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Rights Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who is Allotted Rights Equity Shares pursuant to Allotment
Applicant(s) or Investors	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts), to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price for the Application
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Axis	Axis Capital Limited
Bankers to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Banks and the Refund Bank to the Issue
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page 210
BNPP	BNP Paribas
Call(s)	The notices issued by our Company to the holders of the Rights Equity Shares as on the Call Record Dates for making a payment of the Call Monies.
Call Monies	The balance amount payable by Rights Equity Shareholders pursuant to the Payment Schedule, after payment of the Application Money, which is payable on two* subsequent Calls of ₹ 27.50 each* per Rights Equity Share  *subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time.  For further details, see “ <i>Terms of the Issue</i> ” beginning on page 210.
Call Record Date(s)	Record date(s) fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call(s)
CLSA	CLSA India Private Limited
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Designated Stock Exchange	BSE



Term	Description
Eligible Shareholder(s) Equity	Holder(s) of the Equity Shares of our Company as on the Record Date
Escrow Account	No-lien and non-interest bearing account with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility
Escrow Collection Bank/ Refund Bank	Axis Bank Limited
FCNR Account	Foreign currency non-resident account
First Call	The notice issued by our Company to the Rights Equity Shareholders as on the Call Record Date for making a payment of the Call Money, being ₹ 27.50* per Rights Equity Share (25% of the Issue Price) for first Call on the Rights Equity Shares after the payment of Application Money <i>*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time</i>
Final Call	The notice issued by our Company to the Rights Equity Shareholders as on the Call Record Date for making a payment of the Call Money, being ₹ 27.50* per Rights Equity Share (25% of the Issue Price), for second* and final* Call on the Rights Equity Shares after the payment of Application Money and Call Money for previous* Call(s) <i>*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time</i>
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, Wednesday, July 1, 2020 and the Renouncee(s)
I-Sec	ICICI Securities Limited
ISIN	International securities identification number
Issue	This issue of 9,04,65,693 Rights Equity Shares <sup>#</sup> for cash at a price ₹ 110 per Rights Equity Share (including a premium of ₹ 100 per Rights Equity Share) aggregating to ₹ 9,95,12,26,230 <sup>#</sup> on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 9 (nine) Rights Equity Shares for every 77 (seventy seven) fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on Wednesday, July 1, 2020 <i>#Assuming full subscription</i>
Issue Agreement	Issue agreement dated June 28, 2020 entered into between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	Wednesday, July 22, 2020
Issue Opening Date	Wednesday, July 8, 2020
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 110 per Rights Equity Share  On Application, Investors will have to pay ₹ 55 (50% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on two* subsequent Calls of ₹ 27.50 each* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money  <i>*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time</i>
Issue Proceeds/ Gross Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating to ₹ 9,95,12,26,230 <sup>#</sup> <i>#Assuming full subscription</i>
Lead Managers	ICICI Securities Limited, SBI Capital Markets Limited, Axis Capital Limited, BNP Paribas and CLSA India Private Limited

Term	Description																				
Letter of Offer or LOF	The final letter of offer to be filed with the Stock Exchanges and SEBI																				
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations																				
MCA Circular	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India.																				
Monitoring Agency	Axis Bank Limited																				
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, see “ <i>Objects of the Issue</i> ” beginning on page 55																				
NRE Account	Non-resident external account																				
NRO Account	Non-resident ordinary account																				
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws																				
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before Friday, July 17, 2020																				
Payment Schedule	<p>Payment schedule is as follows:</p> <table border="1"> <thead> <tr> <th>Due Date<sup>(1)</sup></th> <th>Face Value (₹)</th> <th>Premium (₹)</th> <th>Total (₹)</th> </tr> </thead> <tbody> <tr> <td>On Application</td> <td>5.00</td> <td>50.00</td> <td>55.00<sup>(2)</sup></td> </tr> <tr> <td>First Call* (January 2021)</td> <td>2.50</td> <td>25.00</td> <td>27.50<sup>(3)</sup></td> </tr> <tr> <td>Final Call* (July 2021)</td> <td>2.50</td> <td>25.00</td> <td>27.50<sup>(4)</sup></td> </tr> <tr> <td><b>Total (₹)</b></td> <td><b>10.00</b></td> <td><b>100.00</b></td> <td><b>110.00</b></td> </tr> </tbody> </table> <p>* Subject to modifications as approved by the Board / Rights Issue Committee-2020 from time to time  (1) For further details on Payment Schedule, see “<i>Terms of the Issue – Payment Terms</i>” on pages 227-228.  (2) Constitutes 50% of the Issue Price.  (3) Constitutes 25% of the Issue Price.  (4) Constitutes 25% of the Issue Price.</p>	Due Date <sup>(1)</sup>	Face Value (₹)	Premium (₹)	Total (₹)	On Application	5.00	50.00	55.00 <sup>(2)</sup>	First Call* (January 2021)	2.50	25.00	27.50 <sup>(3)</sup>	Final Call* (July 2021)	2.50	25.00	27.50 <sup>(4)</sup>	<b>Total (₹)</b>	<b>10.00</b>	<b>100.00</b>	<b>110.00</b>
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<b>Total (₹)</b>	<b>10.00</b>	<b>100.00</b>	<b>110.00</b>																		
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations																				
R-WAP	<p>Registrar’s web based application platform accessible at <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident Investors.</p> <p>This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.</p>																				
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for Rights Equity Shares, being Wednesday, July 1, 2020																				
Registrar to the Issue / Registrar	Link Intime India Private Limited																				
Renounee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders																				
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Friday, July 17, 2020 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date																				
Rights Entitlement	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 9 (nine) Rights Equity Shares for every 77 (seventy seven) fully paid-up Equity Shares held by an Eligible Equity Shareholder																				
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company																				
Rights Equity Shareholder	A holder of the Rights Equity Shares, from time to time																				

Term	Description
Rights Equity Shares	Equity shares of our Company to be Allotted pursuant to this Issue, on partly paid-up basis on Allotment.
SBI-CAP	SBI Capital Markets Limited
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a>
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE
Transfer Date	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Accounts in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI
Working Day(s)	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

#### Conventional and General Terms/Abbreviations

Term	Description
₹ / Rs./ Rupees / INR	Indian Rupees
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AY	Assessment year
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate identity number
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act, 2013	Companies Act, 2013 along with the rules made thereunder
COVID-19	The novel coronavirus outbreak named as COVID-19 by the World Health Organization on February 11, 2020
CrPC	Code of Criminal Procedure, 1973
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant's identification
DIN	Director Identification Number
EBITDA	Net profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense, as per the consolidated statement of profit and loss in the Audited Financial Statements
EGM	Extraordinary general meeting
EPS	Earnings per Equity Share
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated

<b>Term</b>	<b>Description</b>
FIR	First information report
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GoI / Government	Government of India
GST	Goods and Service Tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
Income Tax Act	Income-Tax Act, 1961
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended
IFRS	International Financial Reporting Standards
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ITAT	Income Tax Appellate Tribunal
MCA	Ministry of Corporate Affairs
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996
Net Asset Value per Equity Share / NAV per Equity Share	Net Worth/ Number of Equity shares subscribed and fully paid outstanding as at March 31
Net Worth	Aggregate of Equity Share capital and other equity
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoC	Registrar of Companies, Maharashtra at Mumbai
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019

<b>Term</b>	<b>Description</b>
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Relaxation Circular	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI Relaxation Circular.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Total Borrowings	Aggregate of current borrowings, non-current borrowings and current maturities of long-term borrowings
UPI	Unified Payments Interface
U.S.\$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	United States of America
U.S. SEC	U.S. Securities and Exchange Commission
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of the Rights Entitlement and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions. For details, see “*Restrictions on Purchases and Resales*” beginning on page 241.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to e-mail this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall not be sent this this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Further, this Letter of Offer will be provided, only through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Managers, and the Stock Exchanges and on R-WAP.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and Stock Exchanges. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer or the Application Form in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person’s jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “*Other Regulatory and Statutory Disclosures – Selling Restrictions*” beginning on page 206.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors

may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

### **NO OFFER IN THE UNITED STATES**

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE “**UNITED STATES**” OR “**U.S.**”), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT (“**REGULATION S**”) TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and the Application Form, through e-mail, only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company and the Lead Managers are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Rights Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

### **NOTICE TO THE INVESTOR**

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Certain Conventions

In this Letter of Offer, unless otherwise specified or context otherwise requires, references to ‘US\$’, ‘\$’, ‘USD’ and ‘U.S. dollars’ are to the legal currency of the United States of America, and references to ‘INR’, ‘₹’, ‘Rs.’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of India. All references herein to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions. All references herein to ‘India’ are to the Republic of India and its territories and possessions and the references herein to ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, central or state, as applicable.

### Financial Data

Unless otherwise stated, references to “we”, “us”, “our” or “ABFRL Group” and similar terms are to Aditya Birla Fashion and Retail Limited on a consolidated basis and references to “the Company” and “our Company” are to Aditya Birla Fashion and Retail Limited on a standalone basis.

Unless stated otherwise, financial data in this Letter of Offer is derived from the Audited Financial Statements which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Letter of Offer. Our Company publishes its financial statements in Indian Rupees crore. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Pursuant to a resolution dated May 27, 2020, our Board approved the Audited Financial Statements for the quarter / year ended March 31, 2020. Our Company will hold its annual general meeting in due course and place the Audited Financial Statements for the year ended March 31, 2020, before our Shareholders.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Letter of Offer to a particular ‘Financial Year’ or ‘Fiscal Year’ or ‘Fiscal’ are to the financial year ended March 31. The financial data included in this Letter of Offer represents that of our Company, on a standalone basis till Fiscal 2019. Our Company did not have any subsidiary, associates, joint venture till Fiscal 2019. Acquisition of our Subsidiaries took place during Fiscal 2020 and thereafter, represents such information for our Company on a consolidated basis. Accordingly, the financial data for Fiscal 2020 is not comparable to the financial data for Fiscal 2019 and Fiscal 2018.

In this Letter of Offer, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Letter of Offer.

### Currency Presentation

Unless otherwise specified or the context otherwise requires, all references to “Rupees”, “Rs.”, “INR”, “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “USD”, or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America. The amounts derived from financial statements included herein are represented in ₹ crore, as presented in the Audited Financial Statements.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in crore.

### Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by our Company or the Lead Managers or their respective affiliates and neither our Company nor the Lead Managers or their respective affiliates make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

### Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities) / total equity (excluding non-controlling interest), ratio of total borrowings/ total equity (excluding non-controlling interest) and EBITDA have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures



of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

**Conversion rates for foreign currency:**

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency <sup>(1)</sup>	As of March 31, 2020 (in ₹)	As of March 31, 2019 (in ₹)
1.	1 United States Dollar	75.39	69.17

(Source: [www.fbil.org.in](http://www.fbil.org.in).)

(1) In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees (₹) at any particular rate, the rates stated above or at all.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements and any projections contained in this Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- impact of COVID-19 on our business, results of the operations and financial condition and further impact on future developments, which are uncertain and cannot be predicted;
- ability to realise the anticipated benefits from acquisitions made by our Company;
- ability to effectively implement our business and growth strategies;
- public perception of the brands sold by us might deteriorate;
- shortcomings in the quality of merchandise supplied by third party vendors;
- ability to obtain and retain quality retail spaces;
- current trends of discounting and pricing strategies; and
- our designs being out of trend.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under “*Risk Factors*” and “*Our Business*” beginning on pages 17 and 77, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer and neither our Company nor the Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, “Objects of the Issue”, “Our Business”, “Outstanding Litigation and Defaults” and “Risk Factors” beginning on pages 55, 77, 198 and 17, respectively.

### Summary of Business

We are one of India’s largest pure-play fashion and lifestyle companies (*source: Wazir Advisors Report*) and our portfolio comprises the Madura Segment which includes lifestyle brands, fast fashion, global brands, innerwear and other businesses, and the Pantaloons Segment which houses the large format retail business under the Pantaloons brand. In addition to Madura Segment and Pantaloons Segment, we also have an ethnic wear business which is housed under our Subsidiaries.

### Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

Sr. No.	Particulars	Amount (in ₹ crore) <sup>#</sup>
1.	Repayment of certain borrowings of our Company	745.00
2.	General corporate purposes*	244.26
<b>Total**</b>		<b>989.26</b>

\* The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. In case subscription received in the Issue is less than 100% of the Issue but equal to or more 90% of the Issue, the amounts to be utilized towards each of the objects above would be subject to proportionate reduction to the extent of the reduction in the Net Proceeds. However, in case, subscription received is less than 90% of the Issue but equal to or more than 75% of the Issue, then our Company shall utilise the amount allocated for repayment of certain borrowings of our Company in its entirety and the remaining Net Proceeds, if any, shall be utilised towards general corporate purposes.

\*\* Assuming full subscription in the Issue, receipt of entire Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.

# Rounded off to two decimal places

For further details, see “Objects of the Issue” beginning on page 55.

### Intention and extent of participation by our Promoter and members of the Promoter Group in the Issue

Our Promoter and members of the Promoter Group have confirmed the following: (i) fully subscribe to the extent of their Rights Entitlement and do not intend to renounce such rights, except to the extent of renunciation within our Promoter and members of the Promoter Group; and (ii) subscribe to any additional Rights Equity Shares in the Issue, amongst themselves, for ensuring subscription to the extent of at least 90% of the Issue (in case of under-subscription below 90% in the Issue) and such subscription shall be subject to applicable laws.

Any participation by our Promoter and members of the Promoter Group, over and above their rights entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

### Summary of financial information

A summary of our Company’s audited financial information and other financial information derived from Audited Financial Statements and audited standalone financial statements of each of the respective years, is set out below:

Particulars	(in ₹ crore, except per share data) As at and for the Fiscal		
	2020*	2019*	2018*
Equity Share capital	773.95	773.48	771.69
Net Worth	1,067.89	1,428.88	1,093.11
Revenue from operations	8,787.86	8,117.72	7,181.41
Net profit/ (loss) after tax / Profit for the year	(165.02)	321.22	117.79
Basic EPS (in ₹)	(2.11)	4.15	1.52
Diluted EPS (in ₹)	(2.11)	4.15	1.52
Net asset value per Equity Share (in ₹)	13.80	18.47	14.17
Total Borrowings <sup>#</sup>	2,783.03	1,702.86	1,861.45

\* The above information for Fiscal 2020, being consolidated figures are not comparable with the information for Fiscal 2019 and Fiscal 2018 which are on a standalone basis.

# does not include lease liability under Ind AS 116

**Calculation of Net asset value per Equity Share (on a consolidated basis for Fiscal 2020 and standalone basis for Fiscal 2019 and 2018)**

(in ₹ crore, except per share data)

Particulars	As at and for the Fiscal		
	2020*	2019*	2018*
Equity share capital (A)	773.95	773.48	771.69
Other equity (B)	293.94	655.40	321.42
<b>Net Worth (C) [ A + B ]</b>	<b>1,067.89</b>	<b>1,428.88</b>	<b>1,093.11</b>
<b>No. of Equity shares subscribed and fully paid outstanding as at year ended March 31 (D)</b>	<b>77,39,47,987</b>	<b>77,34,81,460</b>	<b>77,16,93,984</b>
<b>Net Asset Value per Equity Share [ (C * 10<sup>7</sup>) / D ]</b>	<b>13.80</b>	<b>18.47</b>	<b>14.17</b>

\* The above information for Fiscal 2020, being consolidated figures are not comparable with the information for Fiscal 2019 and Fiscal 2018 which are on a standalone basis.

**Details of Total Borrowings (on a consolidated basis for Fiscal 2020 and standalone basis for Fiscal 2019 and 2018)**

(in ₹ crore)

Particulars	As at and for the Fiscal		
	2020*	2019*	2018*
Current financial liabilities – Borrowings (A)	1,511.88	474.45	570.45
Non-current financial liabilities – Borrowings (B)	856.93	723.78	1,187.91
Current maturities of long-term borrowings (C)	414.22	504.63	103.09
<b>Total Borrowings<sup>#</sup> [ A + B + C ]</b>	<b>2,783.03</b>	<b>1,702.86</b>	<b>1,861.45</b>

\* The above financial information for Fiscal 2020, being consolidated figures are not comparable with the information for Fiscal 2019 and Fiscal 2018 which are on a standalone basis.

<sup>#</sup> does not include lease liability as per Ind AS 116

For details of our Audited Financial Statements, see “Financial Statements” beginning on page 91.

**Auditor Qualifications**

There are no auditor qualifications which have not been given effect to in the Audited Financial Statements.

**Summary of outstanding litigation and defaults**

A summary of outstanding legal proceedings involving our Company as on the date of this Letter of Offer is set out below:

Type of proceedings	Number of cases	Amount (in ₹ crores)
<b>Litigations involving our Company</b>		
Matters involving issues of moral turpitude or criminal liability on the part of our Company	3	Non-quantifiable
Material cases	4	223.15
<b>Total</b>	<b>7</b>	<b>223.15</b>

For further details, see “Outstanding Litigation and Defaults” beginning on page 198.

**Risk Factors**

For details, see “Risk Factors” beginning on page 17.

**Contingent liabilities**

A summary of our contingent liabilities not provided for, as at March 31, 2020 in accordance with Ind AS 37 and as disclosed in Audited Financial Statements, is as follows:

Particulars	As at March 31, 2020
<b>Claims against the ABFRL Group not acknowledged as debts</b>	
Commercial taxes	29.18
Excise duty	0.50
Custom duty	2.54
Textile committee cess	0.75
Others*	16.78
<b>Total</b>	<b>49.75</b>

\* Pertains to claims made by third parties, pending settlement which are considered not tenable.

**Related party transactions**

For details regarding our related party transactions for Fiscal 2020, in accordance with Ind AS 24, see “Audited Financial Statements” beginning on page 181.

**Issuance of Equity Shares for consideration other than cash in the last one year**

No Equity Shares have been issued by our Company in the last one year for consideration other than cash as on the date of filing of this Letter of Offer.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares.*

*The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.*

*To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Financial Information” beginning on pages 77, 64 and 91 respectively, as well as the financial, statistical and other information contained in this Letter of Offer. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Equity Shares.*

*This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.*

*In this section, unless the context otherwise requires, indicates or implies, “we”, “us” and “our”, refer to our Company together with our Subsidiaries. Unless the context requires otherwise, the financial and operational information included in this section represents that of Aditya Birla Fashion and Retail Limited, on a standalone basis till Fiscal 2019 (i.e., does not include such information for our Subsidiaries) until the acquisition of our Subsidiaries, which took place during Fiscal 2020 and therefore, financial and operational information included in this section represents that of our Company on a consolidated basis (“ABFRL Group”) for Fiscal 2020.*

### **Internal Risk Factors**

#### **A. Risks relating to our business**

##### **1. *The recent novel coronavirus (“COVID-19”) outbreak has impacted our business, results of the operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.***

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses including retail sector and could continue to have an impact that may worsen for an unknown period of time. Currently, there is substantial medical uncertainty regarding COVID-19 and till any vaccine or cure is found, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe.

The impact of COVID-19 on the retail sector is at two levels. Firstly, in order to contain the spread of the infection, the national lockdown which was effected from March 25, 2020, has impacted our sales as our products do not constitute “essential products” and our principal channels of sale were not allowed to function as part of the lockdown imposed by the Government of India and relevant state governments and inflicting adverse impact on revenue and profitability. Such restrictions are being lifted in a staggered manner as the process of easing the lockdown is ongoing. However, the duration that we might take to normalise operations in our stores, manufacturing facilities as well as other parts of our supply chains is uncertain.

Secondly, our product offerings being discretionary in nature to an extent, may not achieve pre-COVID-19 sales post lifting of the lockdown. The consumers may not choose to shop discretionary products as compared to essentials, immediately after lifting of lockdown owing to *inter alia*, economic slowdown and job cuts leading to less disposable income for discretionary spends. Due to the lockdown, the consumers may also prefer to shop clothes that serve dual purposes of work from home and occasional trips to office and may seek enhanced value attributes in formal wear and work wear. Therefore, even if the restriction on movement and functioning of shopping malls or our other stores are removed, the pace of recovery and growth might be significantly slow.

Accordingly, COVID-19 has resulted in fall in sales, and we continue to incur fixed cost (including the salary/ wage cost for our employees) and interest cost on debt, which has led to relatively high leverage.

The economic disruption could slow down credit as lenders may be hesitant to lend in COVID-19 environment. This could impact our ability to raise funds for managing our operations. Accordingly, new credit may be availed by us in accordance with terms which may be stringent as compared to the past.

Further, due to the present situation and impact of COVID-19, we may have had to delay payments to be made to certain third parties including our vendors. Further, in pursuit of containing our fixed costs as a response to impact of COVID-19, we are in the process of negotiating certain rental agreements with third parties. If such negotiations do not result in favourable terms then we may decide to undertake further measures which may affect our business, financial condition and results of operations and cash flows. We believe that aforesaid measures are largely consistent with steps being undertaken by the industry.

Furthermore, in the event any member or members of our management or operations team contract COVID-19, it may potentially affect our operations. Our stores and other operations (including third-party vendors and supply chain management) will operate post the lockdown with physical distancing, split-team, work from home and quarantine measures. Further, on account of the lockdown ordered by the Government of India, a number of our offices and employees have been working from home/ different locations utilising remote working technologies. As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated.

The ABFRL Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of the Audited Financial Statements for Fiscal 2020, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, other intangible assets, and in relation to other financial statement captions. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare our Audited Financial Statements, which may differ from that considered as at the date of approval of these financial statements. The ABFRL Group will continue to closely monitor any material changes to future economic conditions. The ABFRL Group resumed its business activities by reopening its factories and retail stores on a gradual basis in line with the guidelines issued by the Government authorities. Over 1,300 stores of our 3,031 stores had resumed operations as on May 27, 2020.

In the event, further lockdowns are implemented such as being done in case of Chennai and few districts of the state of Tamil Nadu, the resumption of operations of the stores could be slowed down. Further, operations in the stores are being resumed under stringent protocols ensuring safety and hygiene to allow customers to feel safe in the light of COVID-19 which may lead to additional costs for us. Additionally, any shift from market-places to online retail by the customers in the present situation may affect us adversely.

Risks arising on account of COVID-19 such as in relation to lockdown, slowdown of economic activities, loss of life and debilitation of key personnel can have an adverse effect on our business, results of operations, cash flows and financial condition. As of the date of this Letter of Offer, there is still some uncertainty relating to the impact of the COVID-19 pandemic on the global and the Indian economy, and we are unable to accurately predict the near-term or long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section.

We are not able to predict the duration and severity of the current economic conditions and as a consequence, our financial results for a particular period are difficult to predict, and, therefore, prior results including financial results for the quarter ended March 31, 2020, are not necessarily indicative of results to be expected in future periods.

The loss in sales due to COVID-19 has impacted our profitability and cash flows since we have a fixed cost structure that consists of rental, employee costs, overheads and other expenses. The same structure is being worked upon to induce variability to the extent possible to mitigate the risks linked to the fixed cost structure under current circumstances which might not result in desired consequences to an extent or at all.

Further, our financial results for the first and subsequent quarters of Fiscal 2021 which will be declared as per regulatory requirements are likely to be significantly impacted due to lockdown during the first few months of the financial year as well as under the given situation.

Any of the foregoing effects could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our Statutory Auditors have included emphasis of matter in their audit report on our Audited Financial Statements for Fiscal 2020, drawing attention to the statement which describes management’s assessment of the impact of the COVID 19 pandemic on the financial results of the ABFRL Group. Their opinion is not modified with respect of this matter.

**2. *The fashion and retail industry is highly competitive. If we do not respond to competition effectively, our cash flows, financial condition and results of operation may be adversely affected.***

We operate in the highly competitive industry which is characterised by rapid shifts in consumer trends and technology and our market share may be adversely impacted at any time by the significant number of competitors in our industry that may compete more effectively than us. These frequent changes and their impact on consumer demand may result into both price and demand volatility, leading into change in competitive scenario.

Due to the expansive nature of our business, we face competition from various kinds of players including, players operating in retail, wholesale and e-commerce space. We compete with national and local department stores, speciality and discount store chains, independent retail stores and internet businesses that market similar lines of merchandise as

us. Many of our competitors are, and many of our potential competitors may be, larger, have substantially greater financial, marketing and other resources and, therefore, may be able to adapt to changes in customer requirements more quickly, devote greater resources to the marketing and sale of their products or adopt more aggressive pricing policies than we can. We face a variety of competitive challenges, including:

- anticipating and quickly responding to changing consumer demands;
- maintaining favorable brand recognition and effectively marketing our products to consumers in diverse markets;
- developing innovative, high-quality products in sizes, colours and styles that appeal to consumers;
- sourcing raw materials and manufacturing merchandise efficiently;
- pricing our products to remain competitive while achieving a customer perception of comparatively higher value;
- local stores which may have a fixed clientele base and wider penetration in certain geographical areas;
- providing strong and effective marketing support; and
- maintaining high levels of consumer traffic to our retail and online stores.

Some of our competitors may have advantages over us on account of, amongst other things, more prominent locations of their stores, more efficient distribution networks, better trained employees, greater geographic reach, broader product ranges or access to a large pool of financial resources. Further, certain regional and national competitors have rapidly expanded value fashion formats in untapped new markets. Since these towns are experiencing quality retail for the first time, the nature of these retail offerings might commoditise fashion for the customers. As a result, we will need to create brands and propositions that provide access to high value products but also create a customer connect to our brand identity.

Additionally, we are also witnessing a growth in the competition from online retailers who have been able to offer products at competitive prices. Due to various factors, including efficient logistics management and strategic tie-ups, online retailers are not only able to offer more discounts, but also a wider range of apparels and accessories. Due to the above reasons, online retailing has been witnessing noticeable growth in the recent years and increased competition from them could reduce footfalls and sales in our stores.

There is no assurance that we would be able to effectively offset the advantages that our competitors may have and grow our business, or that the competition we face would not drain our financial or other resources. If we are unable to adequately address such competitive pressures, our business, financial condition, results of operations and cash flows may be adversely affected.

**3. *If we are unable to effectively implement our business and growth strategies, our results of operations may be adversely affected.***

We operate through a network of 3,031 stores across India as of March 31, 2020. Our growth strategy includes expanding our business in new geographical areas in order to enter newer and untapped markets. In addition to increasing its penetration in existing market areas, we have also identified markets for further expansion such as in the tier 2, 3 and 4 towns of the country. For further details, see “*Our Business*” on page 77.

Expansion into geographic regions will subject us to various challenges associated with establishing and conducting operations, including:

- delay in implementation due to, among other causes, delays in completion of shopping malls in which we propose to open our stores;
- achieving anticipated levels of patronage for new stores;
- hire, train and retain qualified store managers and sales people;
- compliance with local laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- language barriers;
- lack of brand recognition and ability to understand consumer preferences and local trends in such new regions;
- uncertainty with new local business partners;
- identify and obtain suitable store locations and negotiate acceptable leases for these locations;
- manage and expand our backend infrastructure to accommodate growth;
- Government development or construction plans around our planned sites which could have an impact on the external traffic flow to our stores, if any.

Further, the success of the operation of our new stores may be affected by various challenges, including:



- our ability to successfully integrate the new stores with our existing operations and achieve related synergies;
- manage inventory effectively to meet the needs of new and existing stores on a timely basis;
- economic slowdown in a particular area or city/region;
- competition from incumbent and new retailers selling similar apparels in the region; and
- changing consumer demographics and lifestyle choices in a particular market.

Our plans to expand our store base may not be successful and the implementation of these plans may not result in an increase in our revenues even though they increase our costs. Additionally, new stores that we open may place increased demands on our existing financial, operational, managerial and administrative resources, which could cause us to operate less effectively. Our new stores may not be immediately profitable and, as such, we may incur losses until these stores become profitable. Any failure to successfully open and operate new stores would adversely affect our results of operations. Further, in the event our stores do not meet the performance expectations, it may result in closure of such stores.

Our growth strategy also includes digital transformation for our business. For further details, see “*Our Business*” on page 77. In the event, we are not able to transform our business in the digitised world, it may have an adverse effect on our business.

Our historic growth rates or results of operations are not indicative of or reliable indicators of our future performance. While we intend to continue to expand our operations, we may not be able to sustain historic growth levels and may not be able to leverage our experience in our existing markets in order to grow our business in new markets.

In addition to the above-mentioned challenges, our growth strategy will also place significant demands on our management, financial and other resources and may require us to incur further indebtedness. We cannot assure you that we will be able to execute our growth strategies in a timely manner or within estimated budget. Our inability to properly manage our growth may have an adverse effect on our business, results of operations and financial condition.

**4. *Our business depends on our ability to obtain and retain quality retail spaces.***

Our success depends on our ability to identify and acquire retail spaces at key shopping locations with attractive commercial propositions, suitable locations and reasonable costs. We or our franchisees do not own the stores from where we operate our businesses. We or our franchisees take property through lease or license which vary from a period of three to twenty-one years. Such leasehold/ leave and license basis arrangements may require renewal or escalations in rentals/ license fee from time to time during the lease/ license period. If we are unable to renew these agreements on favourable terms, or at all, we may be required to relocate operations and incur additional costs in such relocation. Further, if we are unable to identify and obtain suitable locations for our expansion and enter into leasehold or rental agreements on terms commercially beneficial to us, or at all, it may adversely affect our expansion and growth plans.

We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease/ leave and license agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. In the past, we have been involved in litigations relating to our leased / licensed premises including for claims for damages.

We are affected by competition from other large retailers for real estate resources on which our stores are located. Due to increased competition, we face increased lease expenses and rent. It may also lead to termination of our leases or disputes that may arise with store owners which may result in closure of our stores, thus affecting our expansion and growth plans, results of operations, cash flows and financial condition.

**5. *Any deterioration in the public perception of the brands sold by us or failure to adequately protect our intellectual property rights could affect our customer footfall at stores and can materially and adversely impact our reputation, business, financial condition, cash flows and results of operations.***

Our ability to attract and retain customers is dependent upon public perception and recognition of the quality associated with, the apparel and accessories brands sold by us. Since our customers rely on us for the quality of our products, we could suffer reputational damage if there are any quality concerns regarding the products we sold. Any loss of confidence on the part of our customers would be difficult and costly to re-establish.

The public perception of our brands may also be affected by several other factors, such as:

- i. Decline in the quality of merchandise from our vendors;
- ii. Occurrence of accidents or injuries, natural disasters, crime or similar events at our stores and/or factory outlets;
- iii. Competition;
- iv. Negative reviews of our store and/or brands;
- v. Any dissatisfaction amongst our channel partners and vendors; and

- vi. Failure to protect our intellectual property leading to counterfeit products and merchandise being sold under our logo.

If the perceived quality of our brands declines, or if our reputation is damaged, our business, financial condition, cash flows and results of operations could be adversely affected. Our failure to adequately protect our intellectual property rights could diminish the value of our brand and reduce demand for our merchandise. Maintaining and enhancing our brands may require us to make substantial investments in areas such as outlet operations, employee training, marketing and advertising, and these investments may not be successful. If our marketing and advertising campaigns are poorly executed, or customers lose confidence in our brand for any reason, it could harm our ability to attract and retain customers.

Our products are appreciated by consumers for their quality and fit, and distinctive branding has differentiated our products in the marketplace. As such, our intellectual property rights are our valuable assets that are critical to our success. We intend to continue to vigorously protect our intellectual property rights and brand against infringement, but we may not be successful in doing so. The unauthorized reproduction or other misappropriation of our trademark would diminish the value of our brand, which could reduce demand for our products or the prices at which we can sell our products.

**6. *Current trends of discounting and pricing strategies may adversely affect the value of our brand and our sales.***

We use pricing and branding strategies to maintain the image and value of our brand. If our customers perceive that prices of our products are not in line with the quality of our products, our sales may be directly impacted. We may not always be able to offer our products at prices which represent value for money. Our competitors, on the other hand, may have pricing advantages due to various factors such as different scales of operations and sizes of distribution centres.

Further, online retailing has increased substantially in the past few years and has introduced current trends of discounting and deep price competition amongst ecommerce players. Additionally, one of the principal elements of our strengths is extensive distribution network with a wide geographical presence. Therefore, in the present situation any shift from market-places to online retail by the customers may affect us adversely.

**7. *We rely on third party vendors for sourcing merchandise. Any shortcomings in the quality of merchandise supplied by such vendors could adversely impact our reputation, business, financial condition, cash flows and results of operations.***

The products sold by us at our stores and factory outlets are sourced from a wide variety of vendors. We face significant challenges in finding qualified vendors who conduct timely delivery of quality merchandise. Certain factors affecting vendors and thereby impeding our access to products are political and economic instability in India or political instability in certain states of India in which the vendors are located, the financial instability of the vendors, vendors' failure to meet our standards, labour problems experienced by our vendors, the availability of raw materials to the vendors, merchandise quality issues, transport availability and cost, transport security, inflation, and other factors. The operations of our vendors are further subject to various operating risks, including breakdowns and failure of equipment, industrial accidents, employee unrest, severe weather conditions, natural disasters etc. For instance, COVID-19 has impacted our vendors in view of the nationwide lockdown imposed by the Government of India and their operations being focused on fixed cost model. These factors may result in delay of products and may affect the quality of the products. In such cases, we may face challenges in substituting existing with new vendors at short notice. Further, the violation of or any suspected violation of labour laws or other applicable regulations by our vendors, could have an adverse effect on our business.

**8. *Quality and consistency in customer service at our stores are critical for our success and any failure in this respect could materially and adversely impact our reputation, business, financial condition, cash flows and results of operations.***

Our business is manpower intensive and the success of our business also depends on maintaining high standards of customer service in our stores. This is dependent on our ability to hire the right persons, train them in the implementation of our processes effectively, monitor them continuously on key service parameters and guide them regularly.

We cannot assure you that we will be able to recruit and retain the right personnel and functional experts or will be successful in delivering consistent services. If customer service at our stores deteriorates, our reputation might suffer resulting in a decrease in sales, which could materially and adversely affect our financial condition, cash flows and results of operations.

**9. *The success of our business is dependent on an agile and efficient supply chain management.***

We strive to keep optimum inventory at our stores and distribution centres to control our working capital requirements. Inefficient supply chain management may lead to unavailability of right or adequate merchandise, unavailability of range of apparels resulting in a mismatch between customer requirements and products available at our stores. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination with suppliers. Our inability or failure to maintain a balance between optimum inventory levels and our product offering at our stores may

adversely affect our business, results of operations, cash flows and financial condition.

If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale in our stores and our distribution centres. In addition, if we underestimate customer demand for our products, we may be required to outsource the manufacture of additional quantities to third parties. Any disruptions or delays in the supply of our products could hamper our operations and adversely impact our business and results of operations.

**10. *Our business plans require capital expenditures for investing in latest opportunities, inability to obtain necessary funds may impact such opportunities and our business.***

Large share of our business is run on franchisee and hence the growth plans of our business are not very capital intensive. However, in some of our business segments, we incur growth based capital expenditure for instance, operating and setting up stores and factory outlets, enhancement of technology, creating and maintaining digital channels for sales, branding and advertisements require capital expenditure. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes etc.

If the funding requirements of a particular business growth plan increase, we will need to look for additional sources of finance, which may not be readily available, or may not be available on high commercial terms, which may have an adverse effect on the profitability of that project. Our ability to finance our capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond our control, borrowing or lending restrictions, if any, imposed by applicable government regulations, and general economic and capital market conditions.

Any significant change in the contemplated financial requirements may have an adverse effect on our cash flows, financial condition and results of operations. We cannot assure that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our business operations and future prospects.

**11. *We may not be able to realise the anticipated benefits from acquisitions made by our Company.***

Our Company entered into a share purchase agreement dated June 10, 2019 and completed acquisition of Jaypore E-commerce Private Limited on July 2, 2019, a B2B entity which sells ethnic fashion merchandise under its own brand “Jaypore” and certain other third-party brands. Consequent to this acquisition, Jaypore Inc. USA an overseas wholly-owned subsidiary of Jaypore has also become a wholly-owned subsidiary of our Company. Further, we completed the acquisition of TG Apparel & Decor Private Limited, a B2C entity which retails ethnic fashion, both online and offline, by entering into a share purchase agreement dated June 10, 2019 and completed acquisition on July 2, 2019. Our Company entered into a strategic partnership with Finesse International Design Private Limited through a share subscription and purchase agreement dated July 15, 2019 and completed the acquisition on July 26, 2019 for acquisition of 51% stake in Finesse International Design Private Limited. Accordingly, Jaypore E-commerce Private Limited, TG Apparel & Decor Private Limited and Finesse International Design Private Limited became subsidiaries of our Company. These investments were made to foray into the large and growing branded ethnic wear space in line with our portfolio expansion strategy.

Pursuant to these investments, we have slowly integrated these newly invested businesses with our Company. However, the operations of these businesses are still evolving and hence we may take time to scale it up as we move further. While we have undertaken steps to address these issues, there is no assurance that we will be able to scale up these businesses to desired levels in the estimated time or at all and accordingly, we cannot assure you that we will be able to realise the anticipated benefits of these investments.

**12. *Any failure or material weakness of our internal controls system could cause operational errors or incidents of fraud, which would materially and adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Internal control systems comprising policies and procedures are designed to ensure sound management of our operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. The systems and procedures are periodically reviewed and routinely tested and cover all functions and business areas.

While we believe that we have adequate controls, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. We face operational risks in our business and there may be losses due to failures or

inadequacies of our internal controls systems.

Failures or material weaknesses in internal controls may also lead to incidents of fraud. Given the nature of the business of our business, we may be subject to day to day theft, incidents of fraud and cheating. There can also be no assurance that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations, cash flows and financial condition.

13. ***We depend on our senior management and a number of key personnel, and our ability to grow and compete will be harmed if we do not retain the continued services of such personnel, or we fail to identify, hire and retain additional qualified personnel.***

We depend on the efforts and skills of our key management team and our functional experts such as designers, visual merchandisers, product managers, retail operating managers and the loss of services of members of this team, each of whom have substantial experience in the industry, could have an adverse effect on our business.

If we are unable to hire and retain qualified management or if any member of our management leaves, such departure could have an adverse effect on our operations and could adversely affect our ability to grow the business.

In addition, if we experience rapid growth, we will need to attract and retain additional qualified personnel. The market for qualified and talented personnel in the apparel industry is intensely competitive, and we cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in future in which case, our business operations might get affected.

14. ***Our Company is involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may adversely affect our business and results of operations.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and involve suits filed by and against our Company by various parties. These include, *inter alia*, criminal proceedings, civil proceedings, infringement of intellectual property rights, consumer disputes such as matters pertaining to unfair trade practices and illegal charging of indirect taxes, matters relating to non-compliance with standard weights and measures under the Legal Metrology Act, 2009 and tax proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. A degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a number of these disputes are determined against us and if we are required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, cash flows, financial condition and results of operations.

There can be no assurance on the outcome of the legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings. For details, see “*Outstanding Litigation and Defaults*” beginning on page 198. A summary of the outstanding legal proceedings against our Company as disclosed in this Letter of Offer along with the amount involved, to the extent quantifiable, have been set out below:

<i>Nature of Case</i>	<i>Number of Outstanding Cases</i>	<i>Amount involved (in ₹ crore)</i>
<i>Litigation against our Company</i>		
Matters involving issues of moral turpitude or criminal liability on the part of our Company	3	Non-quantifiable
Material cases	4	223.15
<b>Total</b>	<b>7</b>	<b>223.15</b>

15. ***If we are unable to obtain the requisite approvals, licenses, registrations or permits to operate our business or are unable to renew them in a timely manner, our business or results of operations may be adversely affected.***

We are governed by various laws and regulations for carrying out our business activities. We are required to obtain the shops and establishment registration certificate in relation to our retail stores, offices, warehouses and factories under the applicable state legislations. Further, we are required to obtain *inter alia* licenses for our factories, trade licenses and contract labour registration certificates and pay stamp duty and obtain registration for property and other agreements, as applicable, in relation to our retail stores, offices, warehouses and factories. We are also required to comply with the provisions of the Legal Metrology Act, 2009. We are required, and will continue to be required, to

obtain and hold relevant licenses, approvals, consents and permits at the local, state and central government levels for undertaking our business.

In addition, we may need to apply for additional approvals, including the renewal of approvals which may expire from time to time and approvals required for our operations, in the ordinary course of business. We cannot assure you that we will be able to timely apply for, whether fresh or renewal, all approvals, consents, permits, registrations and clearances required for undertaking our business from time to time. Further, there can be no assurance that the relevant authorities will issue such approvals in the time-frame anticipated by us or at all. There is no assurance that the Government may not implement new regulations which will require us to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations.

We may also be unable to fulfil the terms and conditions to which such approvals, licenses, registrations, consents and permits are granted. Furthermore, we cannot assure you that the approvals, licenses, registrations, consents and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, and we may be subject to penalty and other statutory and regulatory actions, which may have a material adverse effect on our business and operations, financial condition, cash flows and results of operations.

In the event we are not able to obtain such approvals, licenses and registrations or pay adequate stamp duty, our business and growth strategy may be adversely impacted. Failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in cost and time overrun, imposition of penalties, interruption of our operations and may have a material adverse effect on our business, cash flows financial condition and results of operations.

**16. *We use relevant technology for our operations and our inability to upgrade such technology from time to time could adversely affect our operations.***

We make use of digital platforms and analytics and are extending the reach of our products and brands through omni-channel platforms. Further, we use relevant technology for supporting our operations, including property management, material procurement, running loyalty programs and customer amenities.

Our ability to operate seamlessly depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis. These technologies may undergo enhancements from time to time and our inability to maintain or upgrade the technologies used by us for operations, could materially and adversely affect our operations.

The development and maintenance of these digital platforms and technologies may require timely investment by us, which could adversely affect our cash flows, financial condition and results of operations. Further, there can be no assurance that we will achieve the anticipated benefits from adoption and implementation of these on for our operations.

**17. *Our business is subject to seasonal and cyclical volatility.***

We offer products at our stores that our consumers require and our success is dependent on our ability to meet our consumers' requirements. The retail consumer spending is heavily dependent on the economy and, to a large extent, on various occasions such as festive, wedding etc. Any year also has phases of lean sales and also phases with end of season sales. These seasonal variations in consumer demand subject our sector to a considerable degree of volatility.

As a result, our revenue and profits may vary during different quarters of the financial year and certain periods may not be indicative of our financial position for a full financial year or future quarters or periods and may be below market expectations. Further, any unanticipated decrease in demand for our products during our peak selling season could result into higher closing inventory position, which may lead to sale and liquidation of inventory getting delayed against the trajectory under normal course of business, which could adversely affect our financial position and business operations.

Fluctuations in the apparel retail market affect the inventory owned by apparel retailers, since merchandise usually must be manufactured in advance of the season and frequently before fashion trends are evidenced by customer purchases. In addition, the cyclical nature of the retail apparel business requires us to carry a significant amount of inventory, especially prior to peak selling seasons when we build up our inventory levels. As a result, we will be vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise production. If sales do not meet expectations, too much inventory may lower planned margins. Our brand image may also suffer if customers believe we are no longer able to offer the latest fashion. The occurrence of these events could adversely affect our cash flows, financial condition and business operations.

**18. *We face the risk of our designs being out of trend.***

Our success is largely dependent upon our ability to gauge the ever evolving fashion tastes of our customers and to

provide merchandise that satisfies customer demand in a timely manner. The retail apparel business fluctuates according to changes in consumer preferences dictated, in part, by fashion and season. To the extent we misjudge the market for our merchandise or the products suitable for our market, our sales may get adversely affected. We might not always be able to design our products in line with the evolution of the markets and thus being exposed to the risk of inability to create popular designs. We are also to a large extent dependant on functional experts such as designers who can identify and predict the emerging trends based on analysis of customer preferences.

Typically, we keep inventory relating to a particular season at our stores and thereafter try to liquidate any unsold inventory during end of season sales and any leftovers through factory outlets and other depletion channels. However, we face a risk of changing fashion trends and consumer preferences in India, which may result in unsold inventory being left for longer durations. We cannot assure you that we will be able to dispose such unsold inventory profitably, or at all. Our success depends upon our ability to forecast, anticipate and respond to changing consumer preferences and fashion trends in a timely manner. Any failure by us to identify and respond to such emerging trends in consumer preferences could have a material adverse effect on our business and profitability. Further, any mismatch between our forecasts, our planning and the actual purchase by customers can impact us adversely, leading to excess inventory and requiring us to resort to higher markdown and thus lower margins in order to clear such inventory.

**19. *Our Company proposes to utilize a portion of the Net Proceeds to repay certain borrowings availed by our Company.***

Our Company intends to use a certain portion of the Net Proceeds for the repayment of certain borrowings of our Company. The details of the borrowings identified to be repaid using the Net Proceeds have been disclosed in “*Objects of the Issue*” on page 55. Further, our Company may refinance/ roll over some or all of such identified borrowings in the ordinary course of business depending on the requirements of our Company. Accordingly, our Company may utilise the Net Proceeds for repayment of such refinanced/rolled over borrowings or fresh borrowings obtained by our Company which are in the nature of short-term borrowings.

However, the repayment of the identified borrowings are subject to various factors including, commercial considerations, market conditions, cost of borrowings and conditions attached to such borrowings. Our Company has applied for and received consents from all relevant lenders for undertaking the Issue.

While we believe that utilization of Net Proceeds for repayment of borrowings would help us to reduce our cost of debt and enable the utilization of our funds for further investment in business growth and expansion, the repayment of loans will not result in the creation of any tangible assets for our Company.

**20. *We have incurred indebtedness and are required to comply with certain covenants based on documentation entered into with the lenders. Our inability to meet our obligations, including financial and other covenants, under our financing arrangements could adversely affect our business, results of operations, financial condition and cash flows. Further, the terms of our financing arrangements contain various covenants that may limit our business activities.***

The terms of our financing arrangements contain, and our future indebtedness may contain, various restrictive covenants that limit our management’s discretion in operating our business. In particular, these agreements include, or may include, covenants relating to limitations on amendment of memorandum of association or articles of association, change in board composition resulting in change of control and reduction of share capital.

In addition, our financing arrangements require us to comply with certain financial covenants as well as information covenants. Such restrictions could limit our ability to respond to market conditions, to provide for unanticipated capital investments or to take advantage of business or acquisition opportunities. Compliance with these covenants may prevent us from pursuing opportunities that we believe would benefit our business, including opportunities that we might pursue as part of our plans to expand our store base, our product offerings and sales channels.

Some of our financing agreements also contain cross-default clauses, which are triggered in the event of default by our Company under the respective financing agreements.

Our failure to meet our debt service obligations and observe covenants under our financing agreements including restrictive covenants, obtaining necessary consents required thereunder, will trigger events of default, which may lead to the termination of our facilities, levy of default interest, acceleration of the maturity of our obligations and the enforcement of any security provided in relation thereto, which could have an adverse effect on our business, results of operations, cash flows and financial condition. Our future borrowings may also contain similar restrictive provisions. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings.

**21. *Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations, cash flows and financial condition.***

The cost and availability of capital depends in part on our credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any

downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, certain of our financing arrangements provide that if any downgrade in our credit ratings below 'A' occurs at any time during the currency of borrowings availed by us, the lenders/ or debenture holders have a right call upon our Company to mandatorily prepay the loan or redeem the debentures, partially or fully, as applicable. Further, any downgrade in our credit ratings may increase the effective yield and consequently the redemption amount may be reset and stepped up under certain of our financing arrangements. It could also increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, cash flows and financial condition.

**22. *Disruptions in the global financial markets could affect the ability of our counterparties and others to perform their obligations to us.***

The current economic environment could cause counterparties and other parties to breach their obligations to us under our contracts with them, which could include failures of our counterparties to provide us with raw materials under the existing contracts and might induce such counterparties to limit or place burdensome conditions upon future transactions with our Company. Any of the foregoing could adversely impact our business, financial condition, cash flows and results of operations.

**23. *Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition, cash flows and results of operations.***

Our operations are subject to various risks inherent in the sectors in which we operate, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We maintain insurance over our property and stores for standard perils including fire and burglary. We also have terrorism, transit and transporters policy. With respect to losses which are covered by our policies, it may be difficult and may take us time to recover such losses from insurers. In addition, we may not be able to recover the full amount from the insurer.

We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our cash flows, financial condition and future results of operations. There can be no assurance that any claims filed will be honoured fully or at all or timely under our insurance policies. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

There can be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

**24. *We have commissioned industry report from third party agency, which have been used for industry related data in this Letter of Offer and such data has not been independently verified by us.***

We have commissioned the industry report from Wazir Advisors Private Limited. The report uses certain methodologies for market sizing and forecasting. Neither we, nor any of the Lead Managers have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Letter of Offer in this context. Such data may also be produced on different bases from those used in the industry publications we have referenced. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. The methodology used in the Wazir Advisors Report may be different from the methodology we adopt and accordingly, the details of sales, market share and financial data included in the Wazir Advisors Report may not accurately reflect our revenues, results of operations and financial results. For further details, see "*Presentation of Financial and other Information*" and "*Industry Overview*" beginning on pages 11 and 64, respectively.

**25. *Our Audited Financial Statements have not yet been placed before our Shareholders in a general meeting.***

Pursuant to a resolution dated May 27, 2020, our Board approved the Audited Financial Statements for the quarter / year ended March 31, 2020. In terms of Section 134(3) of the Companies Act, 2013, as amended, read with Rule 8 of Companies (Accounts) Rules, 2014, as amended, a board report on the reporting period which shall be placed before our Shareholders in a general meeting. Our Company, in due course will hold its annual general meeting for the year ended March 31, 2020 and place our Audited Financial Statements for the Fiscal ended March 31, 2020, before our Shareholders. Such financial statements, which include the Audited Financial Statements included in this Letter of Offer, shall remain subject to adoption, remarks and observations of our Shareholders, if any.

26. ***Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other external agency. Further, in the absence of such external appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see “*Objects of the Issue*” on page 55.

27. ***Our contingent liabilities could adversely affect our financial condition if they materialize.***

As at March 31, 2020, we had contingent liabilities not provided for as per Ind AS 37 amounting to ₹ 49.75 crores. For details in relation to our contingent liabilities not provided for as per Ind AS 37, see “*Summary of Letter of Offer – Contingent Liabilities*” on page 177 and “*Financial Statements*” on page 91. If, for any reason, these contingent liabilities materialize, it could adversely affect our cash flows, financial condition and results of operations.

28. ***Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition.***

We have not declared dividend in the last three fiscals. The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company’s dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

29. ***Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

We cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Future strikes, work stoppages or unionization efforts or other types of conflict with our employees could have an adverse effect on our business, cash flows, financial condition and results of operations. Further, in the event that one or more of our vendors experience a work stoppage that adversely affects or delays delivery of any equipment or services that such vendors provide to us, such work stoppage could have an adverse effect on the our business, cash flows, financial condition, results of operations and prospects.

30. ***Compliance with data privacy norms may require us to incur expenditure, which may adversely impact its financial condition and cash flows.***

We are subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may restrict our business activities, require us to incur expense and devote considerable time to compliance efforts. The existing data privacy regulations limit the extent to which we can use personal identifiable information and limit our ability to use third-party firms in connection with customer data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain.

Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For instance, the Personal Data Protection Bill, 2018 (“**PDP Bill**”), applies to processing of personal data, which has been collected, disclosed, shared or processed within India. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the PDP Bill. Changes or further restrictions in data privacy laws, rules and regulations could have a material adverse effect on our business, cash flows, financial condition and results of operations. The cost and operational consequences of implementing further data protection measures could be significant and this may have a material adverse effect on our business, cash flows, financial condition and results of operations.

31. ***The international mono brands distributed by us are not owned and are sold pursuant to long term agreements with brand owners. These agreements with brand owners, inter alia, contain certain performance obligations and are***



***also capable of being terminated. The termination or non-renewal of any of these agreements may have a material adverse effect on our business and the result of operations.***

We have entered into agreements with the brands owners of certain international mono brands, pursuant to which we distribute certain products using such brands in India. If we fail to honour any performance obligations included in these agreements due to any reason whatsoever, such agreements may not be continued or renewed by the brand owners. Accordingly, if our agreements are not renewed or are renewed on the terms and conditions that are not favourable to us, our business, cash flows, financial condition and results of operation may be adversely affected. Further, these agreements have short termination notice period. In case such existing agreements are terminated or we are unable to continue entering into agreements with such international mono brands which we sell under our Madura Segment, our results of operations may be affected.

