metro
BRANDS

# METRO BRANDS LIMITED

43RD ANNUAL REPORT 2019-20

# WHO WE ARE

# METRO BRANDS LIMITED

## (Formerly Metro Shoes Limited)

Metro Brands Limited (Formerly Metro Shoes Limited) is an unlisted Public Limited Company, promoted by Mr. Rafique Malik. With an experience of over 7 decades, the group is driven by its passion for fashion footwear retail. Late Mr. Abdul Malik Tejani started with a single store at Colaba, Mumbai in 1947. It soon became famous, especially, for meeting the fashion footwear demands of Bollywood celebrities, fashion models and well-known personalities. Mr. Tejani was well known for excellent customer service. Taking over the reins of the business from his father, Rafique A. Malik, Chairman, decided to take the operations of the brand from a single store to a chain of four stores in the year 1986. Today, the Company has a chain of 551 showrooms in major cities of India.

# WHAT WE DO

The Company is a leading specialty retailer in fashion footwear, bags & accessories. In the footwear segment, the Company has a strong presence in all categories, i.e. premium and affordable luxury and value line; as also fashion, lifestyle, casuals and sports.

# BOARD OF DIRECTORS

## CHAIRMAN

**Mr. Rafique A. Malik**
is an Alumni of Owner / President Management Program of Harvard Business School, USA. He has a vast experience of more than 51 years in the business.

## MANAGING DIRECTOR & CEO

**Ms. Farah Malik Bhanji**
is a graduate from U.S.A. She started her career with the Company in the year 1999, initially taking charge of Marketing and is now involved in all aspects of the Company. She has received many awards and recognitions to her credit.

## WHOLE-TIME DIRECTOR

**Ms. Aziza Malik**
has been actively involved in the sourcing of shoes and accessories for the Showrooms for more than 30 years.

## DIRECTOR

**Mr. Subhash H. Malik**
has been associated with the Company since more than 40 years and is currently co-incharge of the Stock (Inventory) department. He is the perfect guide and plays an important role in stock verification, internal control processes and management of inventory.

# BOARD OF DIRECTORS

## DIRECTOR

**Mr. Rakesh Jhunjhunwala**
(Owner M/s. Rare Enterprises) is a renowned investor with investments in many well-established and upcoming companies.

## DIRECTOR

**Mr. Utpal Sheth,**
a graduate from Mumbai University, ICMA & ICFAI is the CEO of M/s. Rare Enterprises. He has very good experience in the field of investment management, risk management and institutionalization.

## INDEPENDENT DIRECTOR

**Mr. Manoj Kumar Maheshwari**
is a graduate from Mumbai University with a major in Chemistry and has done his post-graduation in Industrial Management. He is an entrepreneur in the field of Information Technology, Marketing and Chemical industries.

## INDEPENDENT DIRECTOR

**Ms. Aruna Advani,**
a Science graduate from University of Sussex with a major in Biochemistry is the Executive Director of M/s. Ador Welding Limited (AWL) which has built itself a strong reputation in the Indian welding industry.

# BOARD OF DIRECTORS

## INDEPENDENT DIRECTOR

**Mr. Arvind Kumar Singhal**
is the Founder & Chairman of Technopak Advisors, which is one of India's leading management consulting firms. He has a Bachelor of Engineering degree from IIT-Roorkee, India and an MBA from the UCLA, USA.

## INDEPENDENT DIRECTOR

**Mr. Karan Singh**
is the Managing Director of ACG Worldwide, formerly the Associated Capsules Group. ACG has been serving the pharmaceutical industry for five decades and is the second largest manufacturer of empty hard capsules in the world. Mr. Singh is a graduate from Michigan University, USA.

## INDEPENDENT DIRECTOR

**Mr. Vikas Khemani**
is the founder of Carnelian Capital Advisors LLP, a boutique asset management firm focused on investing in various asset classes with an objective to protect and create wealth in most optimal manner. He is a qualified Chartered Accountant and CFA Charter holder.

# OUR VISION

To be the most innovative footwear, footcare and accessories company obsessed by customer delight delivered by passionate people

# INNOVATIVE

# OUR VALUES

- Strong Customer Relationship and Service
- Passion for Perfection
- Respect and Empowerment of Individuals
- Differentiation through Constant Innovation
- Integrity

# CONTENTS

## BOARD OF DIRECTORS

Mr. Rafique A. Malik (Chairman)
Ms. Farah Malik Bhanji (Managing Director & Chief Executive Officer)
Ms. Aziza R. Malik
Mr. Subhash Malik
Mr. Rakesh Jhunjhunwala
Mr. Utpal Sheth
Mr. Manoj Kumar Maheshwari
Ms. Aruna Advani
Mr. Arvind Kumar Singhal
Mr. Karan Singh
Mr. Vikas Khemani

## AUDIT COMMITTEE

Mr. Manoj Kumar Maheshwari (Chairman)
Ms. Farah Malik Bhanji
Ms. Aruna Advani

## NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

Ms. Aruna Advani (Chairperson)
Mr. Rafique A. Malik
Mr. Rakesh Jhunjhunwala
Mr. Manoj Kumar Maheshwari

## ALLOTMENT AND TRANSFER COMMITTEE

Mr. Rafique A. Malik (Chairman)
Ms. Farah Malik Bhanji
Mr. Rakesh Jhunjhunwala
Mr. Utpal Sheth

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Rafique A. Malik (Chairman)
Ms. Farah Malik Bhanji
Mr. Arvind Kumar Singhal

## STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Aruna Advani (Chairperson)
Ms. Farah Malik Bhanji
Mr. Subhash Malik

## EXECUTIVE COMMITTEE

Mr. Rafique A. Malik (Chairman)
Ms. Farah Malik Bhanji
Ms. Aziza R. Malik
Mr. Sohel Kamdar
Mr. Jaiprakash J. Desai
Ms. Alisha R. Malik
Mr. Kaushal Parekh
Mr. Jayesh Dattani
Mr. Rajgopal Nayak

## COMPANY SECRETARY

Mr. Jaiprakash J. Desai

## BANKERS

AXIS Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
State Bank of India

## AUDITORS

Deloitte Haskins & Sells
Chartered Accountants
Heritage, 3rd Floor,
Near Gujarat Vidhyapith, Off Ashram Road,
Ahmedabad - 380 014.
Firm Reg. No. : 117365W

## REGISTRAR AND TRANSFER AGENTS

Sharex Dynamic (India) Private Ltd.
Unit 1 Luthra Ind. Premises, Safed Pool,
Andheri Kurla Road, Andheri (East), Mumbai - 400 072.
Telephone : 2851 5606/5644/ 2852 8087
Fascimile : 2851 2885
Web site : www.sharexindia.com
Email : sharexindia@vsnl.com
**ISIN No. : INE317I01013**

## REGISTERED AND CORPORATE OFFICE

401, Zillion, 4th floor,
LBS Marg & CST Road Junction,
Kurla (West),
Mumbai - 400 070.
Telephone : 2654 7700
Fax : 2654 7788
Web site : www.metroshoes.net
E mail : info@metrobrands.com

## UNITS

D2/D3, Bhagwan Sheth Estate,
Next to Arihant Commercial Complex,
Opp. Bata Warehouse, Purna Village,
Bhiwandi - 421302

B9/C9, Bhagwan Sheth Estate,
Next to Arihant Commercial Complex,
Purna Village,
Bhiwandi-421302.