### ***External Risk Factors***

**1. *Purchases of retail apparel merchandise are generally discretionary and economic conditions may cause a decline in consumer spending which could adversely affect our business and financial performance.***

Our operations and performance depend significantly on worldwide economic conditions and their impact on levels of consumer spending, particularly in discretionary areas, such as apparel. Our business and financial performance, including our sales may be adversely affected by the current decrease and any future decrease in economic activity in the country that could potentially cause a decline in consumer spending. Consumers are generally more willing to make discretionary purchases, including purchases of fashion products, during periods in which favourable economic conditions prevail. A decrease in consumer discretionary spending as a result of the current economic conditions may decrease the demand for our products. In addition, reduced consumer spending may cause us to lower prices, suffer significant product returns from our customers or drive us to offer additional products at promotional prices, any of which would have a negative impact on our profits.

Our ability to meet customers' demands depends, in part, on our ability to obtain timely and adequate delivery of materials from our suppliers. The current global financial situation may materially adversely affect the ability of our suppliers to obtain financing for significant purchases and operations. If certain key suppliers were to become capacity constrained or insolvent as a result of the financial crisis, it could result in a reduction or interruption in supplies or a significant increase in the price of supplies which in case is passed on to the consumers may adversely impact consumer spending and therefore our financial results. Reduced revenues as a result of decreased consumer spending may also reduce our working capital for planned store improvements and opening of additional stores in the manner that we have in the past. These and other economic factors could have a material adverse effect on demand for our products and on our financial condition, cash flows and operating results. In addition, as a result of decreased revenues and working capital, we may be required to seek additional financing which may not be available on acceptable terms or at all. There can be no assurance that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize such markets or increase liquidity and the availability of credit to consumers and businesses.

**2. *Our business is affected by prevailing economic, political and other conditions in India and the markets we currently service.***

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters;

- infectious disease outbreaks or other serious public health concerns such as the global outbreak of COVID-19;
- regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its retail sector in specific.

If any or more of the above events were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of a certain event. Our performance and the growth of our business depend on the performance of the Indian economy and could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The current slowdown in the Indian economy could adversely affect our business and our lenders and contractual counterparties, especially if such a slowdown were to be prolonged. Any such slowdown could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

**3. *Changing laws, rules and regulations and legal uncertainties including adverse application of tax laws may adversely affect our business results of operations, cash flows and financial performance.***

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations. Any new regulations and policies and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on all our business, financial condition, cash flows and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

**4. *Differences exist between Ind AS and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.***

We have adopted Ind AS with effect from April 1, 2016. Ind AS and other accounting standards like IFRS differ in certain respects. We have not attempted to quantify the impact of IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of Ind AS with IFRS.

Accordingly, the degree to which the financial statements prepared under Ind AS and other accounting principles, such as IFRS, will provide meaningful information is entirely dependent on the reader's level of familiarity with these standards. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

**5. *Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Equity Shares to decrease.***

The Indian financial markets and the Indian economy are influenced by the economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. For example, loss of investor confidence in other financial systems may cause volatility in Indian financial markets, including with respect to the movement of exchange rates and interest rates in India, and, indirectly, in the Indian economy in general. Any such continuing or other significant financial disruption could have an adverse effect on our business, financial results and the trading price of the Equity Shares.

**6. *Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are beyond our control, for instance, India's credit rating has recently been reduced to Baa3 with a negative outlook by Moody's. Any further adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including

India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

**7. *Wars, acts of terrorism and other similar threats could adversely affect our business, cash flows, results of operations and financial condition.***

Wars, terrorism and other acts of violence may adversely affect our business and the Indian markets in which the Equity Shares trade or on which the Equity Shares are proposed to be listed. These acts may result in a loss of business confidence and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business.

Such incidents could also create a greater perception that investment in companies in India involves a higher degree of risk and could have an adverse impact on our business and the market price of our Equity Shares.

**8. *Natural disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company.***

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our intangible assets and the loss of business continuity. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, cash flows, financial condition and results of operations.

**9. *Political instability or significant changes in the economic liberalization and deregulation policies of the Government, or in the government of the States where we operate, could disrupt our business.***

We are incorporated in India and consequently, our performance and liquidity of our Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of our securities, may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, the Indian governments have generally pursued a course of economic liberalization and deregulation aimed at accelerating the pace of economic growth and development. There can be no assurance that the Government's policies will succeed in their aims, including facilitating high rates of economic growth. New or amended policies implemented by the Government may be unsuccessful or have detrimental effects on economic growth. A significant change in India's economic liberalization and policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

**10. *We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, as amended ("**Competition Act**"), regulates practices that have or are likely to have an appreciable adverse effect on competition in the relevant market in India and has established the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services

or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected.

Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based

thresholds.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, cash flows, financial condition and results of operations.

**11. *Investors may have difficulty enforcing judgments against us or our management.***

Our Company is incorporated under the laws of India. Majority of our Directors and executive officers are residents of India and a substantial portion of our assets and the assets of the Directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, (iii) enforce, in an Indian court, court judgments obtained outside of India, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

**B. Risks Relating to the Equity Shares, Rights Equity Shares and the Issue**

**12. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements.

**13. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights

Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the trading price of the Equity Shares may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements.

**14. *Non-receipt of complete Call Monies may have an impact of a consequential shortfall in Net Proceeds and shall also result in forfeiture of the Rights Equity Shares allotted to such Eligible Equity Shareholders who fail to pay the Call Monies.***

The Calls shall be deemed to have been made at the time when the resolution authorizing such calls is passed at the meeting of our Board or Rights Issue Committee – 2020. The Calls may be revoked or postponed at the discretion of our Board, from time to time. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice in writing for the payment of the Calls. Our Board or Rights Issue Committee – 2020 may, from time to time at its discretion, extend the time fixed for the payments of the Calls. However, if the Eligible Equity Shareholders fail to pay the Call Monies, such non-receipt of complete Call Monies may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals and may impact the business and capital expenditure plans. For details, see “*Objects of the Issue*” beginning on page 55.

The non-receipt of the Call Monies within the timelines stipulated would also result in forfeiture of the Rights Equity Shares of such Eligible Equity Shareholders in accordance with the Companies Act, 2013 and Articles of Association.

**15. *Investment in Rights Equity Shares is exposed to certain risks. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, as determined by our Board at its sole discretion, from time to time. The holders of the Rights Equity Shares will not be able to trade in these securities till they are credited to the holders' account as fully paid-up. Further, until the subsistence of Rights Equity Shares, we may not be able to undertake certain forms of equity capital raising.***

The Issue Price is ₹ 110 per Rights Equity Share. On Application, Investors will have to pay ₹ 55 (50% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on two\* subsequent Calls of ₹ 27.5 each\* per Rights Equity Share pursuant to the Payment Schedule, after payment of the Application Money. (\*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time)

The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them.

If our Company does not receive the Call Money as per the timelines stipulated in the Call notice, unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Rights Equity Shares, in accordance with the Companies Act, 2013 and our Articles of Association. For details, see “*Terms of the Issue – Procedure for Calls for Rights Equity Shares*” on page 228. In case our Company declares any dividend, Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up, and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up equity capital of our Company. Therefore, the rights of holders of the Rights Equity Shares will not be *pari passu* with the rights of the other shareholders of our Company in case of non-payment of Call Monies.

The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the Final Call would be sent. From the Call Record Date for each Call prior to the Final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Rights Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations. Furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Similarly, for an applicable period, from the Call Record Date for each Call, the trading of the Rights Equity Shares would be suspended under the applicable law.

Further, there is little history of trading of partly paid-up shares in India and therefore there could be less liquidity in this segment, which may cause the price of the Rights Equity Shares to fall and may limit ability of Investors to sell the Rights Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the index.

Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues. In terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

**16. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

**17. *Our Company will not distribute this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and other Issue related materials to certain categories of overseas Shareholders.***

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Further, this Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. We have requested all the overseas Eligible Equity Shareholders to provide an address in India and their e-mail addresses for the purposes of distribution of the Issue materials. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

**18. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant’s demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant’s decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants’ ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

**19. *The R-WAP facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate R-WAP (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)), has been instituted for making an Application in this Issue by resident Investors (only in the event such Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue - Making of*

an Application through the Registrar's Web-based Application Platform ("R-WAP") process" beginning on page 214. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the R-WAP.

**20. *SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 210.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account (namely, "ABFRL RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings; or (g) the OCBs. For further details of the OCBs, see "*Capital Structure*" on page 48.

**21. *The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares to be Allotted in the Issue until they provide details of their demat account and Rights Equity Shares to be Allotted in the Issue are transferred to such demat account from the demat suspense account thereafter.***

The Rights Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, among others, details of their demat accounts to our Company or the Registrar by December 31, 2020 or any other date as the Board or Rights Issue Committee – 2020 may decide. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Rights Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Rights Equity Shares Allotted in the Issue. For details, see "*Terms of the Issue*" on page 210.

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. In case of non-receipt of such details of demat account by December 31, 2020 or any other date as the Board or Rights Issue Committee – 2020 may decide, our Company shall conduct a sale of such Rights Equity Shares and remit the proceeds of such sale to the resident Eligible Equity Shareholders,. For further details on the sale process, see "*Terms of the Issue - Allotment Advice or Refund/ Unblocking of ASBA Accounts*" on pages 234-236. . Proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) may be higher or

lower than the Application Money paid by such Eligible Equity Shareholders. We cannot assure you that such proceeds by way of sale of such Rights Equity Shares will be higher than the Application Money paid by you, and that you shall not suffer a loss in this regard.

Further, in case, bank accounts of the aforesaid Eligible Equity Shareholders cannot be identified due to any reason or bounce back from such bank accounts, our Company may use payment mechanisms such as cheques, demand drafts etc. to remit the proceeds of sale of the Rights Equity Shares to such Eligible Equity Shareholders. If such bank account from which Application Money was received is closed or non-operational, the sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

**22. *Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

**23. *There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.***

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- Our financial results and the financial results of the other companies in the similar lines of businesses;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

**24. *Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

**25. *Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

**26. *You may be subject to Indian taxes arising out of capital gains on sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of the Equity Shares in an Indian company are generally taxable in India. Section 10(38) of the IT Act which exempted capital gains arising on sale of



listed equity shares held for more than 12 months has been withdrawn w.e.f. April 1, 2018. The Finance Act, 2018 introduced section 112A wherein such capital gains, as exceeding ₹100,000, arising on sale of listed equity shares held for more than 12 months is subject to capital gains tax at the rate of 10% if STT has been paid on both, purchase and sale of shares (except in certain cases notified by the Central Board of Direct Taxes vide Notification No. 60/2018 dated October 1, 2018). STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

Further, the Finance Act, 2019 made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

**27.  *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution unless the company has obtained approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

**28.  *Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI and such transaction is within the sectional cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the appropriate authorities will be required. Further, presently foreign direct investment in the multi-brand retail sector is capped at 51%.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Additionally, as an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business growth, cash flows, financial condition and results of operations.

**29.  *There is no guarantee that our Rights Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of the Rights Equity Shares will not be granted by the Stock Exchanges until after those Rights Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Rights Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Rights Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the

ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

- 30. *You may not receive the Rights Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Rights Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately fifteen days from the Issue Closing Date. You can start trading such Rights Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Rights Equity Shares allocated to you will be credited to your demat account, or that trading in the Rights Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of resolutions passed by our Board on May 27, 2020 and June 25, 2020, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in “*Terms of Issue*” beginning on page 210.

	<b>Equity Shares</b>
<b>Rights Equity Shares being offered by our Company</b>	9,04,65,693 Rights Equity Shares
<b>Rights Entitlement</b>	9 (nine) Rights Equity Share for every 77 (seventy seven) fully paid-up Equity Share(s) held on the Record Date
<b>Record Date</b>	Wednesday, July 1, 2020
<b>Face Value</b>	₹ 10 each
<b>Issue Price</b>	₹ 110 per Rights Equity Share (including premium)  On Application, Investors will have to pay ₹ 55 (50% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on two* subsequent Calls of ₹ 27.50 each* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money  <i>*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time</i>
<b>Dividend</b>	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, as per applicable law
<b>Issue Size</b>	Aggregating to ₹ 9,95,12,26,230#  <i>#Assuming full subscription</i>
<b>Equity Shares subscribed, paid-up and outstanding prior to the Issue</b>	77,39,67,409 Equity Shares. For details, see “ <i>Capital Structure</i> ” beginning on page 48
<b>Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement and having made fully paid-up)</b>	86,44,49,955
<b>Security Codes for the Equity Shares, Rights Equity Shares and Rights Entitlements#</b>	ISIN: INE647O01011 BSE Code: 535755 NSE Code: ABFRL ISIN for Rights Equity Shares: IN9647O01019 ISIN for Rights Entitlements: INE647O20011
<b>Terms of the Issue</b>	For details, see “ <i>Terms of Issue</i> ” beginning on page 210
<b>Use of Issue Proceeds</b>	For details, see “ <i>Objects of the Issue</i> ” beginning on page 55

*#Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.*

For details in relation Fractional Entitlements, see “*Terms of the Issue – Fractional Entitlements*” beginning on page 228.

#### Terms of Payment

<b>Due Date<sup>(1)</sup></b>	<b>Face Value (₹)</b>	<b>Premium (₹)</b>	<b>Total (₹)</b>
On Application	5.00	50.00	55.00 <sup>(2)</sup>
First Call* (January 2021)	2.50	25.00	27.50 <sup>(3)</sup>
Final Call* (July 2021)	2.50	25.00	27.50 <sup>(4)</sup>
<b>Total (₹)</b>	<b>10.00</b>	<b>100.00</b>	<b>110.00</b>

*\* Subject to modifications as approved by the Board / Rights Issue Committee-2020 from time to time*

*(1) For further details on Payment Schedule, see “Terms of the Issue – Payment Terms” on pages 227-228.*

*(2) Constitutes 50% of the Issue Price.*

*(3) Constitutes 25% of the Issue Price.*

*(4) Constitutes 25% of the Issue Price.*

## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Audited Financial Statements. Our summary financial information presented below, is in Rupees/ Rupees crore and should be read in conjunction with the financial statements and the notes thereto included in the section, “Financial Statements” beginning on page 91.

### Summary of Consolidated Balance sheet

Sr. No.	Particulars	(in ₹ crore)
As at	March 31, 2020	
<b>A</b>	<b>ASSETS</b>	
<b>I</b>	<b>Non-current assets</b>	
	(a) Property, plant and equipment	642.89
	(b) Capital work-in-progress	44.08
	(c) Right-of-use assets	2,206.85
	(d) Goodwill	1,983.06
	(e) Other intangible assets	107.20
	(f) Intangible assets under development	3.54
	(g) Financial assets	
	(i) Investments	7.16
	(ii) Loans	3.43
	(iii) Security deposits	300.89
	(iv) Other financial assets	0.39
	(h) Deferred tax assets (net)	194.96
	(i) Non-current tax assets (net)	22.48
	(j) Other non-current assets	77.75
	<b>Total - Non-current assets</b>	<b>5,594.68</b>
<b>II</b>	<b>Current assets</b>	
	(a) Inventories	2,366.78
	(b) Financial assets	
	(i) Investments	7.04
	(ii) Loans	7.13
	(iii) Security deposits	108.33
	(iv) Trade receivables	840.46
	(v) Cash and cash equivalents	266.80
	(vi) Bank balance other than above	0.14
	(vii) Other financial assets	177.97
	(c) Other current assets	396.23
	<b>Total - Current assets</b>	<b>4,170.88</b>
	<b>TOTAL – ASSETS</b>	<b>9,765.56</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>	
<b>I</b>	<b>Equity</b>	
	(a) Equity share capital	773.95
	(b) Other equity	293.94
	<b>Equity attributable to owners of the Company</b>	<b>1,067.89</b>
	(c) Non-controlling interest	19.90
	<b>Total - Equity</b>	<b>1,087.79</b>
<b>II</b>	<b>Non-current liabilities</b>	
	(a) Financial liabilities	
	(i) Borrowings	856.93
	(ii) Lease liabilities	1,820.83
	(iii) Deposits	109.78
	(iv) Other financial liabilities	60.13
	(b) Deferred tax liabilities (net)	7.25
	(c) Provisions	100.10
	(d) Other non-current liabilities	12.29
	<b>Total - Non-current liabilities</b>	<b>2,967.31</b>
<b>III</b>	<b>Current liabilities</b>	
	(a) Financial liabilities	
	(i) Borrowings	1,511.88
	(ii) Lease liabilities	680.97
	(iii) Trade payables	

Sr. No.	Particulars	As at March 31, 2020
	(a) Total outstanding dues of micro enterprises and small enterprises	99.39
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,190.53
	(iv) Deposits	153.40
	(v) Other financial liabilities	879.38
	(b) Provisions	88.73
	(c) Other current liabilities	106.18
	<b>Total - Current liabilities</b>	<b>5,710.46</b>
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>9,765.56</b>

#### Summary of Consolidated Statement of Profit and Loss

(in ₹ crore)

Sr. No.	Particulars	Year ended March 31, 2020
I	Revenue from operations	8,787.86
II	Other income	65.30
III	<b>Total income (I + II)</b>	<b>8,853.16</b>
IV	<b>Expenses</b>	
	(a) Cost of materials consumed	785.59
	(b) Purchases of stock-in-trade	3,800.77
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(362.21)
	(d) Employee benefits expense	1,080.53
	(e) Finance costs	424.71
	(f) Depreciation and amortisation expense	885.31
	(g) Rent expense	487.02
	(h) Other expenses	1,784.33
	<b>Total expenses</b>	<b>8,886.05</b>
V	<b>Profit/ (loss) before tax (III - IV)</b>	<b>(32.89)</b>
VI	<b>Income tax expense</b>	
	(a) Current tax	0.01
	(b) Deferred tax	132.12
VII	<b>Net profit/ (loss) after tax (V - VI)</b>	<b>(165.02)</b>
VIII	<b>Other comprehensive income</b>	
	<b>Items that will not be reclassified to profit or loss</b>	
	(a) Re-measurement gain/ (losses) on defined benefit plans	4.37
	Income tax effect on above	(1.27)
	(b) Fair value gain on equity instruments	2.95
	Income tax effect on above	(0.74)
	<b>Items that will be reclassified to profit or loss</b>	
	(a) Exchange differences on translation of foreign operations	(0.06)
	Income tax effect on above	0.01
	<b>Total other comprehensive income</b>	<b>5.26</b>
IX	<b>Total comprehensive income (VII + VIII)</b>	<b>(159.76)</b>
X	<b>Profit/ (loss) attributable to</b>	
	- Owners of the Company	(163.01)
	- Non-controlling interest	(2.01)
		<b>(165.02)</b>
XI	<b>Other comprehensive income attributable to</b>	
	- Owners of the Company	5.29
	- Non-controlling interest	(0.03)
		<b>5.26</b>
XII	<b>Total comprehensive income attributable to</b>	
	- Owners of the Company	(157.72)
	- Non-controlling interest	(2.04)
		<b>(159.76)</b>
XIII	<b>Earnings per Equity Share (Nominal value of share ₹ 10)</b>	
	(a) Basic (₹)	(2.11)
	(b) Diluted (₹)	(2.11)

## Summary of Consolidated Statement of Cash Flows

(in ₹ crore)

Sr. No.	Particulars	Year ended March 31, 2020
<b>I</b>	<b>Cash flows from operating activities</b>	
	<b>Profit/ (loss) before tax</b>	<b>(32.89)</b>
	Adjustments for:	
	Depreciation and amortisation expense	885.31
	Finance costs	421.96
	Gain on retirement of right-of-use assets	(12.93)
	Loss on sale/ discard of property, plant and equipment	2.77
	Share-based payment to employees	20.02
	Interest income	(0.38)
	Net gain on sale of current investments	(4.85)
	Net unrealised exchange gain	(2.64)
	Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss	(24.26)
	Provision for doubtful debts, deposits and advances	11.01
	Bad debts written off	0.06
	<b>Operating profit before working capital changes</b>	<b>1,263.18</b>
	Changes in working capital:	
	(Increase)/ decrease in trade and other receivables	(63.07)
	(Increase)/ decrease in inventories	(431.56)
	(Increase)/ decrease in other assets	(112.55)
	Increase/ (decrease) in trade and other payables	(138.56)
	Increase/ (decrease) in provisions	(12.37)
	Increase/ (decrease) in other liabilities	145.47
	<b>Cash generated from operations</b>	<b>650.54</b>
	Income taxes paid (net of refund)	(6.50)
	<b>Net cash flow from operating activities</b>	<b>644.04</b>
<b>II</b>	<b>Cash flows from investing activities</b>	
	Purchase of property, plant and equipment, intangible assets and capital advance	(318.44)
	Consideration paid for acquisition of/ investment in subsidiaries, net of cash acquired	(136.25)
	Purchase of current investments	(6,859.51)
	Investment in treasury shares held by ESOP trust	(100.49)
	Proceeds from sale of property, plant and equipment and intangible assets	6.15
	Proceeds from sale/ maturity of current investments	6,857.32
	Interest received	0.33
	<b>Net cash flow used in investing activities</b>	<b>(550.89)</b>
<b>III</b>	<b>Cash flows from financing activities</b>	
	Proceeds from issue of equity shares	7.23
	Proceeds from non-current borrowings (net off charges)	1,044.77
	Proceeds from sale of property, plant and equipment under sale and leaseback arrangement	47.93
	Proceeds/ (repayments) of current borrowings (net)	1,036.62
	Repayment of non-current borrowings	(1,007.21)
	Repayment of lease liabilities	(588.60)
	Interest paid	(424.28)
	<b>Net cash flow from financing activities</b>	<b>116.46</b>
	<b>Net increase in cash and cash equivalents</b>	<b>209.61</b>
	Cash and cash equivalents at the beginning of the year	57.19
	<b>Cash and cash equivalents at the end of the year</b>	<b>266.80</b>
	<b>Components of Cash and cash equivalents</b>	
	Balances with banks - on current account	159.54
	Balances with banks - on deposit accounts (original maturity less than 3 months)	100.00
	Balances with credit card companies	0.05
	Balances with e-wallet companies	0.13
	Cash on hand	7.08
	<b>Total Cash and cash equivalents</b>	<b>266.80</b>

## GENERAL INFORMATION

Our Company was incorporated as 'Peter England Fashions and Retail Limited' on April 19, 2007 as a public limited company under the Companies Act, 1956. Our Company received its certificate for commencement of business on May 14, 2007. The name of our Company was changed to 'Pantaloons Fashion & Retail Limited' pursuant to the Pantaloons Scheme and a fresh certificate of incorporation, dated April 23, 2013 was issued by the RoC. Subsequently, the name of our Company was changed to 'Aditya Birla Fashion and Retail Limited' pursuant to the Madura Scheme and a fresh certificate of incorporation dated January 12, 2016, was issued by the RoC.

For details of change in name and Registered and Corporate Office of our Company and details of Pantaloons Scheme and Madura Scheme, see "*History and Corporate Structure*" beginning on page 84.

### Registered and Corporate Office, CIN and Registration Number of our Company

Piramal Agastya Corporate Park  
Building 'A', 4<sup>th</sup> and 5<sup>th</sup> Floor  
Unit No. 401, 403, 501, 502  
L.B.S. Road, Kurla, Mumbai 400 070  
Telephone: +91 86529 05000  
Website: www.abfirl.com  
Corporate Identity Number: L18101MH2007PLC233901  
Registration number: 233901  
E-mail Id: secretarial.abfirl@adityabirla.com

### Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies  
Everest, 5<sup>th</sup> Floor  
100, Marine Drive  
Mumbai 400 002

### Board of Directors

The following table sets out the details of our Board as of the date of this Letter of Offer:

Name	Designation	DIN	Address
Mr. Ashish Dikshit	Managing Director	01842066	E/405, Raheja Residency, 8 <sup>th</sup> C Main Road, Koramangala, Bangalore 560 034
Mr. Himanshu Kapania	Additional non-executive Director and Vice Chairman	03387441	1401/1402, Vastu Bandra CHS, 14 <sup>th</sup> floor, Bandra West, Mumbai 400 050
Mr. Nish Bhutani	Additional Independent Director	03035271	Flat 2, Sonmarg, 67/B, Nepean Sea Road, Malabar Hill, Mumbai 400 006
Ms. Sukanya Kripalu	Independent Director	06994202	1703, Vivarea Tower B-1, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011
Mr. Sunirmal Talukdar	Additional Independent Director	00920608	Flat No. 406, 12 Ashoka Road, Alipore, Kolkata 700 027
Mr. Sushil Agarwal	Non-executive Director	00060017	602, Vastu, 52 Pali Hill, Bandra (West), Mumbai 400 050

For further details of our Directors, see "*Our Management*" beginning on page 87.

### Company Secretary and Compliance Officer

#### Ms. Geetika Anand

Company Secretary and Compliance Officer  
Aditya Birla Fashion and Retail Limited  
Piramal Agastya Corporate Park, Building 'A', 4<sup>th</sup> and 5<sup>th</sup> Floor  
Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla  
Mumbai 400 070  
Telephone: +91 86529 05000  
E-mail Id: secretarial.abfirl@adityabirla.com

## **Lead Managers to the Issue**

### **ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg  
Churchgate  
Mumbai 400 020  
Telephone: +91 (22) 2288 2460  
E-mail Id: abfrl.rights@icicisecurities.com  
Investor grievance e-mail Id:  
customercare@icicisecurities.com  
Contact person: Shekher Asnani/ Rishi Tiwari  
Website: www.icicisecurities.com  
SEBI registration number: INM000011179

### **Axis Capital Limited**

1<sup>st</sup> Floor, Axis House  
C-2, Wadia International Centre, P.B. Marg, Worli  
Mumbai 400 025  
Telephone: +91 (22) 4325 2183  
E-mail id: abfrl.rights@axiscap.in  
Investor grievance e-mail id:  
complaints@axiscap.in  
Contact person: Sagar Jatakiya  
Website: www.axiscapital.co.in  
SEBI registration number: INM000012029

### **CLSA India Private Limited**

8/F Dalamal House  
Nariman Point  
Mumbai 400 021  
Telephone: +91 (22) 6650 5050  
E-mail id: abfrl.rights@clsa.com  
Investor grievance e-mail id:  
investor.helpdesk@clsa.com  
Contact Person: Prachi Chandgothia  
Website: www.india.clsa.com  
SEBI registration number: INM000010619

## **Legal Advisor to our Company as to Indian law**

### **Cyril Amarchand Mangaldas**

5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
Telephone: +91 (22) 2496 4455

## **Legal Advisor to the Lead Managers as to Indian law**

### **Khaitan & Co**

One Indiabulls Centre  
10<sup>th</sup> and 13<sup>th</sup> Floor, Tower 1  
841, Senapati Bapat Marg  
Mumbai 400 013  
Telephone: +91 (22) 6636 5000

## **Special Purpose International Legal Counsel to the Lead Managers**

### **Squire Patton Boggs Singapore LLP**

10 Collyer Quay  
#03-01/02 Ocean Financial Centre  
Singapore 049315  
Republic of Singapore  
Telephone: +65 6922 8668

### **SBI Capital Markets Limited**

202, Maker Tower 'E'  
Cuffe Parade  
Mumbai 400 005  
Telephone: +91 (22) 2217 8300  
E-mail: abfrl.rights@sbicaps.com  
Investor grievance e-mail Id:  
investor.relations@sbicaps.com  
Contact person: Sambit Rath/ Janardhan Wagle  
Website: www.sbicaps.com  
SEBI registration number: INM000003531

### **BNP Paribas**

BNP Paribas House, 1-North Avenue  
Maker Maxity, Bandra Kurla Complex  
Bandra (E), Mumbai 400 051  
Telephone: +91 (22) 3370 4000  
E-mail id: dl.rights.abfrl@asia.bnpparibas.com  
Investor grievance e-mail id:  
indiainvestors.care@asia.bnpparibas.com  
Contact person: Soumya Guha  
Website: www.bnpparibas.co.in  
SEBI registration number: INM000011534



## Registrar to the Issue

### Link Intime India Private Limited

C-101, 247 Park  
L B S Marg, Vikhroli (West)  
Mumbai 400 083  
Telephone: +91 (22) 4918 6200/ 4918 6171 / 4918 6172  
Investor grievance e-mail: [abfri.rights@linkintime.co.in](mailto:abfri.rights@linkintime.co.in)  
Contact person: Sumeet Deshpande  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
SEBI registration number: INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or R-WAP may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “*Terms of the Issue*” beginning on page 210.

## Bankers to the Issue

### Axis Bank Limited

Sir P.M. Road  
Jeevan Prakash Building  
Fort, Mumbai 400 001  
Telephone: 022 40867324 / 022 40867371/ 022 40867335  
Email id: [fort.operationshead@axisbank.com](mailto:fort.operationshead@axisbank.com)/  
[fort.branchhead@axisbank.com](mailto:fort.branchhead@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact person: Amit Retharekar / Ryan Moraes  
SEBI registration number: INBI00000017

### The Federal Bank Ltd

The Federal Bank Ltd, Capital Market Operations  
Operations Department, Parackal Towers, Parur Junction,  
Thottakkatukara,  
Aluva, Kerala, 683102  
Telephone: + 91- 99465 55367  
E-mail id: [dhanyad@federalbank.co.in](mailto:dhanyad@federalbank.co.in)  
Website: <https://www.federalbank.co.in/>  
Contact person: Dhanya Dominic  
SEBI Registration No: INBI00000083

### State Bank of India

Capital Market Branch  
Mumbai Main Branch Building  
3<sup>rd</sup> floor, Samachar Marg  
Fort, Mumbai 400 023  
Telephone: 022 22719102/ 022 22719112  
Email id: [sbi.11777@sbi.co.in](mailto:sbi.11777@sbi.co.in) / [nib.11777@sbi.co.in](mailto:nib.11777@sbi.co.in)  
Website: [sbi.co.in](http://sbi.co.in)  
Contact person: Indra Kant Chaurasia  
SEBI registration number: INBI00000038

## Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

## Issue Schedule

<b>Last Date for credit of Rights Entitlements</b>	Tuesday, July 7, 2020
<b>Issue Opening Date</b>	Wednesday, July 8, 2020
<b>Last date for On Market Renunciation<sup>#</sup></b>	Friday, July 17, 2020
<b>Issue Closing Date*</b>	Wednesday, July 22, 2020
<b>Finalization of Basis of Allotment (on or about)</b>	Friday, July 31, 2020
<b>Date of Allotment (on or about)</b>	Monday, August 3, 2020
<b>Date of credit (on or about)</b>	Tuesday, August 4, 2020
<b>Date of listing (on or about)</b>	Friday, August 7, 2020

<sup>#</sup> Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

\* *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Monday, July 20, 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Tuesday, July 21, 2020.

Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. For further details, see “*Terms of the Issue- Process of making an Application in the Issue*” beginning on page 211.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “*Terms of the Issue- Process of making an Application in the Issue*” beginning on page 211.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in). after keying in their respective details along with other security control measures implemented thereat. For further details, see “*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 224.

#### **Monitoring Agency**

Our Company has appointed Axis Bank Limited as the Monitoring Agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilization of Net Proceeds.

#### **Axis Bank Limited**

The Ruby, 2<sup>nd</sup> Floor, SW  
29 Senapati Bapat Marg  
Dadar west, Mumbai – 400 028  
Telephone: +91 8796546893  
Email id: [Fort.Branchhead@axisbank.com](mailto:Fort.Branchhead@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)

#### **Inter se allocation of responsibilities of the Lead Managers and the Lead Managers**

The following table sets forth the responsibilities of the Lead Managers for various activities in relation to the Issue:

<b>S. No.</b>	<b>Activity</b>	<b>Responsibility</b>	<b>Coordination</b>
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
2.	Coordination for drafting and design of the Letter of Offer as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of filings with the Stock Exchanges and SEBI.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
3.	Drafting, design and distribution of the Abridged Letter of Offer, the Application Form and memorandum containing salient features of the Letter of Offer.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
4.	Drafting, design and distribution of the Rights Entitlement Form.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
5.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, Escrow Bank/ Bankers to the Issue, Advertising Agency, Monitoring Agency and coordination of execution of related agreements.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec

S. No.	Activity	Responsibility	Coordination
6.	Drafting and approval of all statutory advertisements.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
7.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	SBI-CAP
8.	Formulating and Coordination of International marketing strategy	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
9.	Formulating and Coordination of Domestic Institutional marketing strategy	I-Sec, SBI-CAP, Axis, BNPP, CLSA	SBI-CAP
10.	Formulating retail strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	I-Sec
11.	Submission of 1% security deposit	I-Sec, SBI-CAP, Axis, BNPP, CLSA	SBI-CAP
12.	Co-ordination with stock exchanges and formalities for use of online software, bidding terminal, mock trading, etc.	I-Sec, SBI-CAP, Axis, BNPP, CLSA	SBI-CAP
13.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Escrow Bank/ Bankers to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment, technical rejections or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Escrow Bank/ Bankers to the Issue, SCSBs, etc., and coordination for filing of media compliance report, if any, release of 1% security deposit	I-Sec, SBI-CAP, Axis, BNPP, CLSA	SBI-CAP

### Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, the requirement of minimum subscription in the right issues has been reduced from 90% to 75% of the issue size for rights issues that open on or before March 31, 2021. Accordingly, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

In case subscription received is less than 90% of the Issue but equal to or more than 75% of the Issue, our Company shall utilise the amount allocated for our main object being repayment of certain borrowings of our Company in its entirety and the remaining Net Proceeds shall be utilised towards general corporate purposes. For further details on utilisation of Net Proceeds, see “*Objects of the Issue*” beginning on page 55. If there is delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in default” will pay interest for the delayed period, as prescribed under applicable laws.

Our Promoter and members of the Promoter Group have confirmed the following: (i) fully subscribe to the extent of their Rights Entitlement and do not intend to renounce such rights, except to the extent of renunciation within our Promoter and members of the Promoter Group; and (ii) subscribe to any additional Rights Equity Shares in the Issue, amongst themselves, for ensuring subscription to the extent of at least 90% of the Issue (in case of under-subscription below 90% in the Issue) and such subscription shall be subject to applicable laws.

Any participation by our Promoter and members of the Promoter Group, over and above their rights entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

### Underwriting

The Issue is not underwritten.

### Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in).

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer, and the details of the Rights Equity Shares proposed to be issued in the Issue, issued and subscribed share capital after the Issue, are set forth below:

*(In ₹, except share data)*

		Aggregate value at face value	Aggregate value at Issue Price
<b>A</b>	<b>AUTHORIZED SHARE CAPITAL</b>		
	1,00,00,00,000 Equity Shares	10,00,00,00,000	NA
	1,00,00,000 8% Redeemable Cumulative Preference Shares	10,00,00,000	NA
	15,000 6% Redeemable Cumulative Preference Shares	15,00,000	NA
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE</b>		
	<b>Issued share capital</b>		
	77,39,84,262 Equity Shares	7,73,98,42,620	NA
	5,00,000 8% Redeemable Cumulative Preference Shares	50,00,000	NA
	500 6% Redeemable Cumulative Preference Shares	50,000	NA
	<b>Subscribed and paid up share capital</b>		
	77,39,67,409 Equity Shares <sup>(1)</sup>	7,73,96,74,090	NA
	500,000 8% Redeemable Cumulative Preference Shares	50,00,000	NA
	500 6% Redeemable Cumulative Preference Shares	50,000	NA
<b>C</b>	<b>PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER<sup>(2)</sup></b>		
	9,04,65,693 Rights Equity Shares, each at a premium of ₹ 100 per Rights Equity Share, i.e., at a price of ₹ 110 per Rights Equity Share <sup>(3)</sup>	90,46,56,930	₹ 9,95,12,26,230
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE<sup>#</sup></b>		
	<b>Issued equity share capital</b>		
	86,44,49,955 Equity Shares	8,64,44,99,550	
	<b>Subscribed and paid up share capital<sup>(4)</sup></b>		
	77,39,67,409 Equity Shares <sup>(1)</sup>	7,73,96,74,090	
	9,04,65,693 Rights Equity Shares	45,23,28,465 <sup>(5)</sup>	
<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Issue <sup>(6)</sup>		₹ 773.89 crore
	After all the Calls are made in respect of Rights Equity Shares <sup>(6)(7)</sup>		₹ 1,678.54 crore

<sup>#</sup>Assuming full subscription for and Allotment of the Rights Equity Shares

- (1) On effectiveness of the Madura Scheme, our Company had issued 67,98,19,778 Equity Shares to the shareholders of ABNL and MGLRCL. On January 27, 2016, 67,60,37,600 Equity Shares were allotted to the shareholders of ABNL and MGLRCL. Pursuant to clause 21 of the Madura Scheme, the allotment of 37,82,178 Equity Shares to 3,475 Non-Resident Shareholders, including four Overseas Corporate Bodies ("OCBs") of ABNL ("NRE Shareholders") was kept pending until receipt of applicable regulatory approvals. Thereafter, from time to time, our Company has allotted 37,65,325 Equity Shares to 3,471 NRE Shareholders in terms of applicable law and 16,853 Equity Shares held by four OCBs remain pending for allotment until receipt of regulatory approvals. Accordingly, the difference of 16,853 Equity Shares in the issued and subscribed paid-up capital of our Company is due to the pending allotment of 16,853 Equity Shares to four OCBs, which have been kept in abeyance, until receipt of the regulatory approvals.
- (2) The Issue has been approved by our Board of Directors through its resolution dated May 27, 2020.
- (3) On Application, Investors will have to pay ₹ 55 (50% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on two\* subsequent Calls of ₹ 27.50 each\* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money (\*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time).
- (4) Since the Issue is of the Rights Equity Shares, the issued, subscribed and paid up capital after the Issue reflects the Rights Equity Shares and Equity Shares only.
- (5) To the extent of Application Money
- (6) This does not take into account the amount of securities premium account for the Equity Shares kept in abeyance (referred in note 1 above).
- (7) Assuming full payment of all Calls by Rights Equity Shareholders.

## Notes to the Capital Structure

### 1. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges

(i) The equity shareholding pattern of our Company as on March 31, 2020, is as follows:

Category of Shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total number of shares held	Shareholding as a % of total number of shares (calculated as per SCRR) as a % of (A+B+C2)	Number of voting rights	Total as a % of total voting right	Number of Equity Shares held in dematerialized form
(A) Promoter & Promoter Group	15	45,71,64,117	45,71,64,117	59.07	45,71,64,117	59.07	45,71,64,117
(B) Public	1,51,661	31,23,22,609	31,23,22,609	40.35	31,23,22,609	40.35	30,33,04,226
(C1) Shares underlying DRs	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	1	44,61,261	44,61,261	0.58	44,61,261	0.58	44,61,261
(C) Non Promoter-Non Public	1	44,61,261	44,61,261	0.58	44,61,261	0.58	44,61,261
Grand Total	1,51,677	77,39,47,987	77,39,47,987	100.00	77,39,47,987	100.00	76,49,29,604

Source: www.bseindia.com

(ii) Statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” as on March 31, 2020, is as follows:

Category of Shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total number of shares held	Shareholding as a % of total number of shares (calculated as per SCRR) as a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
<b>A1) Indian</b>					
<b>Individuals/Hindu undivided Family</b>	5	7,08,254	7,08,254	0.09	7,08,254
Mrs. Rajashree Birla	1	6,63,696	6,63,696	0.09	6,63,696
Mr. Kumar Mangalam Birla	1	23,966	23,966	0.00	23,966
Mrs. Neerja Birla	1	10,270	10,270	0.00	10,270
Ms. Vasavadatta Bajaj	1	9,542	9,542	0.00	9,542
Aditya Vikram Kumar Mangalam Birla HUF	1	780	780	0.00	780
<b>Any Other (specify)</b>	10	45,64,55,863	45,64,55,863	58.98	45,64,55,863
Birla Group Holdings Private Limited	1	17,15,06,727	17,15,06,727	22.16	17,15,06,727
Grasim Industries Limited	1	8,73,80,613	8,73,80,613	11.29	8,73,80,613
IGH Holdings Private Limited	1	8,50,30,930	8,50,30,930	10.99	8,50,30,930
Umang Commercial Company Private Limited	1	6,49,72,778	6,49,72,778	8.39	6,49,72,778
Hindalco Industries Limited	1	4,49,82,142	4,49,82,142	5.81	4,49,82,142
Pilani Investment and Industries Corporation Limited	1	21,88,866	21,88,866	0.28	21,88,866
Birla Consultants Limited	1	1,49,006	1,49,006	0.02	1,49,006
Birla Industrial Finance (India) Limited	1	1,44,508	1,44,508	0.02	1,44,508
ABNL Investment Limited	1	69,327	69,327	0.01	69,327

Category of Shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total number of shares held	Shareholding as a % of total number of shares (calculated as per SCRR) as a % of (A+B+C2)	Number of Equity Shares held in dematerialized form
Birla Industrial Investments (India) Limited	1	30,966	30,966	0.00	30,966
ECE Industries Limited	-	-	-	-	-
<b>Sub Total A1</b>	<b>15</b>	<b>45,71,64,117</b>	<b>45,71,64,117</b>	<b>59.07</b>	<b>45,71,64,117</b>
<b>A2) Foreign</b>	-	-	-	-	-
<b>A=A1+A2</b>	<b>15</b>	<b>45,71,64,117</b>	<b>45,71,64,117</b>	<b>59.07</b>	<b>45,71,64,117</b>

Source: www.bseindia.com

- (iii) Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2020, is as follows:

Category and name of the Shareholders	Number of Shareholder	Number of fully paid up Equity Shares held	Total number of shares held	Shareholding % calculated as per SCRR as a % of (A+B+C2)	Number of voting rights	Total as a % of total voting right	Number of Equity Shares held in dematerialized form (not applicable)
<b>B1) Institutions</b>							
<b>Mutual Funds/</b>	<b>43</b>	<b>14,29,59,048</b>	<b>14,29,59,048</b>	<b>18.47</b>	<b>14,29,59,048</b>	<b>18.47</b>	<b>14,29,59,048</b>
Reliance Mutual Fund and its Affiliates	1	3,95,24,985	3,95,24,985	5.11	3,95,24,985	5.11	3,95,24,985
UTI Mutual Fund and its Affiliates	1	2,05,42,574	2,05,42,574	2.65	2,05,42,574	2.65	2,05,42,574
Franklin Mutual Fund and its Affiliates	1	1,61,12,315	1,61,12,315	2.08	1,61,12,315	2.08	1,61,12,315
Mirae Asset Mutual Fund and its Affiliates	1	1,48,87,136	1,48,87,136	1.92	1,48,87,136	1.92	1,48,87,136
Sundaram Mutual Fund and its Affiliates	1	1,08,24,041	1,08,24,041	1.40	1,08,24,041	1.40	1,08,24,041
ITPL Mutual Fund and its Affiliates	1	94,18,455	94,18,455	1.22	94,18,455	1.22	94,18,455
Aditya Birla Sun Life Trustee Private Limited Mutual Fund and its Affiliates	1	81,07,104	81,07,104	1.05	81,07,104	1.05	81,07,104
<b>Alternate Investment Funds</b>	<b>3</b>	<b>5,05,423</b>	<b>5,05,423</b>	<b>0.07</b>	<b>5,05,423</b>	<b>0.07</b>	<b>5,05,423</b>
<b>Foreign Portfolio Investors</b>	<b>157</b>	<b>6,52,73,719</b>	<b>6,52,73,719</b>	<b>8.43</b>	<b>6,52,73,719</b>	<b>8.43</b>	<b>6,52,73,719</b>
India Opportunities Growth Fund Ltd. - Pinewood Strategy	1	87,14,518	87,14,518	1.13	87,14,518	1.13	87,14,518
<b>Financial Institutions/ Banks</b>	<b>45</b>	<b>5,09,681</b>	<b>5,09,681</b>	<b>0.07</b>	<b>5,09,681</b>	<b>0.07</b>	<b>5,09,681</b>
<b>Insurance Companies</b>	<b>18</b>	<b>2,10,78,007</b>	<b>2,10,78,007</b>	<b>2.72</b>	<b>2,10,78,007</b>	<b>2.72</b>	<b>2,10,78,007</b>
ICICI Prudential Life Insurance Company Limited	1	81,13,980	81,13,980	1.05	81,13,980	1.05	81,13,980
<b>Any Other (specify)</b>	<b>41</b>	<b>1,22,961</b>	<b>1,22,961</b>	<b>0.02</b>	<b>1,22,961</b>	<b>0.02</b>	<b>12,816</b>

Category and name of the Shareholders	Number of Shareholder	Number of fully paid up Equity Shares held	Total number of shares held	Shareholding % calculated as per SCRR as a % of (A+B+C2)	Number of voting rights	Total as a % of total voting right	Number of Equity Shares held in dematerialized form (not applicable)
Foreign Banks	39	36,017	36,017	0.00	36,017	0.00	12,816
UTI	2	86,944	86,944	0.01	86,944	0.01	
<b>Sub Total B1</b>	<b>307</b>	<b>23,04,48,839</b>	<b>23,04,48,839</b>	<b>29.78</b>	<b>230,448,839</b>	<b>29.78</b>	<b>23,02,14,555</b>
<b>B2) Central Government/ State Government(s)/ President of India</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
Central Government/ State Government(s)/ President of India	5	45,82,518	45,82,518	0.59	45,82,518	0.59	45,82,518
<b>Sub Total B2</b>	<b>5</b>	<b>45,82,518</b>	<b>45,82,518</b>	<b>0.59</b>	<b>45,82,518</b>	<b>0.59</b>	<b>45,82,518</b>
<b>B3) Non-Institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>-</b>
Individual share capital upto ₹ 2 Lacs	1,42,647	5,15,23,156	5,15,23,156	6.66	5,15,23,156	6.66	4,45,08,786
Individual share capital in excess of ₹ 2 Lacs	142	83,19,268	83,19,268	1.07	83,19,268	1.07	81,91,963
NBFCs registered with RBI	2	20,000	20,000	0.00	20,000	0.00	20,000
<b>Any Other (specify)</b>	<b>8,558</b>	<b>1,74,28,828</b>	<b>1,74,28,828</b>	<b>2.25</b>	<b>1,74,28,828</b>	<b>2.25</b>	<b>1,57,86,404</b>
Trusts	23	1,95,159	1,95,159	0.03	1,95,159	0.03	1,79,795
Foreign Nationals	12	1,06,059	1,06,059	0.01	1,06,059	0.01	1,00,319
HUF	2,106	16,09,634	16,09,634	0.21	16,09,634	0.21	16,09,634
Non-Resident Indian (NRI)	5,130	44,19,050	44,19,050	0.57	44,19,050	0.57	28,97,653
Clearing Members	97	7,66,065	7,66,065	0.10	7,66,065	0.10	7,66,065
Bodies Corporate	1,190	1,03,32,861	1,03,32,861	1.34	1,03,32,861	1.34	1,02,32,938
<b>Sub Total B3</b>	<b>1,51,349</b>	<b>7,72,91,252</b>	<b>7,72,91,252</b>	<b>9.99</b>	<b>7,72,91,252</b>	<b>9.99</b>	<b>6,85,07,153</b>
<b>B=B1+B2+B3</b>	<b>1,51,661</b>	<b>31,23,22,609</b>	<b>31,23,22,609</b>	<b>40.35</b>	<b>31,23,22,609</b>	<b>40.35</b>	<b>30,33,04,226</b>

Source: www.bseindia.com

Details of shares which remain unclaimed for public as on March 31, 2020, is as follows:

Number of Shareholders	Outstanding shares held in demat or unclaimed suspense account	Voting rights which are frozen	Disclosure of notes on shares which remain unclaimed for public Shareholders
5,539	8,77,612	8,77,612	Excludes 78 shares which are in process of being transferred to the identified shareholders

Source: www.bseindia.com

(iv) Statement showing shareholding pattern of the non Promoter- non public shareholder as on March 31, 2020, is as follows:



Category and name of the Shareholders(I)	Number of Shareholders (III)	Number of fully paid up Equity Shares held (IV)	Total number of shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR as a % of (A+B+C2)(VIII)	Number of Equity Shares held in dematerialized form (XIV)(Not applicable)
<b>C1) Custodian/DR Holder</b>	0	0		0.00	
<b>C2) Employee Benefit Trust</b>	0	0		0.00	
<b>Employee Benefit Trust</b>	1	44,61,261	44,61,261	0.58	44,61,261
<b>Sub Total C2</b>	1	44,61,261	44,61,261	0.58	44,61,261
<b>C= C1+C2</b>	<b>1</b>	<b>44,61,261</b>	<b>44,61,261</b>	<b>0.58</b>	<b>44,61,261</b>

Source: www.bseindia.com

(v) Statement showing details of significant beneficial owners (“SBOs”) as on March 31, 2020, is as follows:

Sr. No	Details of the SBO (I)		Details of the registered owner (II)		Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*: (III)					Date of creation / acquisition of significant beneficial interest# (IV)
	Name	Nationality	Name	Nationality	Whether by virtue of:					
					Shares (%)	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Mr. Kumar Mangalam Birla	India	Mr. Kumar Managalam Birla	India	-	-	-	Yes	No	08/02/2019
2	Mr. Kumar Mangalam Birla	India	Aditya Vikram Kumar Mangalam Birla HUF	India	-	-	-	Yes	No	08/02/2019
3	Mr. Kumar Mangalam Birla	India	Mrs. Rajashree Birla	India	-	-	-	Yes	No	08/02/2019
4	Mr. Kumar Mangalam Birla	India	Mrs. Neerja Birla	India	-	-	-	Yes	No	08/02/2019
5	Mr. Kumar Mangalam Birla	India	Birla Group Holdings Private Limited	India	22	-	-	Yes	No	08/02/2019
6	Mr. Kumar Mangalam Birla	India	IGH Holdings Private Limited	India	11	-	-	Yes	No	08/02/2019
7	Mr. Kumar Mangalam Birla	India	Umang Commercial Company Private Limited	India	8	-	-	Yes	No	08/02/2019
8	Mr. Kumar Mangalam Birla	India	ABNL Investment Limited	India	-	-	-	Yes	No	08/02/2019
9	Mr. Kumar Mangalam Birla	India	Grasim Industries Limited	India	11	-	-	Yes	No	08/02/2019
10	Mr. Kumar Mangalam Birla	India	Hindalco Industries Limited	India	6	-	-	Yes	No	08/02/2019

Source: www.bseindia.com

2. **Details of outstanding instruments:**

*Employee Stock Option Schemes*

Our Company has formulated three employee stock option schemes namely: (i) Employee Stock Option Scheme – 2013 (the “**Scheme 2013**”) which came into effect from October 25, 2013, pursuant to the approval of Shareholders on August 23, 2013 with a limit to grant options and restricted stock units (“**RSUs**”) exercisable into 17,68,300 Equity Shares, (ii) Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 (the “**Scheme 2017**”) which came into effect from September 8, 2017, pursuant to the approval of Shareholders on August 23, 2017 with a limit to grant options and RSUs exercisable into 1,15,73,960 Equity Shares and (iii) Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 (the “**Scheme 2019**”) which came into effect from August 21, 2019, pursuant to the approval of Shareholders on August 21, 2019 with a limit to grant options and RSUs exercisable into 60,53,000 Equity Shares.

While the Scheme 2013 and Scheme 2017 is operated and administered by the Nomination and Remuneration Committee, the Scheme 2019 is operated and administered by the Nomination and Remuneration Committee through the ABFRL Employee Welfare Trust to grant options and RSUs to its eligible employees. The objective of the Scheme 2013, Scheme 2017 and Scheme 2019 is to *inter alia* attract and retain talent and align the interest of employees with our Company as well as to motivate them to contribute to its growth and profitability.

As on March 31, 2020, the details of options pursuant to the employee option schemes are as follows:

Particulars	Scheme 2013		Scheme 2017		Scheme 2019	
	Number of options	Number of RSUs	Number of options	Number of RSUs	Number of options	Number of RSUs
Options granted	8,42,068	5,44,393	41,30,821	14,66,619	33,42,876	11,18,385
Options vested	5,33,733	4,98,485	16,76,360	-	-	-
Options exercised	5,09,122	4,60,645	3,81,766	-	-	-
Options cancelled	3,20,817	45,908	9,09,611	3,71,922	14,544	10,050
Total options outstanding	12,129	37,840	28,39,444	10,94,697	33,28,332	11,08,335

3. **Intention and extent of participation by our Promoter and members of the Promoter Group in the Issue**

Our Promoter and members of the Promoter Group have confirmed the following: (i) fully subscribe to the extent of their Rights Entitlement and do not intend to renounce such rights, except to the extent of renunciation within our Promoter and members of the Promoter Group; and (ii) subscribe to any additional Rights Equity Shares in the Issue, amongst themselves, for ensuring subscription to the extent of at least 90% of the Issue (in case of under-subscription below 90% in the Issue) and such subscription shall be subject to applicable laws.

Any participation by our Promoter and members of the Promoter Group, over and above their rights entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable Law.

4. The ex-rights price of the Rights Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ 124.08.
5. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.
6. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be partly paid up. For further details on the terms of the Issue, see “*Terms of the Issue*” beginning on page 210.
7. **Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The table below sets forth details of shareholders of our Company holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on June 26, 2020:

Sr. No.	Name of the Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Birla Group Holdings Private Limited	17,15,06,727	22.16
2.	Grasim Industries Limited	8,73,80,613	11.29
3.	IGH Holdings Private Limited	8,50,30,930	10.99
4.	Umang Commercial Company Private Limited	6,49,72,778	8.39
5.	Reliance Mutual Fund and its Affiliates	4,63,78,780	5.99
6.	Hindalco Industries Limited	4,49,82,142	5.81
7.	UTI Mutual Fund and its Affiliates	2,23,45,565	2.89
8.	Franklin Mutual Fund and its Affiliates	1,76,75,691	2.28
9.	ITPL Mutual Fund and its Affiliates	1,29,34,505	1.67
10.	Sundaram Mutual Fund and its Affiliates	1,05,96,755	1.37
11.	ICICI Prudential Life Insurance Company Limited	1,01,81,859	1.32
12.	Mirae Asset Mutual Fund and its Affiliates	1,00,53,608	1.30
13.	India Opportunities Growth Fund Ltd. - Pinewood Strategy	87,14,518	1.13

8. **Details of acquisition of Equity Shares by our Promoter and members of the Promoter Group in the year immediately preceding the date of this Letter of Offer:**

No Equity Shares have been acquired by our Promoter or members of the Promoter Group in the year immediately preceding the date of the Letter of Offer except as disclosed below:

Name	Date of the Transaction	Number of Equity Shares acquired	Nature of Transaction
Birla Group Holdings Private Limited	July 8, 2019	15,27,33,167	Scheme of arrangement*
Pilani Investment and Industries Corporation Limited	November 27, 2019	6,19,647	Market purchase**

\* The Hon'ble National Company Law Tribunal, Mumbai, vide its order dated May 9, 2019, approved a composite scheme of amalgamation amongst Birla Group Holdings Private Limited ("BGHPL") ("Transferee Company") and certain of erstwhile members of our promoter group, Trapti Trade and Investments Private Limited ("TTIPL"), Turquoise Investment and Finance Private Limited ("TIFPL"), Gwalior Properties and Estates Private Limited, Seshasayee Properties Private Limited, BGH Exim Private Limited and TGS Investment & Trade Private Limited ("TGS") ("Transferor Companies") and their respective shareholders. Consequently, all the assets/ liabilities of all the Transferor Companies have been transferred to and vested in BGHPL with effect from July 8, 2019 (the effective date of the Scheme). On effectiveness of the Scheme, the Equity Shares of the Company held by TTIPL, TIFPL and TGS stand transferred to BGHPL.

\*\* There was no change in the aggregate equity shareholding of the members of our Promoter Group, since ECE Industries Limited (member of our Promoter Group) had sold the same number of Equity Shares on November 27, 2019.

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards the following objects:

1. Repayment of certain borrowings of our Company; and
2. General corporate purposes.

The main objects clause as set out in the Memorandum of Association enables our Company (i) to undertake its existing business activities; and (ii) to undertake activities for which borrowings were availed and which are proposed to be repaid from the Net Proceeds.

### Issue Proceeds

The details of the Issue Proceeds are set forth in the following table:

<i>(in ₹ crore)</i>	
Particulars	Estimated amount <sup>#</sup>
Gross proceeds*	995.12
Less: Estimated Issue related expenses (excluding GST)	5.86
Net Proceeds	989.26

\* Assuming full subscription in the Issue, receipt of entire Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.

<sup>#</sup> Rounded off to two decimal places

### Requirement of funds and utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table:

<i>(in ₹ crore)</i>	
Particulars	Estimated amount <sup>#</sup>
Repayment of certain borrowings of our Company	745.00
General corporate purposes*	244.26
<b>Total**</b>	<b>989.26</b>

\* The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. In case subscription received in the Issue is less than 100% of the Issue but equal to or more 90% of the Issue, the amounts to be utilized towards each of the objects above would be subject to proportionate reduction to the extent of the reduction in the Net Proceeds. However, in case, subscription received is less than 90% of the Issue but equal to or more than 75% of the Issue, then our Company shall utilise the amount allocated for repayment of certain borrowings of our Company in its entirety and the remaining Net Proceeds, if any, shall be utilised towards general corporate purposes.

\*\* Assuming full subscription in the Issue, receipt of entire Call Monies with respect to the Rights Equity Shares in the Issue and subject to finalization of the Basis of Allotment.

<sup>#</sup> Rounded off to two decimal places

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, members of the Promoter Group and our Directors and key managerial personnel.

### Means of Finance

The funding requirements mentioned above are based on our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. Consequently, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to the timing of making Calls in the future, as determined by our Board or Rights Issue Committee – 2020 in accordance with applicable laws.

If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net

Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### **Schedule of Implementation, Deployment of Funds and Utilization of Net Proceeds**

As described earlier, our Company shall raise 50% of the Gross Proceeds on Application with balance monies being raised in two\* subsequent Calls of ₹ 27.50 each\* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money

*\*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time.*

The utilisation of the Net Proceeds will be in accordance with the table set forth below:

<i>(in ₹ crore)</i>	
<b>Particulars</b>	<b>Estimated amount payable in Fiscal 2021 and Fiscal 2022<sup>#</sup></b>
Repayment of certain borrowings of our Company	745.00
General corporate purposes	244.26
<b>Total</b>	<b>989.26</b>

<sup>#</sup> Rounded off to two decimal places

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during Fiscal 2021. However, if the Net Proceeds raised in Fiscal 2021 are not completely utilised for the objects stated above by Fiscal 2021 due to various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations and including any terms and conditions of our Company's borrowings and other commercial considerations, the same would be utilised (in part or full) in Fiscal 2022. The deployment scheduled in Fiscal 2021 and Fiscal 2022 will be contingent upon Call Monies received, subject to 75% being utilized for repayment of borrowings. The details in relation to utilization of Net Proceeds of the Issue are set forth herein below.

As and when our Company makes the Calls for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Calls within the same Fiscal as the receipt of the said Call Monies failing which our Company shall utilize the said Call Monies in the subsequent Fiscal.

#### **1. Repayment of certain borrowings of our Company**

Our Company has entered into various financing arrangements with banks, financial institutions and other entities. The borrowing arrangements entered into by our Company comprises term loans, working capital loans, non-convertible debentures and commercial papers. These arrangements include a combination of secured and unsecured loans.

As of March 31, 2020, we had total borrowings amounting to ₹ 2,783.03 crore. For details of the total borrowings, see "Summary of Letter of Offer – Summary of financial information" beginning on page 14. Our Company intends to utilise a part of the Net Proceeds amounting to up to ₹ 745.00 crore towards full or partial repayment of borrowings availed by our Company.

However, given that our Company is raising only 50% of the Gross Proceeds on Application, with the balance being raised in two\* subsequent Calls of ₹ 27.50 each\* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money, our Company retains the right to utilize the Net Proceeds to repay in full or in part the borrowings identified herein below including any refinancing/roll over undertaken by our Company to repay these borrowings as well as repay any other existing or fresh borrowings taken by our Company in due course which are in the nature of short term borrowings.

*\*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time.*

The table below provides details of certain borrowings availed by our Company which are outstanding as on May 31, 2020, out of which our Company intends to repay the principal amount and/ or interest thereof, in full or in part, from the Net Proceeds. The amounts outstanding against the borrowings disclosed below may vary from time to time, in accordance with the amounts drawn down, repayment and the prevailing interest rates. Further, given the nature of borrowings disclosed in the table below, our Company may refinance/ roll over some or all of

such borrowings in the ordinary course of business depending on the requirements of our Company. Accordingly, our Company may utilise the Net Proceeds for repayment of such refinanced/rolled over borrowings or fresh borrowings obtained by our Company which are in the nature of short term borrowings. Our Company will utilise the Net Proceeds amounting to up to ₹ 745.00 crore to repay, either fully or partly, the facilities disclosed below in accordance with commercial considerations and other factors.

(in ₹ crore)

Sr. No.	Name of the Lender/ Number	ISIN	Nature of the borrowing	Principal amount outstanding as at May 31, 2020 <sup>(1)</sup>	Purpose of the Facility <sup>(2)</sup>
1.	BNP Paribas <sup>(3)</sup>		Working capital demand loan	250.00	Financing working capital requirements
2.	Federal Bank		Working capital demand loan	240.00	Financing working capital requirements
3.	INE647O14DL5		Commercial paper	100.00	Financing working capital including raw material, manufacturing, selling and distribution, establishment expenses
4.	INE647O14DM3		Commercial paper	100.00	
5.	INE647O14DN1		Commercial paper	100.00	

<sup>(1)</sup>These working capital demand loans and commercial papers are repayable during the Fiscal 2021 and could be repaid or rolled over or refinanced through short term borrowings and accordingly, in such an event such rolled over or refinanced borrowings would be repaid through Net Proceeds.

<sup>(2)</sup>As certified by Suresh Surana & Associates LLP, Chartered Accountants vide its certificate dated June 28, 2020. Further, Suresh Surana & Associates LLP, Chartered Accountants have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents.

<sup>(3)</sup>Our Company has availed a working capital demand facility of ₹ 250.00 crores from BNP Paribas, which is proposed to be repaid, partly or in full, out of the Net Proceeds. Further, BNP Paribas is also one of the Lead Managers to the Issue. However, BNP Paribas does not qualify as an associate of our Company in terms of Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 read with Regulation 69(3) of the SEBI ICDR Regulations on account of this relationship.

The selection of borrowings proposed to be repaid provided above will be based on various factors, including (i) cost of borrowings, including applicable interest rates; (ii) provisions of any law, rules, regulations governing such borrowings, and (iii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenure of the loan.

We believe that repayment of borrowings will help reduce our outstanding indebtedness and debt-servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve our ability to raise further resources in the future to expand our business.

## 2. General corporate purposes

The remaining Net Proceeds, if any, shall be unitized towards general corporate purposes and the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. In case subscription received in the Issue is less than 100% of the Issue but equal to or more 90% of the Issue, the amounts to be utilized towards each of the objects above would be subject to proportionate reduction to the extent of the reduction in the Net Proceeds. However, in case, subscription received is less than 90% of the Issue but equal to or more than 75% of the Issue, then our Company shall utilise the amount allocated for repayment of certain borrowings of our Company in its entirety and the remaining Net Proceeds, if any, shall be utilised towards general corporate purposes, in compliance with applicable law. Such utilisation towards general corporate purposes shall be at the discretion of Board or Rights Issue Committee – 2020, to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives and investment in Subsidiaries; (ii) acquiring assets, such as furniture and fixtures, leasehold improvements and intangibles; (iii) working capital requirements; (iv) servicing of borrowings including payment of interest; (v) meeting of exigencies which our Company may face in the course of any business; (vi) brand building and other marketing expenses; and (viii) any other purpose as permitted by applicable laws; subject to meeting requirements and obtaining necessary approvals / consents, as applicable.

The quantum of utilization of funds towards any of the above purposes will be determined based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, will have flexibility in utilizing surplus amounts, if any.

### 3. Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Sr. No.	Activity expense	Amount (in ₹ crore) #	Percentage of total estimated Issue Expenditure	Percentage of Issue Size
1.	Fees of the Lead Managers	1.25	21.3%	0.1%
2.	Fees to the legal advisors, other professional services and statutory fees	1.36	23.2%	0.1%
3.	Fees of the regulators (including Stock Exchanges and depositories)	1.30	22.2%	0.1%
4.	Fees of Registrar to the Issue	0.20	3.4%	0.0%
5.	Advertising and marketing expenses including shareholder outreach	0.55	9.4%	0.1%
6.	Other expenses (including miscellaneous expenses and stamp duty)	1.21	20.6%	0.1%
	<b>Total estimated issue related expenses*</b>	<b>5.86</b>	<b>100.0%</b>	<b>0.6%</b>

\* Subject to finalisation of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue received at the time of receipt of Application Money.

# Rounded off to two decimal places

### Interim use of proceeds

Our Company shall deposit the Net Proceeds, pending utilisation (for the stated objects) with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

### Monitoring of Utilisation of Funds

Our Company has appointed Axis Bank Limited as the Monitoring Agency for the Issue. Our Board and the Monitoring Agency shall monitor the utilisation of the proceeds of the Issue and the Monitoring Agency shall submit a report to our Board as required under the relevant SEBI ICDR Regulations. Our Company shall publicly disseminate such report in such manner and within such timeline as prescribed under the SEBI ICDR Regulations.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate.

Further, according to the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations and variations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. Our Company will disclose the utilization of the Net Proceeds under an appropriate separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the director's report.

### Other confirmations

No part of the Issue Proceeds will be paid by our Company to our Promoter and members of the Promoter Group or the Directors.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors  
Aditya Birla Fashion and Retail Limited  
Piramal Agastya Corporate Park,  
Building A, 4<sup>th</sup> and 5<sup>th</sup> Floor  
Unit No.401, 403, 501, 502  
L.B.S Road, Kurla Mumbai  
Mumbai - 400070

Dear Sirs,

#### **Statement of Possible Special Tax Benefits available to Aditya Birla Fashion and Retail Limited (“the Company”) and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure 1 and 2 (together “the Annexures”), prepared by ‘the Company’ provides the possible special tax benefits available to the Company and its shareholders under the provisions of the Income-tax Act, 1961 (‘the Act’) as amended by the Finance Act 2020 read with the Income-tax Rules, 1962, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications (“GST law”), the Customs Act, 1962, the Customs Tariff Act, 1975 (“Customs law”) and Foreign Trade Policy 2015-2020 (“FTP”) as amended by the Finance Act 2020, i.e., applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, presently in force in India (together referred to as ‘the Tax Laws’). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and do not cover any general tax benefits available to the Company.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company’s management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the rights issue. We are neither suggesting nor advising the investors to invest in the rights issue relying on this statement.
4. Our views are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update the Annexures on any events subsequent to this date, which may have a material effect on the discussions herein.
5. We do not express any opinion or provide any assurance as to whether:
  - the Company or its shareholders will obtain/ continue to obtain these special tax benefits in future; or
  - the conditions prescribed for availing the special tax benefits have been / would be met with; or
  - the revenue authorities/courts will concur with the views expressed herein.
6. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.



7. This statement is prepared solely for inclusion in the letter of offer in connection with the proposed rights issue of equity shares of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and is not to be used, referred to or distributed for any other purpose.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/ E300003

per Aditya Vikram Bhauwala

Partner

Membership No.: 208382

Bengaluru

June 28, 2020

## ANNEXURE 1 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ADITYA BIRLA FASHION AND RETAIL LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS

### I. Under the Income-Tax Act, 1961 (hereinafter referred to as ‘the Act’), as amended by the Finance Act 2020, applicable for Financial Year 2020-21 relevant to Assessment Year 2021-22

#### 1. Special tax benefits available to the Company under the Act

##### A. Lower corporate tax rate under Section 115BAA

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1)(ia), 33ABA, 35(2AB), 80-IA etc.)

The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax (“MAT”) under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under Section 115JAA dealing with MAT credit.

The Company is eligible to exercise the above option.

##### B. Deductions from Gross Total Income

###### • **Section 80 JJAA -Deduction in respect of employment of new employees**

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

###### • **Section 80M - Deduction in respect of inter-corporate dividends**

A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. April 1, 2020 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

#### 2. **Special tax benefits available to Shareholders**

There are no special tax benefits available to the shareholders of the Company.

#### NOTES:

1. The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

3. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
4. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
5. The Company has evaluated and decided to exercise the option permitted under Section 115BAA of the Act for the purpose of computing its income-tax liability for the Financial Year 2019-20 and accordingly, the special direct tax benefits, available for Financial Year 2020-21, are captured to the extent the same are relevant to a Company exercising such option. In this regard, it may also be noted that such option for Financial Year 2019-20 is yet to be exercised by the Company which could be done prior to furnishing the tax return of the Company for Financial Year 2019-20. The option once exercised cannot be subsequently withdrawn for the same or any other Financial Year.
6. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ADITYA BIRLA FASHION AND RETAIL LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS**

I. Under the Central Goods And Services Tax Act, 2017/ Integrated Goods And Services Tax Act, 2017 relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications (“**GST law**”), the Customs Act, 1962, Customs Tariff Act, 1975 (“**Customs law**”) and Foreign Trade Policy 2015-2020 (“**FTP**”) (*herein collectively referred as “indirect tax laws”*)

**1. Special indirect tax benefits available to the Company**

- There are no special tax benefits available to the Company under GST law
- The Company has taken Advance Authorisation (‘AA’) and Export Promotion Capital Goods Scheme (‘EPCG’) licenses under FTP and is availing exemption from basic customs duty, social welfare surcharge and integrated goods and services tax on import of goods meant for export production
  - Imports made by the Company against AA and EPCG scheme are exempted from IGST and compensation cess upto 31 March 2021.

**2. Special tax benefits available to Shareholders**

- The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws

**NOTES:**

1. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
2. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from the report entitled “Indian Fashion Market”, dated June 2020, (the “Wazir Advisors Report”) prepared by Wazir Advisors. We commissioned the Wazir Advisors Report for the purposes of confirming our understanding of the Indian fashion industry in connection with the Issue. Neither we nor any other person connected with the Issue has verified the information in the Wazir Advisors Report or other publicly available information cited in this section. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data and are not responsible for any errors or omissions or for the results obtained from the use of the data or their report. Accordingly, Investors should not place undue reliance on, or base their investment decision solely on, this information.*

#### **India’s Macroeconomic Overview**

##### ***India’s GDP Growth***

***India is world’s 7th largest economy and expected to be in top three global economies by 2050***

India ranks 7<sup>th</sup> in the world in terms of nominal GDP and is the 3<sup>rd</sup> largest economy in the world in purchasing power parity terms. In 2018, India was about 1/8<sup>th</sup> of the size of the US economy and 1/5<sup>th</sup> of the size of Chinese economy. According to Wazir Advisors Report, India’s GDP is estimated to be ~USD 3200 bn in FY 2020 and by FY 2050 India is expected to be among the top three economies of the world. Sustained high real GDP growth of over 6 percent since FY 1991, has led to a fundamental transformation of the Indian economy. India’s GDP is estimated to be ~USD 3200 bn in FY 2020.

##### ***Domestic consumption share***

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

Similarly, as more people are expected to move beyond sustenance living with rising income levels enabled favourably by demographic advantages, India’s household consumption expenditure will continue to get altered in favour of discretionary purchases. Therefore, categories like apparel, jewellery, processed foods and consumer electronics are poised to gain a share of this shift.

##### ***Key Growth Drivers***

According to the Wazir Advisors Report, India’s medium- to long-term growth and its positive impact on private consumption will be determined by inter-play of demographics and urbanization.

##### ***Demographics***

###### ***Young population***

India has the lowest median age across larger / key developed and emerging countries of world, at 26 years and nearly 65 percent of the population was below the age of 35 years in FY 2012. By 2030, India’s median age is expected to be under 30 years.

These younger consumers are indulgent and are well travelled, brand conscious and well connected. They have higher spending power and are open to experiment and explore. They expect high quality products and service standards from consumer brands.

Substantial rise in the working age population (from 36 percent in FY 2000 to 48 percent in FY 2016) augurs well for growth momentum of the Indian economy going forward, as it will lead to rising income levels. Moreover, younger population is naturally pre-disposed to adopting new trends and exploration given their education profile and their exposure to media and technology. This backdrop manifests as an opportunity for domestic consumption in the form of branded behaviour, organization retail and product designs.

###### ***Growing Middle Class***

The households with annual earnings between USD 5,000-10,000 has grown at a CAGR of 17 percent from FY 2011-16 and is further projected to grow at a rate of 12 percent to reach 109 million in FY 2020. The households with annual earnings between USD 10,000-50,000 have also grown at a CAGR of 20 percent over the last five years. Increase in number of households with annual earnings of USD 10,000 to USD 50,000 will lead to increase in indulgence spending by the group. This will lead to increase in expenditure on apparel & accessories, luxury products, consumer durables and across other discretionary categories. It is estimated that 23 percent of global middle class will be from India by FY 2030.

### Nuclearisation

The increase in household exceeds increase in population growth indicating increasing nuclearization trend in India. According to census data 2011, 74 percent of urban households have five or less members as compared to 65 percent in FY 2001. It is expected that fall in the average household size coupled with rising disposable income will lead to a greater number of urban household units that are pre-disposed to discretionary expenditure viz. jewellery, fashion, food services.

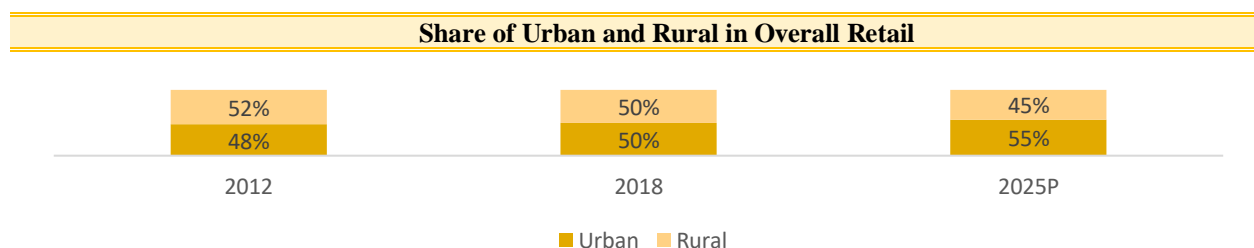
### Increasing urbanisation

India is second largest urban community in the world after China, with an urban population of about 435 million (FY 2016). Though, India fares lower than global average in terms of urban population's share in total population with only 33 percent of India's population classified as urban compared to global average of 54 percent. But it is the pace of India's urbanization that is a key trend to note for implication on India's economic growth. It is estimated that as of FY 2020, 35 percent of India's population lives in urban centres and contributes to 70–75 percent of India's GDP.

The urbanization trend is expected to continue and by FY 2050, India will have half of total population stay in urban areas and will account for well over 80 percent of GDP. This urbanization pace is rapidly creating a segment pool of Indians that display migrant tendencies and are without past baggage of habits. They look forward to new products, services and solutions that help them to adopt to new rules of living. India's urbanization pace will envelope key trends that will have implications on India's domestic consumption narrative.

### High Share of Urban Retail

The share of urbanization has increased from 28 percent in FY 2000 to 33 percent in FY 2015 and is expected to reach 37 percent by FY 2025. The number of urban agglomerations with population of 1 million or more has increased from 35 in FY 2001 to 53 in FY 2011. Increasing urbanization has led to an increase in the share of urban retail from 48 percent in FY 2012 to 50 percent in FY 2018. This will further increase to approximately 55 percent by FY 2025.



Source: Wazir Advisors Report

### Indian Retail Market

India's retail sector in FY 2020 is estimated to be USD 1002 bn Food & groceries (F&G) segment forms the major share of India's merchandise retail expenditure.

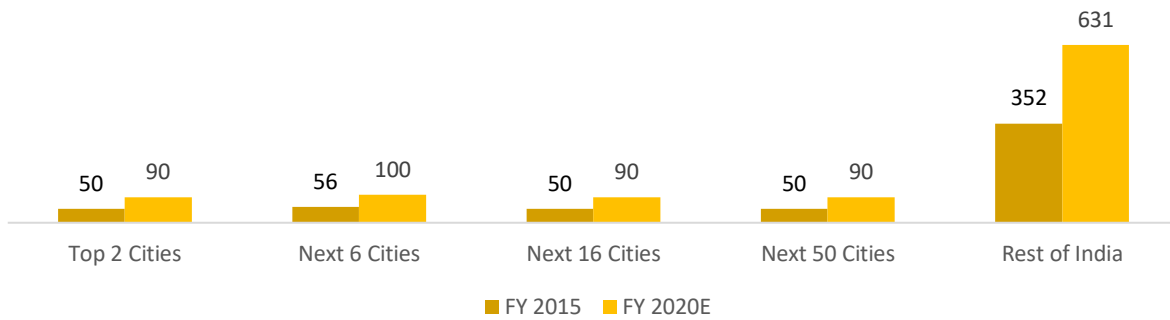
In India, contribution of organised retail is low (~12 percent in FY 2020) as compared to mature markets like USA where penetration of organised retail is high. However, in relatively newer market like China the online market has seen tremendous growth. In India the online channel is expected to grow at a CAGR of 26 percent between FY 2020 and FY 2025, as compared to 20 percent CAGR of organised brick & mortar channel. India is expected to mimic the Chinese market going ahead, owing to low penetration of organised retail.

<b>Overall Retail's Share across Traditional, Organised &amp; Online Channels</b>				
	<i>FY 2015</i>	<i>FY 2018</i>	<i>FY 2020E</i>	<i>FY 2025P</i>
<b>Total Retail (USD bn)</b>	<b>559</b>	<b>806</b>	<b>1,002</b>	<b>1,805</b>
Traditional	88.1%	88.2%	83.6%	76.0%
Organised – Brick & Mortar	6.5%	9.5%	11.8%	16.0%
Online	0.8%	2.4%	4.6%	8.0%

The organised brick & mortar market in India was USD 118 bn in FY 2020 with categories such as jewellery & watches (26 percent), food & grocery (23 percent) and apparel & accessories (20 percent) having the highest contributions. These categories will continue to play a pivotal role in future as well as the organized penetration within these categories is expected to rise the fastest.

The top 72 cities account for 38 percent of total retail consumer spending. The top 24 cities (Metro, Mini-Metro & Tier I) account for 29 percent of total retail spending which highlights the strength of the rest of India that has a share of 71 percent. Major expansion in terms of retail consumer spending is expected to come from India's Tier II and Tier III cities as consumerism and appetite for organised retail and fashion is perceived to be on the rise in these markets. Retail players with a nationwide presence are expected to benefit significantly from this opportunity.

**Overall Retail Spend Across Different City Types (USD bn)**



Source: Wazir Advisors Report

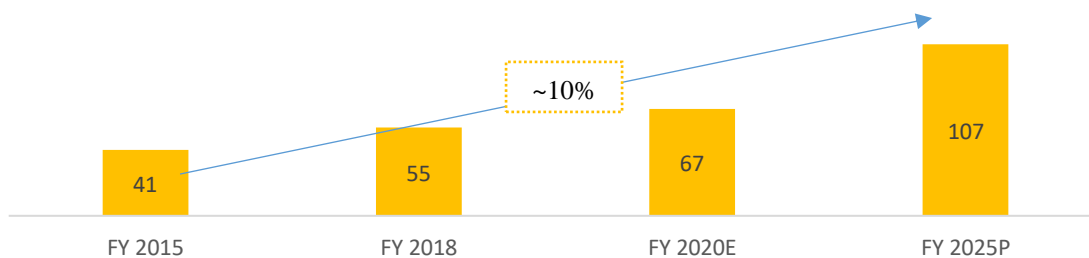
Top 2 Cities – Delhi & Mumbai  
 Next 6 Cities – Bangalore, Chennai, Hyderabad, Ahmedabad, Pune, Kolkata  
 Next 16 Cities – Surat, Jaipur, Lucknow, Nagpur, Patna, Indore, Coimbatore, Vadodara, Ludhiana, Bhopal, Kochi, Vishakhapatnam, Madurai, Nashik, Jamshedpur, Guwahati  
 Next 50 Cities (Indicative) – Kanpur, Kozhikode, Thrissur, Agra, Trivandrum, Varanasi, Rajkot, Meerut, Vijaywada, Amritsar, Jodhpur, Ranchi, Chandigarh, Gwalior, Jalandhar  
 Rest of India (Indicative) – Patiala, Gulbarga, Ujjain, Nellore, Gaya, Erode, Vellore, Jalgaon, Bilaspur, Mathura, Thrissur, Bellary, Rohtak, Muzaffarpur, Bardhaman, Bhilwara

**Indian Fashion Market**

Overall apparel market

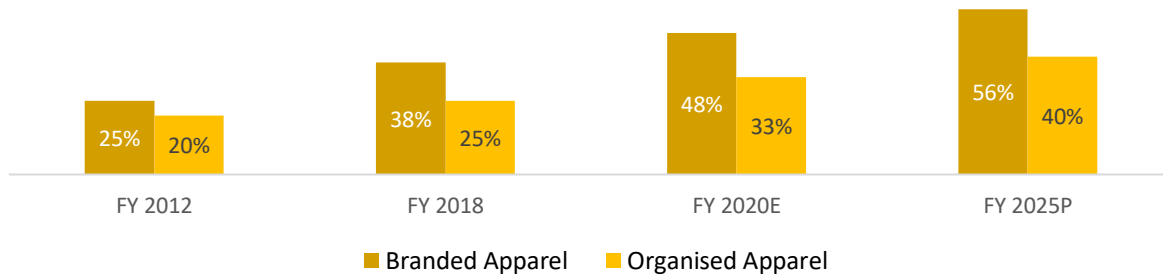
The overall apparel segment size in FY 2020 was estimated to be USD 67 bn. The market is projected to grow at ~10 percent and reach USD 107 bn by FY 2025. This growth is expected to be driven by factors such as more purchasing power driving growth in primary discretionary spend, better access and availability of products, acute brand consciousness, increasing urbanization and increasing digitization.

**Indian Fashion Market (USD Bn)**



Source: Wazir Advisors Report

**Penetration of Branded Apparel and Organized Apparel Retail  
as a % of Apparel Market**



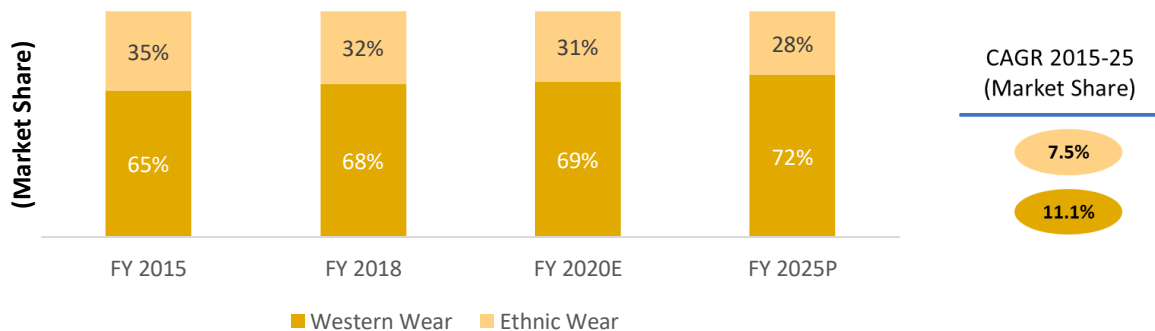
Source: Wazir Advisors Report

The branded apparel sector will witness a growth of 13.4 percent CAGR over the next five years as against the 10 percent CAGR projected for total apparel sector.

Lifestyle retailers, such as the Company, which is one of the leaders in Indian fashion industry, have succeeded in emerging as category leaders with a presence across price segments of value, premium, super-premium & luxury and a balanced portfolio across segments of men’s casual wear & formal wear, women’s formal, casual & ethnic wear and kids wear. The company and its subsidiaries are one of India’s largest pure-play fashion and lifestyle companies in terms of revenue with a strong bouquet of leading fashion brands and retail formats across various segments and categories with pan-India distribution. The branded apparel sector is expected to witness increased penetration from the current levels at 48 percent (FY 2020) to a substantial share of 56 percent by 2025. Aditya Birla Fashion is well placed to take advantage of this opportunity as it has one of the largest distribution networks of apparel businesses in the country.

Category Split - Western wear & Ethnic wear mix

**Breakup of Western Wear & Ethnic Wear**



Source: Wazir Advisors Report

The apparel market in India is dominated by the western wear market (contribution ~69 percent in FY 2020) and it is expected to grow and contribute ~72 percent by FY 2025. Increasing number of working women, a shift towards aspiration rather than need based buying is expected to drive the western wear market in India.

The ethnic wear market is also expected to grow at ~7.8 percent and reach nearly USD 30 bn in FY 2025 from USD 20.6 bn in FY 2020. This ethnic wear segment is dominated by women wear as for Indian women, Indian and ethnic fashion is a mainstream need for daily wear use (in addition to strong occasion wear) whereas for Men it currently restricted to occasion wear viz. weddings and festivals.

*Western wear*

The western wear market in India is expected to grow at a CAGR of 10.9 percent between FY 2020 & FY 2025.



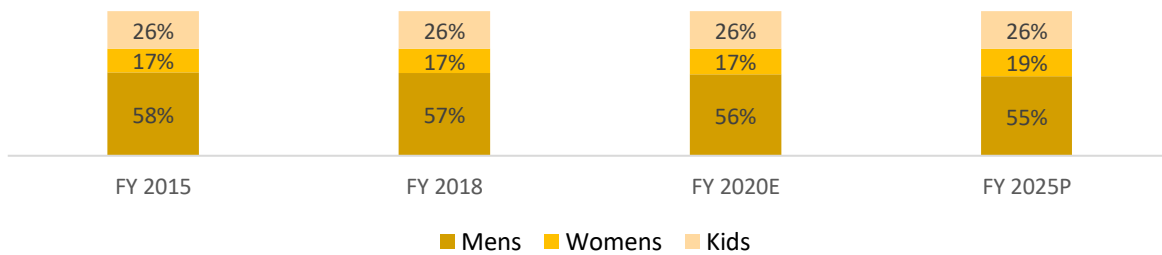
### Overall Western Wear Market



Source: Wazir Advisors Report

In FY 2020, men's western wear accounts for nearly 93 percent of the total men's wear market of USD 28 bn, while in women western wear holds 32 percent of the total USD 25 bn women's wear market. Within the kid's segment, western wear accounts for 86 percent of the total USD 14 bn kid's wear market. This implies that men and kids western wear is the mainstay for western wear in India.

### Western Wear Market Mix



Source: Wazir Advisors Report

### Key Western Wear Categories

Categories	% share in total Western Wear	Growth Rate
Trousers	19.1%	6.0%
Shirts	18.2%	5.7%
Innerwear	13.8%	10.0%
T-Shirts	10.8%	9.2%

Source: Wazir Advisors Report

### Share of Casual & Formal in Men's & Women's Western Wear



Source: Wazir Advisors Report

### *Composition of Indian western wear market*

Lifestyle national apparel players marked by Arvind Brands, Aditya Birla Fashion have ensured relevant offering straddling price segments of premium, mid-premium, economy and mass. Through lifestyle brands, Aditya Birla Fashion is a leading premium branded apparel player in India with three of the largest apparel brands in India, Louis Philippe, Van Heusen and Peter England. The bouquet of lifestyle brands with the Aditya Birla Fashion segment are amongst the top fashion apparel brands in the country.

The premium and super-premium segment enjoy 17% of the total apparel market; with the mid, economy and mass segment taking an equitable contribution share of ~28% each. Hence, brands and retailers that have developed strategies to cater to the entire spectrum augur well for growth. In the last few years, Aditya Birla Fashion has expanded its presence in casual wear through brand extensions and gained a strong position in the fast-growing value fashion segment through Pantaloon segment. International brands portfolio of Aditya Birla Fashion comprises The Collective, India's largest multi-brand retailer of international brands and licensee businesses of select premium/luxury brands such as Ted Baker, Hackett, Simon Carter, Polo Ralph Lauren, Fred Perry, Ralph Lauren and American Eagle.

Whilst Exclusive Brand Formats (EBO) emerged the core format for western wear fashion retail, in the strive to translate the seamless retail experience as well be available to the relevant customer segments, these brands adopted a multi-channel strategy with commensurate presence across all channels.

With the online pie within apparel expected to increase to nearly four times, albeit on a small base, over the next four years, omni channel will comprise a significant share of this online apparel segment. Organized brick & mortar will continue to enjoy the larger, sizable share at USD 32.5 bn, and three times the scale of online retail.

Leading brick & mortar (B&M) retailers will lead this offline to online (O2O) drive compared to the online horizontal and vertical players. These lifestyle retailers enjoy the advantage of a robust wide retail network across the metro-centric as well as Tier 2 and 3 Indian cities.

### *Growth drivers – western wear*

Certain factors which are contributing as key growth drivers of western wear in the country are enumerated below:

**Youth as a growth driver:** Youth (15 to 29 years old) who comprise 26 percent of the consuming population, are a key growth driver of western wear in the country.

**Influence of International Brands:** The entry of the international brands in the country is one of the biggest drivers of western wear. Their entry has widened the perspective of consumers which in turn has resulted in higher acceptability of new trends, styles in the market.

**Online penetration of Western Wear:** Increased penetration of internet coupled with burgeoning smart phone market has resulted in the growth of e-tailing in India.

**Increased rural spending:** Rural areas are developing at a rapid pace and so is their purchasing power. With the percolation of mass media, people in rural areas are also aware of fashion trends. Their inclination towards western trends is another reason for the growing demand of western wear in rural areas. The mid- value segment of western wear, characterized by quality, value-for-money, and increasing styling quotient, is the preferred choice of people from rural areas.

**Casualization of Fashion:** The Indian casual wear market has evolved significantly over the years. Casual wear categories such as denim, activewear, casual shirts, and fashionable skirts are outpacing the growth of formal wear in India. This is reflective of the changing consumer trend and increasing usage of casual wear in offices as well as home. This shift in consumer's wardrobe towards casual wear has acted as a growth driver for the western wear in India. The casualization of fashion is not unique to India and is driven by global phenomena.

**Rise of Athleisure:** Athleisure is another growing segment which is growing faster and there is an opportunity for brands to enter this segment. The athleisure trend has really caught up over the last decade as there has been a growing health and fitness related awareness among Indian consumer, especially the young consumers who have taken up different fitness activities such as yoga, running, etc.

**Lifestyle Brands Increase their Brand Assortment:** Lifestyle brands such as Arrow, Louis Philippe, Park Avenue, Raymond, Van Heusen are leveraging and combining their popularity and brand presence to increase their assortment width by extending into related categories such as accessories, footwear, inner wear as they move into tier II & III cities, where customers have limited strong brand availability for these categories.

Lifestyle Brands Increase their Brand Assortment: Lifestyle brands such as Arrow, Louis Philippe, Park Avenue, Raymond, Van Heusen are leveraging and combining their popularity and brand presence to increase their assortment width by extending into related categories such as accessories, footwear, inner wear as they move into tier II & III cities, where customers have limited strong brand availability for these categories.

Rise of private label: Branded penetration in the market has a skew towards mid to premium price points and there is very limited offering in the value price points leading to pricing gaps in the market. These gaps in the market have provided an opportunity for retailers to launch their private label in the value segment. Private label led players such as Pantaloons, Westside, FBB, Max and V-Mart identified these gaps and have launched products in the value fashion segment.

Private labels are win-win solution for both big retailers and value for money first time consumers as these labels ensure that a certain minimum quality and image. Young population from middle class India is becoming image conscious and is a significant contributor to the western wear market. The private labels offers many benefits to retailers such as,

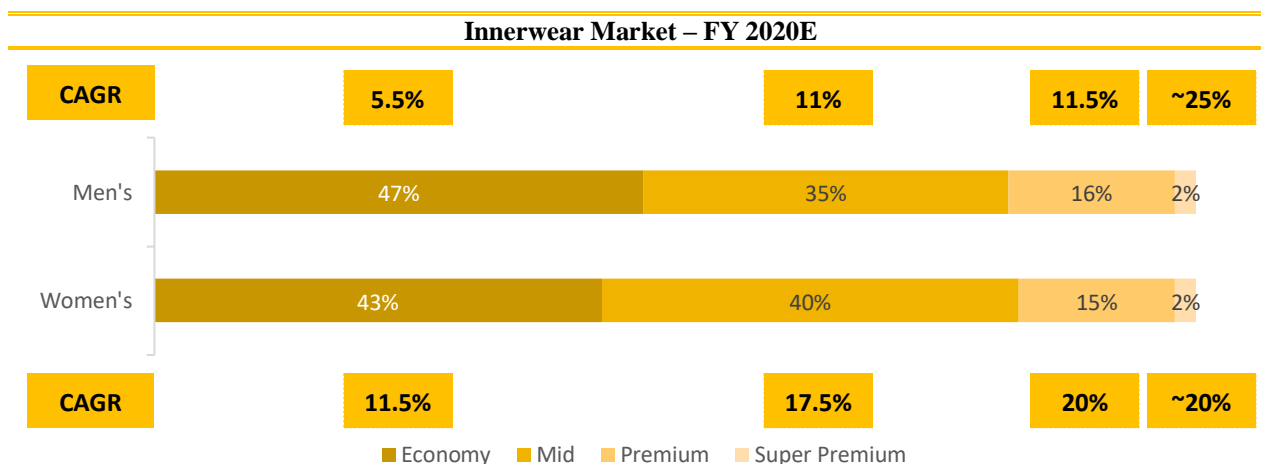
- ability to offer better pricing & value to their customers and drive higher margins owing to low advertising & promotional costs,
- offer new merchandising options and thus create a differentiation in the market and also drive customer loyalty,
- better control over processes since they have complete control over important functions such as design, pricing, merchandising, stocking and distribution, higher bargaining power with suppliers.

Formats such as Pantaloons, Max that offer high fashion quotient and enjoy the strong proposition of fast fashion combined with value have strong tailwinds for growth as they a) cater to a wide category offering cutting across the wardrobe of western wear, ethnic wear, casual wear and active wear b) opportunity to balance price and fashion c) high share of private label d) cater to opportunity in cities beyond metro-centric India for further growth.

*Innerwear: Emerging category within western wear*

This innerwear category exhibits highest penetration of branded play across retail categories, with brands contributing nearly 45% share. This, however is marked by commoditized brands that achieved scale through the wholesale channel. This has led to many national & international lifestyle brands such as Park Avenue, Levi’s, United Colours of Benetton, Van Heusen, FCUK, Tommy Hilfiger entering this segment at the premium end. Although the branded play in the innerwear category is very high, but the category is highly commoditised.

The overall innerwear market in FY 2020 is expected to be USD 6.5 bn with women’s category contributing nearly 2/3<sup>rd</sup> of the market. Men’s innerwear mid-premium to premium is dominated by Jockey, and there is wide space for the demand to be fulfilled. The women’s mid-premium to premium segment is fragmented in products & prices with no leadership. Women are looking for enhanced attributes such as plus size, maternity bras & shapewear and formats & brands have not geared up to meet these customer service demands. There is thus a place for vertical specialist.



Source: Wazir Advisors Report

Currently, unorganized general trade segment dominates channel dynamics with 85 percent contribution share. Owing to distribution focus by brands combined with display characteristics, the hosiery store format will continue to be important in future as well. However, the online channel will drive growth as it enables players to offer a greater width and depth in assortment as well as provide conducive buying environment.

### Ethnic wear

Indian consumers no longer sport formal or casual attire for family functions and marriage ceremonies; they prefer ethnic wear that reflects uniqueness of the Indian cultural ethos. While, the appeal of apparels inspired by local/ regional designs, raw material, styles etc. in other markets is restricted to occasion wear and does not extend to daily wear use. In the case of India ethnic fashion has succeeded to retain its mainstream appeal. There is high degree of preference and contribution of ethnic wear in the women wear category and is a unique feature of Indian apparel market. Ethnic wear is the largest segment within apparel industry, most of which lies within the women’s segment.

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#### Men’s Ethnic Wear & Women’s Ethnic Wear Mix

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Source: Wazir Advisors Report

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### Growth drivers – ethnic wear

Some of the key growth drivers for this category are:

Growing preference of occasion-specific clothing is making ethnic wear the most preferred choice for social functions: Indian consumers no longer stick to formal or casual attire for family functions and marriage ceremonies; they rather prefer ethnic wear that reflects uniqueness of the Indian cultural ethos.

The ethnic wear consumers are seeking association with brands: The ethnic wear consumers have started inclining towards branded apparel owing to assurance of better design, quality and fit. Growing disposable income, increasing aspiration levels among youths are driving factors for branded ethnic wear market in India. Consequently, the ethnic wear market, in recent years, has witnessed high growth trajectory of existing brands as well as entrance of many new brands

The deep-value conscious consumers prefer private labels for everyday use, wait for discounts and promotion: The value conscious consumers seek better deals while opting for ethnic wear fashion.

Focus of Large Format Stores on ethnic wear: The ethnic wear category has witnessed significant focus from the large format lifestyle retailers players through private label offerings owing to its prevalent adoption across geographies and age groups.

Consumers are increasingly adopting alternate retail channels for ethnic wear as well: The ethnic wear consumers are no longer restricting themselves to traditional retail channels. Indian consumers have started looking beyond mere products; they increasingly seek quality shopping experiences combined with best pricing, wide range of product portfolio, multiple brands under one roof.

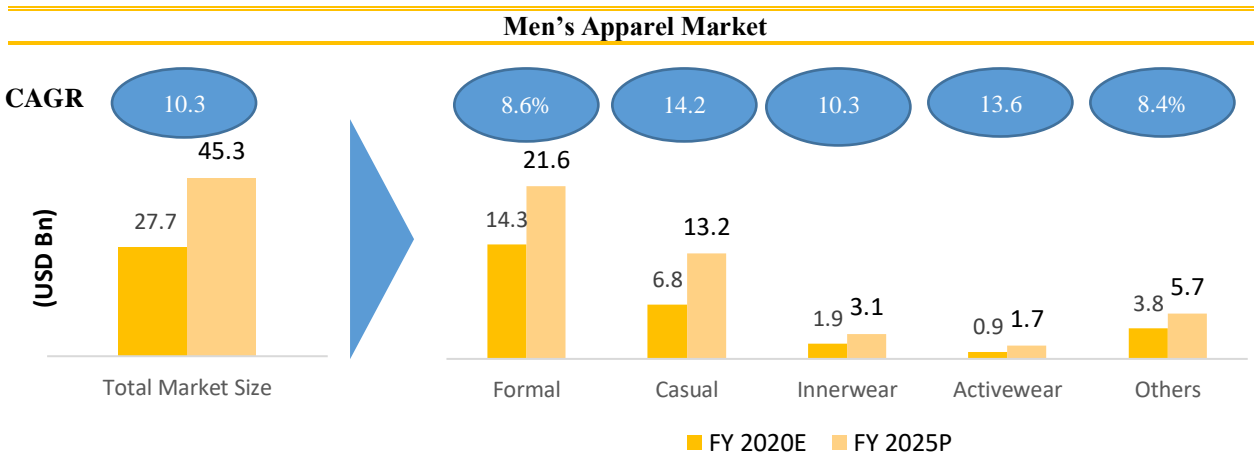
Mix and Match: Indian women have uniquely blended ethnic fashion with western wear and mixes both to create own styles.

Heterogeneous wardrobe: Relevant segment of Indian women have a diverse wardrobe that comprises a mix of ethnic fashion (sarees, kurtas, leggings) and western fashion (T-shirts, denims, dresses etc.). This wardrobe is not only diverse but it is used interchangeably for similar use for instance.

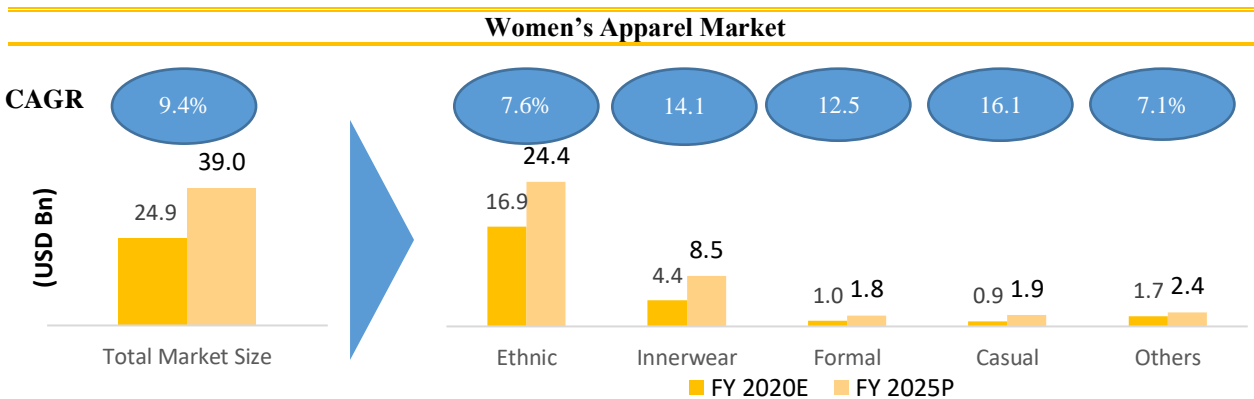
Movement from RTS/Tailoring to Ready to Wear options: As ethnic wear to evolving into engagement with organized formats with consumers driven primarily by Ready-to-Stitch, it is also witnessing what is termed as the *circle of fashion*. Consumers seek offering that is exclusive, customized and unique. This has given rise the trend of accessible designer wear. Designer wear is blending into avatars of becoming more available and hence mainstay. This is true, especially for Ethnic wear owing to the celebration of the Indian ethos. This is being propelled by both demand and supply levers, giving popular and upcoming designers to leverage this platform. Concepts such as Jaypore that celebrate Indian fashion, fabrics, weaves, designers across

are a key example of leveraging this trend. The premium ceremonial ethnic wear is catered to by key designer boutiques such as JJ Valaya, Shantanu & Nikhil, Sabyasachi. Jaypore and Shantanu & Nikhil operate in the premium and luxury part in the ethnic wear.

Consumer Segments



Source: Wazir Advisors Report



Source: Wazir Advisors Report

*Men's wear*

The men's apparel is estimated to have contributed close to 42 percent (USD 28 bn) to the overall apparel market in FY 2020 and is expected to grow at ~10.3 percent and reach USD 45 bn by FY 2025.

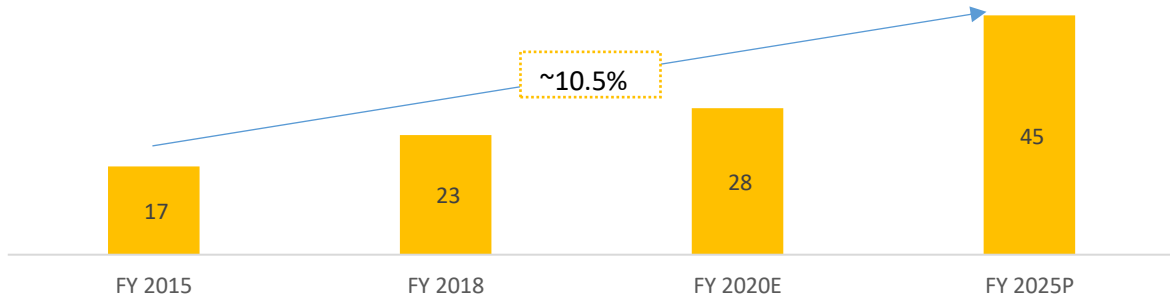
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### Overall Men's Wear

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Source: Wazir Advisors Report

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In men's western wear category, the market is expected to grow at 10.36 percent from USD 25.9 bn in FY 2020 to USD 42.4 bn by FY 2025. Shirts and trousers are the two biggest components contributing nearly 50 percent of the overall category. Denim and activewear are the fastest growing categories, growing at near 15 percent between FY 2020 and FY 2025.

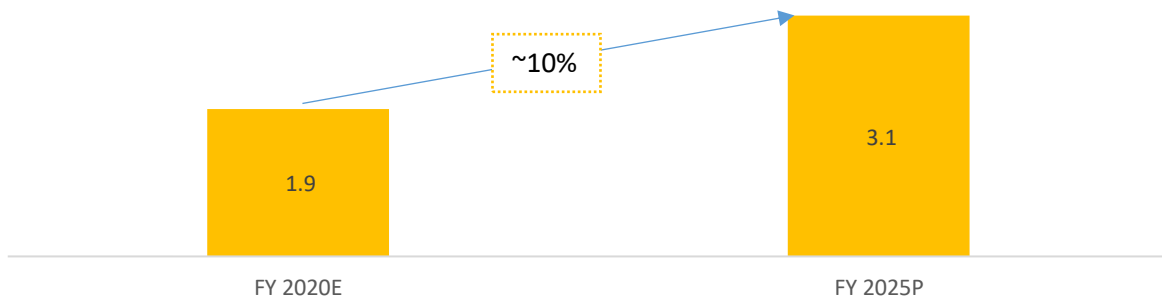
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### Men's Inner wear (USD bn)

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Source: Wazir Advisors Report

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#### Women's wear

Women's apparel market contributes 37 percent to the overall apparel market and it is expected to grow from USD 25 bn in FY 2020 to touch USD 39 bn by FY 2025. The growth in women's wear market will be driven owing to an increase in the number of working women, a shift towards aspiration rather than need based buying and design innovations that appeal to Indian sensibilities.