**43rd Annual General Meeting of Members will be held through Video Conference on 17th September, 2020 at 12.00 p.m.**

## SHOWROOMS

| States / Union Territories | City | No. of Showrooms |
|---|---|---|
| Andhra Pradesh (Seemandhra) | Guntur | 1 |
| | Kakinada | 1 |
| | Vijayawada | 4 |
| | Visakhapatnam | 3 |
| Arunachal Pradesh | Itanagar | 2 |
| Assam | Guwahati | 6 |
| | Jorhat | 1 |
| | Silchar | 2 |
| Bihar | Muzaffarpur | 1 |
| | Patna | 6 |
| Chandigarh | Chandigarh | 5 |
| Chhattisgarh | Bhilai | 1 |
| | Bilaspur | 2 |
| | Korba | 1 |
| | Raipur | 6 |
| Delhi | Delhi | 14 |
| Goa | Bardez | 2 |
| | Panaji | 2 |
| | Vasco Da Gama | 1 |
| Gujarat | Ahmedabad | 10 |
| | Anand | 3 |
| | Bharuch | 1 |
| | Bhavnagar | 1 |
| | Gandhidham | 1 |
| | Gandhinagar | 1 |
| | Jamnagar | 3 |
| | Rajkot | 3 |
| | Surat | 10 |
| | Vadodara | 9 |
| | Vapi | 2 |
| Haryana | Ambala | 5 |
| | Gurugram | 4 |
| | Karnal | 1 |
| | Rohtak | 1 |
| | Yamunanagar | 2 |
| Jammu & Kashmir | Jammu | 1 |
| Jharkhand | Dhanbad | 2 |
| | Jamshedpur | 3 |
| | Ranchi | 4 |
| Karnataka | Ballari (Bellary) | 1 |
| | Belagavi (Belgaum) | 3 |
| | Bengaluru | 39 |
| | Bidar | 1 |
| | Hubballi (Hubli) | 2 |
| | Kalaburgi (Gulbarga) | 2 |
| | Mangaluru (Mangalore) | 7 |
| | Manipal | 2 |
| | Mysuru (Mysore) | 4 |
| | Shivamogga | 1 |
| | Vijayapura | 1 |
| Kerala | Kochi | 10 |
| | Kottayam | 1 |
| | Kozhikode(Calicut) | 5 |
| | Thrissur | 2 |
| | Tiruvalla | 1 |
| | Thiruvananthapuram(Trivandrum) | 3 |
| Madhya Pradesh | Bhopal | 5 |
| | Gwalior | 2 |
| | Indore | 6 |
| | Jabalpur | 2 |
| | Satna | 1 |
| Manipur | Imphal | 1 |
| Meghalaya | Shillong | 1 |

| States / Union Territories | City | No. of Showrooms |
|---|---|---|
| Maharashtra | Aurangabad | 6 |
| | Badlapur | 1 |
| | Kalyan | 2 |
| | Kolhapur | 2 |
| | Latur | 1 |
| | Mumbai | 38 |
| | Nagpur | 11 |
| | Nanded | 2 |
| | Nashik | 7 |
| | Navi Mumbai | 9 |
| | Pimpri /Chinchwad | 4 |
| | Pune | 16 |
| | Sangli | 1 |
| | Solapur | 1 |
| | Thane | 7 |
| Nagaland | Dimapur | 1 |
| Odisha | Bhubaneshwar | 5 |
| | Rourkela | 1 |
| Puducherry | Puducherry | 3 |
| Punjab | Amritsar | 8 |
| | Bhatinda | 2 |
| | Hoshiarpur | 1 |
| | Jalandhar | 3 |
| | Ludhiana | 9 |
| | Mohali | 3 |
| | Pathankot | 1 |
| | Patiala | 3 |
| | Zirakpur | 2 |
| Rajasthan | Ajmer | 2 |
| | Alwar | 1 |
| | Bikaner | 1 |
| | Ganganagar | 3 |
| | Hanumangarh | 1 |
| | Jaipur | 11 |
| | Jodhpur | 2 |
| | Kota | 1 |
| | Udaipur | 3 |
| Tamilnadu | Chennai | 20 |
| | Coimbatore | 7 |
| | Erode | 1 |
| | Madurai | 2 |
| | Nagercoil | 1 |
| | Salem | 1 |
| | Trichy | 2 |
| | Velachery | 4 |
| Telangana | Hyderabad/ Secunderabad | 34 |
| Sikkim | Gangtok | 1 |
| Uttar Pradesh | Aligarh | 2 |
| | Allahabad | 2 |
| | Barabanki | 1 |
| | Bareilly | 2 |
| | Ghaziabad | 6 |
| | Gorakhpur | 3 |
| | Kanpur | 2 |
| | Lucknow | 11 |
| | Meerut | 2 |
| | Moradabad | 1 |
| | Noida | 5 |
| | Varanasi | 6 |
| Uttarakhand | Dehradun | 4 |
| | Haldwani | 1 |
| | Haridwar | 1 |
| West Bengal | Kolkata | 17 |
| | Howrah | 2 |
| | Siliguri | 4 |
| | **TOTAL** | **551** |