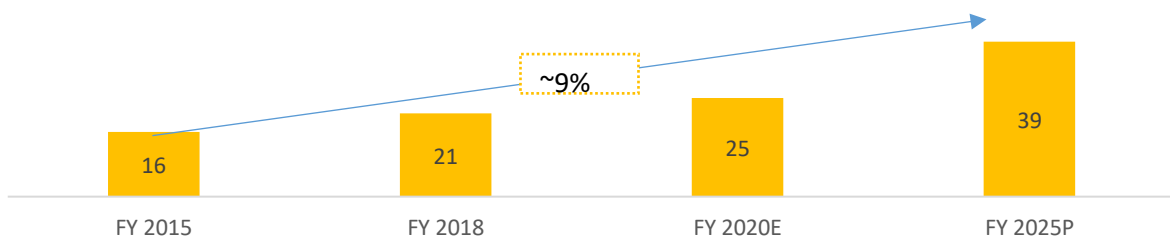
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### Overall Women's Wear

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Source: Wazir Advisors Report

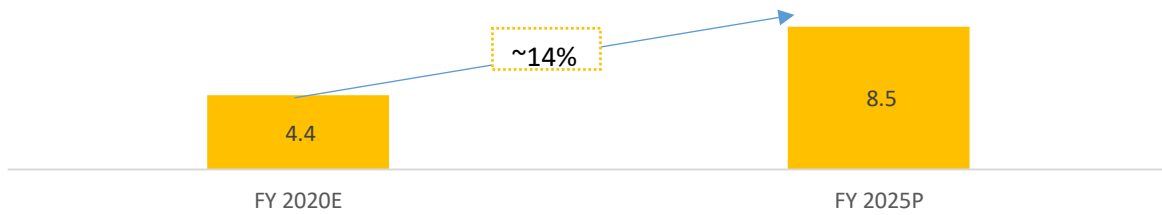
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The overall women's western wear category in FY 2020 is estimated to be around USD 8 bn and is expected to grow at a CAGR of 13 percent over the next 5-year period to reach USD 14.7 bn by FY 2025.

Women's innerwear category is currently estimated to be around USD 4.4 bn and is expected to grow at a CAGR of 14 percent and nearly double by FY 2025 (USD 8.5 bn).

### Women's Inner wear (USD bn)



Source: Wazir Advisors Report

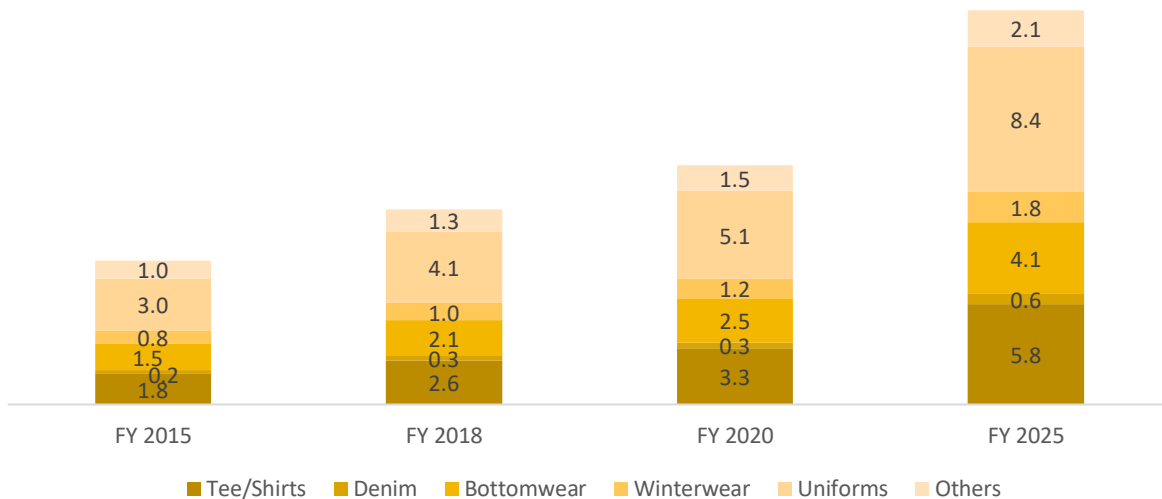
This segment is also expected to be driven by changing consumers preference from 'Foundation' to 'function plus fashion plus comfort'. Rising popularity of the fashion range is also expected to drive the growth of this segment.

The women's ethnic wear market contributes nearly 70 percent of the overall women's apparel category. The market is expected to grow at a CAGR of 7.6 percent and grow from USD 16.8 bn in FY 2020 to USD 24.3 bn in FY 2025. For Indian women, ethnic fashion is a mainstream need for daily wear use (in addition to strong occasion wear) whereas for men it currently restricted to occasion wear.

#### *Kid's wear*

The kids wear market in India is currently about USD 14 bn (FY 2020) and is expected to grow at a CAGR of 10.5 percent and grow to nearly USD 23 bn by FY 2025. Uniforms, t-shirts/shirts and bottom wear are the three biggest categories contributing at 37 percent, 24 percent and 18 percent of the overall kids wear market as on FY 2020. Kids denims is the showing the fastest growth rate of 13 percent among all the other product categories (FY 2020 - FY 2025).

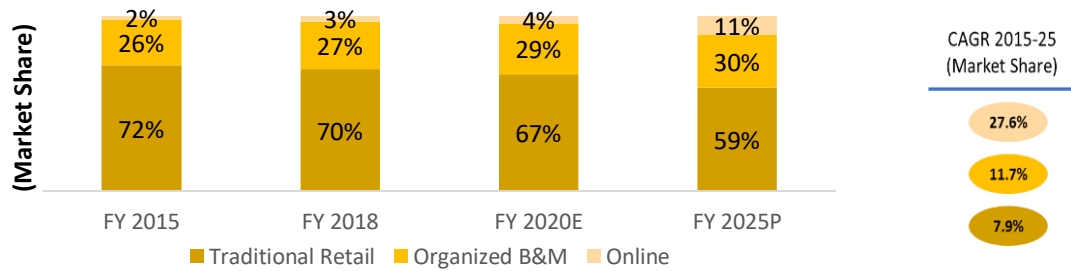
### Kid's Wear Breakup



Source: Wazir Advisors Report

#### Formats & Channel

## Channel Mix



Source: Wazir Advisors Report

### Traditional Retail Formats

While, the traditional retail expected to continue its domination in the apparel segment, but its contribution is expected to come down from 67 percent in FY 2020 to 59 percent in FY 2025. This segment is expected to grow the slowest between FY 2020 and FY 2025 (~7.2 percent) and reach USD 63 bn in FY 2025 from USD 45 bn in FY 2020.

### Brick & Mortar Organised formats

Organised retail trade has been growing steadily since the 1990's and has steadily expanded its footprint across the country. It started with manufacturers opening their own outlets and soon pure play retailers realizing the potential got into this space. In the next phase international players got into the market, but the reach of organised retail was still limited to metros and tier I cities. In the period after 2010, more speciality formats entered the market and finally 2017 onwards, brands and retailers have been driving to serve the customer in a seamless way across multiple channels, by adopting the omnichannel concept.

The country has seen the entry of foreign brands in the country in last few years and more brands will continue to enter in the few years and more brands will continue to enter in the country with 100% FDI in single brand retail.

Indian lifestyle brands, however, leverage deep understanding of consumer trends, uniqueness of India fashion market, enjoy consumer loyalty in addition to understanding of the geographical and regional diversity of the country.

Domestic lifestyle apparel brands, Fabindia, Louis Philippe, Van Heusen, Raymond, Arrow, W, BIBA, AND, Zara and Large Format Stores like Shoppers Stop, Lifestyle, Pantaloons will continue to adopt aggressive penetration and foray into Tier I and II Indian cities in order to tap the potential.

Pantaloons which is a leading large format fashion retailer as well as a leading player in the value fashion segment, is engaged in retailing of apparel and accessories.

Organised brick & mortar segment will see a steady growth rate of ~11.7 percent between FY 2015 and FY 2025 and grow to about USD 32.6 bn by FY 2025.

### Online formats

The share of online is currently ~4.5 percent of the overall apparel market. The share of online in the overall apparel market is expected to increase in future but it won't affect the share of brick & mortar retail and both the channels will continue to co-exist.

The online market has grown manifold in recent years and witnessed the emergence of strong vertical players with widespread geographical reach. However, the large retail houses will also be able to translate the legacy and trust enjoyed by these brands when they move toward offline to online models. Although the base of the online channel is small as compared to the other two channels, it is expected to see the fastest growth, growing at nearly 31 percent between FY 2020 and FY 2025.

With respect to the online space within the fashion and lifestyle retailers broadly fall under 5 key segments based on their merchandize offering and business model,

- Horizontal Marketplace: player who having a wide spectrum of offering and multi-brand offering
- Vertical Aggregators: they have a relatively narrower category focus, e.g., apparel and lifestyle and offer multiple brands within their segments
- Western Private Label Led: These players offer lesser categories, but along with multi-brand offering they also have a focus on private labels
- Ethnic Fashion Led: they are ethnic only focussed players. While they have a sizeable category offering in the form of apparel and lifestyle, their products are principally based around ethnic taste



- Online Extensions of B&M Retailers: many B&M centric players have forayed in to online retailing.

The online apparel retail market in FY 2020 was USD 2.9 bn Men (50 percent) and women (44 percent) segment contribute to bulk of online apparel market with kids contributing only ~6 percent of the market. High share of men's segment in online apparel market is driven by high penetration of casual wear categories.

#### *Omnichannel Play*

In order to provide seamless experience to customers across channels, coupled with the need of enhanced digital customer behaviour, brick & mortar retailers and ecommerce players are adopting omni-channel retailing approach to strengthen,

- enhanced customer experience
- personalized marketing & promotion
- higher brand loyalty

#### *COVID-19's impact*

The COVID 19 epidemic has had a major impact on overall business and consumer sentiment in the country. With the implementation of lockdown, the retail industry has been greatly impacted and has seen a massive dip in sales in the short term.

The sudden lockdown not only impacted their sales but also disrupted the supply chain at the backend. However, as India comes out of this strong lockdown there are already initiatives by retailers to restore the supply chain. In light of the supply and demand constrictions, brands and retailers are working together to put in place an integrated demand supply planning framework. Additionally, brands are expected to experiment with newer strategies to reach out to customers such as mobile commerce as well as direct to consumer model to boost their business. Given that the customers are expected to prefer online channel in the short term, this event could also fasten the adoption of omnichannel strategy among many brick & mortar retailers. On the other end, the retailers are also gearing up to grab the post lockdown opportunity when the market opens up to a new normal by working towards making the store environment safe & hygiene for customers. In the post COVID scenario, organized retailers will emerge stronger as safety and hence trust emerges a strong currency. The ability of leading organized players to lead and define standard policies, procedures and process for store re-opening and continued operations will be a significant advantage. We believe given the initiatives taken by retailer and stakeholders in the supply chain as well as customer's willingness to return to the retail environment, we believe that this situation is a blip and the expect the normalcy to return back to over time.

The consumer sentiment is cautious at present and it is expected that the consumers are expected to tone down their discretionary spends as compared to essentials, which is likely to impact the apparel category in the short term and thus a skewed demand towards impulse & casual wear. Consumers are expected to engage more with the basket of casual categories such as t-shirts, tops, casual shirts and active wear. While the consumers are eager to get back to the retail environment, in the new scenario we expect that they will seek more value in everything they purchase. Value attributes tend to extend beyond just price for the consumer, such as consumer would now expect that clothes and that serve dual purposes of work from home and occasional trips to office. Consumers will actively seek enhanced value attributes in formal wear and work wear. Also, one of the points that many reports have been highlighting is that while there is decrease in footfall, there has been increase in probability of purchase and increase in ticket size.

In the post COVID era, where the customers are expected to seek more convenience and experience, the rate of adoption of omnichannel strategy among the lifestyle fashion players is expected to increase. Brands will, over time, adopt the hyperlocal model to optimise last mile fulfilment metrics of cost, time, inventory turns and logistics. In the initial phases of adoption, fulfilment is expected to happen from marketplaces, online as well as offline. Whilst the immediate access and availability issue will be solved through horizontal marketplaces, legacy lifestyle brands will capitalize on trust, salience, exclusive brand (EBO) store format, wide penetrated network over the mid and long term. Consumers strongly attribute trust, experience and service with organized formats, especially exclusive brand formats and large format. These formats have not ceded preference even in post COVID times as consumers are eager to re-engage with these formats.

## OUR BUSINESS

*In this section, unless the context otherwise requires, indicates or implies, “we”, “us” and “our”, refer to our Company together with our Subsidiaries. Unless the context requires otherwise, the financial and operational information included in this section represents that of Aditya Birla Fashion and Retail Limited, on a standalone basis till Fiscal 2019 (i.e., does not include such information for our Subsidiaries) until the acquisition of our Subsidiaries, which took place during Fiscal 2020 and therefore, financial and operational information included in this section represents that of our Company on a consolidated basis (“ABFRL Group”) for Fiscal 2020.*

### Overview

We are one of India’s largest pure-play fashion and lifestyle companies in terms of revenue with a strong bouquet of leading fashion brands and retail formats across various segments and categories with pan-India distribution (*source: Wazir Advisors Report*). Our Company’s portfolio comprises the Madura Segment which includes lifestyle brands, fast fashion, global brands, innerwear and other businesses, and the Pantaloons Segment. While Madura Segment holds the branded apparel and accessories business, Pantaloons Segment houses the large format retail business under the Pantaloons brand.

### Evolution of our business

The branded apparel business of Madura Coats Limited was acquired by ABNL in 1999 which later forayed into retail business in 2004. Subsequently, our Company was incorporated as Peter England Fashions and Retail Limited on April 19, 2007, during which period we launched luxury and value business formats and invested in export manufacturing. During Fiscal 2013, we acquired the Pantaloons Segment business pursuant to the Pantaloons Scheme. In a bid to capitalize on its large market presence in the branded fashion space in India, the apparel and retail business of Aditya Birla group, housed under separate entities were consolidated under our Company, through the Madura Scheme. During Fiscal 2016, we acquired the branded apparel manufacturing and retailing division of ABNL and the apparel retailing business of MGLRCL, which formed the Madura Segment of our Company. For further details of the acquisition of Pantaloons Segment and Madura Segments of our Company, see “*History and Certain Corporate Matters*” on page 84.

### Business segments

We have a pan India distribution network comprising of 3,031 stores covering a footprint of approximately 8.04 million square feet, over 25,000 multi-brand outlets and 6,514 SIS across departmental stores, as on March 31, 2020. Our Madura Segment consists of lifestyle brands, fast fashion, innerwear and global brands. Further, Pantaloons is a leading player in the value fashion segment (*source: Wazir Advisors Report*) with a network of 342 stores across India, as of March 31, 2020, spanning over 4.3 million square feet. For further details about the Madura Segment and Pantaloons Segment, see “*Our Business – Business description*” beginning on page 81.

Ethnic wear is the largest segment within apparel industry, most of which lies within the women’s segment (*source: Wazir Advisors Report*). In addition to Madura Segment and Pantaloons Segment, our ethnic wear business is housed under our Subsidiaries. Our recently invested brands being Jaypore and Shantanu & Nikhil operate in the super premium and luxury part of the retail segment in the ethnic wear (*source: Wazir Advisors Report*) comprising of bridal and everyday/work wear. For further details of our investments with respect to these brands, see “*Our Business – Acquisitions and Investments*” on page 82. We believe acquisition of these brands are potentially long-term growth opportunities for us and we intend to introduce new products and bridge-to-luxury brand launches with an aim to capture the larger share of ethnic wear market.

### Our financial performance

For Fiscal 2020, our total income on a consolidated basis was ₹ 8,853.16 crore and our consolidated loss after tax for Fiscal 2020 was ₹ (165.02) crore. We had witnessed a significant growth momentum across business segments during the nine months period from April 2019 to December 2019, backed by festive performance and network expansion. The momentum continued even in the months of January 2020 and February 2020 owing to reasons such as end of season sale and weddings. However, the COVID-19 pandemic induced economic standstill in the month of March 2020 and had an adverse impact on our quarterly performance, which led to a decline in sales and profits for the quarter ended March 31, 2020 as compared to the quarter ended March 31, 2019. For further details on risks in relation to the impact of COVID-19 on our business operations and financial condition, see “*Risk Factors – The recent novel coronavirus (“COVID-19”) outbreak has impacted our business, results of the operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.*” beginning on page 17.

### Our Competitive Strengths

*Strong and established brands with an ability to build strong timeless brands*

We believe we have a strong portfolio of fashion brands in India. This was achieved through continuous efforts in marketing, growing distribution network and continuous product innovation across all our brands. We believe that our brands are our strongest and most fundamental strategic assets, enabling us to maintain a differentiated and competitive position in the domestic apparel industry. We have been able to consistently evolve these brands with the change in consumer trends. We will continue to selectively add and build new brands, further strengthening our brand portfolio and expanding our presence across untapped segments. Due to our ability to build brands, we have introduced various sub brands and product extensions under our owned brands such as LP Sports, LP Jeans, Allen Solly Junior, etc. Within Pantaloons, we believe that the gamut of owned and licensed brands sold at our stores are a testament of quality and affordability and therefore, provide us with a competitive advantage over other large format apparel retailing stores.

We believe that we have developed a large customer base, across our brands due to our consumer centric approach to business, exhibited through a wide range of offerings of apparel and accessories, and the shopping experience offered at our stores.

We have a large base of customers who have enrolled for our loyalty program and approximately 49% of our revenues are contributed by such customer base. As on March 31, 2020, we had a loyalty base of 18.30 million and 16.90 million for Madura and Pantaloons Segments, respectively and such loyalty base might include an overlap among the Madura and Pantaloons Segments.

#### *Diversified product portfolio and deep expertise in design, product development and sourcing*

Our brands derive the strength from the products we create and hence, we have invested deeply in building robust design and product development capabilities. Our teams are transforming the way we think about fashion cycles by aiming to improve through closer-to-market creation. We are enabled to respond to ever-changing fashion trends by delivering innovative products satisfying consumer needs. The apparels for most of our brands, are designed by our in-house studio, which is staffed with skilled and well-qualified designers. We believe that the designing skills and knowledge of our designers enables them to create ensembles that generate admiration for our brands. As the apparels and accessories marketed under these brands cater to consumers' fashion requirements, we believe they have generated significant brand equity that helps us attract customers to our stores.

Having traditionally been known as a men's wear company in the past, in the last few years, we have expanded our portfolio of offerings through our presence in casual wear through brand extensions and gained a strong position in the fast-growing value fashion segment through Pantaloons Segment (*source: Wazir Advisors Report*). Our portfolio has also been strengthened with inclusion of Forever 21 in women's fast fashion and men's and women's innerwear under the brand Van Heusen. We have also enhanced focus on women's and kids' wear through strengthening the play in these segments through our lifestyle brands. Similarly, for occasions leading to high apparel sales such as festivals and weddings, our focused merchandise planning and product creations, aided with strong campaigns around invoking the association with our brands has helped us sell exceedingly well during these occasions. Expansion and strengthening of our portfolio of offerings is also supported by adoption of global sustainability practices.

Our product portfolio comprises products of varied price range and product types which caters to the needs of customers of varied economic backgrounds and segments. For instance, in terms of our formal wear offerings in the lifestyle segment, we believe that our product offerings meet the demands of customers with a wide range of price sensitivity. Further, we believe that due to our diverse product portfolio covering wide range of categories, such as, ethnic wear, casual wear, innerwear, formal wear and athleisure, we are better equipped to offset an impact on one or more product categories, due to temporary disruptions in the market, by focusing more on the other part of the portfolio, for instance, any perceived adverse impact of COVID-19 related disruptions on work wear could be offset by a higher play on athleisure and active wear segments. Our portfolio of diverse product categories enables us with that flexibility to optimize our play basis the changing consumer preferences.

#### *Extensive distribution network with diversified geographical presence*

We run a wide and extensive distribution network consisting of 2,699 brand stores, over 25,000 multi-brand outlets and 6,514 SIS across department stores and 342 Pantaloons stores, as of March 31, 2020; making us one of the largest distribution network of apparel businesses in the country (*source: Wazir Advisors Report*). Our stores are located in over 750 cities across India, which range from Tier 1 cities to Tier 4 cities. This diversified presence allows us to not only tap high-consumption and stable markets in larger cities, but also the emerging markets in Tier 2 and 3 cities, where the consumption for branded apparel is expected to witness more accentuated growth (*source: Wazir Advisors Report*). We believe that we are able to achieve such wide and deep distribution due to our range of brands across price segments and diversified product portfolio.

Our access to a diverse consumer base, mitigates the risk arising from concentration of customers in a particular geographic region. We believe that this is a key competitive strength because at any particular time the consumption patterns in various regions of India may be differently affected, due to regional factors, such as demographics, discretionary spends, standard of

living, new employment generation initiatives, political situation, regional festivities and at times adverse factors such as natural calamities. This geographic diversity also offsets, to some degree, the effects of seasonality on our business and any sudden regional risks. A diverse consumer base also enables us to understand customer trends better and utilise that experience in designing apparel and accessories and introduce such products in other regions. Our presence across over 750 cities in India also acts as a catalyst for enhancement of our brand recall and equity.

#### *Robust people processes*

Over the years, our human capital has added substantially to the growth of our business and development of our organization. It has been a strong differentiator for our expansion of existing brands as well as smooth induction and growth of many acquired brands. Our leadership across our brands and functions carry deep expertise and experience in financial management and respective domain knowledge and application. Our leadership team has long-term experience in brand or retail management as a manufacturer and seller, franchisee, partnership with international brands and distribution management. Our leaders play a key role in shaping and impacting various issues at the industry level. Across our stores, our workforce is consumer centric, agile, well trained, engaged and positively disposed. Actions of our workforce are reviewed through the governance mechanism set up for our stores, factories and offices.

We have a strong performance ethos for our brands. Through our growth and profitability targets, our employees experience adequate performance stretch leading to achievement of many milestones. Our leaders have a strong growth mindset along with operational effectiveness for the present. Over the years, we have developed a capability of seamless post acquisition integration of brands and its leaders and employees. Our integration premises on retaining the core DNA of the acquired brand while integrating on the essentials. We have built bandwidth of turnaround expertise and experience ensuring growth and development of many such brands that we acquired. Our actions are anchored and guided by the Aditya Birla group values of integrity, commitment, passion, speed and seamlessness.

#### *Strong parentage, leadership capability and corporate governance*

We are a part of the Aditya Birla group, which is one of the largest business groups in India. The Aditya Birla group is in the league of Fortune 500 companies and is an Indian multinational conglomerate with a history of over 150 years, with a presence in more than 30 countries and over 1,20,000 employees belonging to 42 different nationalities. The Aditya Birla group has businesses in various industry sectors, including metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance, financial services and mobile telecommunications. We believe that we benefit from the confidence that consumers, lenders, vendors and others place in the Aditya Birla group.

Most of our leadership team is home grown and has contributed to our milestones in our long journey of more than two decades. Our Company is governed by a board comprising of industry experts with rich experience across diverse consumer facing industries and many geographies. Our operations are managed by a team of professional managers with rich experience in the retail industry. Our leadership team comprises, *inter alia* our Managing Director, brand specific chief executive officers and our Chief Financial Officer with each ranging over 20 to 25 years of experience. We believe that our leadership development programme plays a significant role in securing and making our talent pipeline future ready. The programme focusses on gaining insights about strengths and development areas through various assessments.

In addition to our leadership capabilities, we are also focused on following high standards of corporate governance consistent with the principles of the Aditya Birla group.

### **Our Strategies**

We have built a leadership position in the industry in the last decade. In future, we aim to maintain our leadership position in a new competitive environment.

#### *Continue to build strong brands*

In order to maintain our leadership position, we will continue to invest in building strong vibrant brands that evolve with the changing customer needs and shift in consumer trends. The brand focus will be extended into enhanced product design and a refreshed store experience. The focus on product innovation will continue to drive the differentiation, supplemented with initiatives to interact with customers continuously. We will continue to test and implement latest methods of engagement with the customers and create strong associations to strengthen our brands. Our consumer-centricity framework is based on continuous research, big data analytics, real-time feedback from retail outlets and an engaged customer loyalty programme. We intend to continue to build a large scalable business in the fast-growing value market as large middle-class India continues to upgrade from unbranded, local products to organized branded offerings and implement better planning tools and agile supply chain models such as by way of warehousing solutions, to deliver better freshness at our stores, that directly impact customer perception of our brands. We also intend to keep introducing new brands and extensions in various segments with revamped

product lines, in line with aspirations of younger audience.

#### *Continue to enhance our portfolio*

We intend to tap further growth opportunities in fast growing segments such as ethnic wear, inner wear, active wear, casual and super-premium fashion by growing our presence in both the existing brands and newly acquired ethnic-wear brands like Jaypore & Shantanu & Nikhil, for both, women and men, respectively.

As casual wear gained higher share of consumer's wardrobe, ushering in a shift from predominantly formal wear, our Company has gradually extended its brands into casual wear through launch of new sub brands. Our Company has extended its reach into branded women's western wear as well. Similarly, in the current context of growing interest of consumers in branded ethnic wear, we plan to expand our portfolio of offerings by strengthening our premium ethnic wear portfolio under the recently acquired brands, namely, Jaypore and Shantanu & Nikhil. Additionally, we also intend to organically extend our mid-price offerings in ethnic wear business. In terms of our innerwear business, our key focus areas are aimed at continuing with product innovation, high-impact marketing and portfolio expansion in line with market trends. Our strategy is also to enhance our portfolio based on evolving our strategy through the long-term shift in the consumer trends.

As part of our multifaceted response to COVID-19, we continue to work towards further innovation such as creating product lines around essential items such as dedicated facilities to produce personal protective equipment (PPE) and coveralls for our COVID-19 healthcare and other on-ground workers and also launched new line of fashion masks for customers under most of our brands.

#### *Expanding our distribution footprint*

Our Company has been growing rapidly through its multi-channel distribution strategy and is now present in more than 750 cities across 28 states and 4 union territories. With the growth of organized retail across India, our Company intends to continue building reach and penetration through physical stores aided with an amplified play on omni-channel. Along with increasing its penetration in existing territories, our Company has identified newer markets in tier 2, 3 and 4 towns of the country and intends to penetrate deeper in these markets as rising fashion aspirations create new consumers for our brands. We are also at the forefront of accelerated expansion into tier 3 and 4 markets, as our aim is to help our brands travel further and deeper, creating a distribution network that will become our dominant competitive advantage in the long run. We have also introduced our Peter England brands through the small-town format to tier 4 markets. Similarly, through Pantaloons, we are entering into many tier 4 markets which are still highly unorganized in terms of apparel retail.

The growth in digital commerce channel has significantly improved access to fashion in these smaller markets and is also expected to play a critical role in our penetration into these markets.

Strong digital influence and increased reach of e-commerce has enabled us to substantially enhance our ability to reach to a much large set of customers who prefer to shop online. Given that we had already introduced our omni-channel offerings, we have been able to offer options to our customers to buy on any channel and get fulfillment at home, which we believe will put us in good stead.

#### *Digital transformation*

We believe that the fashion retail industry is significantly impacted by the phenomenon of digital transformation at the global level. Given the strength of our brands and the deep reach of our retail network across the country, we believe this is a significant potential opportunity for us to establish ourselves as a leading player in omnichannel play. We are in the process of realigning our business model and processes in-line with this shift to drive shopping and engagement in line with changing consumer trends and scaling up our e-commerce operations. To this effect, we have started several digital initiatives which are currently in progress, focusing on driving e-commerce, customer experience and engagement.

We have been following a brand-led e-commerce strategy that aligns with our offline business model, builds on the strength of our brands and enhances them. Our initiatives are focused both around front end and back end of our business. A few of our initiatives around consumer facing areas include technology-based experiences such as personalized shopping recommendations based on loyalty data, multi-channel personalized campaign management and digitally enabled hyper local commerce.

For the Lifestyle Segment, we have implemented a digital trade show platform in Fiscal 2020, replacing seasonal tradeshows, which has helped us completely transform the product development lifecycle and enabled us to move from a two-season product lifecycle to a twelve-season product lifecycle. Additionally, we have taken several other initiatives in streamlining our back end operations as well, primarily by leveraging advanced analytics algorithms. A few such areas where we have made significant progress include automatic inventory replenishment, predictive analytics on fabric and style success, advanced analytics solution for pre-season merchandise, assortment planning and dynamic markdown management. All these initiatives are

focused around strengthening the core functions of planning and fulfillment with an intent to reduce markdowns and inventory and improve operational efficiency of our Company.

## **Business description**

Our business comprises Madura Segment and Pantaloons Segment and ethnic wear business.

### Madura Segment

Madura Segment comprises lifestyle brands which includes leading apparel brands such as Louis Philippe, Van Heusen, Allen Solly and Peter England which, we believe are synonymous with high-quality products, contemporary fashion and satisfactory consumer experience. As on March 31, 2020, the lifestyle business segment had a store network of 2,243 exclusive branded outlets along with distribution through multi brand outlets, departmental stores and e-commerce presence. Our stores are located in malls, high streets, in major metros as well as other cities.

The Madura Segment also houses other businesses such as fast fashion, global brands and innerwear businesses.

Fast fashion comprises Forever 21, which is a global fast fashion brand with significant popularity primarily amongst young girls and People, which is a young casual brand that addresses the fashion aspirations of the Indian youth. People has been a home-grown youth fashion brand that remained as an independent brand until Fiscal 2020 and will operate out of Pantaloons going forward, Forever 21 is one of the most popular global fast fashion brands amongst youth (*source: Wazir Advisors Report*).

Our global brands portfolio comprises The Collective, India's largest multi-brand retailer of international brands and licensee business of select premium/luxury brands (*source: Wazir Advisors Report*) such as Ted Baker, Hackett, Polo Ralph Lauren, Fred Perry, Ralph Lauren, Simon Carter and American Eagle. Through this portfolio we intend to create and scale up, as applicable, a premium, super premium and luxury business in the future.

The Madura Segment also includes the men's and women's innerwear business under the brand Van Heusen. Innerwear is a large and attractive market which we believe, is currently under penetrated by brands, specifically in the premium segment. We entered the innerwear space through men's innerwear in the year 2016 and built scale at the back of innovative products, impactful marketing campaigns and launches. Our innerwear business boasts a network of over 20,000 trade outlets across India, as of March 31, 2020.

Furthermore, we believe, women's innerwear is highly fragmented and is amongst the fastest growing apparel categories, wherein we have entered through Van Heusen intimates. Along with selling through trade and retail outlets, we have also built an online channel through our e-commerce platform for women innerwear, which along with commerce, also builds awareness around fits and sizes. Our global brands portfolio comprises The Collective, India's largest multi-brand retailer of international brands and licensee business of select premium/luxury brands (*source: Wazir Advisors Report*) such as Ted Baker, Hackett, Fred Perry, Ralph Lauren and American Eagle. Through this portfolio we intend to create and scale up, as applicable, a premium, super premium and luxury business in the future.

### Pantaloons Segment

Pantaloons is a leading player in the value fashion segment with a network of 342 stores across the country, spanning over 4.3 million square feet. The format caters to the fashion needs of men, women and kids segments across fashion apparel and accessories. Our sales in Pantaloons Segment can be attributed to sale from private labels and third-party brands.

Along with strengthening its presence in tier 1 cities, Pantaloons is also aggressively expanding its retail footprint into newer markets in tier 2 and 3 cities as consumerism and appetite for organized retail and fashion is perceived to be on the rise in these markets (*source: Wazir Advisors Report*).

While charting its growth ambitions, Pantaloons Segment has also, through slew of strategic and operational measures, improved its profitability over last three years which was continued until most part of Fiscal 2020 while getting muted due to the COVID 19 impact in March, 2020.

## **Our processes and functions**

### Manufacturing operations

Madura Clothing is the dedicated manufacturing arm of our Company which was established with the primary objective of providing responsive delivery of quality apparels to Madura Segment brands at competitive cost. Madura Clothing operates out of 9 garment manufacturing locations with a total employee base of around 13,000 employees. The major product category catered by Madura Clothing includes woven tops and bottom wear for men, women and children across the product groups of shirts, trousers, dress, jackets and suits. Madura Clothing works in an embedded fashion with Madura Segment's supply chain

and is integrated with its business processes across the entire product life cycle starting from development to end consumer feedback and experience enhancement. We intend to focus on digitizing our manufacturing facilities by bringing in best in class technologies and processes. Madura Clothing has also implemented sustainable manufacturing practices across all plants with respect to green building, renewable energy, waste and water management.

### **Supply chain management**

Our supply chain with its global sourcing and in-house manufacturing capabilities ensures availability of world class merchandise at competitive price efficiently. Additionally, our distribution and logistics capabilities with sufficient coverage of warehouse footprint and dedicated logistics partners ensures on time delivery and availability to our retail stores and customers on a consistent basis. Our warehouses supported by our IT systems service our emerging business needs. We intend to continue bringing agility in our supply chain by continuously digitizing our pre-production processes to be able to respond to the rapidly changing consumer preferences and building hyperlocal delivery capability to support our rapid growth in ecommerce in the coming years.

### **Marketing and advertising**

Our marketing and advertising function is supported by a core-marketing team which develops and executes marketing and branding initiatives. We currently follow a comprehensive marketing approach, which means that we advertise through most of the mediums of communication through media, being television, press, outdoor advertising, digital and mobile. We have therefore been able to build strong brands with distinct positioning that addresses all consumer segments and continues to build strong loyalty for our business.

Apart from the round the year advertising, we also undertake special advertising and marketing in event of a launch of any products or formats. We also undertake event-based marketing activities, such as organizing events and loyalty programs catering to a particular customer segment on specific days, entering into celebrity associations for various brands, merchandising launches with key partners, organizing fashion shows at our stores, launching signature collections and promotional events linked to occasions such as festivals and wedding season.

### **Business partners and suppliers of raw materials**

We have partnered with various international brands such as The Collective and select premium/luxury brands (*source: Wazir Advisors Report*) such as Ted Baker, Hackett, Fred Perry, Ralph Lauren and American Eagle by way of long term arrangements in the nature of memorandum of understandings, distribution agreements and assignment agreements.

As regards the tie-ups for supply of raw materials essential for our manufacturing units and business, we do not enter into long term agreements for procurement of such raw materials or finished products. Also, from a geographical spread perspective, our primary demand for products such as denims, cotton apparels and accessories are met from vendors belonging to various countries such as Bangladesh, China, Vietnam and Turkey.

We have built strong relationships with various partners in our ecosystem, ranging from material and service vendors, real estate partners in the form of malls and high street owners, channel partners including departmental stores, ecommerce and franchisees, research centers and academic institutions

### **Acquisitions and Investments**

During Fiscal 2020, our Company acquired Jaypore E-Commerce Private Limited, Jaypore Inc, USA, TG Apparel & Decor Private Limited and acquired 51% stake in Finesse International Design Private Limited resulting in these entities becoming the subsidiaries of our Company. With these strategic investments, our Company entered into premium branded ethnic fashion segment for both men and women.

Earlier in 2016, our Company had acquired the business undertaking relating to retail and e-commerce business operations of Forever 21, which involved sale of clothing, accessories and related merchandise under the Forever 21 brand across channels (“**Forever 21 Undertaking**”), along with acquiring the exclusive franchise rights for the brand “Forever 21” for the Indian market. From segmental financial reporting perspective, the Forever 21 Undertaking forms part of Madura Segment.

### **Employees**

Our Company has a diverse workforce of over 25,000 employees comprising people from diverse social, economic and geographic backgrounds, and constitutes a huge knowledge capital with varied educational and industry experience and healthy gender diversity ratio. Based on our philosophy of “biggest brands and best people”, we believe that our human capital offers us a strong competitive advantage in the industry. We nurture our in-house talent for higher roles as part of the key ingredient of our development agenda. We have embarked on many initiatives offering “flexibility & convenience” to our employee such as flexibility policy, wellness initiatives and HR chat bot. Our multiple diversity initiatives include speed mentoring by leaders

and diversity council for ensuring diversity in talent in our Company.

## **Competition**

Our primary competitors cut across business models and customer segments. There is a heightened competitive intensity amongst large players, in both offline and online space and some of our new competition has proven international experience and large ambitions. Our competitors include retailers with standalone stores in the organized and unorganized sector and other chains of stores including department stores. However, we believe owing to our presence across various cities in India, unique customer experience provided at our stores and the wide range of brands offered, we have a distinct competitive advantage over each of our competitors.

## **Intellectual Property Rights**

We regard our brands as the most critical intellectual property and an important factor contributing to our success. Our intellectual property includes trademarks and domain names associated with the Pantaloons brand and the four lifestyle brands and two newly invested brands, under which we operate our business, and the brands retailed by us.

## **Sustainability and corporate social responsibility**

We embarked on our sustainability journey with our program ‘ReEarth - For Our Tomorrow’ during Fiscals 2013 and 2014 with the aim of giving back more than what we take from our ecosystem. The ReEarth movement was initiated with an aim to create an organization that thrives in a world of rising resource constraints, and it comprises 10 missions which seek to strike a balance between natural and business ecosystems, covering the dimensions of energy, carbon footprint, green building, water, waste, water, sanitation and hygiene (WASH), product, packaging, safety and corporate social responsibility. We conduct corporate social responsibility activities primarily focusing on areas like education, sustainable livelihood, health, sanitation, water and watershed development and digitalization of villages and we carry out our responsibilities towards the society in line with our sustainable development goals. It aligns our stakeholders across the value chain, engages employees, community, partners with vendors and suppliers, and connects with our customers. Our sustainability commitment towards our people and planet has helped us do some exceptional work that has won us national and global recognition and accolade such as below:

- Our participation in the SAM Corporate Sustainability Assessment (SAM CSA) for the year 2019 has secured us 8<sup>th</sup> position among the textiles, apparel and luxury goods industry globally for our ESG performance among Dow Jones Sustainability Indices. The SAM CSA methodology is used among others, to select companies for the Dow Jones Sustainability Indices (DJSI);
- We also received an award of Sustainable Corporate of the Year 2019 from Frost & Sullivan and TERI at Sustainability 4.0 Awards 2019;
- We won the 6th Indian Green Building Council “Green Champion Award” under the category of ‘Pioneer in large scale adoption of green buildings in Industrial sector’;
- We represented our Company at the UN Headquarters through our sustainability case; and
- Winner of CSR project of the year award 2019 for Village Development Program at the second edition of the Corporate Social Responsibility Summit and Awards 2019.

In our next wave of sustainability, we are striving towards shifting from value-chain approach to product-centric approach, wherein our products will be the fulcrum of our sustainability strategy and establishing strategic agenda for advocating, creating and catalyzing ecosystem for sustainable and circular future in India



## HISTORY AND CORPORATE STRUCTURE

Our Company was incorporated as ‘Peter England Fashions and Retail Limited’ on April 19, 2007 as a public limited company under the Companies Act, 1956. Our Company received its certificate for commencement of business on May 14, 2007. The name of our Company was changed to ‘Pantaloons Fashion & Retail Limited’ pursuant to the Pantaloons Scheme and a fresh certificate of incorporation, dated April 23, 2013 was issued by the RoC. Subsequently, the name of our Company was changed to ‘Aditya Birla Fashion and Retail Limited’ pursuant to the Madura Scheme and a fresh certificate of incorporation dated January 12, 2016, was issued by the RoC.

### Changes in the Registered and Corporate Office

The following table sets forth details of the changes in the Registered and Corporate Office of our Company since the date of its incorporation:

Date of change	Details of change in the address of the Registered and Corporate Office	Reasons for change in the address of the Registered and Corporate Office
January 31, 2009	Change of registered office from No. 110, 4 <sup>th</sup> Cross, 5 <sup>th</sup> Block, Koramangala Industrial Layout, Koramangala, Bangalore - 560 095 to Regent Gateway, Plot No: 5B, Doddanekundi Village, KIADB Industrial Area, ITPL Road, Bangalore - 560 048.	Administrative convenience
October 20, 2009	Change of registered office from Regent Gateway Plot No: 5B, Doddanekundi Village, KIADB Industrial Area, ITPL Road, Bangalore - 560 048 to Indian Rayon Compound, Veraval, Gujarat - 362 266	Administrative convenience
July 20, 2012	Change of registered office from Indian Rayon Compound, Veraval, Gujarat - 362 266 to Aditya Birla Centre, A Wing, 4 <sup>th</sup> Floor, S. K. Ahire Marg, Worli, Mumbai - 400 030	Administrative convenience
March 25, 2013	Change of registered office from Aditya Birla Centre, A Wing, 4 <sup>th</sup> Floor, S. K. Ahire Marg, Worli, Mumbai - 400 030, Maharashtra to 701-704, 7 <sup>th</sup> Floor, Skyline Icon Business Park, 86-92, Off. A. K. Road, Marol Village, Andheri (East), Mumbai – 400059	Administrative convenience
August 26, 2019	Change of registered office from 701-704, 7 <sup>th</sup> Floor, Skyline Icon Business Park, 86-92, Off. A. K. Road, Marol Village, Andheri (East), Mumbai – 400 059 to Piramal Agastya Corporate Park, Building 'A', 4 <sup>th</sup> and 5 <sup>th</sup> Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.	Administrative convenience

### Key events and milestones

The table below sets forth the key events in the history of our Company:

Year	Particulars
2007	Incorporation of our Company
2010	Transfer of domestic branded apparel business of our Company to ABNL by way of demerger pursuant to the 2010 Scheme
2013	Acquisition of Pantaloons fashion business by our Company pursuant to the Pantaloons Scheme
2013	Listing of Equity Shares on Stock Exchanges pursuant to the Pantaloons Scheme
2016	Execution of business transfer agreement with Diana Retail Private Limited (“ <b>Diana Retail</b> ”) and DLF Brands Limited for acquisition of ‘Forever 21’ undertaking of Diana Retail
2015 - 2016	Acquisition of branded apparel manufacturing and retailing division of ABNL and the apparel retailing business of MGLRCL pursuant to the Madura Scheme
2017	Entered into a multi-store retail and e-commerce license agreement with Retail Royalty Company and AEO Management Co. to use the “American Eagle Outfitters” and “Aerie” brands to operate stores and e-commerce sites
2019	Acquisition of controlling interest in Jaypore E-Commerce Private Limited; TG Apparel & Décor Private Limited and in Finesse International Design Private Limited

For details in relation to evolution of our Company’s business, see “*Our Business*” on page 77.

## Main objects of our Company

The main objects contained in the Memorandum of Association are as follows:

- 1) *“To carry on India and elsewhere in any place or places in the world the trade or the business of manufacturers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, muddadums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of fabrics, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles, textile of all kinds, ready to wear garments, non wearables, and made up of all kinds, makers and tailors of all kinds of industrial/domestic wearing/non-wearing apparels, linen, carpets and rugs, straps, tapes, ribbon, elastic braids and labels and as ginners, pressers, packers, calendars, spinners, weavers, bleachers, dyers, combers and traders of cotton, wool, silk, nylon, synthetic, man-made fibre, flax, hemp, jute and other fibrous substances whether textile, felted, netted or looped and of waste materials and cotton seeds and to run spinning, weaving, pressing, ginning and processing or manufacturing mills, dyeing, printing and bleaching factories and carry on all the above business in all or any of their respective branches.*
- 2) *To manufacture, buy, sell, import, export, refine, manipulate or otherwise deal in textiles and piece- goods of all kinds, yam, threads, silks and art silks, cotton, woolens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/non-woven cloths, industrial cloth, oil-cloth, leather cloths, Hessians, jute cloths, man-made fibres including regenerated cellulose-rayons, nylon and the like, textile auxiliaries, and sizing materials including starch.*
- 3) *To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.”*

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried on.

## Subsidiaries

As on the date of this Letter of Offer, our Company has three subsidiaries, namely Finesse International Design Private Limited, Jaypore E-Commerce Private Limited and TG Apparel & Décor Private Limited, and one step down subsidiary, namely Jaypore Inc., USA.

## Schemes of Arrangement

Set forth below are the brief details of the schemes of arrangement that were completed by our Company:

### 1. ***Scheme of arrangement between ABNL, Madura Garments Export Limited (“MGEL”), MG Lifestyle Clothing Company Private Limited (“MGLCCPL”), our Company and their respective shareholders and creditors (“2010 Scheme”)***

Pursuant to the order dated January 28, 2010, the High Court of Gujarat approved the 2010 Scheme under Sections 391 to 394 of the Companies Act, 1956 in relation to the demerger of our domestic garment business. In terms of the 2010 Scheme, all undertakings, properties and liabilities of our Company in relation to domestic garment business was demerged from our Company and transferred to and vested in ABNL (which was our holding company) with effect from January 1, 2010 (the “**Appointed Date**”) on a going concern basis. The effective date of the 2010 Scheme was February 27, 2010.

Pursuant to the 2010 Scheme, the total paid-up share capital of our Company was brought down by ₹ 19,09,50,000 by cancellation of 95,00,000 Equity Shares, 95,00,000 8% redeemable preference shares ₹ 10 each (“**8% RPS**”) and 9,500 6% redeemable preference shares of ₹ 100 each (“**6% RPS**”). Accordingly, on reorganisation, the total paid-up share capital of our Company was ₹ 1,00,50,000 comprising of 5,00,000 Equity Shares, 5,00,000 8% RPS and 500 6% RPS.

Additionally, under the terms of the 2010 Scheme, all undertakings, business, investments, obligations, employees, etc. of MGEL and MGLCCPL were also transferred to and vested in ABNL with effect from the Appointed Date.

### 2. ***Scheme of arrangement between Future Retail India Limited (“FRIL”, formerly known as Pantaloon Retail (India) Limited) and our Company and their respective shareholders and creditors and Indigold Trade and Services Limited (“ITSL”) as a resultant shareholder (“Pantaloons Scheme”)***

Pursuant to the order dated March 1, 2013, the High Court of Bombay approved the Pantaloons Scheme under Sections 391 and 394 of the Companies Act, 1956 in relation to the acquisition of Pantaloons fashion business by our Company.

In terms of the Pantaloons Scheme, all the undertakings, business, activities, and operations of FRIL pertaining to fashion retail business of FRIL undertaken under the brand name ‘Pantaloons’ and its variations thereof from dedicated retail stores were

demerged from FRIL and transferred to and vested in our Company on a going concern basis with effect from the appointed date i.e., July 1, 2012. The effective date of the Pantaloons Scheme was April 8, 2013.

Pursuant to the Pantaloons Scheme, among other things, our Company allotted (i) one Equity Share each to the shareholders of FRIL, for every five equity shares/differential voting rights held by them in FRIL; and (ii) 4,59,77,011 Equity Shares to ITSL (a wholly owned subsidiary of ABNL) against 800 optionally fully convertible debentures of our Company held by ITSL. Further, in terms of the Pantaloons Scheme, ABNL and ITSL made an open offer to acquire up to 2,31,14,868 Equity Shares, representing 24.91% of the paid-up equity share capital of our Company.

**3. Scheme of arrangement between ABNL, Madura Garments Lifestyle Retail Company Limited (“MGLRCL”) and our Company and their respective shareholders and creditors (“Madura Scheme”)**

Pursuant to the orders dated October 23, 2015 and December 5, 2015, the High Court of Gujarat and High Court of Bombay, respectively, approved the Madura Scheme under Sections 391 to 394 of the Companies Act, 1956 in relation to consolidation of the apparel retail businesses of the Aditya Birla group within our Company. The Madura Scheme was undertaken with a view to (i) enable the business activities relating to apparel retail to be carried out with greater focus and specialisation for sustained growth and also to benefit from the potential synergies of combining with the similar and related businesses, thereby resulting in enhancement of shareholder value; and (ii) unlock value and accrue potential synergy benefits for the apparel retail business arising *inter alia* on account of operational efficiency in matters such as sourcing, infrastructure and information technology. The effective date of the Madura Scheme was January 9, 2016.

In terms of the Madura Scheme, all undertakings, assets, business and liabilities in relation to the branded apparel manufacturing and retailing division of ABNL (Madura fashion and lifestyle) and branded apparel retailing business of MGLRCL (Madura garments lifestyle) were demerged from ABNL and MGLRCL, respectively, and transferred to and vested in our Company on a going concern basis with effect from the appointed date i.e., April 1, 2015.

Further, in terms of the Madura Scheme, our Company issued and allotted (i) 26 Equity Shares to shareholders of ABNL, for every five equity shares of face value ₹ 10 held by them in ABNL; and (ii) seven Equity Shares to shareholders of MGLRCL, for every 500 equity share of face value ₹ 10 held by them in MGLRCL. Our Company issued and allotted one Equity Share for every 1,00,00,000 preference shares of face value ₹ 10 held by a preference shareholder in MGLRCL. As on the date of this Letter of Offer, allotment of 16,853 Equity Shares to four shareholders of ABNL (who are overseas corporate bodies) pursuant to the Madura Scheme has been kept in abeyance until receipt of regulatory approvals. For details, see “*Capital Structure*” beginning on page 48.

## OUR MANAGEMENT

### Board of Directors

Our Board of Directors presently consists of six Directors including one Managing Director and five non-executive Directors, out of which three are Independent Directors (including one woman Independent Director). The Articles of Association provide that our Company shall not have less than three Directors and not more than 15 Directors. The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five years each.

The following table sets forth details regarding our Board of Directors as of the date of this Letter of Offer:

Sr. No.	Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
1.	<p><b>Mr. Ashish Dikshit</b></p> <p><i>Designation:</i> Managing Director</p> <p><i>Address:</i> E/405, Raheja Residency, 8<sup>th</sup> C Main Road, Koramangala, Bangalore 560 034</p> <p><i>DIN:</i> 01842066</p> <p><i>Date of birth:</i> July 15, 1969</p> <p><i>Term:</i> For a period of five years with effect from February 1, 2018</p> <p><i>Period of directorship:</i> Director since February 1, 2018</p> <p><i>Occupation:</i> Service</p>	50	<p><b>Indian companies</b></p> <ul style="list-style-type: none"> <li>• Finesse International Design Private Limited</li> <li>• Jaypore E-Commerce Private Limited</li> <li>• TG Apparel &amp; Décor Private Limited</li> </ul>
2.	<p><b>Mr. Himanshu Kapania</b></p> <p><i>Designation:</i> Additional non-executive Director and Vice Chairman <sup>(1)</sup></p> <p><i>Address:</i> 1401/1402, Vastu Bandra CHS, 14<sup>th</sup> floor, Bandra West, Mumbai 400 050</p> <p><i>DIN:</i> 03387441</p> <p><i>Date of birth:</i> April 23, 1961</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since January 1, 2020</p> <p><i>Occupation:</i> Service</p>	59	<p><b>Indian companies<sup>(2)</sup></b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Idea Payments Bank Limited (“<b>ABIPBL</b>”)<sup>(3)</sup></li> <li>• Aditya Birla Management Corporation Private Limited</li> <li>• Vodafone Idea Limited (“<b>VIL</b>”)</li> <li>• Vodafone Idea Manpower Services Limited</li> </ul> <p><b>Foreign companies</b></p> <ul style="list-style-type: none"> <li>• Celcom Axiata BERHARD</li> </ul>

Sr. No.	Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
3.	<p><b>Mr. Nish Bhutani</b></p> <p><i>Designation:</i> Additional Independent Director<sup>(4)</sup></p> <p><i>Address:</i> Flat 2, Sonmarg, 67/B, Nepean Sea Road, Malabar Hill, Mumbai 400 006</p> <p><i>DIN:</i> 03035271</p> <p><i>Date of birth:</i> March 7, 1967</p> <p><i>Term:</i> For a term of five years with effect from June 5, 2020</p> <p><i>Period of directorship:</i> Director since June 5, 2020</p> <p><i>Occupation:</i> Business</p>	53	<p><b>Indian companies</b></p> <ul style="list-style-type: none"> <li>• Indiginus Learning Private Limited</li> </ul>
4.	<p><b>Ms. Sukanya Kripalu</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 1703, Vivarea Tower B-1, Sane Guruji Marg, Mahalaxmi, Mumbai 400 011</p> <p><i>DIN:</i> 06994202</p> <p><i>Date of birth:</i> October 30, 1960</p> <p><i>Term:</i> For a term of five consecutive years commencing from October 13, 2019</p> <p><i>Period of directorship:</i> Director since October 13, 2014</p> <p><i>Occupation:</i> Professional</p>	59	<p><b>Indian companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Health Insurance Co. Limited</li> <li>• Colgate - Palmolive (India) Limited</li> <li>• Entertainment Network (India) Limited</li> <li>• Ultratech Cement Limited</li> </ul>
5.	<p><b>Mr. Sunirmal Talukdar</b></p> <p><i>Designation:</i> Additional Independent Director<sup>(5)</sup></p> <p><i>Address:</i> Flat No 406, 12 Ashoka Road, Alipore, Kolkata 700027</p> <p><i>DIN:</i> 00920608</p> <p><i>Date of birth:</i> December 6, 1951</p> <p><i>Term:</i> For a period of five years with effect from March 11, 2020</p>	68	<p><b>Indian companies</b></p> <ul style="list-style-type: none"> <li>• Aris Capital Private Limited</li> <li>• Avia Insurance Brokers Private Limited</li> <li>• Clariant Chemicals (India) Limited</li> <li>• India Carbon Limited</li> <li>• Innvol Medical India Limited</li> <li>• Sasken Technologies Limited</li> <li>• Titagarh Capital Private Limited</li> </ul>

Sr. No.	Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
	<p><i>Period of directorship:</i> Director since March 11, 2020</p> <p><i>Occupation:</i> Retired</p>		<ul style="list-style-type: none"> <li>• Titagarh Wagons Limited</li> </ul>
6.	<p><b>Mr. Sushil Agarwal</b></p> <p><i>Designation:</i> Non-executive Director</p> <p><i>Address:</i> 602, Vastu, 52 Pali Hill, Bandra (West), Mumbai 400 050</p> <p><i>DIN:</i> 00060017</p> <p><i>Date of birth:</i> June 13, 1963</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of directorship:</i> Director since August 6, 2009</p> <p><i>Occupation:</i> Service</p>	57	<p><b>Indian companies:</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Capital Limited</li> <li>• Aditya Birla Online Fashion Private Limited</li> <li>• Aditya Birla Health Insurance Co. Limited</li> <li>• Aditya Birla Management Corporation Private Limited</li> <li>• Aditya Birla Wellness Private Limited</li> <li>• Applause Entertainment Private Limited</li> <li>• Azure Jouel Private Limited</li> <li>• Birla TMT Holdings Private Limited</li> <li>• B G H Properties Private Limited</li> <li>• Finesse International Design Private Limited</li> <li>• Grasim Premium Fabric Private Limited<sup>(6)</sup></li> <li>• IGH Holdings Private Limited</li> <li>• Infocyber India Private Limited</li> <li>• Living Media India Limited</li> <li>• Naman Finance and Investment Private Limited</li> </ul> <p><b>Foreign companies:</b></p> <ul style="list-style-type: none"> <li>• AV Group NB Inc.</li> <li>• Birla Jingwei Fibres Company Limited</li> <li>• Indigold Carbon (Mauritius) Limited, Mauritius</li> <li>• Indigold Carbon Cooperatief U. A., Netherlands</li> <li>• Indigold Carbon USA Inc, Delaware</li> </ul>

(1) He was appointed as additional non-executive Director and Vice Chairman with effect from January 1, 2020, subject to approval of our Shareholders, at the ensuing annual general meeting.