## 10 YEARS FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

| Particulars | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|---|---|---|---|
| No.of Showrooms | 162 | 222 | 239 | 281 | 290 | 317 | 362 | 419 | 504 | 551 |
| Gross Sales | 41,201.62 | 54,675.30 | 66,604.74 | 76,599.06 | 84,155.37 | 91,919.58 | 103,113.64 | 121,577.66 | 135,288.94 | 141,188.69 |
| Increase over previous years | 44.11% | 32.70% | 21.82% | 15.01% | 9.86% | 9.23% | 12.18% | 17.91% | 11.28% | 4.36% |
| Net Sales | 36,644.43 | 46,415.39 | 55,907.52 | 63,609.10 | 70,195.16 | 76,718.14 | 86,755.31 | 104,300.81 | 115,445.84 | 120,916.55 |
| Increase over previous years | 43.74% | 26.66% | 20.45% | 13.78% | 10.35% | 9.29% | 13.08% | 20.22% | 10.69% | 4.74% |
| EBIDTA (Earning Before Dep,Interest & Tax) | 6,695.28 | 8,996.05 | 9,951.77 | 11,895.74 | 13,179.23 | 13,796.23 | 15,463.87 | 22,328.43 | 24,639.30 | 24,546.52 |
| Depreciation | 283.88 | 398.03 | 1,259.83 | 1,099.46 | 1,179.59 | 1,283.23 | 1,568.76 | 1,921.58 | 2,228.79 | 11,993.13 |
| Profit Before Tax | 6,408.72 | 8,596.98 | 8,674.92 | 10,794.97 | 11,993.16 | 12,513.09 | 13,895.12 | 20,452.95 | 22,386.66 | 20,708.29 |
| Profit After Tax | 4,306.32 | 5,833.97 | 5,890.95 | 7,160.09 | 7,926.46 | 8,204.76 | 9,149.85 | 13,516.58 | 14,784.15 | 15,187.87 |
| Equity Dividend (%) | 200% | 250% | 100% | 110% | 120% | 125% | 135% | 200% | 24% | 30% |
| Dividend Payout (%) | 26.47% | 24.39% | 29.02% | 26.46% | 26.74% | 26.96% | 26.15% | 26.24% | 25.98% | 26.15% |
| Equity Share Capital | 488.70 | 489.80 | 1,471.07* | 1,472.05 | 1,472.05 | 1,472.75 | 1,472.75 | 1,472.75 | 13,276.71* | 13,276.71 |
| Reserves & Surplus | 12,555.48 | 17,038.46 | 20,308.87 | 25,583.75 | 31,350.63 | 37,355.11 | 44,126.68 | 54,664.86 | 53,178.04 | 64,725.06 |
| Net Worth | 13,044.18 | 17,528.26 | 21,779.94 | 27,055.80 | 32,822.68 | 38,827.86 | 45,599.43 | 56,137.61 | 66,454.75 | 78,001.77 |
| Loan Funds | - | - | - | - | - | - | - | - | - | - |
| Investments | 2,152.74 | 720.87 | 3,560.22 | 7,863.06 | 3,696.25 | 7,652.50 | 9,057.50 | 17,894.56 | 20,276.96 | 34,046.00 |
| Gross Fixed Assets | 4,986.48 | 6,809.67 | 8,211.12 | 10,005.56 | 16,446.62 | 18,389.64 | 23,024.67 | 25,865.43 | 31,287.94 | 32,921.45 |
| Net Fixed Assets | 4,076.79 | 5,557.24 | 5,803.88 | 6,688.44 | 12,161.11 | 13,381.17 | 17,023.85 | 18,341.88 | 22,182.96 | 22,343.47 |