- (2) *In addition to the companies named above, Idea Mobile Commerce Services Limited (“IMCSL”) and Idea Telesystems Limited (“ITL”) which have been merged with ABIPBL (effective from February 22, 2018) and VIL (effective from March 1, 2020), respectively, appear as directorships of Mr. Himanshu Kapania on the MCA website. However, given the said mergers, IMCSL and ITL have been disregarded for the purposes of the directorships of Mr. Himanshu Kapania.*
- (3) *Under voluntary winding-up*
- (4) *He was appointed as additional Independent Director with effect from June 5, 2020, subject to approval of our Shareholders, at the ensuing annual general meeting.*
- (5) *He was appointed as additional Independent Director with effect from March 11, 2020, subject to approval of our Shareholders, at the ensuing annual general meeting.*
- (6) *Grasim Premium Fabric Private Limited will be merged with Grasim Industries Limited and an application has been filed on September 30, 2019 before the National Company Law Tribunal, Mumbai.*

#### **Relationship with other Directors**

None of the Directors are related to each other.

#### **Confirmations**

None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

No service agreements have been entered into by the Directors with our Company providing for benefits upon termination of employment.

**SECTION V: FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page number</b>
1.	Audited Financial Statements as at and for the year ended March 31, 2020	92



## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Aditya Birla Fashion and Retail Limited

### **Report on the Audit of the Consolidated Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Aditya Birla Fashion and Retail Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss, including Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements’ section of our report. We are independent of the Group in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### **Emphasis of Matter**

We draw attention to Note 41(j) of the consolidated Ind AS financial statements which describes management’s assessment of the impact of the COVID 19 pandemic on the consolidated financial results of the Group. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b><u>Goodwill: Impairment Evaluation (as described in Note 5 of the consolidated Ind AS financial statements)</u></b>	
<p>As disclosed in Note 5, goodwill amounts to Rs 1,983.06 Crore as at March 31, 2020 and represents goodwill acquired through various business combinations and allocated to cash generating units of the Holding Company.</p> <p>A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. As disclosed in Note 5, impairment of goodwill is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates.</p> <p>The recoverable amount of the cash generating unit as at March 31, 2020 has been determined by the management based on a value in use calculation using cash flow projections from financial budgets approved by senior management.</p> <p>Impairment assessment is a key audit matter considering judgment involved in impairment assessment and the significant carrying value of the goodwill.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units to which the goodwill has been allocated.</li> <li>• Evaluated the objectivity, competency and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.</li> <li>• Evaluated the model used in determining the value in use of the cash generating units.</li> <li>• Evaluated the consistency of data used in the recoverable amount calculation with the financial budgets approved by senior management of the Holding Company.</li> <li>• Analysed the performance of the cash generating units and assessed the assumptions used in computation of value in use as at March 31, 2020, including understanding of management's estimate of business impact based on current market and economic conditions arising from the COVID 19 pandemic.</li> <li>• Involved valuation expert to assist in evaluating management's determination of value in use.</li> <li>• Tested the arithmetical accuracy of the computation of recoverable amounts of cash generating units.</li> <li>• We assessed the disclosures provided in relation to its annual impairment test in Note 5 to the consolidated Ind AS financial statements.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b><u>Provision for discount and sales returns (as described in Note 41(g) of the consolidated Ind AS financial statements)</u></b>	
<p>Revenue from contracts with customers is recognised upon transfer of control of promised goods and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, sales promotion schemes and rebates, based on contractually defined terms.</p> <p>In some cases, discounts estimated and accrued are offered on further sale of goods by the customers. Also, in certain cases the Holding Company has contracts with customers which entitles them to right of return.</p> <p>At year end, amount of expected returns, and discounts that have not yet been settled with the customers are estimated and accrued.</p> <p>Estimating the amount of accrual at year-end is considered a key audit matter due to the judgments required to be made by management.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the accounting policy for recognition and measurement of net sales revenue, including the policy for recording returns, and discounts in accordance with Ind AS 115 ‘Revenue from Contracts with Customers’.</li> <li>• Tested design and operating effectiveness of key controls for calculating, reviewing and approving returns and discounts.</li> <li>• Tested the estimate of returns and discounts related accruals with underlying documentation such as management approved norms, customer agreements, sales data and customer reconciliations, as applicable.</li> <li>• Obtained an understanding of management’s estimate of business impact of COVID 19 pandemic on estimates of sales returns and sales discounts.</li> <li>• Tested, on sample basis, credit notes issued to customers for returns and discounts as per approved norms.</li> <li>• Performed analytical procedures on returns and discounts and held discussions with management to understand changes in provisioning norms/additional provisions made based on management’s assessment of market conditions.</li> <li>• We assessed the disclosures in Note 41(g) on significant accounting judgments, estimates and assumptions.</li> </ul>
<b><u>Implementation of Ind-AS 116 - Leases (as described in note 4a of the consolidated Ind AS financial statements)</u></b>	
<p>On 30 March 2019, MCA notified Ind AS 116 Leases and it replaced Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 01 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116.</li> <li>• Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Holding Company has in relation to accounting of leases under Ind AS 116.</li> </ul>

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<p>The Group has applied the modified retrospective method to ongoing leases as of April 01, 2019.</p> <p>The adoption of Ind AS 116 resulted in transitional impact amounting to Rs 129.82 Crores (net of straight lining of lease rentals of Rs 94.10 Crores and deferred tax of Rs 69.73 Crores) in retained earnings. As at March 31, 2020, the Group has Rs 2,206.85 Crores of Right of use (RoU) assets and Rs 2,501.80 Crores of Lease liabilities.</p> <p>Application of Ind AS 116, requires significant judgement and estimate in identification of lease arrangement, determining the RoU assets and lease liabilities based on terms of the underlying lease agreements, hence we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Tested the accuracy and completeness of the underlying lease master by agreeing the underlying data pertaining to lease rentals, term, escalation and other relevant terms and conditions to lease agreements and recomputed on a sample basis calculation involved.</li> <li>• Assessed the underlying assumptions and estimates including the applicable discount rates.</li> <li>• We also assessed the disclosures made in accordance with the requirements of Ind AS 116.</li> </ul>
<b><u>Recognition of Deferred tax assets (as described in Note 10 and 39 of the consolidated Ind AS financial statements)</u></b>	
<p>Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.</p> <p>The Holding Company's ability to recognise previously un-recognised deferred tax assets is assessed by the management at the end of each reporting period, taking into account forecasts of future taxable profits and the applicable tax laws.</p> <p>As at March 31, 2020 the Group has recognised total deferred tax assets of Rs 194.96 Crores. The recognition of deferred tax assets is a key audit matter as its recoverability within the allowed time frame involves estimate of the financial projections, availability of sufficient taxable income in the future and judgments in the interpretation of tax regulations and tax positions adopted by the Holding Company.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12 "Income Taxes".</li> <li>• Involved tax specialists who evaluated the Holding Company's tax positions by assessing the prevalent tax laws and compared the current position with prior years and past precedents.</li> <li>• Assessed the consistency of financial projections used by management in assessing recoverability of deferred tax assets with the financial budgets approved by senior management of the Holding Company based on current market and economic conditions arising from the impact of COVID 19 pandemic.</li> <li>• We assessed the disclosures in Note 10 and 39 of the consolidated Ind AS financial statements in accordance with the requirements of Ind AS 12 "Income Taxes".</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b><u>Provision on inventories (as described in Note 12 and 41(f) of the consolidated Ind AS financial statements)</u></b>	
<p>As at March 31, 2020, the Group held inventories of Rs 2,366.78 Crore. Inventories are carried at lower of cost and net realisable value in accordance with the accounting policy of the Group.</p> <p>The Group makes provision for inventory based on policy, past experience, current trend and future expectations of these materials depending upon the category of goods.</p> <p>Significant judgment is required in assessing the appropriate level of the provision for slow moving and/or obsolete inventory.</p> <p>Accordingly, we have considered provision on inventories to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Holding Company has in relation to inventory provision.</li> <li>• Compared the methodology used to calculate the inventory provision and its consistency with prior periods and obtained an understanding of management justification for changes.</li> <li>• Obtained an understanding of management's estimate of business impact of COVID 19 pandemic on provision on inventories.</li> <li>• Tested on a sample basis, the calculation of the provision as per the Holding Company's policy.</li> <li>• For specific provisions made, on a sample basis, assessed the basis and tested with management approvals.</li> <li>• Tested on a sample basis, whether inventories are carried at the lower of cost and net realisable value.</li> <li>• We assessed the disclosures in Note 41(f) on significant accounting judgments, estimates and assumptions and Note 12 on Inventories.</li> </ul>

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report with respect to following sections, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

- Report of the Board of Directors (includes Management Discussion and Analysis) only with respect to the following sections
  - Business Overview
  - Business Strategy
  - Financial Performance and Analysis
  - Risk Management
  - Internal Control Systems and their Adequacy
  - Share Capital
  - Disclosure in terms of the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - Corporate Governance Report

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose Ind AS financial statements include total assets of Rs 32.51 Crores as at March 31, 2020, total revenues of Rs 43.19 Crores and net cash outflows of Rs 0.09 Crores for the period from the date of acquisition to March 31, 2020. These Ind AS financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's

reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and subsidiary company audited by us, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:



- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 46 to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2020.

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

per Aditya Vikram Bhauwala  
Partner  
Membership Number: 208382  
UDIN: 20208382AAAAAX1153

Bengaluru  
May 27, 2020

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

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of Aditya Birla Fashion and Retail Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Aditya Birla Fashion and Retail Limited (hereinafter referred to as the “Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these consolidated Ind AS financial statements**

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these consolidated Ind AS financial statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

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

per Aditya Vikram Bhauwala  
Partner  
Membership Number: 208382  
UDIN: 20208382AAAAAX1153

Bengaluru  
May 27, 2020

Aditya Birla Fashion and Retail Limited  
Consolidated Balance Sheet as at March 31, 2020

₹ in Crore

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	642.89	636.37
(b) Capital work-in-progress		44.08	22.39
(c) Right-of-use assets	4a	2,206.85	-
(d) Goodwill	5	1,983.06	1,859.60
(e) Other intangible assets	5	107.20	59.51
(f) Intangible assets under development		3.54	-
(g) Financial assets			
(i) Investments	6	7.16	4.21
(ii) Loans	7	3.43	3.08
(iii) Security deposits	8	300.89	271.26
(iv) Other financial assets	9	0.39	1.06
(h) Deferred tax assets (net)	10	194.96	263.38
(i) Non-current tax assets (net)		22.48	16.20
(j) Other non-current assets	11	77.75	114.85
<b>Total - Non-current assets</b>		<b>5,594.68</b>	<b>3,251.91</b>
<b>II Current assets</b>			
(a) Inventories	12	2,366.78	1,921.28
(b) Financial assets			
(i) Investments	13	7.04	-
(ii) Loans	14	7.13	5.42
(iii) Security deposits	15	108.33	80.19
(iv) Trade receivables	16	840.46	780.81
(v) Cash and cash equivalents	17	266.80	57.19
(vi) Bank balance other than the above	18	0.14	0.22
(vii) Other financial assets	19	177.97	139.59
(c) Other current assets	20	396.23	384.46
<b>Total - Current assets</b>		<b>4,170.88</b>	<b>3,369.16</b>
<b>TOTAL - ASSETS</b>		<b>9,765.56</b>	<b>6,621.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	21	773.95	773.48
(b) Other equity	22	293.94	655.40
<b>Equity attributable to owners of the Company</b>		<b>1,067.89</b>	<b>1,428.88</b>
(c) Non-controlling interest	22	19.90	-
<b>Total - Equity</b>		<b>1,087.79</b>	<b>1,428.88</b>
<b>II Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	856.93	723.78
(ii) Lease liabilities	4b	1,820.83	-
(iii) Deposits		109.78	81.22
(iv) Other financial liabilities	24	60.13	101.66
(b) Deferred tax liabilities (net)	10	7.25	-
(c) Provisions	25	100.10	115.21
(d) Other non-current liabilities	26	12.29	92.46
<b>Total - Non-current liabilities</b>		<b>2,967.31</b>	<b>1,114.33</b>

**Aditya Birla Fashion and Retail Limited**  
**Consolidated Balance Sheet as at March 31, 2020**

₹ in Crore

	Notes	As at March 31, 2020	As at March 31, 2019
<b>III Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	27	1,511.88	474.45
(ii) Lease liabilities	4b	680.97	-
(iii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	28	99.39	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises	28	2,190.53	2,291.84
(iv) Deposits		153.40	111.34
(v) Other financial liabilities	29	879.38	923.31
(b) Provisions	30	88.73	87.04
(c) Other current liabilities	31	106.18	84.30
<b>Total - Current liabilities</b>		<b>5,710.46</b>	<b>4,077.86</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>9,765.56</b>	<b>6,621.07</b>

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

**For and on behalf of the Board of Directors of**

**Aditya Birla Fashion and Retail Limited**

**per ADITYA VIKRAM BHAWALA**

**Partner**

**Membership No.: 208382**

**ASHISH DIKSHIT**  
**(Managing Director)**

**(DIN: 01842066)**

Place: Bengaluru  
Date : May 27, 2020

**SUKANYA KRIPALU**  
**(Director)**

**(DIN: 06994202)**

Place: Mumbai  
Date : May 27, 2020

**JAGDISH BAJAJ**  
**(Chief Financial Officer)**

Place: Bengaluru  
Date : May 27, 2020

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

Place: Mumbai  
Date : May 27, 2020

Place: Bengaluru  
Date : May 27, 2020

Aditya Birla Fashion and Retail Limited			
Consolidated Statement of Profit and Loss for the year ended March 31, 2020			
			₹ in Crore
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
I	Revenue from operations	8,787.86	8,117.72
II	Other income	65.30	64.78
<b>III</b>	<b>Total income (I + II)</b>	<b>8,853.16</b>	<b>8,182.50</b>
<b>IV</b>	<b>Expenses</b>		
(a)	Cost of materials consumed	785.59	604.21
(b)	Purchase of stock-in-trade	3,800.77	3,549.26
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(362.21)	(228.50)
(d)	Employee benefits expense	1,080.53	913.02
(e)	Finance costs	424.71	187.42
(f)	Depreciation and amortisation expense	885.31	282.33
(g)	Rent expense	487.02	1,110.35
(h)	Other expenses	1,784.33	1,615.31
	<b>Total expenses</b>	<b>8,886.05</b>	<b>8,033.40</b>
<b>V</b>	<b>Profit/ (loss) before tax (III - IV)</b>	<b>(32.89)</b>	<b>149.10</b>
<b>VI</b>	<b>Income tax expense</b>		
(a)	Current tax	0.01	21.84
(b)	Deferred tax	132.12	(193.96)
		<b>132.13</b>	<b>(172.12)</b>
<b>VII</b>	<b>Net Profit/ (loss) after tax (V - VI)</b>	<b>(165.02)</b>	<b>321.22</b>
<b>VIII</b>	<b>Other comprehensive income</b>		
	<b>Items that will not be reclassified to profit or loss</b>		
(a)	Re-measurement gains/ (losses) on defined benefit plans	4.37	(1.72)
	Income tax effect on above	(1.27)	0.60
(b)	Fair value gains/ (losses) on equity instruments	2.95	-
	Income tax effect on above	(0.74)	-
	<b>Items that will be reclassified to profit or loss</b>		
(a)	Exchange differences on translation of foreign operations	(0.06)	-
	Income tax effect on above	0.01	-
	<b>Total other comprehensive income</b>	<b>5.26</b>	<b>(1.12)</b>
<b>IX</b>	<b>Total comprehensive income (VII + VIII)</b>	<b>(159.76)</b>	<b>320.10</b>
<b>X</b>	<b>Profit/ (loss) attributable to</b>		
	- Owners of the Company	(163.01)	321.22
	- Non-controlling interest	(2.01)	-
		<b>(165.02)</b>	<b>321.22</b>
<b>XI</b>	<b>Other comprehensive income attributable to</b>		
	- Owners of the Company	5.29	(1.12)
	- Non-controlling interest	(0.03)	-
		<b>5.26</b>	<b>(1.12)</b>
<b>XII</b>	<b>Total comprehensive income attributable to</b>		
	- Owners of the Company	(157.72)	320.10
	- Non-controlling interest	(2.04)	-
		<b>(159.76)</b>	<b>320.10</b>
<b>XIII</b>	<b>Earnings per equity share [Nominal value of share ₹ 10 (March 31, 2019 : ₹ 10 )]</b>		
	Basic (₹)	(2.11)	4.15
	Diluted (₹)	(2.11)	4.15
	<b>Summary of significant accounting policies</b>	2.2	
<b>The accompanying notes are an integral part of the consolidated financial statements.</b>			
As per our report of even date		For and on behalf of the Board of Directors of	
<b>For S R B C &amp; CO LLP</b>		<b>Aditya Birla Fashion and Retail Limited</b>	
Chartered Accountants			
ICAI Firm Registration No. 324982E/E300003			
per ADITYA VIKRAM BHAWALA		ASHISH DIKSHIT	SUKANYA KRIPALU
Partner		(Managing Director)	(Director)
Membership No.: 208382		(DIN: 01842066)	(DIN: 06994202)
		Place: Bengaluru	Place: Mumbai
		Date : May 27, 2020	Date : May 27, 2020
		JAGDISH BAJAJ	GEETIKA ANAND
		(Chief Financial Officer)	(Company Secretary)
			(M.No.: 23228)
Place: Bengaluru		Place: Bengaluru	Place: Mumbai
Date : May 27, 2020		Date : May 27, 2020	Date : May 27, 2020

Aditya Birla Fashion and Retail Limited															
Consolidated Statement of Changes in Equity for the year ended March 31, 2020															
a. Equity share capital															
											As at March 31, 2020		As at March 31, 2019		
											No. of shares	₹ in Crore	No. of shares	₹ in Crore	
Equity shares of ₹ 10 each issued															
As at the beginning of the year											77,34,98,313	773.49	77,34,04,897	773.40	
Exercise of Options (Refer Note - 44)											4,66,527	0.47	93,416	0.09	
As at the end of the year											77,39,64,840	773.96	77,34,98,313	773.49	
											As at March 31, 2020		As at March 31, 2019		
											No. of shares	₹ in Crore	No. of shares	₹ in Crore	
Equity shares of ₹ 10 each subscribed and fully paid															
As at the beginning of the year											77,34,81,460	773.48*	77,16,93,984	771.69	
Allotment to Non-Resident (NR) shareholders (Refer Note - 22)											-	-	16,94,060	1.69	
Exercise of Options (Refer Note - 44)											4,66,527	0.47	93,416	0.09	
As at the end of the year											77,39,47,987	773.95	77,34,81,460	773.48*	
* The amount of share capital has been rounded off in ₹ Crore.															
b. Other equity															
											₹ in Crore				
	Share application money pending allotment (Refer Note - 22)	Share suspense account (Refer Note - 22)	Reserves and surplus					Other comprehensive income			Equity attributable to owners of the Company	Non-controlling interest	Total other equity		
			Securities premium (Refer Note - 22)	Retained earnings (Refer Note - 22)	Share options outstanding account (Refer Note - 22)	Treasury shares (Refer Note - 22)	Capital reserve (Refer Note - 22)	Remeasurement gains/ (losses) on defined benefit plans (Refer Note - 22)	Fair value gains/ (losses) on equity instruments (Refer Note - 22)	Foreign currency translation reserve (Refer Note-21)					
As at April 01, 2018	0.15	1.71	761.90	(473.31)	13.60	-	21.69	(4.32)	-	-	321.42	-	321.42		
Profit/ (loss) for the year	-	-	-	321.22	-	-	-	-	-	-	321.22	-	321.22		
Allotted to NR shareholders during the year	-	(1.69)	-	-	-	-	-	-	-	-	(1.69)	-	(1.69)		
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	0.90	-	-	-	-	-	-	-	0.90	-	0.90		
Other comprehensive income for the year	-	-	-	-	-	-	-	(1.12)	-	-	(1.12)	-	(1.12)		
Recognition of Share based payment	-	-	-	-	14.74	-	14.74	-	-	-	14.74	-	14.74		
Transfer to Securities Premium on exercise of Options	-	-	0.72	-	(0.72)	-	-	-	-	-	-	-	-		
Share application money received/ (allotted) towards exercise of Options	(0.07)	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)		
As at March 31, 2019	0.08	0.02	763.52	(152.09)	27.62	-	21.69	(5.44)	-	-	655.40	-	655.40		
Adjustments pursuant to adoption of Ind AS 116 (net of tax) (Refer Note - 4)	-	-	-	(129.82)	-	-	-	-	-	-	(129.82)	-	(129.82)		
Pursuant to business combination	-	-	-	-	-	-	-	-	-	-	-	21.94	21.94		
Profit/ (loss) for the year	-	-	-	(163.01)	-	-	-	-	-	-	(163.01)	(2.01)	(165.02)		
Allotted to NR shareholders during the year	-	-	-	-	-	-	-	-	-	-	-	-	-		
Premium on exercise of Options (including transfer from Share options outstanding account)	-	-	6.84	-	-	-	-	-	-	-	6.84	-	6.84		
Other comprehensive income for the year	-	-	-	-	-	-	-	3.13	2.21	(0.05)	5.29	(0.03)	5.26		
Recognition of Share based payment	-	-	-	-	19.81	-	-	-	-	-	19.81	-	19.81		
Transfer to Securities Premium on exercise of Options	-	-	3.28	-	(3.28)	-	-	-	-	-	-	-	-		
Treasury shares held by ESOP trust	-	-	-	-	-	(100.49)	-	-	-	-	(100.49)	-	(100.49)		
Share application money received/ (allotted) towards exercise of Options	(0.08)	-	-	-	-	-	-	-	-	-	(0.08)	-	(0.08)		
As at March 31, 2020	-	0.02	773.64	(444.92)	44.15	(100.49)	21.69	(2.31)	2.21	(0.05)	293.94	19.90	313.84		
The accompanying notes are an integral part of the consolidated financial statements.															
As per our report of even date															
For S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E/E300003			For and on behalf of the Board of Directors of Aditya Birla Fashion and Retail Limited												
per ADITYA VIKRAM BHAWALA Partner Membership No.: 208382			ASHISH DIKSHIT (Managing Director) (DIN: 01842066) Place: Bengaluru Date : May 27, 2020				SUKANYA KRIPALU (Director) (DIN: 06994202) Place: Mumbai Date : May 27, 2020								
Place: Bengaluru Date : May 27, 2020			JAGDISH BAJAJ (Chief Financial Officer) Place: Bengaluru Date : May 27, 2020				GEETIKA ANAND (Company Secretary) (M.No.: 23228) Place: Mumbai Date : May 27, 2020								

**Aditya Birla Fashion and Retail Limited**  
**Consolidated Statement of Cash Flows for the year ended March 31, 2020**

		₹ in Crore	
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash flows from operating activities</b>			
<b>Profit/ (loss) before tax</b>		<b>(32.89)</b>	<b>149.10</b>
Adjustments for:			
Depreciation and amortisation expense	37	885.31	282.33
Finance costs	36	421.96	184.63
Gain on retirement of right-of-use assets	33	(12.93)	-
Loss on sale/ discard of property, plant and equipment	38	2.77	1.36
Share-based payment to employees	35	20.02	14.74
Interest income	33	(0.38)	(0.41)
Net gain on sale of current investments	33	(4.85)	(2.22)
Net unrealised exchange gain		(2.64)	(0.44)
Expense/ (income) on financial assets/ liabilities that is designated as at fair value through profit or loss		(24.26)	1.21
Provision for doubtful debts, deposits and advances	38	11.01	6.94
Bad debts written off	38	0.06	3.67
<b>Operating profit before working capital changes</b>		<b>1,263.18</b>	<b>640.91</b>
Changes in working capital:			
(Increase)/ decrease in trade and other receivables		(63.07)	5.42
(Increase)/ decrease in inventories		(431.56)	(353.43)
(Increase)/ decrease in other assets		(112.55)	(171.64)
Increase/ (decrease) in trade and other payables		(138.56)	392.46
Increase/ (decrease) in provisions		(12.37)	8.52
Increase/ (decrease) in other liabilities		145.47	24.96
<b>Cash generated from operations</b>		<b>650.54</b>	<b>547.20</b>
Income taxes paid (net of refund)		(6.50)	(19.59)
<b>Net cash flows from operating activities</b>		<b>644.04</b>	<b>527.61</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment, intangible assets and capital advance		(318.44)	(286.72)
Consideration paid for acquisition of/ investment in subsidiaries, net of cash acquired		(136.25)	-
Purchase of current investments		(6,859.51)	(960.61)
Investment in treasury shares held by ESOP trust		(100.49)	-
Proceeds from sale of property, plant and equipment and intangible assets		6.15	7.54
Proceeds from sale/ maturity of current investments		6,857.32	962.83
Interest received		0.33	0.41
<b>Net cash flows used in investing activities</b>		<b>(550.89)</b>	<b>(276.55)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares		7.23	0.93
Proceeds from non-current borrowings (net off charges)		1,044.77	300.00
Proceeds from sale of property, plant and equipment under sale and leaseback arrangement		47.93	-
Proceeds/ (repayments) of current borrowings (net)		1,036.62	(95.01)
Repayment of non-current borrowings		(1,007.21)	(362.59)
Repayment of lease liabilities		(588.60)	-
Interest paid		(424.28)	(109.76)
<b>Net cash flows from/ (used) in financing activities</b>		<b>116.46</b>	<b>(266.43)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>209.61</b>	<b>(15.37)</b>
Cash and cash equivalents at the beginning of the year		57.19	72.56
<b>Cash and cash equivalents at the end of the year</b>	17	<b>266.80</b>	<b>57.19</b>



**Aditya Birla Fashion and Retail Limited**  
**Consolidated Statement of Cash Flows for the year ended March 31, 2020**

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>₹ in Crore</b>			
<b>Components of Cash and cash equivalents</b>			
Balances with banks - on current account		159.54	10.14
Balances with banks - on deposit accounts (original maturity less than 3 months)		100.00	-
Balances with credit card companies		0.05	28.64
Balances with e-wallet companies		0.13	0.01
Cash on hand		7.08	18.40
<b>Total Cash and cash equivalents</b>		<b>266.80</b>	<b>57.19</b>

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date  
**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

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

**per ADITYA VIKRAM BHAWWALA**  
**Partner**  
**Membership No.: 208382**

**ASHISH DIKSHIT**  
**(Managing Director)**  
**(DIN: 01842066)**  
Place: Bengaluru  
Date : May 27, 2020

**SUKANYA KRIPALU**  
**(Director)**  
**(DIN: 06994202)**  
Place: Mumbai  
Date : May 27, 2020

Place: Bengaluru  
Date : May 27, 2020

**JAGDISH BAJAJ**  
**(Chief Financial Officer)**  
Place: Bengaluru  
Date : May 27, 2020

**GEETIKA ANAND**  
**(Company Secretary)**  
**(M.No.: 23228)**  
Place: Mumbai  
Date : May 27, 2020

## **Aditya Birla Fashion and Retail Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2020**

#### **1. Corporate information**

Aditya Birla Fashion and Retail Limited (“the Company” or “the Holding Company”), a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The registered office of the Company is located at Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.

The Company and its subsidiaries (together referred to as the “Group”) are engaged in the business of manufacturing and retailing of branded apparels and runs a chain of apparels and accessories retail stores in India.

The consolidated financial statements, as reviewed and recommended by the Audit Committee, have been approved by the Board of Directors in their meeting held on May 27, 2020.

#### **2. Significant accounting policies**

##### **2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), read with Section 133 of the Companies Act, 2013 (“the Act”) and presentation requirements of Division II of Schedule III of the Act and other relevant provisions of the Act as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention, except the following assets and liabilities, which have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities (refer accounting policy regarding financial instruments);
- Defined employee benefit plans;
- Share-based payment; and
- Derivative financial instruments.

##### **2.2 Functional and Presentation Currency:**

The functional currency of the Company and its subsidiaries is determined on the basis of the primary economic environment in which it operates. The financial statements are presented in Indian Rupee (₹) which is the functional currency of the Company. All amounts are rounded to two decimal places to the nearest Crore, unless otherwise stated. (₹ 1 Crore is equal to ₹ 10 Million)

##### **2.3 Summary of significant accounting policies**

###### **(I) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an investee only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation Procedures:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Parent of the Group and to the non- controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**(II) Current versus non-current classification**

The Group presents assets and liabilities in the Consolidated Balance Sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### **(III) Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Segment assets and liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Corporate (unallocated) represents assets, liabilities, income and expenses which relate to the Group as a whole and are not allocated to the segments.

#### Inter-segment transfers

The Group generally accounts for inter-segment sales at arm's length basis in a manner similar to transactions with third parties.

#### Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items

Unallocated items include general corporate income, expense and other common assets and liabilities which are not allocated to any business segment.

#### Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

**(IV) Fair value measurements and hierarchy**

The Group measures financial instruments, such as investments and derivatives at fair value at each Consolidated Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy based on its nature, characteristics and risks:

- Level 1 - inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(V) Foreign currencies**

Transactions and balances:

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing exchange rates prevailing on the Consolidated Balance Sheet date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income (OCI) or the Consolidated Statement of Profit and Loss are also reclassified in OCI or the Consolidated Statement of Profit and Loss, respectively).

For the purposes of presenting these consolidated financial statements, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Indian Rupees, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupees at the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of the transaction. Exchange differences arising on translation for consolidation are recognised in OCI and accumulated in other equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to non-controlling interest.

**(VI) Revenue from contracts with customers**

Revenue from contracts with customers is recognised upon transfer of control of promised goods/ services to customers at an amount that reflects the consideration to which the Group expect to be entitled for those goods/ services.

To recognize revenues, the Group applies the following five-step approach:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenues when a performance obligation is satisfied.

Revenue from sale of products

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

Goods and Service Tax (GST) is not received by the Group in its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Assets and liabilities arising from right to return

The Group has contracts with customers which entitles them the unconditional right to return.

#### Right to return assets

A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

#### Refund liabilities

A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Group has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Group has presented its right to return assets and refund liabilities as required under Ind AS 115 in the consolidated financial statements.

#### Income from gift voucher

Gift voucher sales are recognised when the vouchers are redeemed, and the goods are sold to the customer.

#### Loyalty points programme

The Group operates a loyalty programme which allows customers to accumulate points on purchases made in retail stores. The points give rise to a separate performance obligation as it entitles them for redemption as settlement of future purchase transaction price. Consideration received is allocated between the sale of products and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of points is determined by applying statistical techniques based on the historical trends.

Consideration allocated to reward points is deferred and recognised when points are redeemed or when the points expire. The amount of revenue is based on the value of points redeemed/ expired.

#### Income from services

Income from services is recognised as they are rendered based on agreements/ arrangements with the concerned parties, and recognised net of goods and services tax/ applicable taxes.

#### Interest income

Interest income on all debt instruments is measured either at amortised cost. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in other income in the Consolidated Statement of Profit and Loss.

Export incentives income

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Commission income

In case of sales of goods, where the Group is an agent in the transaction, the difference between the revenue and the cost of the goods sold is disclosed as commission income in other operating income.

**(VII) Government grants**

Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with:

- When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, at a below-market rate of interest, the effect of this favourable interest is treated as a government grant. The loan or assistance is initially recognised and measured at fair value, and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

**(VIII) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Consolidated Statement of Profit and Loss.

Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the interest costs.

**(IX) Taxes**

Current tax

The Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India.

The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.



Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as a part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information is received or circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition, if they result from new information obtained about facts and circumstances existing at the acquisition date.

Minimum Alternate Tax (MAT) paid in a year is charged to the Consolidated Statement of Profit and Loss as current tax for the year. Deferred tax assets include MAT paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Consolidated Balance Sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Current tax and deferred tax relating to items recognised outside the Consolidated Statement of Profit and Loss are recognised outside the Consolidated Statement of Profit and Loss (either in OCI or in equity). Current tax and deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**(X) Property, plant and equipment**

Freehold land is carried at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment is stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost includes borrowing costs for long-term construction projects, if the recognition criteria is met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss, during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is calculated on a straight-line basis over the useful life of the asset estimated by the management. Depreciation on additions is provided on a pro rata basis from the month of installation or acquisition. Depreciation on deletions/ disposals is provided on a pro rata basis upto the month preceding the month of deletions/ disposals. The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used. The Group has used the following rates to provide depreciation on its tangible fixed assets:

(a) Assets where useful life is same as Schedule II

<b>Assets</b>	<b>Useful life as prescribed by Schedule II of the Companies Act, 2013</b>
Factory buildings	30 years
Fences, wells, tube wells	5 years
Borewells (pipes, tubes and other fittings)	5 years
Other office equipment	5 years
Electrical installations and equipment (at factory)	10 years

(b) Assets where useful life differ from Schedule II

<b>Assets</b>	<b>Useful life as prescribed by Schedule II of the Companies Act, 2013</b>	<b>Estimated useful life</b>
Other than continuous process plant (single shift)	15 years	20 years
Plant and machinery – retail stores	15 years	5 – 6 years
Furniture and fittings – retail stores	10 years	5 – 6 years
Motorcycles, scooters and other mopeds	10 years	5 years
Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	6 years for motor cars and 8 years for motor buses and motor lorries	4 – 5 years
Servers, end user devices, such as desktops, laptops, etc.	3 years for end user devices and 6 years for servers	4 years
Furniture and fittings (other than retail stores)	10 years	7 years

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020**

Office electrical equipment	5 years	4 years
Electrically operated vehicles including battery powered or fuel cell powered vehicles	8 years	5 years

Useful life of assets different from that prescribed in Schedule II has been estimated by the management, supported by technical assessment.

Leasehold assets

Assets	Estimated useful life
Leasehold improvements at stores	5 to 6 years or period of lease, whichever is shorter
Leasehold improvements other than stores	Period of lease

Based on managements' assessment, items of property, plant and equipment individually costing less than five thousand rupees, are depreciated within one year from the date the asset is ready to use or useful life of class of asset to which these assets belong.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(XI) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Consolidated Statement of Profit and Loss, in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and changes if any, made on prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

Intangible assets with indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

**(XIII) Business combination and goodwill**

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind-AS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, goodwill on business combination is initially measured at cost, being the excess of the sum of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually as at reporting date. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Amortisation methods and periods

A summary of amortisation policies applied to the Group's intangible assets is as below:

Intangible assets	Useful life	Amortisation method used
Computer software	3 years	Amortised on straight-line basis
Goodwill arising on acquisition of business division through demerger and business combination	-	No amortisation, tested for impairment
Brands/ trademarks	10 years	Amortised on straight-line basis
Technical knowhow	10 years	Amortised on straight-line basis
Franchisee rights	12 years	Amortised on straight-line basis over the period of franchise agreement
Non-Compete	7 years	Amortised on straight-line basis

**(XIV) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment based on internal/ external factors. An impairment loss, if any, is charged to the Consolidated Statement of Profit and Loss in the year in which an asset is identified as impaired. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGUs) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rates, that reflects current market assessment of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Consolidated Statement of Profit and Loss.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually as at reporting date. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit and Loss.

Reversal of impairment losses except on goodwill is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**(XV) Leases**

The Group's lease asset classes primarily consist of leases for land and buildings. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### Where the Group is the lessee

##### Right-of-use assets

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for short-term leases which are less than 12 months and leases of low value assets. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain remeasurements of the lease liability.

##### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed payments, including in-substance fixed payments. The lease liabilities are measured at amortised cost using the effective interest method.

In addition, the carrying amount of lease liabilities is re-measured if there is a modification arising due to change in the lease term, change in the lease payments or a change in the assessment of an option to purchase the underlying asset. when the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property, and lease liabilities, separately in the Consolidated Balance Sheet.

#### Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as an operating lease. Assets subject to operating leases are included in the property, plant and equipment. Rental income on an operating lease is recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Consolidated Statement of Profit and Loss.

#### Transition to Ind AS 116

The Group has adopted Ind AS 116, effective April 01, 2019 and has applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application. Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019. As a practical expedient the Group has applied Ind AS 116, to contracts that were previously identified as leases under Ind AS 17 and Appendix C of Ind AS 17.

Refer Note 2.2 (XII) – Significant accounting policies – Leases in the annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

The weighted average incremental borrowing rate of 9.05% p.a. has been applied to lease liabilities recognised in the Consolidated balance sheet at the date of initial application.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with similar characteristics.
- Applied the exemption not to recognize rights-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the rights-of-use asset at the date of initial application.
- Applied hindsight approach, for determining the lease term for the contract contains options to extend or terminate the lease.

#### **(XVI) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the Consolidated Statement of Profit and Loss are recognised immediately in the Consolidated Statement of Profit and Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories:

(a) Non-derivative financial assets

(i) Financial assets at amortised cost

Financial asset is measured at amortised cost using Effective Interest Rate (EIR), if both the conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Rate (EIR) method:

The EIR method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in the Consolidated Statement of Profit and Loss and is included in the 'Other income' line item.

(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

An instrument shall be measured at FVTOCI, if both of the following conditions are met:



- The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Financial assets included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction cost. Fair value movements are recognised in other comprehensive income. However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain/ (loss) in the Consolidated Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Profit and Loss.

(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, financial assets that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or financial assets that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(iv) Equity investments

All equity investments are measured at fair value as per Ind AS 109. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Impairment of financial assets:

The Group applies simplified approach of expected credit loss model for recognising impairment loss on lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Expected credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is

recognised in OCI and is not reduced from the carrying amount in the Consolidated Balance Sheet.

(b) Non derivative financial liabilities

(i) Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(1) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(2) Compound financial instruments:

The component parts of compound financial instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

(3) Financial liabilities:

All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading, if:

- It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may, be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in the Consolidated Statement of Profit and Loss.

However, financial liabilities that are not held-for-trading and are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the Consolidated Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in the Consolidated Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in the Consolidated Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in other comprehensive income under other equity and are not subsequently reclassified to the Consolidated Statement of Profit and Loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that

is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

(ii) Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as the transaction cost of the loan to the extent it is probable that some or all of the facility will be drawn down, the fees are deferred until the draw down occurs. To the extent that there is no evidence that is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity and amortised over the period of facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the Consolidated Statement of Profit and Loss as 'Finance costs'.

(iii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Consolidated Statement of Profit and Loss, except for those which are designated as hedging instruments in a hedging relationship.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI financial assets are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in the Consolidated Statement of Profit and Loss, and other changes in the fair value of FVTOCI financial assets are recognised in OCI.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component

forms part of the fair value gains or losses and is recognised in the Consolidated Statement of Profit and Loss.

De-recognition of financial assets and financial liabilities

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in the Consolidated Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (for example: when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Consolidated Statement of Profit and Loss, if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group de-recognises financial liabilities only when the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

**(XVII) Derivative financial instruments**

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Consolidated Statement of Profit and Loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the Consolidated Statement of Profit and Loss when the hedge item affects the Consolidated Statement of Profit and Loss or treated as basis adjustment, if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

**(XVIII) Inventories**

Raw materials, components, stores and spares, and packing materials are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Traded goods, work-in-progress and finished goods are valued at cost or net realisable value, whichever is lower. Work-in-progress and finished goods include costs of direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing cost. Traded goods cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Proceeds in respect of sale of raw materials/ stores are credited to the respective heads. Obsolete and defective inventory are duly provided for, basis the management estimates (Refer Note - 41).

**(XIX) Provisions and contingent liabilities**

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss, net of any reimbursements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Refer Note - 41).

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group (Refer Note – 46).

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**(XX) Employee benefits**

(a) Short-term employee benefits

Short-term employee benefits are recognised as an expense on accrual basis.

(b) Defined contribution plan

The Group makes defined contribution to the Government Employee Provident Fund and superannuation fund, which are recognised in the Consolidated Statement of Profit and Loss, on accrual basis. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

(c) Defined benefit plan

The Group operates a defined benefit gratuity plan in India. The Group contributes to a gratuity fund maintained by an independent insurance company. The Group's liabilities under The Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Consolidated Balance Sheet date on Government bonds, where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in the 'Employee benefits expense' in the Consolidated Statement of Profit and Loss. Re-measurement gains or losses and return on plan assets (excluding amounts included in net Interest on the net defined benefit liability) arising from changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. These are presented as re-measurement gains or losses on defined benefit plans under other comprehensive income in other equity. Remeasurements gains or losses are not reclassified subsequently to the Consolidated Statement of Profit and Loss.



(d) Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation in the Consolidated Statement of Profit and Loss.

The Group presents the entire leave as a current liability in the Consolidated Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

**(XXI) Share-based payment**

Employees of the Group receive remuneration in the form of equity-settled instruments and stock appreciation rights for rendering services over a defined vesting period. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share options outstanding account.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For cash-settled share-based payment, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability using a binomial method. At the end of each reporting period until the liability is settled and at the date of settlement, the fair value of the liability is re-measured, with any changes in the fair value recognised in 'Employee benefits expense' in the Consolidated Statement of Profit and Loss for the year.

The Group has created an "ABFRL Employee Welfare Trust"(ESOP Trust) and uses it as a vehicle for distributing shares to employees under the Employee Stock Option Scheme 2019 or any subsequent Stock Option Scheme. The trust purchase shares of the Company from the market, for giving shares to employees. The Group treats trust as its extension and shares held by trust are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Consolidated statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference

between the carrying amount and the consideration, if reissued or sold, is recognised in capital reserve. Share options exercised during the reporting period are settled with treasury shares.

**(XXII) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings, considered in ascertaining the Group's earnings per share, is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(XXIII) Cash and cash equivalents**

Cash and cash equivalents in the Consolidated Balance Sheet and for the purpose of the Consolidated Statement of Cash Flows comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Aditya Birla Fashion and Retail Limited  
Notes to the consolidated financial statements for the year ended March 31, 2020

NOTE: 3  
PROPERTY, PLANT AND EQUIPMENT

	₹ in Crore								
	Freehold land*	Freehold buildings*	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Cost</b>									
<b>As at April 01, 2018</b>	5.92	14.32	150.29	252.37	86.96	435.66	127.82	9.71	<b>1,083.05</b>
Additions	-	24.79	49.45	42.20	17.32	113.84	4.39	6.94	<b>258.93</b>
Disposals	-	-	15.26	27.18	1.98	39.63	2.11	3.52	<b>89.68</b>
<b>As at March 31, 2019</b>	<b>5.92</b>	<b>39.11</b>	<b>184.48</b>	<b>267.39</b>	<b>102.30</b>	<b>509.87</b>	<b>130.10</b>	<b>13.13</b>	<b>1,252.30</b>
Additions	-	3.63	67.17	55.32	27.91	120.68	8.94	4.93	<b>288.58</b>
Addition pursuant to business combinations (Refer Note - 47)	-	-	0.21	2.97	0.09	1.15	0.48	0.06	<b>4.96</b>
Disposals	-	-	35.14	24.72	16.97	121.14	5.59	2.16	<b>205.72</b>
<b>As at March 31, 2020</b>	<b>5.92</b>	<b>42.74</b>	<b>216.72</b>	<b>300.96</b>	<b>113.33</b>	<b>510.56</b>	<b>133.93</b>	<b>15.96</b>	<b>1,340.12</b>
<b>Depreciation</b>									
<b>As at April 01, 2018</b>	-	1.63	30.55	94.51	43.32	209.01	56.04	1.54	<b>436.60</b>
Depreciation for the year (Refer Note - 37)	-	1.03	47.83	54.57	25.07	119.84	8.65	3.12	<b>260.11</b>
Disposals	-	-	13.63	24.74	1.67	36.91	1.91	1.92	<b>80.78</b>
<b>As at March 31, 2019</b>	-	<b>2.66</b>	<b>64.75</b>	<b>124.34</b>	<b>66.72</b>	<b>291.94</b>	<b>62.78</b>	<b>2.74</b>	<b>615.93</b>
Depreciation for the year (Refer Note - 37)	-	1.45	39.54	52.17	22.27	102.69	7.77	4.02	<b>229.91</b>
Disposals	-	-	24.62	23.68	12.77	82.57	3.81	1.16	<b>148.61</b>
<b>As at March 31, 2020</b>	-	<b>4.11</b>	<b>79.67</b>	<b>152.83</b>	<b>76.22</b>	<b>312.06</b>	<b>66.74</b>	<b>5.60</b>	<b>697.23</b>
<b>Net carrying value as at:</b>									
<b>March 31, 2020</b>	<b>5.92</b>	<b>38.63</b>	<b>137.05</b>	<b>148.13</b>	<b>37.11</b>	<b>198.50</b>	<b>67.19</b>	<b>10.36</b>	<b>642.89</b>
<b>March 31, 2019</b>	<b>5.92</b>	<b>36.45</b>	<b>119.73</b>	<b>143.05</b>	<b>35.58</b>	<b>217.93</b>	<b>67.32</b>	<b>10.39</b>	<b>636.37</b>

Net carrying value

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	642.89	636.37
<b>Total</b>	<b>642.89</b>	<b>636.37</b>

\*The title deeds of immovable properties, included in Property, plant and equipment above are held in the name of the Group except for Freehold land (12 cases) and Freehold building (1 case) amounting to ₹ 5.92 Crore and ₹ 0.13 Crore respectively, which are held in the name of the demerged companies and is in the process of being transferred to the Group.

NOTE: 4  
RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

								₹ in Crore
	Land	Building	Plant and equipment	Leasehold improvements	Computers	Furniture and fixtures	Office equipment	Total
<b>Cost</b>								
<b>As at April 01, 2019</b>	-	-	-	-	-	-	-	-
Asset Recognised as on April 01, 2019	-	1,815.77	-	-	-	-	-	1,815.77
Reclassification from prepayments pursuant to adoption of Ind AS 116	10.42	70.90	-	-	-	-	-	81.32
Additions	-	969.74	9.56	0.18	3.70	38.59	1.62	1,023.39
Addition pursuant to business combinations (Refer Note - 47)	-	18.69	-	-	-	-	-	18.69
Disposals	-	119.43	-	-	-	-	-	119.43
<b>As at March 31, 2020</b>	<b>10.42</b>	<b>2,755.67</b>	<b>9.56</b>	<b>0.18</b>	<b>3.70</b>	<b>38.59</b>	<b>1.62</b>	<b>2,819.74</b>
<b>Depreciation</b>								
<b>As at April 01, 2019</b>	-	-	-	-	-	-	-	-
Depreciation for the year (Refer Note - 37)	0.39	631.00	0.04	-	0.02	0.18	0.01	631.64
Disposals	-	18.75	-	-	-	-	-	18.75
<b>As at March 31, 2020</b>	<b>0.39</b>	<b>612.25</b>	<b>0.04</b>	<b>-</b>	<b>0.02</b>	<b>0.18</b>	<b>0.01</b>	<b>612.89</b>
<b>Net carrying value as at:</b>								
<b>As at March 31, 2020</b>	<b>10.03</b>	<b>2,143.42</b>	<b>9.52</b>	<b>0.18</b>	<b>3.68</b>	<b>38.41</b>	<b>1.61</b>	<b>2,206.85</b>
<b>As at March 31, 2019</b>	-	-	-	-	-	-	-	-

Net carrying value

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Right-of-use assets	2,206.85	-
<b>Total</b>	<b>2,206.85</b>	<b>-</b>

(b) Lease liabilities

	₹ in Crore
	Total
<b>As at April 01, 2019</b>	-
Liabilities recognised as on April 01, 2019	2,109.42
Additions	1,002.28
Addition pursuant to business combinations (Refer Note - 47)	19.24
Retirements	(113.61)
Interest expense on lease liabilities	211.99
Payments	(727.52)
<b>As at March 31, 2020</b>	<b>2,501.80</b>
<b>Current</b>	<b>680.97</b>
<b>Non-current</b>	<b>1,820.83</b>

The Group has adopted Ind AS 116 "leases" effective April 01, 2019 using modified retrospective method as a result of which comparative information are not required to be restated. The Group has recognised on April 01, 2019, right-of-use assets of ₹ 1,815.77 Crore and lease liabilities of ₹ 2,109.42 Crore, and the adjustment (i.e. charge) to the retained earnings as at April 01, 2019 is ₹ 129.82 Crore (net of straight lining of lease rentals of ₹ 94.10 Crore and deferred tax of ₹ 69.73 Crore). Therefore, rent expense, finance costs, depreciation and amortisation expense, other income and profit for the year ended March 31, 2019 are not comparable with year ended March 31, 2020. Also, total assets and total liabilities as at March 31, 2019 are not comparable with balances as at March 31, 2020.

For maturity analysis of lease liabilities, refer Note - 45(a).

Impact of Ind AS 116 on the consolidated financial statements for the year ended March 31, 2020 is as follows:

	₹ in Crore		
Particulars	Year ended March 31, 2020 (Comparable)	Year ended March 31, 2020 (As per Ind AS 116)	Change due to Ind AS 116 Increase /(Decrease)
Rent expense	1,251.40	487.02	(764.38)
Finance costs	212.72	424.71	211.99
Depreciation and amortisation expense	253.67	885.31	631.64
Other Income	52.37	65.30	12.93
Profit/ (loss) before tax	33.43	(32.89)	(66.32)

**NOTE: 5**  
**GOODWILL AND OTHER INTANGIBLE ASSETS**

	₹ in Crore						
	Goodwill	Brands/ Trademarks	Computer software	Technical know-how	Franchisee rights	Non-Compete right	Total
<b>Cost</b>							
<b>As at April 01, 2018</b>	1,859.60	27.89	60.16	2.18	33.81	-	<b>1,983.64</b>
Additions	-	-	5.48	-	-	-	<b>5.48</b>
Disposals	-	-	0.08	0.34	-	-	<b>0.42</b>
<b>As at March 31, 2019</b>	<b>1,859.60</b>	<b>27.89</b>	<b>65.56</b>	<b>1.84</b>	<b>33.81</b>	-	<b>1,988.70</b>
Additions	-	-	16.56	-	-	-	<b>16.56</b>
Addition pursuant to business combinations (Refer Note - 47)	123.46	51.88	0.02	-	-	3.00	<b>178.36</b>
Disposals	-	-	1.29	-	-	-	<b>1.29</b>
<b>As at March 31, 2020</b>	<b>1,983.06</b>	<b>79.77</b>	<b>80.85</b>	<b>1.84</b>	<b>33.81</b>	<b>3.00</b>	<b>2,182.33</b>
<b>Amortisation</b>							
<b>As at April 01, 2018</b>	-	6.91	35.29	0.68	4.91	-	<b>47.79</b>
Amortisation for the year (Refer Note - 37)	-	2.92	15.86	0.62	2.82	-	<b>22.22</b>
Disposals	-	-	0.08	0.34	-	-	<b>0.42</b>
<b>As at March 31, 2019</b>	-	<b>9.83</b>	<b>51.07</b>	<b>0.96</b>	<b>7.73</b>	-	<b>69.59</b>
Amortisation for the year (Refer Note - 37)	-	6.55	13.78	0.32	2.82	0.29	<b>23.76</b>
Disposals	-	-	1.28	-	-	-	<b>1.28</b>
<b>As at March 31, 2020</b>	-	<b>16.38</b>	<b>63.57</b>	<b>1.28</b>	<b>10.55</b>	<b>0.29</b>	<b>92.07</b>
<b>Net carrying value as at:</b>							
<b>March 31, 2020</b>	<b>1,983.06</b>	<b>63.39</b>	<b>17.28</b>	<b>0.56</b>	<b>23.26</b>	<b>2.71</b>	<b>2,090.26</b>
<b>March 31, 2019</b>	<b>1,859.60</b>	<b>18.06</b>	<b>14.49</b>	<b>0.88</b>	<b>26.08</b>	-	<b>1,919.11</b>

**Net carrying value**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Goodwill	1,983.06	1,859.60
Other intangible assets	107.20	59.51
<b>Total</b>	<b>2,090.26</b>	<b>1,919.11</b>

**NOTE: 5A**  
**IMPAIRMENT TESTING OF GOODWILL**

Goodwill acquired through various business combinations has been allocated to the five Cash-Generating Units (CGUs) as below:

1. Pantaloons CGU
2. Madura Fashion & Lifestyle CGU
3. Forever 21 CGU
4. Jaypore CGU
5. Finesse CGU

**Pantaloons CGU**

During the year ended March 31, 2013, the Company acquired the Pantaloons format business ('Pantaloons business') from Future Retail Limited ("FRL"), which consisted of fashion retail business operating under the brand name "Pantaloons". Pantaloons is a leading large format fashion retailer engaged in retailing of apparel and accessories. The business thus acquired is Pantaloons CGU.

**Madura Fashion & Lifestyle CGU**

Pursuant to the Composite Scheme of Arrangement amongst the Company, Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective shareholders and creditors ("Composite Scheme"), Madura Undertaking of ABNL and MGL Retail Undertaking of MGLRCL ("demerged undertakings") were transferred to the Company on a going concern basis, w.e.f. April 01, 2015.

Madura Undertaking is a leading premium branded apparel player in India with brands like Louis Philippe, Van Heusen, Allen Solly and Peter England, and MGL Retail Undertaking is primarily engaged in promoting lifestyle brands and having licences to retail various international brands like Armani Collezioni, Hugo Boss, Versace Collection and many more under one roof, 'The Collective'. Both these divisions jointly comprise the Madura Fashion & Lifestyle CGU.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**Forever 21 CGU**

Effective July 01, 2016, the Company acquired exclusive franchise rights for the Indian market of Forever 21 business comprising of operating retail stores in India for the sale of clothing, artificial jewellery, accessories and related merchandise under the brand name "Forever 21" ("F21"), and is considered as a separate CGU.

**Jaypore CGU**

Effective July 02, 2019, the Company has entered in a Share Purchase Agreement(s) with Jaypore E-Commerce Private Limited ("Jaypore") and TG Apparel & Decor Private Limited ("TG Apparel") which sells ethnic fashion merchandise under its own brand "Jaypore" and of other third-party brands through stores and on-line channels. Consequent to the above, Jaypore, Jaypore Inc., USA (an overseas wholly-owned subsidiary of Jaypore) and TG Apparel become wholly-owned subsidiaries of the Company. These Companies together are considered as a separate CGU "Jaypore CGU". Also, refer Note - 47.

**Finesse CGU**

Effective July 26, 2019, the Company entered into a strategic partnership India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"), which is primarily engaged in the business of occasional and ceremonial contemporary apparel for men and women under the brand name 'Shantanu & Nikhil'. Finesse became the subsidiary of the Company and is considered as a separate CGU "Finesse CGU". Also, refer Note - 47.

For the purpose of Segment reporting, Madura Fashion & Lifestyle, Forever 21, Jaypore and Finesse CGUs have been aggregated to form Madura Fashion & Lifestyle segment in accordance with Ind AS 108.

Carrying amounts of Goodwill allocated to each of the CGUs are as below:

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Pantaloons CGU	1,167.55	1,167.55
Madura Fashion & Lifestyle CGU	627.67	627.67
Forever 21 CGU	64.38	64.38
Jaypore CGU	88.44	-
Finesse CGU	35.02	-
<b>Total</b>	<b>1,983.06</b>	<b>1,859.60</b>

**Disclosures with respect to Goodwill allocated to the CGUs**

**Value in use calculation of CGUs**

The recoverable amount of the CGUs as at March 31, 2020, has been determined based on value in use using cash flow projections from financial budgets approved by senior management covering a three year period. The pre-tax discount rate is applied to cash flow projections for impairment testing during the current year. The Group has estimated Free Cash Flow and then have considered that as a base to arrive at the value of perpetuity using the terminal growth rate as mentioned in below table. It is concluded that the carrying value of goodwill does not exceed the value in use. As a result of this analysis, the management did not identify impairment for these CGUs.

**Key assumptions used for value in use calculations**

	Terminal growth rate		Discount rate	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Pantaloons CGU	6.00%	6.00%	17.20%	15.24%
Madura Fashion & Lifestyle CGU	6.00%	6.00%	18.79%	17.92%
Forever 21 CGU	6.00%	6.00%	19.26%	19.37%
Jaypore CGU	5.00%	-	15.90%	-
Finesse CGU	5.00%	-	14.40%	-

**Discount rates:**

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation of each CGU is derived from its Weighted Average Cost of Capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings of the respective CGU. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

**Growth rate estimates:**

Rates are based on published industry research. Growth rate is based on the Group's projection of business and growth of the industry in which the Group is operating. The growth rate is in line with the long - term growth rate of the industry except for Forever 21 CGU, Jaypore CGU and Finesse CGU. The growth rate of these CGUs considers the Group's plan to launch new stores/ expected same store growth, digital e-commerce and change in merchandise.

**NOTE: 6**

**NON-CURRENT FINANCIAL ASSETS - INVESTMENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Investments: (Carried at fair value through other comprehensive income)</b>		
Unquoted equity instruments 7,000 (March 31, 2019: 7,000) fully paid equity shares of ₹ 10/- each of Birla Management Centre Services Limited*	7.16	4.21
<b>Total</b>	<b>7.16</b>	<b>4.21</b>

\* Increase is on account of fair valuation.

Aggregate book value of unquoted investments	7.16	4.21
Aggregate amount of impairment in value of investments	-	-

**NOTE: 7**

**NON-CURRENT FINANCIAL ASSETS - LOANS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	3.43	3.08
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>3.43</b>	<b>3.08</b>

**NOTE: 8**

**NON-CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Deposits to related party - unsecured, considered good (Refer Note - 48)	7.70	-
Unsecured, considered good	293.19	271.26
Unsecured, considered doubtful	0.01	1.40
Provision for doubtful deposits	(0.01)	(1.40)
<b>Total</b>	<b>300.89</b>	<b>271.26</b>

**NOTE: 9**

**NON-CURRENT FINANCIAL ASSETS - OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Other bank balance		
Bank deposits with more than 12 months maturity from the Balance Sheet date	0.39	1.06
<b>Total</b>	<b>0.39</b>	<b>1.06</b>

NOTE: 10

DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

A. DEFERRED TAX ASSETS (NET)

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	194.96	263.38
Deferred tax liabilities	-	-
<b>Deferred tax assets (net)</b>	<b>194.96</b>	<b>263.38</b>

Deferred tax assets (net) relates to the following:

	Consolidated Balance Sheet		Consolidated Statement of Profit and Loss	
	As at March 31, 2020	As at March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax assets</b>				
Depreciation and amortisation expense	41.01	41.07	0.06	(41.07)
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	44.98	53.32	8.34	(53.32)
Provision for share-based payment	2.49	9.62	7.13	(9.62)
Loss as per income tax computations available for offsetting against future taxable income	15.41	92.97	77.56	(24.15)
MAT credit (entitlement)/ write-off	-	21.84	21.84	(21.84)
<i>Impact of Ind AS 116</i>				
a) Lease equalisation charges	-	35.18	35.18	(35.18)
b) ROU assets and lease liabilities	20.72	-	(20.72)	-
c) Adjustment pursuant to adoption of Ind AS 116, recorded in retained earnings (Refer Note - 4)	69.73	-	-	-
Others	2.07	8.78	6.71	(8.78)
<b>Total (A)</b>	<b>196.41</b>	<b>262.78</b>	<b>136.10</b>	<b>(193.96)</b>
<b>Other comprehensive income (B)</b>	<b>(1.45)</b>	<b>0.60</b>	<b>2.05</b>	<b>(0.60)</b>
<b>Deferred tax (income)/ expense (A+B)</b>			<b>138.15</b>	<b>(194.56)</b>
<b>Net deferred tax assets/ (liabilities) (A+B)</b>	<b>194.96</b>	<b>263.38</b>		

B. DEFERRED TAX LIABILITIES (NET)

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	6.73	-
Deferred tax liabilities	13.98	-
<b>Deferred tax liabilities (net)</b>	<b>7.25</b>	<b>-</b>

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



**Deferred tax liabilities (net) relates to the following:**

	Consolidated Balance Sheet		Consolidated Statement of Profit and Loss	
	As at	As at	Year ended	Year ended
	March 31, 2020	March 31, 2019	March 31, 2020 *	March 31, 2019
<b>₹ in Crore</b>				
<b>Deferred tax assets</b>				
Depreciation and amortisation expense	1.98	-	(1.16)	-
Disallowance under Section 43B and 40(a)(ia) of the Income Tax Act, 1961	0.39	-	(0.04)	-
Loss as per income tax computations available for offsetting against future taxable income	2.33	-	(2.03)	-
ROU assets and lease liabilities	0.84	-	(0.65)	-
Others	1.12	-	(0.15)	-
<b>Total (A)</b>	<b>6.66</b>	<b>-</b>	<b>(4.03)</b>	<b>-</b>
<b>Other comprehensive income (B)</b>	<b>0.07</b>	<b>-</b>	<b>(0.05)</b>	<b>-</b>
<b>Deferred tax (income)/ expense (A+B)</b>			<b>(4.08)</b>	<b>-</b>
<b>Net deferred tax assets/ (liabilities) (A+B)</b>	<b>6.73</b>	<b>-</b>		
<b>Deferred tax liabilities</b>				
Intangibles recognised in business combinations (Refer Note - 47)	13.93	-	-	-
Others	0.05	-	0.05	-
<b>Deferred tax (income)/ expense</b>			<b>0.05</b>	<b>-</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>13.98</b>	<b>-</b>		

\* The same is after adjustment of the Deferred tax assets of the acquired subsidiaries as at the date of acquisition. The component wise disclosure is not provided as the same is not material.

**C. Reconciliation of deferred tax assets/ (liabilities):**

	Deferred tax assets (net)		Deferred tax liabilities (net)	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>₹ in Crore</b>				
<b>As at the beginning of the year</b>	<b>263.38</b>	<b>68.82</b>	-	-
Adjustments pursuant to adoption of Ind AS 116 (Refer Note - 4)	69.73	-	-	-
Deferred tax pursuant to business combinations (Refer Note - 47)	-	-	11.28	-
Tax (income)/ expense recognised in profit and loss during the year (Refer Note - 39)	136.10	(193.96)	(3.98)	-
Tax (income)/ expense recognised in OCI during the year (Refer Note - 39)	2.05	(0.60)	(0.05)	-
<b>As at the end of the year</b>	<b>194.96</b>	<b>263.38</b>	<b>7.25</b>	<b>-</b>

**NOTE: 11**

**OTHER NON-CURRENT ASSETS**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
Capital advances	9.70	10.39
Prepayments	14.39	49.29
Balances with government authorities (other than income tax)	51.82	54.71
Other receivables	1.84	0.46
<b>Total</b>	<b>77.75</b>	<b>114.85</b>

**NOTE: 12**  
**INVENTORIES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<i>At lower of cost and net realisable value</i>		
Raw materials	188.14	125.12
Includes Goods-in-transit ₹ 33.52 Crore (March 31, 2019: ₹ 24.23 Crore)		
Work-in-progress	22.25	18.38
Finished goods	186.98	146.64
Stock-in-trade	1,952.11	1,621.24
Includes Goods-in-transit ₹ 4.21 Crore (March 31, 2019: ₹ 5.83 Crore)		
Stores and spares	2.49	1.36
Packing materials	14.81	8.54
<b>Total</b>	<b>2,366.78</b>	<b>1,921.28</b>

During the year ended March 31, 2020, ₹ 78.91 Crore (March 31, 2019: ₹ 18.53 Crore) is recognised as an expense for inventories carried at net realisable value.

**NOTE: 13**  
**CURRENT INVESTMENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Investments in mutual funds: (Carried at fair value through profit or loss)</b>		
Quoted investments		
2,20,441.32 (March 31, 2019: Nil) units of Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	7.04	-
<b>Total</b>	<b>7.04</b>	<b>-</b>

**NOTE: 14**  
**CURRENT FINANCIAL ASSETS - LOANS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	7.13	5.42
Loans receivables, which have significant increase in credit risk	-	-
Credit impaired	-	-
<b>Total</b>	<b>7.13</b>	<b>5.42</b>

**NOTE: 15**  
**CURRENT FINANCIAL ASSETS - SECURITY DEPOSITS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Security deposits		
Unsecured, considered good	108.33	80.19
Unsecured, considered doubtful	3.76	2.50
Provision for doubtful deposits	(3.76)	(2.50)
<b>Total</b>	<b>108.33</b>	<b>80.19</b>

**NOTE: 16**  
**TRADE RECEIVABLES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Trade receivables from others	840.46	780.81
<b>Total</b>	<b>840.46</b>	<b>780.81</b>

**Break-up for security details:**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Trade receivables</b>		
Secured, considered good	62.51	73.27
Unsecured, considered good	777.95	707.54
Trade receivables, which have significant increase in credit risk	-	-
Credit impaired	19.64	10.44
	<b>860.10</b>	<b>791.25</b>
<b>Impairment allowance</b>		
Credit impaired	(19.64)	(10.44)
	<b>(19.64)</b>	<b>(10.44)</b>
<b>Total</b>	<b>840.46</b>	<b>780.81</b>

No trade or other receivables is due from directors or other officers of the Group either severally or jointly with any other person.

Trade receivables are generally non-interest bearing and on terms of 30 to 180 days.

**Aditya Birla Fashion and Retail Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2020**

Based on the risk profiling for each category of customer, the Group has not evaluated credit risk where the risk is mitigated by collateral. The Group has therefore evaluated credit risk for departmental, depletion, e-commerce customers. Any customer related specific information has been factored over and above the probability of default (PD). The Group uses provision matrix to determine impairment loss allowance on its portfolio of receivables. The provision matrix takes into account historical credit loss experience over the expected life of the trade receivables and is adjusted for forward-looking estimates/ information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

**Ageing**

	Expected credit loss (%)					
	As at March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	0.04%	0.33%	-	0.11%	1.93%	0.04%
0-90 days	0.09%	1.07%	-	0.21%	6.02%	0.12%
91-180 days	0.13%	1.18%	-	0.40%	6.64%	0.18%
181-270 days	0.16%	1.54%	-	0.51%	9.52%	0.19%
271 - 365 days	0.17%	2.17%	-	0.57%	10.67%	0.20%
1-2 years	0.17%	2.17%	-	0.57%	10.67%	0.20%

**Ageing of receivables on which impairment allowance of doubtful debts is applied\***

	₹ in Crore					
	As at March 31, 2020			As at March 31, 2019		
	Departmental stores	Depletion key accounts	E-commerce B2B	Departmental stores	Depletion key accounts	E-commerce B2B
Not due	209.63	15.34	-	78.38	34.63	26.00
0-90 days	104.92	16.79	-	85.50	-	0.80
91-180 days	-	-	-	31.66	-	-
181-270 days	-	-	-	-	-	-
271 - 365 days	-	-	-	-	-	-
1-2 years	-	-	-	-	-	-
<b>Total</b>	<b>314.55</b>	<b>32.13</b>	<b>-</b>	<b>195.54</b>	<b>34.63</b>	<b>26.80</b>

\* The amount is net of provision for discount and refund liabilities.

**Movement in the expected credit loss allowance**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
	<b>As at the beginning of the year</b>	<b>10.44</b>
Expected credit loss provision made/ (reversed) on trade receivables calculated at lifetime expected credit losses	(0.68)	(1.73)
Specific provision made/ (reversed)	9.88	2.28
<b>As at the end of the year*</b>	<b>19.64</b>	<b>10.44</b>

\* Includes expected credit loss allowance based on the provision matrix of ₹ 0.40 Crore (March 31, 2019: ₹ 1.08 Crore).

**NOTE: 17**
**CASH AND CASH EQUIVALENTS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
	Balances with banks	
Current accounts	159.54	10.14
Deposit accounts (original maturity less than 3 months)	100.00	-
Balances with credit card companies	0.05	28.64
Balances with e-wallet companies	0.13	0.01
Cash on hand	7.08	18.40
<b>Total</b>	<b>266.80</b>	<b>57.19</b>

As at March 31, 2020, the Group has available of ₹ 847.85 Crore (March 31, 2019: ₹ 577.93 Crore) of undrawn committed borrowing facilities.

Details of non-cash transactions from investing activities and Changes in liabilities arising from financing activities:

Year ended March 31, 2020

							₹ in Crore
	As at March 31, 2019	Adjustments (Refer Note - 4)	Pursuant to business combinations (Refer Note - 47)	Cash flows (net)	Non-cash changes		As at March 31, 2020
					Fair value adjustments	Others	
<b>Investing activities</b>							
Right-of-use assets	-	1,815.77	18.69	-	-	372.39	2,206.85
Non-current investments	4.21	-	-	-	2.95	-	7.16
Current investments	-	-	-	6.85	0.19	-	7.04
<b>Total</b>	<b>4.21</b>	<b>1,815.77</b>	<b>18.69</b>	<b>6.85</b>	<b>3.14</b>	<b>372.39</b>	<b>2,221.05</b>
<b>Financing activities</b>							
Non-current borrowings (including current maturities of non-current borrowings)	1,228.41	-	0.12	37.56	-	5.06	1,271.15
Current borrowings	474.45	-	4.88	1,036.62	0.99	(5.06)	1,511.88
Lease liabilities	-	2,109.42	19.24	(679.59)	-	1,052.73	2,501.80
<b>Total</b>	<b>1,702.86</b>	<b>2,109.42</b>	<b>24.24</b>	<b>394.59</b>	<b>0.99</b>	<b>1,052.73</b>	<b>5,284.83</b>

Year ended March 31, 2019

							₹ in Crore
	As at March 31, 2018	Adjustments	Pursuant to business combinations	Cash flows (net)	Non-cash changes		As at March 31, 2019
					Fair value adjustments	Others	
<b>Investing activities</b>							
Non-current investments	4.21	-	-	-	-	-	4.21
<b>Total</b>	<b>4.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.21</b>
<b>Financing activities</b>							
Non-current borrowings (including current maturities of non-current borrowings)	1,291.00	-	-	(62.59)	-	-	1,228.41
Current borrowings	570.45	-	-	(95.01)	(0.99)	-	474.45
<b>Total</b>	<b>1,861.45</b>	<b>-</b>	<b>-</b>	<b>(157.60)</b>	<b>(0.99)</b>	<b>-</b>	<b>1,702.86</b>

NOTE: 18

BANK BALANCE OTHER THAN THE ABOVE

			₹ in Crore	
	As at March 31, 2020	As at March 31, 2019		
Earmarked deposits*				
Current accounts	0.11	0.10		
Bank deposits (with original maturity of more than 3 months and having remaining maturity of less than 12 months)	0.03	0.12		
<b>Total</b>	<b>0.14</b>	<b>0.22</b>		

\* Bank balances other than the above are held as margin money under lien to banks for assuring guarantees.

NOTE: 19

CURRENT FINANCIAL ASSETS - OTHERS

			₹ in Crore	
	As at March 31, 2020	As at March 31, 2019		
Derivative contracts	6.82	-		
Interest accrued on deposits	0.05	-		
Other receivables	17.31	16.24		
Right to return assets	153.79	123.35		
<b>Total</b>	<b>177.97</b>	<b>139.59</b>		

NOTE: 20

OTHER CURRENT ASSETS

			₹ in Crore	
	As at March 31, 2020	As at March 31, 2019		
Prepayments	14.88	25.32		
Advance to suppliers	142.64	128.26		
Export incentives	1.35	1.13		
Balances with government authorities (other than income tax)	224.46	190.76		
Government grant receivables	0.81	0.73		
Insurance claim receivables	0.24	34.64		
Other receivables	11.85	3.62		
<b>Total</b>	<b>396.23</b>	<b>384.46</b>		

**NOTE: 21**  
**EQUITY SHARE CAPITAL**

**Authorised share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
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	-	-	-	-
<b>As at the end of the year</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>	<b>1,00,00,00,000</b>	<b>1,000.00</b>

**Issued equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,34,98,313	773.49	77,34,04,897	773.40
Increase during the year towards:				
Exercise of Options (Refer Note - 44)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,64,840</b>	<b>773.96</b>	<b>77,34,98,313</b>	<b>773.49</b>

**Subscribed and paid-up equity share capital**

	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in Crore	No. of shares	₹ in Crore
As at the beginning of the year	77,34,81,460	773.48*	77,16,93,984	771.69
Increase during the year towards:				
Allotment to Non-Resident (NR) shareholders (Refer Note - 22)	-	-	16,94,060	1.69
Exercise of Options (Refer Note - 44)	4,66,527	0.47	93,416	0.09
<b>As at the end of the year</b>	<b>77,39,47,987</b>	<b>773.95</b>	<b>77,34,81,460</b>	<b>773.48*</b>

\* The amount of share capital has been rounded off in ₹ Crore.

**(i) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having face value of ₹ 10/- per share. Each holder of an equity share is entitled to one vote per share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution to all preference shareholders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

**(ii) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of paid-up share capital	No. of shares held	% of paid-up share capital
Birla Group Holdings Private Limited	17,15,06,727	22.16%	1,87,73,560	2.43%
Grasim Industries Limited	8,73,80,613	11.29%	8,73,80,613	11.30%
IGH Holdings Private Limited	8,50,30,930	10.99%	8,50,30,930	10.99%
Umang Commercial Company Private Limited	6,49,72,778	8.39%	6,49,72,778	8.40%
Hindalco Industries Limited	4,49,82,142	5.81%	4,49,82,142	5.82%
Reliance Mutual Fund and its Affiliates	3,95,24,985	5.11%	3,46,48,992	4.48%
TGS Investment and Trade Private Limited	-	-	7,02,35,027	9.08%
Trapti Trading and Investments Private Limited	-	-	4,90,04,462	6.34%

**(iii) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting year**

On effectiveness of the Composite Scheme of Arrangement amongst the Company, erstwhile Aditya Birla Nuvo Limited ("ABNL"), Madura Garments Lifestyle Retail Company Limited ("MGLRCL") and their respective Shareholders and Creditors under Section 391 to 394 of the Companies Act, 1956, the Company had issued 67,98,19,778 Equity Shares to the Shareholders of ABNL and MGLRCL ("said Shares"). Out of the said Shares, 67,60,37,600 Equity Shares were allotted to the Shareholders of ABNL and MGLRCL on January 27, 2016. However, pursuant to Clause 21 of the Composite Scheme, allotment of 37,82,178 Equity Shares to 3,475 Non-Resident Shareholders, including 4 Overseas Corporate Bodies ("OCBs") of ABNL ("NRE Shareholders") was kept pending until receipt of applicable regulatory approvals. Thereafter, from time to time, the Company has allotted 20,71,265 Equity Shares to 1,407 NRE Shareholders, who held accounts in India on Non-patriation basis and provided such valid details.

In view of the amended provisions of the "Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017" and the authority granted by the Board of Directors (on February 04, 2019), 16,94,060 Equity Shares were allotted to 2,064 NRE Shareholders of ABNL (excluding OCBs) on March 19, 2019. Post this allotment, out of the said Shares, 16,853 Equity Shares held by 4 OCBs shall remain pending for allotment until the receipt of Regulatory approvals.

Summary of Shares allotted pursuant to the Composite Scheme, as at the end of five years immediately preceding the reporting year:

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Equity shares allotted as fully paid-up pursuant to demerger contracts for consideration other than cash	72,61,19,443	72,61,19,443	72,44,25,383	72,33,90,854	72,23,54,118

(iv) Shares reserved for issue under Employee Stock Option Plan

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Group, refer Note - 44.

NOTE: 22

OTHER EQUITY

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Share application money pending allotment (Refer Note - 44)</b>		
As at the beginning of the year	0.08	0.15
Share application money received/ (allotted) towards exercise of Options	(0.08)	(0.07)
As at the end of the year	-	0.08
<b>Share suspense account (Refer Note - 21)</b>		
As at the beginning of the year	0.02	1.71
Allotted to NR shareholders during the year - Nil equity shares (March 31, 2019: 16,94,060 equity shares)	-	(1.69)
As at the end of the year	0.02	0.02
<b>Reserves and surplus</b>		
<b>Securities premium</b>		
As at the beginning of the year	763.52	761.90
Premium on exercise of Options (including transfer from Share options outstanding account)	10.12	1.62
As at the end of the year	773.64	763.52
<b>Retained earnings</b>		
As at the beginning of the year	(152.09)	(473.31)
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	(129.82)	-
Profit/ (loss) for the year	(163.01)	321.22
As at the end of the year	(444.92)	(152.09)
<b>Share options outstanding account</b>		
As at the beginning of the year	27.62	13.60
Recognition of Share based payment	19.81	14.74
Transfer to Securities Premium on exercise of Options	(3.28)	(0.72)
As at the end of the year	44.15	27.62
<b>Treasury shares (Refer Note - 44)</b>		
As at the beginning of the year	-	-
Shares purchased by the ESOP Trust during the year	(100.49)	-
As at the end of the year	(100.49)	-
<b>Capital reserve</b>		
As at the beginning of the year	21.69	21.69
Changes during the year	-	-
As at the end of the year	21.69	21.69
<b>Other comprehensive income</b>		
<b>Remeasurement gains/ (losses) on defined benefit plans</b>		
As at the beginning of the year	(5.44)	(4.32)
Gains/ (losses) during the year	3.13	(1.12)
As at the end of the year	(2.31)	(5.44)
<b>Fair value gains/ (losses) on equity instruments</b>		
As at the beginning of the year	-	-
Gains/ (losses) during the year	2.21	-
As at the end of the year	2.21	-
<b>Foreign currency translation reserve</b>		
As at the beginning of the year	-	-
Gains/ (losses) during the year	(0.05)	-
As at the end of the year	(0.05)	-
<b>Other equity attributable to owners of the Company</b>	<b>293.94</b>	<b>655.40</b>
<b>Non-controlling interest</b>		
As at the beginning of the year	-	-
Pursuant to business combinations (Refer Note -	21.94	-
Profit/ (losses) during the year	(2.04)	-
As at the end of the year	19.90	-

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**Other equity**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Share application money pending allotment (Refer Note - 44)	-	0.08
Share suspense account (Refer Note - 21)	0.02	0.02
Reserves and surplus		
Securities premium	773.64	763.52
Retained earnings	(444.92)	(152.09)
Share options outstanding account	44.15	27.62
Treasury shares (Refer Note - 44)	(100.49)	-
Capital reserve	21.69	21.69
Other comprehensive income		
Remeasurement gains/ (losses) on defined benefit plans	(2.31)	(5.44)
Fair value gains/ (losses) on equity instruments	2.21	-
Gains/ (losses) on foreign currency translation	(0.05)	-
<b>Other equity attributable to owners of the Company</b>	<b>293.94</b>	<b>655.40</b>
<b>Non-controlling interest</b>	<b>19.90</b>	<b>-</b>

The description of the nature and purpose of each reserve within other equity is as follows:

**1. Share application money pending allotment (Refer Note - 44)**

Share application money received towards exercise of Options and Restricted Stock Units (RSUs) pending allotment.

**2. Share suspense account (Refer Note - 21)**

As per the Scheme of Arrangement, the Non-Resident shareholders of ABNL, holding shares on repatriation basis, are allotted shares upon receiving necessary regulatory approval(s). The amount lying in share suspense account pertains to shares not allotted on account of pending requisite approvals.

**3. Securities premium**

Securities premium is used to record the premium on issue of shares, and is utilised in accordance with the provisions of the Companies Act, 2013.

**4. Retained earnings**

Retained earnings comprise of the Group's accumulated undistributed profits/ (losses) after taxes.

**5. Share options outstanding account (Refer Note - 44)**

The fair value of the equity-settled share based payment transactions with employees is recognised in Consolidated Statement of Profit and Loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

**6. Treasury shares (Refer Note - 44)**

The equity shares of the Company have been acquired from open markets for Employee Stock Option Scheme 2019 and is held by ABFRL Employee Welfare Trust (ESOP trust) at cost. Trust will issue and allot shares to employees at the time of exercise of ESOP by employees.

**7. Capital reserve**

Capital reserve pertains to the reserve created out of the difference between the share capital issued and the net assets taken over at the time of Scheme of Arrangement.

**8. Remeasurement gains/ (losses) on defined benefit plans**

The cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

**9. Fair value gains/ (losses) on equity instruments**

It represents the cumulative gains/(losses) arising on the fair valuation of equity shares (other than investments in subsidiaries, which are carried at cost) measured at fair value through other comprehensive income. This fair value gain/ (loss) will not be reclassified subsequently to Consolidated Statement of Profit and Loss.

**10. Gains/ (losses) on foreign currency translation**

The translation reserve comprise foreign currency exchange differences arising from the translation of the financial statements of foreign operations. This gain/ (loss) will be reclassified subsequently to Consolidated Statement of Profit and Loss.

## NOTE: 23

## NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

	Effective interest rate	Maturity	As at March 31, 2020	As at March 31, 2019
	% p.a.		₹ in Crore	₹ in Crore
<b>Redeemable non-convertible debentures</b>				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	-	400.00
Redeemable non-convertible debentures - Series 5 Zero coupon (Unsecured)	8.96%	August 14, 2021	300.00	300.00
Redeemable non-convertible debentures - Series 6 Zero coupon (Unsecured)*	8.71%	November 10, 2022	498.67	-
<b>Term loans from banks</b>				
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	4.32	6.60
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	13.33	16.67
Term loan from HDFC Bank (Secured) <sup>3</sup>	10.25%	November 07, 2021	0.03	-
Term loan from Standard Chartered Bank (Secured) <sup>5</sup>	MCLR + 0.50%	March 31, 2034	1.88	-
<b>Term Loan from others</b>				
Other borrowings (Unsecured) <sup>6</sup>	14.37%	March 20, 2025	38.19	-
<b>Preference shares</b>				
Cumulative redeemable preference shares <sup>7</sup>	8.00%	March 31, 2024	0.50	0.50
Cumulative redeemable preference shares <sup>8</sup>	6.00%	October 14, 2024	0.01	0.01
<b>Total</b>			<b>856.93</b>	<b>723.78</b>

\*net of unamortised charges

## Current maturities of long-term borrowings (Refer Note - 29)

	Effective interest rate	Maturity	As at March 31, 2020	As at March 31, 2019
	% p.a.		₹ in Crore	₹ in Crore
<b>Current maturities of long-term borrowings</b>				
Redeemable non-convertible debentures - Series 3 Zero coupon (Unsecured)	8.20%	April 20, 2020	400.00	-
Redeemable non-convertible debentures - Series 2 Zero coupon (Unsecured)	8.73%	May 31, 2019	-	300.00
Redeemable non-convertible debentures - Series 1 Zero coupon (Unsecured)	8.84%	April 12, 2019	-	200.00
Term loan from HDFC Bank (TUF) (Unsecured) <sup>1</sup>	Base Rate + 0.20%	March 23, 2022	2.28	1.30
Term loan from HDFC Bank (TUF) (Secured) <sup>2</sup>	1 year MCLR + 0.25%	March 15, 2025	3.33	3.33
Term loan from HDFC Bank (Secured) <sup>3</sup>	10.25%	November 07, 2021	0.05	-
Term loan from Volkswagen Finance (Secured) <sup>4</sup>	9.33% - 10.11%	August 10, 2020	0.01	-
Term loan from Standard Chartered Bank (Secured) <sup>5</sup>	MCLR + 0.50%	March 31, 2034	0.64	-
Other borrowings (Unsecured) <sup>6</sup>	14.37%	March 20, 2025	7.91	-
<b>Total</b>			<b>414.22</b>	<b>504.63</b>
Aggregate secured borrowings			19.27	20.00
Aggregate unsecured borrowings			1,251.88	1,208.41

The Group has not defaulted on any loans payable, and there has been no breach of any loan covenants.



**Details of security and terms of repayment**

1. The repayment terms of term loan from HDFC Bank (TUF) are 21 quarterly instalments commencing from March 23, 2017. First four instalments of ₹ 0.20 Crore each, next four instalments of ₹ 0.25 Crore each, next four instalments of ₹ 0.30 Crore each, next four instalments of ₹ 0.40 Crore each and next 5 instalments of ₹ 1.08 Crore each.
2. Term loan from HDFC Bank (TUF) secured by way of exclusive charge over movable assets of the Group's plant situated at Bhubaneswar, Odisha. The loan is repayable in 24 equal quarterly instalments commencing from June 15, 2019.
3. The loan is secured by way of first charge created by hypothecation of vehicles of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 84 equal monthly instalments commencing from November 2014.
4. The loan is secured by way of first charge created by hypothecation of vehicles of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 60 equal monthly instalments commencing from August 2015.
5. The loan is secured against the residential/ commercial property of director of Finesse International Design Private Limited (a subsidiary of the Company). The loan is repayable in 180 equal monthly instalments commencing from April 2019.
6. The loan is repayable in 20 equal quarterly instalments commencing from March 2020.

**Details of Cumulative redeemable preference shares**

7. 5,00,000 8% Cumulative redeemable preference shares of ₹ 10/- each are entitled to a cumulative dividend @ 8% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 8% Redeemable Cumulative Preference Shares was March 30, 2019. While the Company had net profits for the FY 18-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years ie. upto March 29, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.
8. 500 6% Cumulative redeemable preference shares of ₹ 100/- each are entitled to a cumulative dividend @ 6% p.a. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting. Pursuant to the terms of issuance, the due date for redemption of 6% Redeemable Cumulative Preference Shares was October 13, 2019. While the Company had net profits for the FY 18-19, it did not have distributable profits in terms of section 123 of the Act as it had past accumulated losses. Accordingly, pursuant to the unanimous consent of all the preference shareholders and in terms of the applicable provisions of the Act, the Board of Directors of the Company, vide a circular resolution dated April 11, 2019 approved the variation in terms of the preference shares to the extent of extending the redemption dates by a period of 5 years ie. upto October 12, 2024. In the event of liquidation of the Company, before redemption of preference shares, the holders of preference shares will have priority over the holders of equity shares in the payment of dividend and repayment of capital.

TUF - Technology Upgradation Fund.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE: 24**

**NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
Interest accrued but not due on borrowings	60.13	101.66
<b>Total</b>	<b>60.13</b>	<b>101.66</b>

**NOTE: 25**

**NON-CURRENT PROVISIONS**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
Employee benefit obligation		
Provision for gratuity (Refer Note - 43)	21.59	14.22
Provision for pending litigations (Refer Note - 46)	78.51	100.99
<b>Total</b>	<b>100.10</b>	<b>115.21</b>

**Movement of provision for pending litigations during the year:**

	₹ in Crore	
	As at	
	March 31, 2020	
<b>Opening balance</b>	<b>100.99</b>	
Add: provision made during the year	14.17	
Less: provision utilised during the year	(10.25)	
Less: provision reversed during the year	(26.40)	
<b>Closing balance</b>	<b>78.51</b>	

**NOTE: 26**

**OTHER NON-CURRENT LIABILITIES**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	82.84
Deferred income	12.29	9.62
<b>Total</b>	<b>12.29</b>	<b>92.46</b>

**NOTE: 27**

**CURRENT FINANCIAL LIABILITIES - BORROWINGS**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
<b>Loans repayable on demand from banks</b>		
Cash credit/ Working capital demand loan (Secured)	235.90	26.43
Cash credit/ Working capital demand loan (Unsecured)	338.00	0.28
Commercial paper (Unsecured)*	297.03	-
Buyers credit (Secured)	-	71.48
Loan repayable on demand (Unsecured)	45.00	-
Loan repayable on demand (Secured)	-	30.00
<b>Loans repayable on demand from others</b>		
Commercial paper (Unsecured)*	595.95	346.26
<b>Total current borrowings</b>	<b>1,511.88</b>	<b>474.45</b>
Aggregate secured borrowings	235.90	127.91
Aggregate unsecured borrowings	1,275.98	346.54

**Details of security**

Current borrowings are secured by way of first pari passu charge on the current assets and second pari passu charge on the movable and immovable assets of the respective entities of the Group.

\* Commercial papers are shown net of unamortised discounting charges.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE: 28**  
**TRADE PAYABLES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer details below)	99.39	105.58
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,190.53	2,291.84
<b>Total</b>	<b>2,289.92</b>	<b>2,397.42</b>

\* Includes payable to related parties, for terms and conditions with related parties (Refer Note - 48).

**Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to Micro and Small Enterprises	99.39	105.58
Interest due on the above	0.21	0.42
b. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006;	0.86	2.70
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	4.19	3.12
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above disclosures are provided by the Group based on the information available with the Group in respect of the registration status of its vendors.

**NOTE: 29**  
**CURRENT FINANCIAL LIABILITIES - OTHERS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term borrowings (Refer Note - 23)	414.22	504.63
Refund liabilities	296.53	251.12
Interest accrued but not due on borrowings	126.97	137.17
Interest accrued and due on borrowings	0.66	-
Creditors for capital supplies/ services	37.19	26.23
Derivative contracts	-	4.06
Deferred consideration for acquisition of subsidiaries	3.55	-
Others	0.26	0.10
<b>Total</b>	<b>879.38</b>	<b>923.31</b>

Aditya Birla Fashion and Retail Limited  
Notes to the consolidated financial statements for the year ended March 31, 2020

**NOTE: 30**

**CURRENT PROVISIONS**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Employee benefit obligation		
Provision for compensated absences	84.72	79.08
Provision for gratuity (Refer Note - 43)	3.78	7.85
Stock Appreciation Rights (SAR)	0.23	0.11
<b>Total</b>	<b>88.73</b>	<b>87.04</b>

**NOTE: 31**

**OTHER CURRENT LIABILITIES**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Liability for rent straight-lining (Refer Note - 4)	-	17.84
Advances received from customers	28.17	13.08
Deferred revenue*	29.33	22.94
Other advances received	1.96	1.90
Statutory dues (other than income tax)	46.68	28.50
Deferred income	0.04	0.04
<b>Total</b>	<b>106.18</b>	<b>84.30</b>

**\* Deferred revenue**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>As at the beginning of the year</b>	<b>22.94</b>	<b>28.76</b>
Deferred during the year	210.97	136.75
Released to the Consolidated Statement of Profit and Loss	(204.58)	(142.57)
<b>As at the end of the year</b>	<b>29.33</b>	<b>22.94</b>

The deferred revenue relates to the accrual and release of customer loyalty points, according to the loyalty programme of respective businesses. As at March 31, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

Aditya Birla Fashion and Retail Limited  
Notes to the consolidated financial statements for the year ended March 31, 2020

NOTE: 32  
REVENUE FROM OPERATIONS

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from sale of products		
Sale of products	8,516.58	7,897.59
Revenue from redemption of loyalty points (Refer Note - 31)	204.58	142.57
<b>Total revenue from sale of products</b>	<b>8,721.16</b>	<b>8,040.16</b>
Revenue from rendering of services	3.23	3.02
Other operating income		
Scrap sales	9.25	5.77
Export incentives	7.45	9.94
Licence fees and royalties	2.70	2.35
Space on hire	0.73	0.68
Commission income	43.06	53.69
Others	0.28	2.11
<b>Total</b>	<b>8,787.86</b>	<b>8,117.72</b>

(a) Right to return assets and refund liabilities:

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Right to return assets	153.79	123.35
Refund liabilities	296.53	251.12

(b) Contract balances:

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Contract assets</b>		
Trade receivables	840.46	780.81
<b>Contract liabilities</b>		
Advances received from customers	28.17	13.08
Deferred revenue	29.33	22.94

(c) Reconciliation of revenue as recognised in the Consolidated Statement of Profit and Loss with the contracted price:

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue as per contracted price	10,048.44	9,346.09
Less:		
Sales return	518.73	482.35
Discount	530.88	609.27
Loyalty points	210.97	136.75
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

Aditya Birla Fashion and Retail Limited

Notes to the consolidated financial statements for the year ended March 31, 2020

(d) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss:

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Madura Fashion &amp; Lifestyle</b>		
Revenue from retail operations	2,558.39	2,187.92
Revenue from non-retail operations	2,715.96	2,735.79
	<b>5,274.35</b>	<b>4,923.71</b>
<b>Pantaloons</b>		
Revenue from retail operations	3,431.89	3,101.08
Revenue from non-retail operations	81.62	92.93
	<b>3,513.51</b>	<b>3,194.01</b>
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

(e) Disclosure of disaggregated revenue recognised in the Consolidated Statement of Profit and Loss based on geographical segment:

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from customers outside India	151.47	159.06
Revenue from customers within India	8,636.39	7,958.66
<b>Revenue as per the Consolidated Statement of Profit and Loss</b>	<b>8,787.86</b>	<b>8,117.72</b>

NOTE: 33

OTHER INCOME

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	5.24	4.89
Net gain on sale of current investments	4.85	2.22
Foreign exchange gain (net)	-	8.89
Fair value gain on financial instruments at FVTPL	28.13	20.06
Gain on retirement of right-of-use assets (Refer Note - 4a & 45a)	12.93	-
Miscellaneous income	14.15	28.72
<b>Total</b>	<b>65.30</b>	<b>64.78</b>

NOTE: 34

COST OF MATERIALS CONSUMED

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Raw materials consumed</b>		
Inventories at the beginning of the year	125.12	125.12
Add: Purchases	847.55	604.21
	972.67	729.33
Inventories taken over pursuant to business combinations (Refer Note - 47)		
Raw material	1.06	
Less: Inventories at the end of the year	188.14	125.12
<b>Total</b>	<b>785.59</b>	<b>604.21</b>
<b>(b) Purchase of stock-in-trade</b>		
Purchase of stock-in-trade	3,800.77	3,549.26
<b>Total</b>	<b>3,800.77</b>	<b>3,549.26</b>

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

**(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening inventories		
Finished goods	146.64	295.00
Stock-in-trade	1,621.24	1,245.19
Work-in-progress	18.38	17.57
Inventories taken over pursuant to business combinations (Refer Note - 47)		
Finished goods	8.88	-
Stock-in-trade	3.62	-
Work-in-progress	0.37	-
	<u>1,799.13</u>	<u>1,557.76</u>
Less:		
Closing inventories		
Finished goods	186.98	146.64
Stock-in-trade	1,952.11	1,621.24
Work-in-progress	22.25	18.38
	<u>2,161.34</u>	<u>1,786.26</u>
<b>Increase in inventories</b>	<b><u>(362.21)</u></b>	<b><u>(228.50)</u></b>

**NOTE: 35**

**EMPLOYEE BENEFITS EXPENSE**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	930.38	788.50
Contribution to provident and other funds (Refer Note - 43)	55.32	45.66
Share-based payment to employees (Refer Note - 44)	20.02	14.74
Gratuity expense (Refer Note - 43)	17.09	12.75
Staff welfare expenses	57.72	51.37
<b>Total</b>	<b><u>1,080.53</u></b>	<b><u>913.02</u></b>

**NOTE: 36**

**FINANCE COSTS**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on borrowings	209.72	184.61
Interest expense on lease liabilities (Refer Note - 4a & 45a)	211.99	-
Other borrowing costs	0.19	0.02
Fair value impact on financial instruments at FVTPL	2.81	2.79
<b>Total</b>	<b><u>424.71</u></b>	<b><u>187.42</u></b>

**NOTE: 37**

**DEPRECIATION AND AMORTISATION EXPENSE**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (Refer Note - 3)	229.91	260.11
Depreciation on right-of-use assets (Refer Note - 4a & 45a)	631.64	-
Amortisation on intangible assets (Refer Note - 5)	23.76	22.22
<b>Total</b>	<b><u>885.31</u></b>	<b><u>282.33</u></b>

**Aditya Birla Fashion and Retail Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2020**
**NOTE: 38**
**OTHER EXPENSES**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spares	5.72	4.56
Power and fuel	11.86	11.69
Electricity charges	132.19	117.78
Repairs and maintenance		
Buildings	0.71	0.52
Plant and machinery	13.27	12.95
Others	176.34	169.46
Insurance	11.09	5.94
Rates and taxes	13.25	10.24
Processing charges	74.76	50.31
Commission to selling agents	86.94	78.55
Brokerage and discounts	0.51	0.61
Advertisement and sales promotion	364.25	409.68
Transportation and handling charges	115.12	84.37
Royalty expenses	21.24	36.12
Legal and professional expenses	112.97	93.97
Bad debts written off	0.06	18.48
Less: Allowances released from doubtful debts	-	(6.39)
Less: Provision released from doubtful deposits	-	(8.42)
Allowances for bad and doubtful debts	9.20	6.94
Provision for bad and doubtful deposits and advances	1.82	-
Printing and stationery	17.35	14.27
Travelling and conveyance	99.34	88.24
Communication expenses	6.52	7.38
Loss on sale/ discard of property, plant and equipment	2.77	1.36
Bank and credit card charges	44.78	37.25
Payment to auditors (Refer details below)	2.04	1.49
Donation	-	0.35
Foreign exchange loss (net)	2.71	-
Information technology expenses	75.18	62.49
Outsourcing, housekeeping and security expenses	336.60	269.36
Corporate Social Responsibility (CSR) expenses (Refer Note - 42)	3.50	2.00
Directors' fees	0.38	0.22
Miscellaneous expenses	41.86	33.54
<b>Total</b>	<b>1,784.33</b>	<b>1,615.31</b>

**Payment to auditors\*:**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
For audit fees (including Limited Review fees)	1.38	1.06
For tax audit fees	0.18	0.15
For other services	0.23	0.08
For reimbursement of expenses	0.25	0.20
<b>Total</b>	<b>2.04</b>	<b>1.49</b>

\* Includes fees of subsidiaries to other auditors.



**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE: 39**

**INCOME TAX EXPENSE**

The major components of income tax (income)/ expense are:

**Consolidated Statement of Profit and Loss:**

**Profit or loss section**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Current income tax</b>		
Current income tax charge (including minimum alternate tax)*	0.01	21.84
	<b>(A)</b>	<b>21.84</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	110.28	(172.12)
MAT credit (entitlement)/ write-off	21.84	(21.84)
	<b>(B)</b>	<b>(193.96)</b>
<b>Total</b>	<b>(A+B)</b>	<b>(172.12)</b>

**OCI section**

**Deferred tax related to items recognised in OCI during the year**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Net (gains)/ losses on re-measurement of defined benefit plans	1.27	(0.60)
Net (gains)/ losses on fair value of equity instruments	0.74	-
Exchange differences on translation of foreign operations	(0.01)	-
<b>Total</b>	<b>2.00</b>	<b>(0.60)</b>

**Reconciliation of tax (income)/ expense and the accounting profit/ (loss) multiplied by India's domestic tax rate**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Accounting profit/ (loss) before income tax</b>	(32.89)	149.10
Tax expense/(credit) at India's statutory income tax rate of 25.17% (March 31, 2019: 34.94%)	(8.28)	52.10
Disallowance under Section 43B of the Income Tax Act, 1961	(1.43)	8.82
Expenses on which TDS has not been deducted under Section 40(a)(ia) of the Income Tax Act, 1961	(8.81)	5.24
Preliminary expenses allowed under Section 35DD of the Income Tax Act, 1961	(1.62)	(2.25)
Tax losses (utilised)/ availed	16.26	(59.12)
Depreciation (net of books and tax)	(8.92)	(11.14)
Provision for gratuity	1.49	0.68
Ind AS 116 related adjustments (net)	16.64	-
Loss on sale of assets	0.70	0.47
Others	(6.03)	5.20
Current income tax charge (including minimum alternate tax)*	0.01	21.84
<b>Deferred tax expense/ (credit) (Refer Note - 10)</b>		
Relating to origination and reversal of temporary differences	110.28	(172.12)
MAT credit (entitlement)/ write-off	21.84	(21.84)
<b>Total</b>	<b>132.13</b>	<b>(172.12)</b>

\* During the year ended March 31, 2020, the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 (March 31, 2019: Company was assessed under section 115JB of Income Tax Act, 1961) (Refer Note - 41).

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE: 40**  
**EARNINGS PER SHARE (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and equity share data used in the basic and diluted EPS computations:

		₹ in Crore	
		Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit/ (loss) for calculation of EPS</b>	<b>(A)</b>	<b>(163.01)</b>	<b>321.22</b>
Weighted average number of equity shares for calculation of Basic EPS	<b>(B)</b>	77,26,73,830	77,34,43,865
<b>Basic EPS (₹)</b>	<b>(A/B)</b>	<b>(2.11)</b>	<b>4.15</b>
Weighted average number of equity shares outstanding		77,26,73,830	77,34,43,865
Weighted average number of potential equity shares*		20,76,441	13,50,269
Weighted average number of equity shares for calculation of Diluted EPS		77,26,73,830	77,47,94,134
<b>Diluted EPS (₹)</b>	<b>(C)</b>	<b>(2.11)</b>	<b>4.15</b>
Nominal value of shares (₹)		10.00	10.00

Treasury shares are adjusted in computing the weighted average number of equity shares outstanding during the year in calculation of EPS.

\*Stock options granted to the employees under various ESOP schemes are considered to be potential equity shares. The same is considered in the determination of diluted earnings per share to the extent that they are not anti-dilutive. The stock options are not included in the determination of basic earnings per share. The details relating to stock options are given in Note - 44.

## **Aditya Birla Fashion and Retail Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2020**

#### **NOTE - 41**

##### **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below. The Group's assumptions and estimates are based on parameters available at the time of preparation of financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### **(a) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or Cash-Generating Unit (CGU) exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next three years and have considered 3rd year budget as a base to arrive at the value of perpetuity. The budget do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the value in use for the different CGUs, are disclosed and further explained in Note - 5A.

##### **(b) Share-based payment**

The Group uses the most appropriate valuation model depending on the terms and conditions of the grant, including the expected life of the share option, volatility and dividend yield. For cash-settled transactions, the liability needs to be remeasured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Consolidated Statement of Profit and Loss. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note - 44.

##### **(c) Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

## **Aditya Birla Fashion and Retail Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2020**

During the year ended March 31, 2020, after a detailed evaluation, the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision for income taxes for the year ended March 31, 2020 based on the rate prescribed in the aforesaid section. Further, management has reviewed the components of deferred tax assets/ liabilities leading to a reassessment of its estimates compared to earlier periods. Such re-measurement and change in rate of tax has resulted in one-time additional tax charge of ₹ 129.59 Crore for the year ended March 31, 2020. The Loss after tax for the year ended March 31, 2020 without the aforesaid adjustment would have been ₹ 35.43 Crore.

As at March 31, 2020, the Group has ₹ 1,075.59 Crore (March 31, 2019: ₹ 1,035.27 Crore) of tax losses carried forward as per income tax records of the Group. These losses pertain to unabsorbed depreciation which do not have any expiry period. Further details on taxes are disclosed in Notes - 10 and 39.

#### **(d) Employee benefit plans**

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates.

Based on periodic review of the demographic assumptions, attrition rate assumption used for actuarial valuation of liability related to gratuity & compensated absences has been re-assessed during the year ended March 31, 2020. For the purpose of assessing the attrition rate, the Group considered the historical attrition trend and expected rate based on such trend/ experience. The change in assumption resulted in a reduction of closing gratuity and compensated absence liability by ₹ 14.97 Crore and ₹ 18.57 Crore respectively, for the year ended March 31, 2020.

Further details about gratuity obligations are given in Note - 43.

#### **(e) Revenue recognition – Loyalty points**

The Group operates a loyalty programme where customers accumulate points for purchases made, which entitle them to discount on future purchases. The Group estimates the fair value of points awarded under the loyalty programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rate basis the Group's historic trends of redemption and expiry period of the points and such estimates are subject to uncertainty. As at March 31, 2020, the estimated liability towards unredeemed points amounts to ₹ 29.33 Crore (March 31, 2019: ₹ 22.94 Crore).

## **Aditya Birla Fashion and Retail Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2020**

#### **(f) Provision on inventories**

The Group has defined policy for provision on inventory for each of its business by differentiating the inventory into core and non-core (fashion) and sub-categorised into finished goods and raw materials. The Group provides provision based on policy, past experience, current trend and future expectations of these materials depending on the category of goods.

#### **(g) Provision for discount and sales return**

The Group provides for discount and sales return based on season wise, brand wise and channel wise trend of previous years. The Group reviews the trend at regular intervals to ensure the applicability of the same in the changing scenario. Provision is created based on the management's assessment of market conditions.

#### **(h) Impairment allowance for doubtful debts**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off if the same are not collectible. The carrying amount of allowance for doubtful debts under ECL model is ₹ 19.64 Crore (March 31, 2019: ₹ 10.44 Crore). Further details about impairment allowance are given in Note - 16.

#### **(i) Leases**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020****(j) Assessment of COVID - 19 impact on operations**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Consequent to this, Government of India declared a national lock down on March 24, 2020, which has impacted the business activities of the Group. The Group has been taking various precautionary measures to protect employees and their families from COVID-19. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, other intangible assets and in relation to other financial statement captions. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Group's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions. The Group has resumed its business activities by reopening its factories and retail stores on a gradual basis in line with the guidelines issued by the Government authorities.

**(k) Going concern**

The management has performed an assessment of the Group's ability to continue as a going concern. Based on the assessment, the management believes that there is no material uncertainty with respect to any events or conditions that may cast a significant doubt on the entity to continue as a going concern, hence the consolidated financial statements have been prepared on a going concern basis.

**NOTE - 42****DISCLOSURE IN RESPECT OF CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF THE COMPANIES ACT, 2013 AND RULES THEREON**

The Group is required to spend ₹ 1.73 Crore (March 31, 2019: ₹ Nil) on the corporate social responsibility activities.

Amount spent during the year ended:

	₹ in Crore		
	In Cash	Yet to be paid in Cash	Total
<b>March 31, 2020:</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	3.50	-	<b>3.50</b>
<b>March 31, 2019:</b>			
i) Construction/ acquisition of any asset	-	-	-
ii) On purposes other than (i) above	2.00	-	<b>2.00</b>

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 43**  
**GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS**

The Group operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A part of the gratuity plan is funded and another part is managed within the Group, hence the liability has been bifurcated into funded and unfunded.

The Group contributes to the Fund based on the actuarial valuation report. The Group has contributed to the Insurer Managed Fund (managed by Life Insurance Corporation of India), details of which is available in the table of Investment pattern of plan assets. Based on which, the Group is not exposed to any market risk.

The following tables summarise the components of net benefit expense recognised in the Consolidated Statement of Profit and Loss and Consolidated Balance Sheet for the respective plans:

**Unfunded defined benefit plan**

**Net benefit expense recognised through the Consolidated Statement of Profit and Loss**

	₹ in Crore	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Current service cost	4.07	2.76
Interest cost on defined benefit obligation	1.30	1.03
<b>Total</b>	<b>5.37</b>	<b>3.79</b>

**Changes in the present value of the Defined Benefit Obligations (DBO) are as follows:**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
<b>Opening defined benefit obligation</b>	<b>15.54</b>	<b>13.12</b>
Addition pursuant to business combinations (Refer Note - 47)	2.60	-
Current service cost	4.07	2.76
Interest cost on defined benefit obligation	1.30	1.03
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(2.36)	0.27
Changes in financial assumptions	3.42	0.21
Experience adjustments	0.78	0.39
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>1.84</b>	<b>0.87</b>
Benefits paid	(1.39)	(2.06)
Liabilities assumed/ (settled)*	0.11	(0.18)
<b>Closing defined benefit obligation</b>	<b>24.07</b>	<b>15.54</b>

**Funded defined benefit plan**

**Net benefit expense recognised through the Consolidated Statement of Profit and Loss**

	₹ in Crore	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Interest on plan assets	(4.05)	(3.80)
	<b>11.72</b>	<b>8.96</b>

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

Changes in the defined benefit obligation and fair value of plan assets are as follows:

**Changes in the present value of the Defined Benefit Obligations (DBO):**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening defined benefit obligation</b>	<b>58.97</b>	<b>49.69</b>
Current service cost	11.22	8.89
Interest cost on defined benefit obligation	4.55	3.87
Actuarial (gain)/ loss on account of:		
Changes in demographic assumptions	(20.74)	-
Changes in financial assumptions	12.38	0.82
Experience adjustments	2.29	(0.13)
<b>Actuarial (gain)/ loss recognised in OCI</b>	<b>(6.07)</b>	<b>0.69</b>
Benefits paid	(5.03)	(5.34)
Liabilities assumed/ (settled)*	0.82	1.17
<b>Closing defined benefit obligation</b>	<b>64.46</b>	<b>58.97</b>

**Change in fair value of plan assets**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b>Opening fair value of the plan assets</b>	<b>52.44</b>	<b>48.69</b>
Contributions by the employer	6.53	-
Interest income on plan assets	4.05	3.80
Actuarial gain/ (loss) on account of:		
Actual returns on plan assets less interest cost on plan assets	0.14	(0.16)
<b>Actuarial gain/ (loss) recognised in OCI</b>	<b>0.14</b>	<b>(0.16)</b>
Asset acquired/ (settled)*	-	0.11
<b>Closing fair value of the plan assets</b>	<b>63.16</b>	<b>52.44</b>

\*On account of inter-company transfer.

**Amounts recognised in the Consolidated Balance Sheet**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Present value of the defined benefit obligation at the end of the year:		
Funded	64.46	58.97
Unfunded	24.07	15.54
	88.53	74.51
Fair value of plan assets	63.16	52.44
<b>Net liability/ (asset)</b>	<b>25.37</b>	<b>22.07</b>
Net liability is classified as follows:		
Current	3.78	7.85
Non-current	21.59	14.22
<b>Net liability</b>	<b>25.37</b>	<b>22.07</b>

Gratuity is funded through investments with an insurance service provider, i.e. Life Insurance Corporation of India (LIC). The plan assets under the scheme are administered by LIC. The investments are primarily in low risk assets.



**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

The principal assumptions used in determining gratuity (funded and unfunded) defined benefit obligations for the Group are shown below:

	As at March 31, 2020	As at March 31, 2019
<b>Discount rate</b>		
Funded plan	6.60%	7.70%
Unfunded plan	6.55% to 6.80%	7.70%
<b>Salary escalation rate</b>		
Funded plan		
Management	8.00%	8.00%
Staff	7.00%	7.00%
Workers	5.00%	5.00%
Unfunded plan		
Stores	7.00% to 9.00%	7.00%
HO and Zones	8.00% to 9.00%	8.00%

The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The overall expected rate of return on plan assets is determined based on the market yield prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

A quantitative sensitivity analysis for significant assumptions is as follows:

Sensitivity level	As at March 31, 2020		As at March 31, 2019	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
<b>Discount rate</b>				
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	(2.68)	2.88	(3.97)	4.36
Unfunded plan	(0.97)	1.07	(0.95)	1.05
<b>Salary escalation rate</b>				
Increase/ (Decrease) in DBO (₹ in Crore)				
Funded plan	2.86	(2.69)	4.35	(3.99)
Unfunded plan	1.01	(0.95)	1.00	(0.93)

The above sensitivity analysis have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

There has been no change from the previous year in the method and assumptions used in preparing the sensitivity analysis.

The maturity profile of the defined benefit obligation are as follows:

	₹ in Crore	
	March 31, 2020	March 31, 2019
Within the next 12 months (next annual reporting period)	8.67	3.39
Between 2 and 5 years	34.46	12.49
Between 6 and 10 years	36.84	20.35
Beyond 10 years	99.34	239.21
<b>Total</b>	<b>179.31</b>	<b>275.44</b>

The Group is expected to contribute ₹ 11.98 Crore to the gratuity fund during the year ended March 31, 2021.

The average duration of the defined benefit plan obligation at the end of the reporting period is 8 to 17 years (March 31, 2019: 13 to 15 years).

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020****Defined contribution plans**

Amount recognised as an expense and included in Note - 35 as "Contribution to provident and other funds"

	<b>₹ in Crore</b>	
	<b>Year ended</b>	<b>Year ended</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Contribution to Government provident fund	39.21	29.32
Contribution to superannuation fund	1.26	1.11
Contribution to Employee Pension Scheme (EPS)	4.95	4.25
Contribution to Employee State Insurance (ESI)	8.99	10.39
Contribution to Employee Deposit Linked Insurance Scheme (EDLIS)	0.08	0.07
Contribution to Labour Welfare Fund (LWF)	0.12	0.10
Contribution to National Pension Scheme (NPS)	0.71	0.42
<b>Total</b>	<b>55.32</b>	<b>45.66</b>

In respect of the Honourable Supreme Court ruling in February 2019 relating to computation of salaries for Provident Fund contribution, there is uncertainty and ambiguity in retrospective application and accordingly the Group will evaluate its position as clarity emerges.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 44**

**SHARE-BASED PAYMENT**

The expense recognised for employee services received during the year is shown in the following table:

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Expense arising from equity-settled share-based payment transactions	19.80	14.74
Expense arising from cash-settled share-based payment transactions	0.22	-
<b>Total</b>	<b>20.02</b>	<b>14.74</b>

**A. Employee share-based payment plans of Holding Company**

**a. Employee Stock Option Plans (Options and RSUs)**

**I. Employee Stock Option Scheme - 2013**

During the year ended March 31, 2014, i.e. on July 22, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) ("Committee") and the Board of Directors ("Board") approved the introduction of an Employee Stock Option Scheme, viz., Employee Stock Option Scheme - 2013 ("Scheme 2013") for issue of Stock Options in the form of Options ("Options") and/ or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on August 23, 2013, approved the introduction of the Scheme 2013 and authorised the Board/ Committee to finalise and implement the Scheme 2013.

Accordingly, vide a resolution passed by the Committee at its meeting held on October 25, 2013, the Scheme 2013 was finalised.

**i) Details of the grants under the Scheme 2013**

	Options		RSUs		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
No. of Options/ RSUs	8,30,382	11,686	2,59,849	5,000	2,79,544
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting on December 07, 2016
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	October 25, 2013	June 10, 2014	October 25, 2013	June 10, 2014	May 11, 2016
Grant/ exercise price (₹ per share)	102.10	118.20	10.00	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40	BSE - 152.10 NSE - 152.10
Method of settlement	Equity	Equity	Equity	Equity	Equity

**Note:**

RSUs – Tranche 3 were granted to employees of Madura Fashion & Lifestyle division of the Company, who were grantees of RSUs of Aditya Birla Nuvo Limited ("ABNL") and had become employees of the Company pursuant to the effectiveness of the Composite Scheme of Arrangement between the Company, ABNL, Madura Garments Lifestyle Retail Company Limited and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956. Accordingly, as per the terms and conditions of the grant, these RSUs vested as per the original vesting schedule of ABNL RSUs, i.e., on December 07, 2016.

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

**ii) Movement of Options and RSUs granted**

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>#</sup>	(1,24,115)	102.10	(2,627)	10.00
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>12,129</b>	<b>102.10</b>	-	-
<b>Unvested at the end of the financial year</b>	-	-	-	-
<b>Exercisable at the end of the financial year</b>	<b>12,129</b>	<b>102.10</b>	-	-
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	-	-	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	-	-	-	-
<b>Unvested at the end of the financial year</b>	-	-	-	-
<b>Exercisable at the end of the financial year</b>	-	-	-	-
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year	N.A.	N.A.	-	-
Lapsed during the financial year	N.A.	N.A.	-	-
<b>Outstanding at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	-	-
<b>Exercisable at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>

# The weighted average share price at the date of exercise of these Options was ₹ 207.44.

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>1,42,087</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year*	(5,843)	102.10	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>1,36,244</b>	<b>102.10</b>	<b>2,627</b>	<b>10.00</b>
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>5,843</b>	<b>118.20</b>	-	-
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(5,843)	118.20	-	-
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>60,600</b>	<b>10.00</b>
Granted during the financial year	N.A.	N.A.	-	-
Exercised during the financial year*	N.A.	N.A.	(22,760)	10.00
Lapsed during the financial year	N.A.	N.A.	-	-
<b>Outstanding at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>N.A.</b>	<b>N.A.</b>	<b>37,840</b>	<b>10.00</b>

\* The weighted average share price at the date of exercise of these Options was ₹ 150.95.

The weighted average remaining contractual life for the Options outstanding as at March 31, 2020, is 3 years (March 31, 2019: 4 years) and for RSUs outstanding as at March 31, 2020, is 2 years (March 31, 2019: 3 years).

**Aditya Birla Fashion and Retail Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2020**

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options		RSU		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	45.93	44.77	45.93	44.77	37.41
Risk-free interest rate (%)	8.58	7.91	8.58	7.91	7.37
Weighted average fair value per Option/ RSU (₹)	52.96	59.32	95.90	111.75	142.63
Model used	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

**II. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017**

During the year ended March 31, 2018, i.e. on July 25, 2017, the Nomination and Remuneration Committee of the Board of Directors of the Company ("NRC") and the Board of Directors ("Board") approved the introduction of another Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017 ("Scheme 2017") for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies, subject to the approval of the Shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Tenth Annual General Meeting of the Company, held on August 23, 2017, approved the introduction of the Scheme 2017 and authorised the Board/ NRC to finalise and implement the Scheme 2017.

Accordingly, vide the resolution passed by the NRC at its meeting held on September 08, 2017, the Scheme 2017 was finalised.

**i) Details of the grants under Scheme 2017**

	Options				RSUs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
No. of Options/ RSUs	37,38,254	14,406	2,88,122	90,039	13,04,558	14,568	1,17,144	30,349
Method of accounting	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year	Bullet vesting at the end of 3 <sup>rd</sup> year
Exercise period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting
Grant date	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018	September 08, 2017	October 27, 2017	February 02, 2018	April 18, 2018
Grant/ exercise price (₹ per share)	178.30	148.10	163.60	150.80	10.00	10.00	10.00	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 176.40 NSE - 176.50	BSE - 147.95 NSE - 148.70	BSE - 156.35 NSE - 156.55	BSE - 147.70 NSE - 147.10	BSE - 176.40 NSE - 176.50	BSE - 147.95 NSE - 148.70	BSE - 156.35 NSE - 156.55	BSE - 147.70 NSE - 147.10
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

## ii) Movement of Options and RSUs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>29,80,244</b>	<b>178.30</b>	<b>10,54,637</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>^</sup>	(3,26,279)	178.30	-	-
Lapsed during the financial year	(1,27,855)	178.30	(70,411)	10.00
<b>Outstanding at the end of the financial year</b>	<b>25,26,110</b>	<b>178.30</b>	<b>9,84,226</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>14,37,149</b>	<b>178.30</b>	<b>9,84,226</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>10,88,961</b>	<b>178.30</b>	-	-
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>7,203</b>	<b>148.10</b>	<b>7,284</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>7,203</b>	<b>148.10</b>	<b>7,284</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>3,601</b>	<b>148.10</b>	<b>7,284</b>	-
<b>Exercisable at the end of the financial year</b>	<b>3,602</b>	<b>148.10</b>	-	-
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>2,52,107</b>	<b>163.60</b>	<b>84,978</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year <sup>^</sup>	(9,004)	163.60	-	-
Lapsed during the financial year	(27,011)	163.60	(12,140)	10.00
<b>Outstanding at the end of the financial year</b>	<b>2,16,092</b>	<b>163.60</b>	<b>72,838</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>1,08,045</b>	<b>163.60</b>	<b>72,838</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>1,08,047</b>	<b>163.60</b>	-	-
<b>Tranche 4</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>90,039</b>	<b>150.80</b>	<b>30,349</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>90,039</b>	<b>150.80</b>	<b>30,349</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>67,529</b>	<b>150.80</b>	<b>30,349</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>22,510</b>	<b>150.80</b>	-	-

<sup>^</sup>The weighted average share price at the date of exercise of these Options was ₹ 227.80.

**Aditya Birla Fashion and Retail Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2020**

Further, the following table illustrates the number and weighted average exercise prices of and movements in Options and RSUs during the previous year:

	As at March 31, 2019			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>34,63,187</b>	<b>178.30</b>	<b>12,11,842</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year^^	(46,483)	178.30	-	-
Lapsed during the financial year	(4,36,460)	178.30	(1,57,205)	10.00
<b>Outstanding at the end of the financial year</b>	<b>29,80,244</b>	<b>178.30</b>	<b>10,54,637</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>22,58,383</b>	<b>178.30</b>	<b>10,54,637</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>7,21,861</b>	<b>178.30</b>	-	-
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>14,406</b>	<b>148.10</b>	<b>14,568</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(7,203)	148.10	(7,284)	10.00
<b>Outstanding at the end of the financial year</b>	<b>7,203</b>	<b>148.10</b>	<b>7,284</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>5,402</b>	<b>148.10</b>	<b>7,284</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>1,801</b>	<b>148.10</b>	-	-
<b>Tranche 3</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>2,88,122</b>	<b>163.60</b>	<b>1,17,144</b>	<b>10.00</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(36,015)	163.60	(32,166)	10.00
<b>Outstanding at the end of the financial year</b>	<b>2,52,107</b>	<b>163.60</b>	<b>84,978</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>1,89,079</b>	<b>163.60</b>	<b>84,978</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	<b>63,028</b>	<b>163.60</b>	-	-
<b>Tranche 4</b>				
<b>Outstanding at the beginning of the financial year</b>	-	-	-	-
Granted during the financial year	90,039	150.80	30,349	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
<b>Outstanding at the end of the financial year</b>	<b>90,039</b>	<b>150.80</b>	<b>30,349</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>90,039</b>	<b>150.80</b>	<b>30,349</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	-	-	-	-

^^The weighted average share price at the date of exercise of these Options was ₹ 199.57.

4,502 Options (Tranche 1) were exercised during the year ended March 31, 2019. However, the consequent allotment of 4,502 Equity Shares was pending as at March 31, 2019 (Refer Note - 21). The said allotment was done on April 30, 2019.

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 years) and for RSUs outstanding as at March 31, 2020, is 5 years (March 31, 2019: 6 years).



**Aditya Birla Fashion and Retail Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2020**

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options				RSUs			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	36.57	36.28	35.32	35.28	36.57	36.28	35.32	35.28
Risk-free interest rate (%)	6.70	6.75	7.43	7.43	6.77	6.98	7.54	7.54
Weighted average fair value per Option/ RSU (₹)	77.04	63.85	71.56	65.93	171.41	141.29	156.99	144.20
Model used	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model

**III. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019**

During the year ended March 31, 2020, pursuant to approval of the Board of Directors ("Board") and Shareholders of the Company on its meeting held on July 26, 2019 and August 21, 2019 respectively, approved introduction of Employee Stock Option Scheme, viz. Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019 ("Scheme 2019") through trust route, for issue of Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs") to the identified employees of the Company and of its holding and subsidiary companies. Based on the loan given by the Company, the Trust has purchased 44,61,261 equity shares as at March 31, 2020.

Accordingly, vide the resolution passed by the Nomination and Remuneration Committee at its meeting held on December 02, 2019, the Scheme 2019 was finalised.

**i) Details of the grants under Scheme 2019**

	Options	RSUs
	Tranche 1	Tranche 1
No. of Options/ RSUs	33,42,876	11,18,385
Method of accounting	Fair value	Fair value
Vesting plan	Graded vesting - 25% every year	Bullet vesting at the end of 3 <sup>rd</sup> year
Exercise period	5 years from the date of vesting	5 years from the date of vesting
Grant date	December 02, 2019	December 02, 2019
Grant/ exercise price (₹ per share)	225.25	10.00
Market price on the date of granting of Options/ RSUs (₹ per share)	BSE - 226.90 NSE - 226.65	BSE - 226.90 NSE - 226.65
Method of settlement	Equity	Equity

**ii) Movement of Options and RSUs granted**

The following table illustrates the number and weighted average exercise prices of, and movements in, Options and RSUs during the year:

	As at March 31, 2020			
	No. of Options	Weighted average exercise price (₹ per share)	No. of RSUs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	-	-	-	-
Granted during the financial year	33,42,876	225.25	11,18,385	10.00
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	(14,544)	225.25	(10,050)	10.00
<b>Outstanding at the end of the financial year</b>	<b>33,28,332</b>	<b>225.25</b>	<b>11,08,335</b>	<b>10.00</b>
<b>Unvested at the end of the financial year</b>	<b>33,28,332</b>	<b>225.25</b>	<b>11,08,335</b>	<b>10.00</b>
<b>Exercisable at the end of the financial year</b>	-	-	-	-

The weighted average remaining contractual life for the share Options outstanding as at March 31, 2020, is 7 years (March 31, 2019 : Nil) and for RSUs outstanding as at March 31, 2020, is 8 years (March 31, 2019 : Nil).

iii) The following table lists the inputs to the model used for the Options and RSUs as on grant date:

	Options	RSUs
	Tranche 1	Tranche 1
Expected dividend yield (%)	Nil	Nil
Expected volatility (%)	32.88	32.88
Risk-free interest rate (%)	6.66	6.76
Weighted average fair value per Option/ RSU (₹)	112.00	216.18
Model used	Binomial model	Binomial model

**b. Stock Appreciation Rights (SARs)**

The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the SARs. Accordingly, ₹ 0.22 Crore (March 31, 2019: ₹ Nil) has been taken to the Consolidated Statement of Profit and Loss.

**I. Plan for Stock Appreciation Rights, 2013**

On October 25, 2013, the ESOP Compensation Committee of the Board of Directors of the Company (merged with Nomination and Remuneration Committee w.e.f. November 04, 2014) approved a plan, viz. named as "Plan for Stock Appreciation Rights, 2013" ("Plan"), for granting Stock Appreciation Rights ("SARs") to the eligible employees of the Company.

**i) The details of the Plan are as below:**

	SARs	
	Tranche 1	Tranche 2
No. of SARs	3,08,295	10,225
Method of accounting	Fair value	Fair value
Vesting plan	Graded vesting- 25% every year	Graded vesting- 25% every year
Exercise period	3 years from the date of vesting or within six years from the date of grant, whichever is earlier	3 years from the date of vesting or within six years from the date of grant, whichever is earlier
Grant date	October 25, 2013	June 10, 2014
Grant/ exercise price (₹ per share)	102.10	118.20
Market price on the date of granting of SARs (₹ per share)	BSE - 104.10 NSE - 103.55	BSE - 116.85 NSE - 117.40
Method of settlement	Cash	Cash

**ii) Movement of SARs granted**

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at March 31, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>10,613</b>	<b>102.10</b>	<b>47,409</b>	102.10
Granted during the financial year	-	-	-	-
Exercised during the financial year	(8,056)	102.10	(34,239)	102.10
Lapsed during the financial year	(2,557)	102.10	(2,557)	102.10
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>10,613</b>	<b>102.10</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>10,613</b>	<b>102.10</b>
<b>Tranche 2</b>				
<b>Outstanding at the beginning of the financial year</b>	<b>-</b>	<b>-</b>	<b>10,225</b>	<b>118.20</b>
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	(10,225)	118.20
<b>Outstanding at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unvested at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of the financial year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The remaining contractual life for SARs outstanding as at March 31, 2020 is Nil (March 31, 2019: 1 year).

**iii) The following table lists the inputs to the model used for SARs:**

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1	Tranche 2	Tranche 1	Tranche 2
Expected dividend yield (%)	-	-	Nil	-
Expected volatility (%)	-	-	27.50	-
Risk-free interest rate (%)	-	-	6.78	-
Weighted average fair value per SAR (₹)	-	-	102.10	-
Model used	-	-	Black-Scholes model	-

The expected life of the share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

II. Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019

On February 04, 2019, the Nomination and Remuneration Committee and the Board of Directors of the Company, at their respective meetings had approved the "Aditya Birla Fashion and Retail Limited Stock Appreciation Rights Scheme 2019" ("SARs Scheme 2019"), to grant SARs in the form of "Option SARs" and "RSU SARs", from time to time, to the eligible employees (as defined in the SARs Scheme 2019).

i) The details of the Plan are as below:

	SARs	
	Tranche 1	
	Option SARs	RSU SARs
No. of SARs	61,226	6,880
Method of accounting	Fair value	Fair value
Vesting plan	May 16, 2019 and September 08, 2019	September 08, 2020
Exercise period	3 years from the date of vesting	3 years from the date of vesting
Grant date	May 15, 2019	May 15, 2019
Grant/ exercise price (₹ per share)	178.30	10.00
Market price on the date of granting of SARs (₹ per share)	BSE - 192.45 NSE - 192.80	BSE - 192.45 NSE - 192.80
Method of settlement	Cash	Cash

ii) Movement of SARs granted

The following table illustrates the number and weighted average exercise prices of, and movements in, SARs during the year:

	As at March 31, 2020		As at March 31, 2019	
	No. of SARs	Weighted average exercise price (₹ per share)	No. of SARs	Weighted average exercise price (₹ per share)
<b>Tranche 1</b>				
<b>Option SARs</b>				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	61,226	178.30	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	61,226	178.30	-	-
Unvested at the end of the financial year	-	-	-	-
Exercisable at the end of the financial year	61,226	178	-	-
<b>RSU SARs</b>				
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the financial year	6,880	10.00	-	-
Exercised during the financial year	-	-	-	-
Lapsed during the financial year	-	-	-	-
Outstanding at the end of the financial year	6,880	10.00	-	-
Unvested at the end of the financial year	6,880	10.00	-	-
Exercisable at the end of the financial year	-	-	-	-

The remaining contractual life for SARs outstanding as at March 31, 2020 is 3 years (March 31, 2019 : Nil).

iii) The following table lists the inputs to the model used for SARs:

	As at March 31, 2020		As at March 31, 2019	
	Tranche 1		Tranche 1	
	Option SARs	RSU SARs	Option SARs	RSU SARs
Expected dividend yield (%)	Nil	Nil	-	-
Expected volatility (%)	32.53	31.74	-	-
Risk-free interest rate (%)	5.88	6.24	-	-
Weighted average fair value per SAR (₹)	27.42	144.94	-	-
Model used	Binomial model	Binomial model	-	-

The expected life of the share Options, RSUs and SARs is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share Options, RSUs and SARs is indicative of future trends, which may not necessarily be the actual outcome.

**NOTE - 45**  
**COMMITMENTS AND CONTINGENCIES**

**a) Leases**

**Lease commitments as lessee**

The Group has entered into agreements for taking on lease certain residential/ office/ store premises, warehouses, property, plant and equipment on lease and licence basis. The lease term is for a period ranging from 3 to 21 years, with escalation clauses in the lease agreements. Consistent with Industry practice, the Group has contracts which have fixed rentals or variable rentals based on a percentage of sales in the stores, or a combination of both.

**Expenses/ Income recognised in the Consolidated Statement of Profit and Loss**

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
<b><u>Other income</u></b>		
Gain on retirement of right-of-use assets	12.93	-
<b><u>Rent</u></b>		
Minimum lease payments (pre Ind AS 116)	-	678.94
Expense relating to short-term leases	75.97	-
Expense relating to leases of low value assets	9.93	-
Variable rent*	401.12	431.41
<b><u>Finance cost</u></b>		
Interest expense on lease liabilities	211.99	-
<b><u>Depreciation and impairment losses</u></b>		
Depreciation on right-of-use assets	631.64	-
<b><u>Other expenses</u></b>		
Processing charges	22.42	-
Sublease payments received (not shown separately in the Consolidated Statement of Profit and Loss)	1.41	1.76

\* The variable rent varies basis percentage of Net Sales Value (NSV) at the lease premises.

**Contractual maturities of lease liabilities**

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Within one year	836.00	440.72
After one year but not more than five years	1,881.79	1,117.98
More than five years	260.16	103.92
<b>Total</b>	<b>2,977.95</b>	<b>1,662.62</b>

The difference between the operating lease commitments disclosed as at March 31, 2019 under Ind AS 17 and the value of the lease liabilities recognised on April 01, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liabilities, exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient and discounting the lease liabilities to the present value under Ind AS 116.

The initial non-cancellable period of the lease agreement is upto 3 years, beyond which there is an option for the lessee to continue the lease, which the Group expects to continue for a period of 2 to 3 years after the initial non-cancellable period, accordingly 5 – 6 years has been considered as non-cancellable for the purpose of the above disclosure. Post such period, the Group has the option to exit the lease by giving a notice period and the Company assesses its intention to continue considering location and other economic factors associated with the lease arrangement.

Total cash outflow for leases for the year ended March 31, 2020 is ₹ 1,236.96 Crore.

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020**

In March 2020, the Group entered into a sale and leaseback transaction in respect of certain assets such as furniture and fixtures, office equipment etc., in line with its capital expenditure strategy. The assets were sold at fair values with no gains/ losses. Sale proceeds of ₹ 47.93 Crore were realised upon sale of such assets. The lease arrangement is for a period of 5 years. The same has been recorded as a right-of-use assets with corresponding lease liabilities.

**Lease commitments for leases not considered in measurement of lease liabilities**

Particulars	₹ in Crore	
	As at March 31, 2020	
Lease commitment for short-term leases	9.95	
Lease commitment for leases of low value assets	3.77	
<b>Total</b>	<b>13.72</b>	

**Future Cash Outflows to which the Group is potentially exposed and not reflected in measurement of lease liabilities**

Particulars	₹ in Crore	
	March 31, 2020	
Increase/ (decrease) in sales	Increase by 5%	Decrease by 5%
Rent	20.06	(20.06)

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020****b) Capital commitments**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	76.12	61.19
Customs duty on capital goods and raw materials imported under advance licensing/ EPCG scheme, against which export obligation is to be fulfilled	3.22	2.61
<b>Total</b>	<b>79.34</b>	<b>63.80</b>

**NOTE - 46****CONTINGENT LIABILITIES NOT PROVIDED FOR**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
<b>Claims against the Group not acknowledged as debts</b>		
Commercial taxes	29.18	33.13
Excise duty	0.50	2.61
Customs duty	2.54	2.54
Textile committee cess	0.75	0.75
Labour laws - Minimum Wages Act	-	0.09
Others*	16.78	5.95
<b>Total</b>	<b>49.75</b>	<b>45.07</b>

\* Pertains to claims made by third parties, pending settlement which are considered not tenable.

The Group's pending litigations comprise of claims against the Group primarily for excise duty, comprising various cases demanding duty on reversal of CENVAT credit on sale of capital goods and for commercial taxes, comprising various cases in respect of short fall of Forms F, H, I and C, disallowance of input credit, etc.

The Group has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements. In respect of litigations, where the management's assessment of a financial outflow is probable, the Group has a provision of ₹ 78.51 Crore as at March 31, 2020 (March 31, 2019: ₹ 100.99 Crore).

The Group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 47**  
**BUSINESS COMBINATIONS**

**Acquisitions during the year ended March 31, 2020**

As per para 18 of Ind AS 103 - Business Combinations, the acquired assets have been fair valued. Fair value of assets has been carried out on "Fair Market Value" basis, which has been done using replacement cost method. The Company recognised and measured the Goodwill acquired in the business combination as per Ind AS 103, by reducing the fair values of net assets acquired from the amount of total consideration paid for acquisition of the business so as to derive the amount attributable to goodwill after recognising any identifiable intangible asset.

The acquisitions during the year is in line with Company's plan for accelerating play in branded ethnic wear space.

**A. Acquisition of Jaypore E-Commerce Private Limited, TG Apparel & Decor Private Limited and Jaypore Inc.**

Pursuant to the approval of Board of Directors on June 10, 2019, the Company has acquired 100% stake in:

a) "Jaypore E-Commerce Private Limited" ("Jaypore"), a B2B entity which sells ethnic fashion merchandise under its own brand "Jaypore" and of other third-party brands, by entering into a Share Purchase Agreement with its existing shareholders;

b) "TG Apparel & Decor Private Limited" ("TG Apparel"), a B2C entity which retails ethnic fashion, both online and offline, by entering into a Share Purchase Agreement with its existing shareholders.

W.e.f July 02, 2019, Jaypore and TG Apparel became the wholly-owned subsidiaries of the Company. Consequent to the above, Jaypore Inc., USA, an overseas wholly-owned subsidiary of Jaypore has also become a wholly-owned subsidiary of the Company.

	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
<b>Assets taken over</b>		
Property, plant and equipment	2.67	
Right-of-use assets	11.41	
Other intangible assets	19.52	
Other non-current assets	0.62	
Inventories	3.62	
Cash and cash equivalents	0.51	
Other current assets	9.71	48.06
<b>Liabilities taken over</b>		
Trade payables	12.36	
Other payables	15.66	
Deferred tax liabilities	3.48	31.50
<b>Total identifiable net assets at fair value</b>		<b>16.56</b>
<b>Purchase consideration transferred</b>		<b>105.00</b>
<b>Goodwill arising on acquisition</b>		<b>88.44</b>

**Net cash flow on acquisition**

	₹ in Crore
Transaction costs of the acquisition (included in cash flows from operating activities)	0.71
Purchase consideration paid in cash (included in cash flows from investing activities)	101.45
Deferred consideration payable*	3.55
<b>Total</b>	<b>105.71</b>

\* Payable in cash post 1 year from the date of acquisition.

**Aditya Birla Fashion and Retail Limited****Notes to the consolidated financial statements for the year ended March 31, 2020**

The Goodwill of ₹ 88.44 Crore comprises the value of expected synergies and the value derived from selling goods under Jaypore, TG Apparel and Jaypore Inc. business arising from the acquisition, which is not separately recognised. Goodwill is allocated entirely to the Madura Fashion & Lifestyle segment. The Company identified Brand/ Trademarks as acquired intangibles in the business combination. Brand/ Trademarks have been amortised over a period of 10 years based on management's estimate of useful life.

**B. Acquisition of Finesse International Design Private Limited**

On July 15, 2019, the Company entered into a strategic partnership with India's leading designers "Shantanu & Nikhil" by way of acquisition of 51% stake in 'Finesse International Design Private Limited' ("Finesse"). The said acquisition was done through a combination of primary equity infusion and secondary share purchase by way of signing of Share Subscription and Purchase Agreement ("SSPA") and Shareholders' Agreement with Finesse and its shareholders and w.e.f July 26, 2019, Finesse became the subsidiary of the Company.

	Fair value recognised on acquisition	
	₹ in Crore	₹ in Crore
<b>Assets taken over</b>		
Property, plant and equipment	2.29	
Right-of-use assets	7.28	
Other intangible assets	35.38	
Other non-current assets	1.12	
Inventories	10.31	
Cash and cash equivalents	22.54	
Other current assets	1.35	80.27
<b>Liabilities taken over</b>		
Trade payables	10.19	
Other payables	17.51	
Deferred tax liabilities	7.80	35.50
<b>Total identifiable net assets at fair value</b>		<b>44.77</b>
<b>Company's share of net assets</b>		<b>22.83</b>
<b>Non-controlling interest</b>		<b>21.94</b>
<b>Purchase consideration transferred</b>		<b>57.85</b>
<b>Goodwill arising on acquisition</b>		<b>35.02</b>



## Net cash flow on acquisition

	₹ in Crore
Transaction costs of the acquisition (included in cash flows from operating activities)	0.45
Purchase consideration paid in cash (included in cash flows from investing activities)	57.85
<b>Total</b>	<b>58.30</b>

The Goodwill of ₹ 35.02 Crore comprises the value of expected synergies and the value derived from selling goods under Finesse business arising from the acquisition, which is not separately recognised. Goodwill is allocated entirely to the Madura Fashion & Lifestyle Segment. The Company identified Brand/ Trademarks and Non-Compete right as acquired intangibles in the business combination. The Brand/ Trademarks and Non-Compete right have been amortised over a period of 10 and 7 years, respectively based on management's estimate of useful life, and terms of the contract.

From the date of acquisition, Jaypore, TG Apparel, Jaypore Inc. and Finesse contributed ₹ 45.33 Crore of revenue and ₹ 19.42 Crore of loss to the loss before tax of the Group. If the combination had taken place at the beginning of the year ended March 31, 2020, the Group revenue from operations would have been ₹ 8,805.29 Crore and loss before tax for the Group would have been ₹ 40.88 Crore.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 48**

**RELATED PARTY TRANSACTIONS**

**Names of related parties and related party relationship with whom transactions have taken place:**

**Name of related parties**

**Other related parties in which directors are interested**

Aditya Birla Fashion and Retail Jan Kalyan Trust  
 Grasim Premium Fabric Private Limited (formerly known as Suktas India Private Limited)  
 Aditya Birla Online Fashion Private Limited  
 Aditya Birla Management Corporation Private Limited - with effect from July 01, 2019

**Post-employment benefit plans**

Aditya Birla Fashion and Retail Limited - Employees Group Superannuation Scheme Trust  
 Aditya Birla Fashion and Retail Limited - Employees Group Gratuity Fund Trust

**Key Management Personnel ("KMP")**

Mr. Ashish Dikshit - Managing Director  
 Mr. Arun Thiagarajan - Independent Director - upto May 10, 2020  
 Mr. Bharat Patel - Independent Director - upto August 20, 2019  
 Mr. Sanjeeb Chaudhuri - Independent Director  
 Ms. Sukanya Kripalu - Independent Director  
 Mr. Pranab Barua - Non-Executive Director - upto December 31, 2019  
 Mr. Sushil Agarwal - Non-Executive Director  
 Mr. Jagdish Bajaj - Chief Financial Officer  
 Ms. Geetika Anand - Company Secretary  
 Mr. Himanshu Kapania - Vice Chairman and Non-Executive Director with effect from January 01, 2020  
 Mr. Sunirmal Talukdar - Independent Director with effect from March 11, 2020

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	₹ in Crore			
	Year ended March 31, 2020		Year ended March 31, 2019	
	KMP	Other related parties	KMP	Other related parties
Purchase of goods	-	32.42	-	0.67
Purchase of property, plant and equipment	-	0.10	-	-
Reimbursement of expenses paid to	-	18.81	-	-
Contribution to trusts	-	11.30	-	2.00
Deposits given	-	7.70	-	-
Post-employment liabilities transferred from	-	-	-	0.57
Services received from KMP*	16.57	-	12.33	-

\* Includes director sitting fees

**Balances outstanding**

	₹ in Crore			
	As at March 31, 2020		As at March 31, 2019	
	KMP	Other related parties	KMP	Other related parties
Amounts owed to related parties	-	3.95	-	-
Deposits receivable	-	7.70	-	-

The above amounts are classified as security deposit receivable and trade payables (Refer Notes - 8 and 28 respectively).

**Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

**Disclosure of transactions with the entity belonging to the promoter/ promoter group holding 10% or more shareholding in the Company\***

**Transactions during the financial year**

	₹ in Crore	
	Year ended	
	March 31, 2020	
<b><u>Grasim Industries Limited</u></b>		
Purchase of goods	4.70	
Sale of Services	0.80	
Reimbursement of expenses Recovered from	1.84	

**Balances outstanding**

	₹ in Crore	
	As at March 31, 2020	
	<b><u>Grasim Industries Limited</u></b>	
Amounts owed to entity	0.57	

\* With effect from April 01, 2019.

No amounts in respect of the related parties have been written off/ back during the year.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Amount owed to and by related parties are unsecured and interest free and settlement occurs in cash. There have been no guarantees received or provided for any related party receivables or payables. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Compensation of Key Managerial Personnel (KMP) of the Company**

	₹ in Crore	
	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits	10.24	8.76
Post-employment benefits	0.46	1.08
Share-based payment	5.87	2.49
<b>Total</b>	<b>16.57</b>	<b>12.33</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key managerial personnel.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**KMPs interests in the Employee Stock Options and RSUs**

Scheme	Grant date	Expiry date	Exercise price	As at	As at
				March 31, 2020	March 31, 2019
				Number	Number
				outstanding	outstanding
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
Options - Tranche 1	September 08, 2017	September 07, 2026	178.30	4,68,202	4,68,202
Options - Tranche 4	April 18, 2018	April 17, 2027	150.80	90,039	90,039
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
Options - Tranche 1	December 02, 2019	December 01, 2028	225.25	5,29,092	-
<b>Total</b>				<b>10,87,333</b>	<b>5,58,241</b>
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2017</b>					
RSUs - Tranche 1	September 08, 2017	September 07, 2025	10.00	97,118	97,118
RSUs - Tranche 4	April 18, 2018	April 17, 2026	10.00	30,349	30,349
<b>Aditya Birla Fashion and Retail Limited Employee Stock Option Scheme 2019</b>					
RSUs - Tranche 1	December 02, 2019	December 01, 2027	10.00	1,48,744	-
<b>Total</b>				<b>2,76,211</b>	<b>1,27,467</b>

**NOTE - 49**

**SUBSIDIARIES INFORMATION**

The consolidated financial statements of the Group include subsidiaries listed in the table below (Refer Note - 47):

Name of the Subsidiary	Country of incorporation	Principal Activities	Proportion of ownership interest and voting power held by Parent	
			As at	As at
			March 31, 2020	March 31, 2019
Jaypore E-Commerce Private Limited	India	Retailing	100%	-
TG Apparel & Decor Private Limited	India	Retailing	100%	-
Jaypore Inc., USA	USA	Retailing	100%	-
Finesse International Design Private Limited	India	Manufacturing and retailing	51%	-

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 50**  
**SEGMENT INFORMATION**

Based on the “management approach”, as defined under Ind AS 108 - Operating segments, the Chief Operating Decision Maker (CODM) evaluates the Group’s performance and allocates the resources based on the analysis of various performance indicators by business segments. Accordingly, the business of the Group is divided into two business segments, which are as follows:

Segments	Activities
Madura Fashion & Lifestyle	Manufacturing, distribution and retailing of branded fashion apparel and accessories
Pantaloons	Retailing of apparel and accessories

Jaypore, TG Apparel, Jaypore Inc., Finesse and Forever 21 businesses have been included in Madura Fashion & Lifestyle segment, considering all of these deal into branded apparel and is viewed as branded business.

Prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

**Year ended March 31, 2020**

Particulars	₹ in Crore				
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	5,274.35	3,513.51	8,787.86	-	8,787.86
Inter-segment	205.23	-	205.23	(205.23)	-
<b>Total revenue</b>	<b>5,479.58</b>	<b>3,513.51</b>	<b>8,993.09</b>	<b>(205.23)</b>	<b>8,787.86</b>

**Year ended March 31, 2020 and As at March 31, 2020**

Particulars	₹ in Crore				
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Expenses/ (income)</b>					
Depreciation and amortisation expense	507.10	378.21	885.31	-	885.31
<b>Segment profit/ (loss)</b>	<b>225.92</b>	<b>184.49</b>	<b>410.41</b>	<b>(443.30)</b>	<b>(32.89)</b>
<b>Total assets</b>	<b>5,679.87</b>	<b>3,769.05</b>	<b>9,448.92</b>	<b>316.64</b>	<b>9,765.56</b>
<b>Total liabilities</b>	<b>3,674.45</b>	<b>2,117.50</b>	<b>5,791.95</b>	<b>2,885.82</b>	<b>8,677.77</b>
<b>Other disclosures</b>					
Capital expenditure	385.89	127.80	513.69	-	513.69

**Year ended March 31, 2019**

Particulars	₹ in Crore				
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Revenue</b>					
External customers	4,923.71	3,194.01	8,117.72	-	8,117.72
Inter-segment	107.83	-	107.83	(107.83)	-
<b>Total revenue</b>	<b>5,031.54</b>	<b>3,194.01</b>	<b>8,225.55</b>	<b>(107.83)</b>	<b>8,117.72</b>

**Year ended March 31, 2019 and As at March 31, 2019**

Particulars	₹ in Crore				
	Madura Fashion & Lifestyle	Pantaloons	Total segments	Adjustments and eliminations	Total
<b>Expenses/ (income)</b>					
Depreciation and amortisation expense	137.71	144.62	282.33	-	282.33
<b>Segment profit/ (loss)</b>	<b>263.44</b>	<b>86.78</b>	<b>350.22</b>	<b>(201.12)</b>	<b>149.10</b>
<b>Total assets</b>	<b>3,732.93</b>	<b>2,694.30</b>	<b>6,427.23</b>	<b>193.84</b>	<b>6,621.07</b>
<b>Total liabilities</b>	<b>2,114.61</b>	<b>1,187.22</b>	<b>3,301.83</b>	<b>1,890.36</b>	<b>5,192.19</b>
<b>Other disclosures</b>					
Capital expenditure	171.90	69.01	240.91	-	240.91

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

**Adjustments and eliminations**

Finance income and costs are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets including assets from acquisition of subsidiaries.

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

**Reconciliation of amounts reflected in the consolidated financial statements:**

**Reconciliation of profit**

	₹ in Crore	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
<b>Segment profit</b>	<b>410.41</b>	<b>350.22</b>
Other unallocable (expenditure)/ income (net)	4.06	1.74
Finance costs (Refer Note - 36)	(424.71)	(187.42)
Inter-segment (loss)/ profit on sales (elimination)	(22.65)	(15.44)
<b>Profit/ (loss) before tax</b>	<b>(32.89)</b>	<b>149.10</b>

**Reconciliation of assets**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
<b>Segment operating assets</b>	<b>9,448.92</b>	<b>6,427.23</b>
Cash and cash equivalents	249.47	0.09
Deferred tax assets (net) (Refer Note - 10)	194.96	263.38
Non-current tax assets (net)	22.48	16.20
Non-current investments (Refer Note - 6)	7.16	4.21
Other corporate assets	0.17	0.10
Inter-segment eliminations	(157.60)	(90.14)
<b>Total</b>	<b>9,765.56</b>	<b>6,621.07</b>

**Reconciliation of liabilities**

	₹ in Crore	
	As at	As at
	March 31, 2020	March 31, 2019
<b>Segment operating liabilities</b>	<b>5,791.95</b>	<b>3,301.83</b>
Current borrowings (Refer Note - 27)	1,511.88	474.45
Non-current borrowings (Refer Note - 23)	856.93	723.78
Current maturities of long-term borrowings (Refer Note - 29)	414.22	504.63
Interest accrued but not due on borrowings (Refer Note - 29)	126.97	137.17
Interest accrued but not due on borrowings (Refer Note - 24)	60.13	101.66
Deferred tax liabilities (net) (Refer Note - 10)	7.25	-
Deferred consideration for acquisition of subsidiaries (Refer Note - 29)	3.55	-
Other corporate liabilities	3.00	1.97
Inter-segment eliminations	(98.11)	(53.30)
<b>Total</b>	<b>8,677.77</b>	<b>5,192.19</b>

**Geographical segment**

	₹ in Crore	
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Revenue from customers outside India	151.47	159.06
Revenue from customers within India	8,636.39	7,958.66
<b>Total</b>	<b>8,787.86</b>	<b>8,117.72</b>

**NOTE - 51**

**FINANCIAL INSTRUMENTS: FAIR VALUE, RISK MANAGEMENT OBJECTIVES AND POLICIES**

**A. Accounting classification and fair values**

The carrying value and fair value of financial instruments by categories as at March 31, 2020 and March 31, 2019 are as follows:

As at March 31, 2020

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
₹ in Crore							
<b>Financial assets</b>							
Investments (Refer Notes - 6 and 13)	7.04	7.16	-	14.20	7.04	-	7.16
Loans (Refer Notes - 7 and 14)	-	-	10.56	10.56	-	-	-
Security deposits (Refer Notes - 8 and 15)	-	-	409.22	409.22	-	-	-
Trade receivables (Refer Note - 16)	-	-	840.46	840.46	-	-	-
Cash and cash equivalents (Refer Note - 17)	-	-	266.80	266.80	-	-	-
Bank balance other than the above (Refer Note - 18)	-	-	0.14	0.14	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	171.54	171.54	-	-	-
Derivative contracts (Refer Note - 19)	6.82	-	-	6.82	6.82	-	-
<b>Total</b>	<b>13.86</b>	<b>7.16</b>	<b>1,698.72</b>	<b>1,719.74</b>	<b>13.86</b>	<b>-</b>	<b>7.16</b>
<b>Financial liabilities</b>							
Non-current borrowings (Refer Note - 23)	-	-	856.93	856.93	-	-	-
Current borrowings (Refer Note - 27)	-	-	1,511.88	1,511.88	-	-	-
Current maturities of long-term borrowings (Refer Note - 29)	-	-	414.22	414.22	-	-	-
Lease liabilities (Refer Note - 4b)	-	-	2,501.80	2,501.80	-	-	-
Deposits	-	-	263.18	263.18	-	-	-
Trade payables (Refer Note - 28)	-	-	2,289.92	2,289.92	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	525.29	525.29	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>8,363.22</b>	<b>8,363.22</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2019

	FVTPL	FVTOCI	Amortised cost*	Total carrying value	Level 1	Fair value Level 2	Level 3
₹ in Crore							
<b>Financial assets</b>							
Investments (Refer Notes - 6 and 13)	-	4.21	-	4.21	-	-	4.21
Loans (Refer Notes - 7 and 14)	-	-	8.50	8.50	-	-	-
Security deposits (Refer Notes - 8 and 15)	-	-	351.45	351.45	-	-	-
Trade receivables (Refer Note - 16)	-	-	780.81	780.81	-	-	-
Cash and cash equivalents (Refer Note - 17)	-	-	57.19	57.19	-	-	-
Bank balance other than the above (Refer Note - 18)	-	-	0.22	0.22	-	-	-
Other financial assets (Refer Notes - 9 and 19)	-	-	140.65	140.65	-	-	-
<b>Total</b>	<b>-</b>	<b>4.21</b>	<b>1,338.82</b>	<b>1,343.03</b>	<b>-</b>	<b>-</b>	<b>4.21</b>
<b>Financial liabilities</b>							
Non-current borrowings (Refer Note - 23)	-	-	723.78	723.78	-	-	-
Current borrowings (Refer Note - 27)	-	-	474.45	474.45	-	-	-
Current maturities of long-term borrowings (Refer Note - 29)	-	-	504.63	504.63	-	-	-
Lease liabilities (Refer note - 4b)	-	-	-	-	-	-	-
Deposits	-	-	192.56	192.56	-	-	-
Trade payables (Refer Note - 28)	-	-	2,397.42	2,397.42	-	-	-
Other financial liabilities (Refer Notes - 24 and 29)	-	-	516.28	516.28	-	-	-
Derivative contracts (Refer Note - 29)	4.06	-	-	4.06	4.06	-	-
<b>Total</b>	<b>4.06</b>	<b>-</b>	<b>4,809.12</b>	<b>4,813.18</b>	<b>4.06</b>	<b>-</b>	<b>-</b>

\* Carrying value of financial instruments measured at amortised cost equals to the fair value.

**Key inputs for level 1 and 3 fair valuation techniques**

- Investment in mutual funds: based on the net asset value of the Scheme as provided by the Asset Management Company of the fund (level 1)
- Derivative contracts: fair value of forward foreign exchange contracts is determined using forward exchange rates as provided by banks to the Group (level 1)
- Investment in unquoted equity instruments: Valuation has been done by considering the net worth of the company and price to book multiple to arrive at the fair value (level 3)

**B. Risk management objectives and policies**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:



**a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2020.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020 and March 31, 2019.

**i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. As at March 31, 2020, approximately 45% of the Group's borrowings are at a fixed rate of interest (March 31, 2019: 71%).

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings taken at floating rates. With all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

Basis points (%) Increase/ (decrease) on profit before tax ₹ in Crore	As at March 31, 2020		As at March 31, 2019	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
	(7.69)	7.69	(2.51)	2.51

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in the prior years.

**ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities denominated in foreign currency.

The Group manages foreign currency risk by hedging its transactions using foreign currency forward contracts. The foreign exchange forward contracts are not designated as cash flow hedges, and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 2 to 6 months. As at March 31, 2020, the Group has hedged Nil (March 31, 2019: Nil) of its receivables in foreign currency and 90% (March 31, 2019: 57%) of its payables in foreign currency.

The following table provide the details of forward contracts outstanding at the Balance Sheet date:

As at March 31, 2020			
	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	2.87	213.33
As at March 31, 2019			
	Currency	Foreign currency in Crore	₹ in Crore
Forward contracts to buy (Hedge of payables)	USD	1.82	129.59

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

The details of unhedged foreign currency exposure as at the Balance Sheet date are as follows:

**As at March 31, 2020**

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	0.28	21.39
	EURO	0.01	0.88
	GBP	0.04	3.93
Trade receivables	HKD	0.16	1.54
	USD	0.21	15.87
	EURO	0.04	3.01
Bank balances	GBP	0.07	6.46
	CNY	0.03	0.31
	BDT	0.24	0.21

**As at March 31, 2019**

	Currency	Foreign currency in Crore	₹ in Crore
Trade payables (net of advances)	USD	1.37	95.00
	EURO	0.03	2.00
	GBP	0.05	4.11
	HKD	0.11	1.01
Trade receivables	USD	0.33	22.70
	EURO	0.03	2.38
Bank balances	GBP	0.11	9.71
	CNY	0.01	0.15

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Group's profit/ (loss) before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Basis points (%) Increase/ (decrease) on profit before tax ₹ in Crore	As at March 31, 2020		As at March 31, 2019	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
	(0.11)	0.11	(0.48)	0.48

**b) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To manage this, the Group periodically assesses financial reliability of customers and other counterparties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Group only deals with parties which has good credit rating given by external rating agencies or based on the Group's internal assessment.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable dues where recoveries are made, these are recognised as income in the Consolidated Statement of Profit and Loss.

The Group is exposed to credit risk from its operating activities (primarily trade receivables and security deposits).

**Trade receivables**

Customer credit risk is managed by each business unit, subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. As at March 31, 2020, the Group has 12 customers (March 31, 2019: 12 customers) that owed the Group more than ₹ 5.00 Crore each and accounts for approximately 79% (March 31, 2019: 72%) of all the receivables outstanding. There are 99 customers (March 31, 2019: 86 customers) with balances greater than ₹ 0.50 Crore each and accounts for approximately 12% (March 31, 2019: 14%) of the total amounts receivable.

An impairment analysis is performed at each reporting date on the basis of sales channel. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on losses from historical data.

The Group's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2020 and March 31, 2019, is the carrying amount as provided in Note - 16.

**c) Liquidity risk**

The Group monitors its risk of shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares and commercial papers. Approximately, 69% of the Group's debt will mature in less than one year as at March 31, 2020 (March 31, 2019: 58%) based on the carrying value of borrowings reflected in the Consolidated financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to various sources of funding.

The below tables summarises the maturity profile of the Group's financial liabilities based on contractual payments.

**As at March 31, 2020**

	₹ in Crore			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	1,926.10	856.42	-	2,782.52
Cumulative redeemable preference shares	-	0.51	-	0.51
Lease liabilities	836.00	1,881.79	260.16	2,977.95
Other financial liabilities	465.16	60.13	-	525.29
Deposits	153.40	109.78	-	263.18
Trade payables	2,289.92	-	-	2,289.92
Derivatives	-	-	-	-
<b>Total</b>	<b>5,670.58</b>	<b>2,908.63</b>	<b>260.16</b>	<b>8,839.37</b>

**As at March 31, 2019**

	₹ in Crore			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings (other than preference shares)	979.08	719.94	3.33	1,702.35
Cumulative redeemable preference shares	-	0.50	0.01	0.51
Other financial liabilities	414.62	101.66	-	516.28
Deposits	111.34	81.22	-	192.56
Trade payables	2,397.42	-	-	2,397.42
Derivatives	4.06	-	-	4.06
<b>Total</b>	<b>3,906.52</b>	<b>903.32</b>	<b>3.34</b>	<b>4,813.18</b>

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations, to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is leader in apparels in the country and has a diversified portfolio of brands.

**Aditya Birla Fashion and Retail Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 52**

**CAPITAL MANAGEMENT**

The Group's objective, when managing capital is to ensure the going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and meet shareholder's expectations. The policy of the Group is to borrow funds through banks/ financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirement of financial markets.

The capital structure is governed by policies approved by the Board of Directors, and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

The following table summarises the capital of the Group (debts excludes lease liabilities):

	₹ in Crore	
	As at March 31, 2020	As at March 31, 2019
Short-term debts (including current maturities of long-term borrowings)	1,926.10	979.08
Long-term debts	856.93	723.78
<b>Total borrowings</b>	<b>2,783.03</b>	<b>1,702.86</b>
Equity attributable to owners of the Company	1,067.89	1,428.88

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings.

The Group has not defaulted on any loans payable, and there has been no breach of any loan covenants.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

**NOTE - 53**

**ADDITIONAL INFORMATION REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013**

**Year ended March 31, 2020 and As at March 31, 2020**

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
	As % of consolidated net assets	₹ in Crore	As % of consolidated profit/ (loss)	₹ in Crore	As % of consolidated OCI	₹ in Crore	As % of TCI	₹ in Crore
	<b>Parent</b>							
Aditya Birla Fashion and Retail Limited	99.82%	1,085.87	87.98%	(145.19)	103.61%	5.45	87.47%	(139.74)
<b>Subsidiaries</b>								
<b>Indian</b>								
Jaypore E-Commerce Private Limited	-0.87%	(9.47)	8.28%	(13.66)	-1.71%	(0.09)	8.61%	(13.75)
TG Apparel & Decor Private Limited	-0.21%	(2.25)	0.28%	(0.46)	0.00%	-	0.29%	(0.46)
Finesse International Design Private Limited	1.47%	15.98	1.19%	(1.97)	-1.14%	(0.06)	1.27%	(2.03)
<b>Foreign</b>								
Jaypore Inc., USA	-0.06%	(0.65)	0.02%	(0.03)	0.00%	-	0.02%	(0.03)
Adjustments arising out of consolidation	-0.16%	(1.69)	2.25%	(3.71)	-0.76%	(0.04)	2.35%	(3.75)
<b>Total</b>	<b>100.00%</b>	<b>1,087.79</b>	<b>100.00%</b>	<b>(165.02)</b>	<b>100.00%</b>	<b>5.26</b>	<b>100.00%</b>	<b>(159.76)</b>
<b>Non-controlling Interest in subsidiary</b>								
Finesse International Design Private Limited		19.90		(2.01)		(0.03)		(2.04)
<b>Total</b>		<b>1,067.89</b>		<b>(163.01)</b>		<b>5.29</b>		<b>(157.72)</b>

**NOTE - 54**

**PREVIOUS YEAR FIGURES**

Previous years' figures have been regrouped/ rearranged wherever necessary to conform to the current year's classification(s). The Company acquired Jaypore, TG Apparel, Jaypore Inc. and Finesse which forms part of "Madura Fashion & Lifestyle" segment of the Group with effect from July, 2019. These are the first consolidated financial statements of the Group. Accordingly, the figures for the year ended March 31, 2020 are not comparable to that extent.

**Aditya Birla Fashion and Retail Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2020**

**NOTE - 55**

**DEBENTURE REDEMPTION RESERVE**

The Company has made losses in the current financial year. Hence, the Company is not required to transfer any amount to the Debenture Redemption Reserve as per provisions of Section 71 of the Companies Act, 2013.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No. 324982E/E300003

**For and on behalf of the Board of Directors of**

**Aditya Birla Fashion and Retail Limited**

**per ADITYA VIKRAM BHAWALA**

**Partner**

**Membership No.: 208382**

**ASHISH DIKSHIT**

**(Managing Director)**

**(DIN: 01842066)**

Place: Bengaluru

Date : May 27, 2020

**SUKANYA KRIPALU**

**(Director)**

**(DIN: 06994202)**

Place: Mumbai

Date : May 27, 2020

**JAGDISH BAJAJ**

**(Chief Financial Officer)**

**GEETIKA ANAND**

**(Group Secretary)**

**(M.No.: 23228)**

Place: Bengaluru

Date : May 27, 2020

Place: Bengaluru

Date : May 27, 2020

Place: Mumbai

Date : May 27, 2020

## MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2020 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

1. On June 13, 2020, our Company allotted 19,422 Equity Shares pursuant to the exercise of restricted stock units by eligible employees under its Employee Stock Option Scheme – 2013.
2. On May 22, 2020, our Company allotted 3,250 listed, unsecured, rated, redeemable non-convertible debentures of ₹ 10,00,000 each aggregating to ₹ 325 crore, on a private placement basis.
3. *Changes in directorships:*
  - a. Mr. Sanjeeb Chaudhuri resigned as an Independent Director of our Company with effect from June 5, 2020. In addition, Mr. Nish Bhutani was appointed as an additional Independent Director of our Company with effect from June 5, 2020 for a term of five years, subject to his regularisation in the ensuing annual general meeting.
  - b. Mr. Arun Thiagarajan ceased to be an Independent Director of our Company with effect from May 10, 2020.
4. Refer to assessment of COVID-19 impact on operations in Audited Financial Statements on page 91. For impact of COVID-19 on operations of the ABFRL Group, see “*Risk Factors*” beginning on page 17.

## ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

### Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements included in “*Financial Statements*” beginning on page 91:

Particulars	Consolidated
	As at and for the year ended March 31, 2020
Basic EPS (₹)	(2.11)
Diluted EPS (₹)	(2.11)
Return on Net-Worth (%)	(3.08%)
Net Asset Value per Equity Share (₹)	13.80
EBITDA (₹ in crore)	1,277.13

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

<b>Basic EPS</b>	Net profit/(loss) after tax as per consolidated statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding during the year as adjusted for treasury shares
<b>Diluted EPS</b>	Net profit/(loss) after tax as per consolidated statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding during the year as adjusted for treasury shares and for the effects of all dilutive potential equity shares
<b>Return on Net-worth</b>	Profit/(loss) before tax for the year as per the consolidated statement of profit and loss in the Audited Financial Statements / Net Worth
<b>Net Asset Value per Equity Share</b>	Net Worth / Number of Equity shares subscribed and fully paid outstanding as at year ended March 31
<b>EBITDA</b>	Net profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense, as per the consolidated statement of profit and loss in the Audited Financial Statements.

### Notes

#### (a) Calculation of Return on Net Worth (on a consolidated basis)

(in ₹ crore)

Particulars	Consolidated
	As at and for the Fiscal March 31, 2020
Profit/ (loss) before tax (A)	(32.89)
Equity Share capital (B)	773.95
Other equity (C)	293.94
Net Worth (D) [ B + C]	1,067.89
<b>Return on Net-Worth [ A / D] * 100</b>	<b>(3.08%)</b>

#### (b) Calculation of Net Worth and Net asset value per Equity Share (on a consolidated basis)

(in ₹ crore, except per share data)

Particulars	Consolidated
	As at and for the Fiscal March 31, 2020
Equity share capital (A)	773.95
Other equity (B)	293.94
<b>Net-Worth (C) [A + B]</b>	<b>1,067.89</b>
<b>No. of Equity shares subscribed and fully paid outstanding as at year ended March 31 (D)</b>	<b>77,39,47,987</b>
<b>Net Asset Value per Equity Share [(C * 10<sup>7</sup>) / D]</b>	<b>13.80</b>

(c) Details of EBITDA (on a consolidated basis)

(in ₹ crore)

Particulars	Consolidated
	As at and for the Fiscal March 31, 2020
Net profit/ (loss) after tax (A)	(165.02)
Income tax expense (B)	132.13
Finance costs (C)	424.71
Depreciation and amortisation expense (D)	885.31
<b>EBITDA [ A + B + C + D]</b>	<b>1,277.13</b>

**Consolidated capitalisation statement**

The following table sets forth the capitalisation statement of our Company (i) derived from the Audited Financial Statements; and (ii) as adjusted for the Issue:

(in ₹ crore)

Particulars	Pre issue as at March 31, 2020	As Adjusted for the proposed Issue**
<b>Total Borrowings<sup>#</sup></b>		
Current financial liabilities – Borrowings (A)	1,511.88	1,511.88
Non-current financial liabilities – Borrowings (B)	856.93	856.93
Current maturities of long-term borrowings (C)	414.22	414.22
<b>Total Borrowings<sup>#</sup> (D) [ A + B + C]</b>	<b>2,783.03</b>	<b>2,783.03</b>
<b>Total equity</b>		
Equity share capital (E)	773.95	864.42
Other equity* (F)	293.94	1,198.59
<b>Total equity (G) [ E + F]</b>	<b>1,067.89</b>	<b>2,063.01</b>
<b>Total capital [ D + G]</b>	<b>3,850.92</b>	<b>4,846.04</b>
<b>Ratio: Non-current financial liabilities – Borrowings (including current maturities of long-term borrowings)/ Total equity [( B + C ) / G]</b>	<b>1.19</b>	<b>0.62</b>
<b>Ratio: Total Borrowings<sup>#</sup> / Total equity [ D / G]</b>	<b>2.61</b>	<b>1.35</b>

\* Other equity excludes non-controlling interest.

\*\* “As adjusted for the proposed Issue” column reflects changes in the total equity assuming full subscription of the Issue and receipt of entire Call Monies with respect to Rights Equity Share only on account fresh issue of 9,04,65,693 Equity Shares at a price of ₹ 110 per Rights Equity Share, including a premium of ₹ 100 per Rights Equity Share, resulting in an increase of ₹ 90.47 crore in the Equity share capital of our Company and an increase of ₹ 904.65 crore in Other equity. Adjustments do not include Issue related expenses. It does not consider any other transactions or movements for such financial statements line items after March 31, 2020.

<sup>#</sup> does not include lease liability as per Ind AS 116.

Notes:

- (a) On June 13, 2020, our Company allotted 19,422 Equity Shares pursuant to the exercise of restricted stock units by eligible employees under its Employee Stock Option Scheme – 2013.
- (b) On May 22, 2020, our Company allotted 3,250 listed, unsecured, rated, redeemable non-convertible debentures of ₹ 10,00,000 each aggregating to ₹ 325 crore, on a private placement basis.



## STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Equity Shares are listed on BSE and NSE. The Rights Equity Shares being issued pursuant to this Issue, have not been listed earlier and will be listed on the Stock Exchanges pursuant to this Issue. For further details, see “*Terms of the Issue*” beginning on page 210. We have received in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue from BSE and NSE by BSE through its letter dated June 20, 2020, as revised by its letter dated June 25, 2020 and NSE through its letter dated June 22, 2020. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

For the purpose of this section, unless otherwise specified:

- A year is a Financial year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, or the week as the case may be; and
- In case of two days with the same high / low / closing price, the date with higher volume has been considered.

The following table sets forth the high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded:

BSE							
Financial Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	February 24, 2020	285.30	42,401	March 24, 2020	149.65	29,648	214.70
April 1, 2018 - March 31, 2019	March 12, 2019	236.45	1,72,734	July 19, 2018	132.15	10,433	179.27
April 1, 2017 - March 31, 2018	June 13, 2017	188.60	1,06,041	March 23, 2018	132.20	35,696	165.08

Source: [www.bseindia.com](http://www.bseindia.com)

NSE							
Financial Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	February 24, 2020	285.50	9,48,980	March 24, 2020	149.55	12,25,103	214.82
April 1, 2018 - March 31, 2019	March 12, 2019	236.90	15,30,232	July 19, 2018	132.10	2,46,015	179.38
April 1, 2017 - March 31, 2018	June 13, 2017	188.45	8,25,420	March 23, 2018	133.85	5,71,749	165.15

Source: [www.nseindia.com](http://www.nseindia.com)

The following table sets forth the monthly high and low prices and trading volumes on BSE and NSE for the six months preceding the date of filing of this Letter of Offer.

BSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
May, 2020	May 29, 2020	125.80	1,29,872.00	May 6, 2020	97.05	4,15,593.00	107.98
April, 2020	April 13, 2020	155.00	30,882.00	April 27, 2020	98.00	54,228.00	134.01

BSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
March, 2020	March 4, 2020	263.00	3,49,797.00	March 24, 2020	149.65	29,648.00	204.05
February, 2020	February 24, 2020	285.30	42,401.00	February 1, 2020	223.75	74,462.00	259.28
January, 2020	January 2, 2020	249.70	55,637.00	January 30, 2020	226.30	16,192.00	233.78
December, 2019	December 19, 2019	247.00	78,093.00	December 6, 2019	219.00	59,392.00	228.88

Source: www.bseindia.com

NSE							
Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
May, 2020	May 29, 2020	125.00	42,01,434.00	May 6, 2020	97.00	59,83,798.00	108.04
April, 2020	April 13, 2020	154.95	6,38,881.00	April 29, 2020	111.50	16,61,713.00	133.80
March, 2020	March 3, 2020	260.00	11,12,115.00	March 24, 2020	149.55	12,25,103.00	204.20
February, 2020	February 24, 2020	285.50	9,48,980.00	February 1, 2020	223.35	2,59,370.00	259.45
January, 2020	January 2, 2020	249.70	11,43,769.00	January 30, 2020	226.20	1,90,362.00	233.78
December, 2019	December 19, 2019	247.30	21,43,531.00	December 6, 2019	218.55	8,79,086.00	228.96

Source: www.nseindia.com

Week end closing prices of Equity Shares of our Company along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE						
For the week ended on	Closing Price (₹)	High (₹)	Date of High	Low (₹)	Date of Low	
June 26, 2020	129.25	139.65	June 24, 2020	128.10	June 24, 2020	
June 19, 2020	133.15	148.70	June 15, 2020	130.50	June 16, 2020	
June 12, 2020	139.35	148.90	June 8, 2020	122.15	June 12, 2020	
June 5, 2020	138.75	142.80	June 5, 2020	123.50	June 4, 2020	

Source: www.bseindia.com

NSE						
For the week ended on	Closing Price (₹)	High (₹)	Date of High	Low (₹)	Date of Low	
June 26, 2020	129.30	139.70	June 24, 2020	128.10	June 24, 2020	
June 19, 2020	133.10	148.60	June 15, 2020	130.20	June 16, 2020	
June 12, 2020	139.35	145.00	June 8, 2020	120.10	June 12, 2020	
June 5, 2020	138.85	143.00	June 5, 2020	123.30	June 4, 2020	

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on one day prior to the date of the Letter of Offer i.e. on June 26, 2020 was ₹ 129.25 on the BSE and ₹ 129.30 on the NSE.

The Issue Price of ₹ 110 per Rights Equity Share has been arrived at in consultation between our Company and the Lead Managers prior to the determination of the Record Date.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business.*

*There is no outstanding legal proceeding which has been considered material in accordance with our Company's 'Policy for determination of materiality of information or event' framed in accordance with Regulation 30 of the SEBI Listing Regulations. However, solely for the purpose of the Issue, the following outstanding legal proceedings ("Material Cases") have been disclosed in this section of this Letter of Offer: (i) any outstanding civil litigation, including tax litigation, involving our Company and/or Subsidiaries, where the amount involved is ₹ 10.68 crore (being 1% of consolidated Net Worth for Fiscal 2020) or above; and (ii) any other litigation involving our Company and/or Subsidiaries which may be considered material by our Company for the purposes of disclosure in this section of this Letter of Offer.*

*Except as disclosed below there are no outstanding litigation involving our Company and/or our Subsidiaries with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries, (ii) material violations of statutory regulations by our Company and/or our Subsidiaries, and (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries.*

*Pre-litigation notices received by our Company and/or our Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

#### **Litigation involving our Company**

##### **(A) Matters involving issues of moral turpitude or criminal liability on the part of our Company**

1. Sangeeta Bubna ("**Complainant**"), a director of M/s Isha Distribution House Private Limited ("**IDHPL**"), has filed first information report ("**FIR**") before Bidhannagar police station, Kolkata against certain current and former officers of our Company alleging, *inter alia*, theft, illegal trespassing and dacoity of stocks from certain premises being operated by the Complainant in terms of the agency agreement entered between IDHL and our Company. Subsequently, a charge sheet has been filed against one former officer and one current officer of our Company (collectively, the "**Accused**") in connection with the FIR before the Additional Court of Judicial Magistrate, Bidhannagar, Kolkata. Pursuant to two separate petitions filed by the Accused before the High Court of Calcutta for quashing of the FIR and the charge sheet, the High Court of Calcutta has stayed the proceedings against the Accused. The matter is currently pending.
2. Arun Moorthy ("**Complainant**"), has filed a private complaint ("**Complaint**") before the Additional Metropolitan Magistrate, Bangalore ("**Magistrate**") against our Director Ashish Dikshit and certain officers of our Company ("**Accused**") alleging, *inter alia*, criminal breach of trust and cheating. The Complainant further alleged that he was illegally terminated from his service and that the Accused withheld an amount of ₹ 1.5 crore payable to an entity owned by the father of the Complainant. The Complaint was subsequently dismissed by an order of the Magistrate. ("**Impugned Order**"). The Petitioner filed a criminal revision petition before the court of the District and Sessions Judge at Bangalore, praying that the Impugned Order be set aside. The matter is currently pending.
3. Bikash Agarwal, ("**Complainant**") filed a first information report ("**FIR**") against our Company and certain officers of our Company alleging cheating, criminal conspiracy and criminal breach of trust. The Complainant's firm, Shree Krishna Ventures, was appointed as a franchisee of our Company for operating an exclusive brand outlet for 'Allen Solly' in Jorhat, Assam for which the space was procured on rental basis in the year 2013 till 2016. The Complainant's firm had issued certain way-bills to our Company for shipments of goods to the Complainant's store. The Complainant alleged that our Company had misused certain way-bills to deliver goods to a third party. The matter is currently pending.

##### **(B) Material Cases**

1. Instyle Fashion ("**Operational Creditor**") has filed an application under section 9 of the IBC before the National Company Law Tribunal, Mumbai ("**NCLT**") for initiating corporate insolvency proceedings against our Company. The Operational Creditor was a franchisee and commission agent of our Company for running their showrooms for 'Allen Solly' and 'Planet Fashion' brand outlets in Agra and they had invested in these showrooms. Pursuant to the closure of the 'Allen Solly' showroom and the transfer of the stock to our

Company, the Operational Creditor has alleged that dues for an amount of ₹ 1.05 crore had not been paid by our Company. Our Company has filed a reply to the Application before the NCLT. The matter is currently pending.

2. Mrs. Parul Chaurasia (“**Plaintiff**”) filed a suit before the Principal Senior Civil Court, Surat, (“**Court**”) against our Company and certain Directors of our Company seeking *inter alia* recovery of rent arrears and other pending charges allegedly payable by our Company in relation to use of Plaintiff’s shop (“**Premise**”) for one of our store. The Plaintiff had entered into agreements (“**Agreements**”) with M/s Pantaloons Retail (India) Limited (“**PRIL**”), allowing PRIL to use the Premise and avail certain amenities for conducting business from the Premise subject to payment of agreed charges. The Plaintiff has alleged that such services were provided to our Company by the Plaintiff in respect of the entire Premise pursuant to the acquisition of Pantaloons business from PRIL by our Company. The amount involved in the matter is ₹ 20.20 crore. Our Company has also filed an application under section 8 of the Arbitration and Conciliation Act, 1996 (“**Application**”) before the Court of Small Cause Court, Surat, seeking to refer the matter to arbitration in terms of the Agreements. The matter is currently pending.
3. Retailers Association of India (“**RAI**”), on behalf of its members including our Company, filed a writ petition before the High Court of Bombay challenging the constitutional validity of the imposition of a service tax on renting of immovable property with retrospective effect under sub-clause (zzzz) of clause (105) of section 65 read with section 66 of the Finance Act of 1994 as amended by Finance Act, 2010. The High Court of Bombay, by its order (“**Order**”), upheld the constitutional validity of levy of service tax on renting of immovable property and dismissed the writ petition. RAI filed a civil appeal before the Supreme Court (“**Civil Appeal**”) against the Order along with a prayer for interim relief to stay the Order. The Supreme Court by its order, (“**Stay Order**”) stayed the operation of the Order with regard to the arrears of service tax dues from members of the RAI, including our Company, subject to members of RAI depositing fifty percent of the arrears towards service tax in three equated instalments, amongst fulfilment of other conditions. Our Company deposited fifty percent of total service tax arrears as per the conditions mentioned in the Stay Order and paid the balance fifty percent of service tax dues under protest. Our Company thereafter filed an application before the Supreme Court to be impleaded as an appellant in the Civil Appeal and the Supreme Court, by its order, impleaded our Company as an appellant. The amount involved in the matter is of ₹ 24.15 crore. The matter is currently pending.
4. IDHPL filed a suit against our Company before the High Court of Calcutta, seeking, *inter alia*, declaring the termination of distributorship agreements for West Bengal and Bihar by our Company as void, claim of an amount aggregating to ₹ 177.75 crore for business loss, reputational damage along with interest of 18% per annum from March 2016. The matter was subsequently dismissed by the High Court of Calcutta for lack of jurisdiction. Pursuant to this, a special leave petition (“**SLP**”) was filed by IDHPL before the Supreme Court. The Supreme Court, by its order (“**Order**”), allowed the SLP and remanded the matter to the High Court of Calcutta. Our Company filed a review petition (“**Review Petition**”) before the Supreme Court against the Order, which was subsequently dismissed. The matter is currently pending before the High Court of Calcutta. In addition to the above, our Company and IDHPL have also initiated various civil proceedings against each other in relation to such agreements. These proceedings are pending at different levels of adjudication before various forums.

Our Company had entered into certain distributorship agreements and agency agreements with IDHPL. In addition to the above, our Company and IDHPL have also initiated various civil proceedings against each other in relation to such agreements. These proceedings are pending at different levels of adjudication before various forums.

## GOVERNMENT AND OTHER APPROVALS

Our Company is required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits, consents and licenses (collectively, the “**Approvals**”) under them for conducting our business operations through stores, warehouses, factories and office premises. These include *inter alia* shops and establishments certificates, trade licenses, contract labour license, factory licenses, environmental licenses, legal metrology licenses and other applicable Approvals. The requirement for such Approvals may vary based on factors such as activity being carried out and legal requirement in the State in which our Company’s operations are being carried out. Further, our Company’s obligation to obtain and renew such Approvals arises periodically in the ordinary course of business and applications for such Approvals are made at the appropriate stage under applicable laws.

While we do not have any specific material Approval, our Company has obtained such Approvals from governmental and regulatory authorities that are required for carrying on our present business activities.

As on the date of this Letter of Offer, there are no pending material Approvals required for our Company to conduct its existing business activities.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Issue

The Issue has been authorised by a resolution of our Board passed at its meeting held on May 27, 2020, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board, in its meeting held on June 25, 2020 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹ 110 per Rights Equity Share (including a premium of ₹ 100 per Rights Equity Share) aggregating to ₹ 9,95,12,26,230<sup>#</sup>. The Issue Price is ₹ 110 per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Managers prior to determination of the Record Date. On Application, Investors will have to pay ₹ 55 (50% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on two\* subsequent Calls of ₹ 27.50 each\* per Rights Equity Share, pursuant to the Payment Schedule, after payment of the Application Money

*#Assuming full subscription*

*\*Subject to modification as may be approved by our Board/ Rights Issue Committee – 2020 from time to time*

Our Company has received in-principle approvals in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue from BSE through its letter dated June 20, 2020, as revised by its letter dated June 25, 2020 and NSE through its letter dated June 22, 2020. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN 'INE647O20011' for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. Our Company has been allotted the ISIN 'IN9647O01019' both from NSDL and CDSL for the Rights Equity Shares issued pursuant to this Issue. For details, see "Terms of the Issue" beginning on page 210.

### Prohibition by SEBI

Our Company, our Promoter, members of the Promoter Group or our Directors have not been debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which our Promoter or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoter nor our Directors are declared as Fugitive Economic Offenders.

### Prohibition by RBI

Neither our Company nor our Promoter or our Directors have been or are identified as Wilful Defaulters.

### Eligibility for this Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

### Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and have received their in-principle approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

### Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations read with the SEBI circular, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
2. The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange;
3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 100 crore;
4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period;
5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period;
6. Our Company has been in compliance with the equity listing agreement and the SEBI Listing Regulations, for a period of at 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;
8. No show-cause notices, excluding under adjudication proceedings, have been issued by SEBI and pending against our Company or our Promoter or whole-time Directors as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE. Further, there are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or Group Companies as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE, which have not been disclosed in this Letter of Offer, along with potential adverse impact on our Company;
9. Our Company, our Promoter, the members of the Promoter Group or our Directors have fulfilled the settlement terms or adhered to directions of the settlement order(s) in cases where any alleged violation of securities laws have been settled by them through the consent or settlement mechanism with SEBI;
10. Our Equity Shares have not been suspended from trading as a disciplinary measure during 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
11. There is no conflict of interest between the Lead Managers and our Company or its Group Companies in accordance with applicable regulations;
12. Our Promoter and members of the Promoter Group shall mandatorily subscribe to their Rights Entitlements and shall not renounce their rights, except to the extent of renunciation within members of the Promoter Group. For subscription by our Promoter and members of the Promoter Group and details in relation to compliance with minimum public shareholding norms prescribed under the SCRR, see "*Capital Structure - Intention and extent of participation by our Promoter and members of the Promoter Group in the Issue*" on page 53; and
13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Fiscal for which such accounts are disclosed in this Letter of Offer.

#### **Compliance with Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company filed an exemption application dated May 19, 2020 with SEBI seeking an exemption under Regulations 300(1)(a) and (b) of the SEBI ICDR Regulations from strict enforcement of Clause 3(b) of Part B of Schedule VI of the SEBI ICDR Regulations ("**Exemption Application**") and enable our Company to make disclosures in this Letter of Offer under Part B of Schedule VI of the SEBI ICDR Regulations. On June 4, 2020, SEBI approved the Exemption Application and permitted our Company to make disclosures in this Letter of Offer under Part B of Schedule VI of SEBI ICDR Regulations for undertaking the Issue, subject to, among other things, inclusion of disclosures in relation to our business and industry in this Letter of Offer and compliance with the rules and regulations by SEBI (the "**SEBI Approval**").

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with SEBI;
2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given the SEBI Approval, the disclosures in this Letter of Offer are in terms of Clause (5) of Part B of Schedule VI of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 28, 2020, WHICH READS AS FOLLOWS:**

- (1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;**
- (2) **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (a) **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - (b) **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH.**
- (4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE**



- (5) WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE
- (6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. – NOT APPLICABLE
- (7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE
- (8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE
- (9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH TO THE EXTENT APPLICABLE
- (10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, , EXCLUDING SUPERIOR EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR EQUITY SHARES); AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH
- (11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. – NOTED FOR COMPLIANCE (INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020).
- (12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. – NOT APPLICABLE
- (13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY– COMPLIED WITH
- (14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER– COMPLIED WITH

- (15) **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS – COMPLIED WITH**
- (16) **ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE RIGHTS EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE (INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020)**
- (17) **AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

#### **Disclaimer clauses from our Company and the Lead Managers**

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

#### **Caution**

Our Company and the Lead Managers shall make all relevant information available to the Eligible Equity Shareholders in accordance with SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

#### **Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is BSE.

#### **Disclaimer Clause of BSE**

As required, a copy of this Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (the “**Exchange**”), vide its letter dated June 20, 2020, as revised by its letter dated June 25, 2020, has given permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or

- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

### **Disclaimer Clause of NSE**

As required, a copy of this Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/24064 dated June 22, 2020 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

### **Selling Restrictions**

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders in offshore transactions outside the United States in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. Our Company will dispatch this Letter of Offer/ Abridged Letter of Offer and Application Form, through e-mail, only to Eligible Equity Shareholders who have provided an Indian address to our Company. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer/ Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Equity Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

**This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose**

**Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch this Letter of Offer / Abridged Letter of Offer and Application Form, through e-mail, only to Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date**

**on which we propose to dispatch this Letter of Offer / Abridged Letter of Offer and Application Forms, shall not be mailed this Letter of Offer / Abridged Letter of Offer and Application Forms.**

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the receipt of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

### **NO OFFER IN THE UNITED STATES**

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company.

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

### **NOTICE TO INVESTORS**

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL

REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “RESTRICTIONS ON PURCHASES AND REALES” ON PAGE 241.

### **Filing**

This Letter of Offer is being filed with BSE, NSE and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange and do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in).

### **Investor Grievances and Redressal System**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders Relationship Committee (“SRC”) which currently comprises Mr. Himanshu Kapania, Ms. Sukanya Kripalu and Mr. Sushil Agarwal. The broad terms of reference include resolving the grievances of the security holders of our Company including complaints relating to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process or the optional mechanism R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R-WAP, see “Terms of the Issue” beginning on page 210. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

#### **Registrar to the Issue**

##### **Link Intime India Private Limited**

C-101, 247 Park  
L B S Marg, Vikhroli (West)  
Mumbai 400 083  
Telephone: +91 (22) 4918 6200 / 4918 6171 / 4918 6172  
E-mail Id: [abfrl.rights@linkintime.co.in](mailto:abfrl.rights@linkintime.co.in)  
Investor grievance e-mail id: [abfrl.rights@linkintime.co.in](mailto:abfrl.rights@linkintime.co.in)  
Contact person: Sumeet Deshpande  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
SEBI registration number: INR000004058

#### **Company Secretary and Compliance Officer**

##### **Geetika Anand**

Aditya Birla Fashion and Retail Limited  
Piramal Agastya Corporate Park, Building ‘A’, 4<sup>th</sup> and 5<sup>th</sup> Floor,  
Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla,  
Mumbai 400 070  
Telephone: + 91- 86529 05000

E-mail Id: [secretarial.abfrl@adityabirla.com](mailto:secretarial.abfrl@adityabirla.com)

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar ([www.linkintime.co.in](http://www.linkintime.co.in)). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 (22) 4918 6200/ 4918 6171 / 4918 6172.

## SECTION VII: ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.*

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

#### I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circular and the MCA Circular, our Company will send, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other Issue related material at least two days before the Issue Opening Date, only through e-mail, to the e-mail addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be sent, only through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at [www.abfrr.com](http://www.abfrr.com);
- (ii) the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in);
- (iii) the Lead Managers, *i.e.* (a) ICICI Securities Limited at [www.icicisecurities.com](http://www.icicisecurities.com); (b) SBI Capital Markets Limited at [www.sbicaps.com](http://www.sbicaps.com); (c) Axis Capital Limited at [www.axiscapital.co.in](http://www.axiscapital.co.in); (d) BNP Paribas at [www.bnpparibas.co.in](http://www.bnpparibas.co.in); and (e) CLSA India Private Limited at [www.india.clsa.com](http://www.india.clsa.com);
- (iv) the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com); and
- (v) the Registrar's web-based application platform at [www.linkintime.co.in](http://www.linkintime.co.in) ("**R-WAP**").

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should send an e-mail to [abfrrupdate@linkintime.co.in](mailto:abfrrupdate@linkintime.co.in) or visit [www.linkintime.co.in](http://www.linkintime.co.in).

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.abfrr.com](http://www.abfrr.com)).

Our Company along with the Lead Managers have taken and will continue to undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through means as may be considered feasible by our Company and our Company or the Lead Managers will not be liable for considering or choosing or not considering or choosing any specific means to reach out to the Eligible Equity Shareholders.

**Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-**

**mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

## **II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE**

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “-Making of an Application through the ASBA process” and “-Making of an Application through the Registrar’s Web-based Application Platform (“R-WAP”) process” beginning on pages 213 and 214, respectively.”**
- **In accordance with the SEBI Relaxation Circular, our Company will make use of advertisements on television channels, internet etc., including in the form of crawlers/ tickers, as considered appropriate by our Company, to disseminate information relating to the Application process in India.**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 224.

In accordance with the SEBI Relaxation Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in



the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by:

- (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or
- (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account. Please note that Applications made with payment using third party bank accounts are liable to be rejected and our Company, Lead Managers and the Registrar shall rely on the self-certification in the Application Form in this regard.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or
- (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see “- Grounds for Technical Rejection” beginning on page 220. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” beginning on page 215.

- ***Options available to the Eligible Equity Shareholders***

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
- (v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors can submit either the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money payable on the Application in their respective ASBA Accounts with respective SCSBs. Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

*Do's for Investors applying through ASBA:*

- (a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

*Don'ts for Investors applying through ASBA:*

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.

- (b) Do not send your physical Application to the Lead Managers, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (d) Do not submit Application Form using third party ASBA Bank Account;
- ***Making of an Application through the Registrar’s Web-based Application Platform (“R-WAP”) process***

In accordance with the SEBI Relaxation Circular, a separate web based application platform, i.e., the R-WAP facility (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R-WAP:

- (a) Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Relaxation Circular.
- (b) Resident Investors should visit R-WAP (accessible at [www.linkintime.co.in](http://www.linkintime.co.in)) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.
- (c) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (d) Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (e) Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares applied for in the Issue.
- (f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- (g) Verification, if any, in respect of Application through Investors’ own bank account, shall be done through the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

- (h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account “ADITYA BIRLA FASHION AND RETAIL LIMITED R”, opened by our Company with the Escrow Collection Bank.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in.) or call helpline number (+91 (22) 4918 6200/ 4918 6171 / 4918 6172).

**PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGERS SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTORS - THE R-WAP FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” BEGINNING ON PAGE 33.**

*Do's for Investors applying through R-WAP:*

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.
- (d) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

*Don'ts for Investors applying through R-WAP:*

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. Please note that the Application on plain paper cannot be submitted through R-WAP.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Aditya Birla Fashion and Retail Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ 55 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe*

*is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” on page 241.*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.*

*I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in).

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In accordance with the SEBI Relaxation Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

- (i) the Eligible Equity Shareholders apply only through R-WAP;
- (ii) the Eligible Equity Shareholders are residents;
- (iii) the Eligible Equity Shareholders are not making payment from non-resident account;
- (iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- (v) the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to send a communication to our Company or the Registrar containing the name(s), Indian address, e-mail address, contact details and the details of their demat account along with copy of self- attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery by December 31, 2020 or any other date as the Board or Rights Issue Committee – 2020 may decide, to enable process of credit of Rights Equity Shares in such demat account.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by e-mail due to lockdown and restrictions imposed due to current pandemic COVID-19;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 215.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using the R-WAP.

#### *Application for Additional Rights Equity Shares*

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “- *Basis of Allotment*” on beginning on page 232.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.** Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

#### *Additional general instructions for Investors in relation to making of an Application*

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

- (d) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Managers.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s)



recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (r) Do not submit multiple Applications.
- (s) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Managers, Registrar, Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Submission of Application Forms using third party ASBA Bank Account;
- (l) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (m) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (n) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (o) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (p) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (q) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- (r) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” on page 223.

In cases where multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on RWAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure - Intention and extent of participation by our Promoter and members of the Promoter Group in the Issue*” on page 53.

- ***Procedure for Applications by certain categories of Investors***

*Procedure for Applications by FPIs*

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share

capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments in our Company is 51%.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue.

#### *Procedure for Applications by AIFs, FVCIs and VCFs*

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using optional mechanism R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection. No investment under the FDI route will be allowed in the Issue.

#### *Procedure for Applications by NRIs*

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

### *Procedure for Applications by Mutual Funds*

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### *Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)*

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### *Last date for Application*

The last date for submission of the duly filled in the Application Form or a plain paper Application is Wednesday, July 22, 2020 *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, “- *Basis of Allotment*” beginning on page 232.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

### *Withdrawal of Application*

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to [abfml.rights@linkintime.co.in](mailto:abfml.rights@linkintime.co.in) in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

### *Disposal of Application and Application Money*

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

### III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.abfml.com](http://www.abfml.com)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE647O20011. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* [https://linkintime.co.in/EmailReg/Email\\_Register.html](https://linkintime.co.in/EmailReg/Email_Register.html)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “ABFRL RIGHTS ENTITLEMENT SUSPENSE ESCROW DEMAT ACCOUNT”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings or (f) the OCBs. For further details of the OCBs, see “*Capital Structure*” on page 48.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by Monday, July 20, 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this

communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

#### IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

**The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

(a) ***On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE647O20011

subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Wednesday, July 8, 2020 to Friday, July 17, 2020 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE647O20011 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

*(b) Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE647O20011, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

## **V. MODE OF PAYMENT**

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until

the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Accounts which shall be separate bank accounts maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

#### *Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

#### *Mode of payment for Non-Resident Investors*

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

For details of mode of payment in case of Application through R-WAP, see “- *Making of an Application through the Registrar's Web-based Application Platform (“R-WAP”) process*” on page 214.

## **VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE**

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement Ratio, see “*The Issue*” beginning on page 38.

#### • ***Payment Terms***

₹ 110 per Rights Equity Share (including premium of ₹ 100 per Rights Equity Share) shall be payable as follows:



<b>Due Date</b>	<b>Face Value (₹)</b>	<b>Premium (₹)</b>	<b>Total (₹)</b>
On Application	5.00	50.00	55.00 <sup>(1)</sup>
First Call* (January 2021)	2.50	25.00	27.50 <sup>(2)</sup>
Final Call* (July 2021)	2.50	25.00	27.50 <sup>(3)</sup>
<b>Total (₹)</b>	<b>10.00</b>	<b>100.00</b>	<b>110.00</b>

\* Subject to modification as may be approved by our Board / Rights Issue Committee-2020 from time to time.

(1) Constitutes 50% of the Issue Price.

(2) Constitutes 25% of the Issue Price.

(3) Constitutes 25% of the Issue Price.

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

- ***Record date for Calls and suspension of trading***

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

- ***Procedure for Calls for Rights Equity Shares***

The Board or Rights Issue Committee – 2020 will pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Marathi language daily newspaper (Marathi being the regional language of Mumbai, where our Registered and Corporate Office is situated), all with wide circulation.

The Board or Rights Issue Committee -2020 may determine the date on which the Calls shall be deemed to have been made and if no such date is determined then the Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board or Rights Issue Committee – 2020, as the case may be. The Calls may be revoked or postponed at the discretion of our Board or Rights Issue Committee – 2020. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board or Rights Issue Committee – 2020 may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board or Rights Issue Committee – 2020, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit such Rights Equity Shares in respect of which the Calls payable remains unpaid in accordance with the Companies Act, 2013 and our Articles of Association. Pursuant to the provisions of the Articles of Association, our Company will give at least 14 days' notice to the Rights Equity Shareholders to make the payment of the unpaid Call Monies (including interest accrued and expenses incurred due to such non-payment) before forfeiting such Rights Equity Shares.

- ***Separate ISIN for Rights Equity Shares***

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the Final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

- ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 9 (nine) Rights Equity Shares for every 77 (seventy seven) fully paid-up Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 77 (seventy seven) fully paid-up

Equity Shares or is not in the multiple of 77 (seventy seven) fully paid-up Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 77 (seventy seven) fully paid-up Equity Shares, such Equity Shareholder will be entitled to 9 (nine) Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 9 (nine) Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

- **Ranking**

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

- **Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHTS/SD/IP-RT/674/2020-21 dated June 20, 2020, as revised by its letter bearing reference number DCS/RIGHTS/SD/IP-RT/684/2020-21 dated June 25, 2020 and from NSE through its letter dated June 22, 2020 bearing reference number NSE/LIST/24064 dated June 22, 2020. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 535755) and NSE (Scrip Code: ABFRL) under the ISIN: INE647O01011. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to this Issue by our Promoter and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see “*Capital Structure - Intention and extent of participation by our Promoter and members of the Promoter Group in the Issue*” on page 53.

- ***Rights of holders of Right Equity Shares of our Company***

Subject to applicable laws, holder of Right Equity Shares shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- (a) The right to receive dividend, if declared;
- (b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- (c) The right to receive surplus on liquidation;
- (d) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- (e) The right to free transferability of Rights Equity Shares;
- (f) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
- (g) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## **VII. GENERAL TERMS OF THE ISSUE**

- ***Market Lot***

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is 1 (one) Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Rights Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Rights Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

- ***Nomination***

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors

would prevail. Any Investor holding Rights Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- **Arrangements for Disposal of Odd Lots**

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be 1 (one) Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

- **Notices**

In accordance with the SEBI ICDR Regulations, the SEBI Relaxation Circular and MCA General Circular No. 21/2020, our Company will send, only through e-mail, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the e-mail addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, only through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered and Corporate Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, our Company will make use of advertisements on television channels, internet etc. or any other mode that may be permissible, including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at [abfml.rights@linkintime.co.in](mailto:abfml.rights@linkintime.co.in).

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the e-mail address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue and shall provide a copy of the same with the Application Form.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at [abfml.rights@linkintime.co.in](mailto:abfml.rights@linkintime.co.in).

#### **ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” BEGINNING ON PAGE 233.**

#### **VIII. ISSUE SCHEDULE**

<b>LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS</b>	Tuesday, July 7, 2020
<b>ISSUE OPENING DATE</b>	Wednesday, July 8, 2020
<b>LAST DATE FOR ON MARKET RENUNCIATION<sup>#</sup></b>	Friday, July 17, 2020
<b>ISSUE CLOSING DATE*</b>	Wednesday, July 22, 2020
<b>FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)</b>	Friday, July 31, 2020
<b>DATE OF ALLOTMENT (ON OR ABOUT)</b>	Monday, August 3, 2020
<b>DATE OF CREDIT (ON OR ABOUT)</b>	Tuesday, August 4, 2020
<b>DATE OF LISTING (ON OR ABOUT)</b>	Friday, August 7, 2020

<sup>#</sup> *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

<sup>\*</sup> *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Monday, July 20, 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

#### **IX. BASIS OF ALLOTMENT**

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Rights Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights

Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Accounts. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

## **X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS**

Our Company will e-mail Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner.

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- (a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;

- (b) by December 31, 2020 or any other date as the Board or Rights Issue Committee – 2020 may decide, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- (c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- (d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds.

Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders. For this purpose, our Company may also take steps such as allowing a trust to dispose such Rights Equity Shares and distribute the proceeds or undertake any other related action as considered appropriate by our Company;

- (e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;
- (f) After the consummation of the sale of such Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges;
- (g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law; and
- (h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

**Notes:**

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, *etc.*, in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

## XI. PAYMENT OF REFUND

- ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) **RTGS** – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.



- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## **XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Rights Equity Shares in Dematerialized Form***

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated April 3, 2013 with NSDL and an agreement dated March 12, 2013 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

**Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in “- Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “- Allotment Advice or Refund/Unblocking of ASBA accounts” beginning on pages 217 and 233, respectively.**

### **XIII. IMPERSONATION**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 0.1 crore or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 0.5 crore or with both.

### **XIV. UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

### **XV. UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
- 3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## **XVI. MINIMUM SUBSCRIPTION**

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. In the event that there is a delay in making refund of the subscription amount by more than eight days after our Company becomes liable to pay subscription amount (*i.e.*, 15 days after the Issue Closing Date), or such other period as prescribed by applicable law, our Company shall pay interest for the delayed period, at rates prescribed under applicable laws.

Our Promoter and members of the Promoter Group have confirmed the following: (i) fully subscribe to the extent of their Rights Entitlement and do not intend to renounce such rights, except to the extent of renunciation within our Promoter and members of the Promoter Group; and (ii) subscribe to any additional Rights Equity Shares in the Issue, amongst themselves, for ensuring subscription to the extent of at least 90% of the Issue (in case of under-subscription below 90% in the Issue) and such subscription shall be subject to applicable laws.

Any participation by our Promoter and members of the Promoter Group, over and above their rights entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

## **XVII. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS**

1. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Aditya Birla Fashion and Retail Limited – Rights Issue**” on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

Link Intime India Private Limited  
 C-101, 247 Park  
 L B S Marg Vikhroli (West)  
 Mumbai 400 083  
 Telephone: +91 (22) 4918 6200 / 4918 6171 / 4918 6172  
 E-mail id: abfrl.rights@linkintime.co.in  
 Investor grievance e-mail id: abfrl.rights@linkintime.co.in  
 Contact person: Sumeet Deshpande  
 Website: www.linkintime.co.in  
 SEBI registration number: INR000004058

2. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided

by the Registrar for guidance on the Application process and resolution of difficulties is +91(22) 4918 6200 / 4918 6171 / 4918 6172.

3. The Investors can visit following links for the below-mentioned purposes:
  - a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://www.linkintime.co.in>
  - b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: [https://linkintime.co.in/EmailReg/Email\\_Register.html](https://linkintime.co.in/EmailReg/Email_Register.html) or send an e-mail to [abfrlupdation@linkintime.co.in](mailto:abfrlupdation@linkintime.co.in)
  - c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://www.linkintime.co.in> or send an e-mail to [abfrlupdation@linkintime.co.in](mailto:abfrlupdation@linkintime.co.in)
  - d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: [abfrl.rights@linkintime.co.in](mailto:abfrl.rights@linkintime.co.in)

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

## **XVIII. RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs))

Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## RESTRICTIONS ON PURCHASES AND REALES

### General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

The Rights Entitlements, Rights Equity Shares and Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below.

### United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading “Restrictions on Purchases and Resales”.

The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

8. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
9. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and ABFRL Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Managers or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
10. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company’s business and our Company’s most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes “**Exchange Information**”), and that it has had access

to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Managers or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

14. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
15. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company; and (ii) none of the Lead Managers or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Managers or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
16. The purchaser will not hold our Company, the Lead Managers or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Managers or its affiliates to it.
17. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Managers, for all or part of any such loss or losses it may suffer.
18. The purchaser understands and acknowledges that the Lead Managers are assisting our Company in respect of this Issue and that the Lead Managers are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Managers arising from its engagement with our Company and in connection with this Issue.
20. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Managers or any other person acting on behalf of our Company, will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of our Company have reason to believe is in the United States or outside of India and the United States and ineligible to participate in this Issue under applicable securities laws.
21. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Managers, their affiliates and others (including legal counsels to each of our Company, the Lead Managers) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Rights Equity Shares, any of the acknowledgements,



representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Right Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

## SECTION VIII: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of our Company at <http://www.abfirl.com/> from the date of this Letter of Offer until the Issue Closing Date.

#### A. Material Contracts for the Issue

1. Issue Agreement dated June 28, 2020 between our Company and the Lead Managers.
2. Registrar Agreement dated June 28, 2020 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated June 27, 2020 amongst our Company, the Lead Managers, the Registrar to the Issue and the Bankers to the Issue.
4. Monitoring Agency Agreement dated June 28, 2020 between our Company and the Monitoring Agency.

#### B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon changes in name of our Company.
3. Resolution of our Board dated May 27, 2020 in relation to approval of the Issue and other related matters.
4. Resolution passed by our Board dated June 25, 2020 finalizing the terms of the Issue including Record Date and the Rights Entitlement Ratio.
5. Consents of our Directors, Company Secretary and Compliance Officer, the Lead Managers, Bankers to the Issue, Legal Advisor to our Company as to Indian law, Legal Advisor to the Lead Managers as to Indian law, Special Purpose International Legal Counsel to the Lead Managers, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in this Letter of Offer to act in their respective capacities.
6. The Audited Financial Statements and audit report thereon dated May 27, 2020.
7. Report titled "Indian Fashion Market" issued by Wazir Advisors dated June 2020 and consent letter dated June 16, 2020 issued by Wazir Advisors in respect of such report.
8. Annual Reports of our Company for Fiscal 2019, 2018, 2017, 2016 and 2015. Annual Report of our Company for Fiscal 2020 is yet to be prepared.
9. Statement of Possible Special Tax Benefits available to the Company and its Shareholders under the applicable laws in India issued by our Statutory Auditors, S R B C & CO LLP, Chartered Accountants.
10. Due Diligence Certificate dated June 28, 2020 addressed to SEBI from the Lead Managers.
11. In principle listing approvals from BSE through its letter dated June 20, 2020, as revised by its letter dated June 25, 2020 and NSE through its letter dated June 22, 2020 under Regulation 28(1) of the SEBI Listing Regulations.
12. Tripartite Agreement dated April 3, 2013 between our Company, Registrar to the Issue and NSDL.
13. Tripartite Agreement dated March 12, 2013 between our Company, Registrar to the Issue and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Mr. Ashish Dikshit**  
*Managing Director*

**Date:** June 28, 2020

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Mr. Himanshu Kapania**

*Additional non-executive Director and Vice Chairman*

**Date:** June 28, 2020

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Mr. Nish Bhutani**  
*Additional Independent Director*

**Date:** June 28, 2020

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Ms. Sukanya Kripalu**  
*Independent Director*

**Date:** June 28, 2020

**Place:** Bengaluru

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Mr. Sushil Agarwal**  
*Non-executive Director*

**Date:** June 28, 2020

**Place:** Jodhpur

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE DIRECTOR OF THE COMPANY

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**Mr. Sunirmal Talukdar**  
*Additional Independent Director*

**Date:** June 28, 2020

**Place:** Kolkata



## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

### SIGNED BY THE CHIEF FINANCIAL OFFICER

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**Mr. Jagdish Bajaj**  
*Chief Financial Officer*

**Date:** June 28, 2020

**Place:** Bengaluru