## KEY INDICATORS

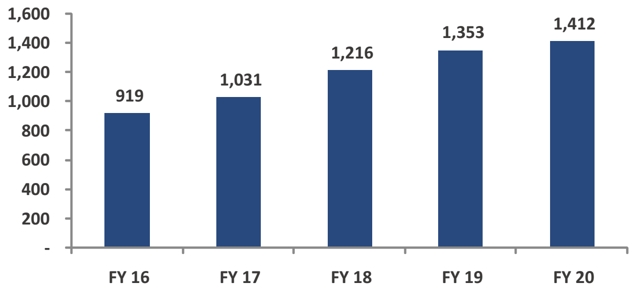
| Particulars | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|---|---|---|---|
| Gross Margin (%) | 48.61% | 48.45% | 47.82% | 48.61% | 48.64% | 48.89% | 49.44% | 55.15% | 55.24% | 56.27% |
| EBIDTA (%) | 18.27% | 19.38% | 17.80% | 18.70% | 18.78% | 17.98% | 17.82% | 21.41% | 21.34% | 20.30% |
| PAT (%) | 11.75% | 12.57% | 10.54% | 11.26% | 11.29% | 10.69% | 10.55% | 12.96% | 12.81% | 12.56% |
| Earning per share (in ₹) | 88.12 | 39.67 # | 40.05 # | 48.66 | 53.85 | 55.72 | 62.13 | 10.20 # | 11.14 # | 11.44 |
| Book Value per share (in ₹) | 266.92 | 119.20 # | 148.05 # | 183.80 | 222.97 | 263.64 | 309.62 | 42.28 # | 50.05 # | 58.75 |
| Debt/Equity Ratio | - | - | - | - | - | - | - | - | - | - |
| Return on Capital Employed (%) (ROCE) | 49.13% | 49.05% | 39.83% | 39.90% | 36.54% | 32.23% | 30.47% | 36.43% | 33.69% | 26.55% |
| Return on Net Worth (%) (RONW) | 33.01% | 33.28% | 27.05% | 26.46% | 24.15% | 21.13% | 20.07% | 24.08% | 22.25% | 19.47% |

*** Bonus Issue in the Ratio 2 : 1 in Financial year 2012-13, bonus issue in the Ratio 8:1 in Financial year 2018-19.**

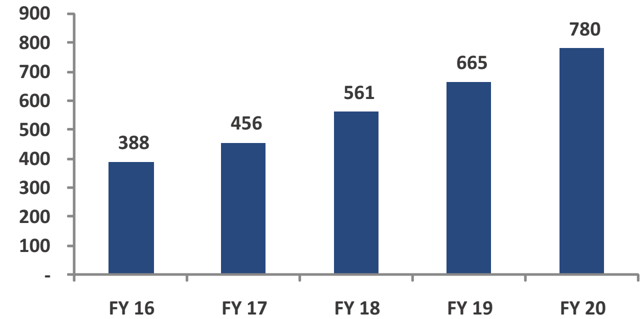
**# Impact of bonus issue of shares.**

# PERFORMANCE AT A GLANCE

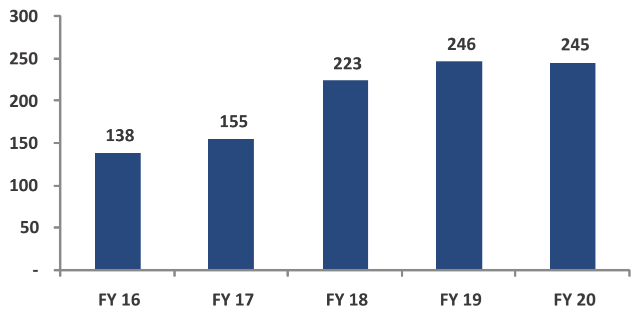
Turnover ₹ In Crore



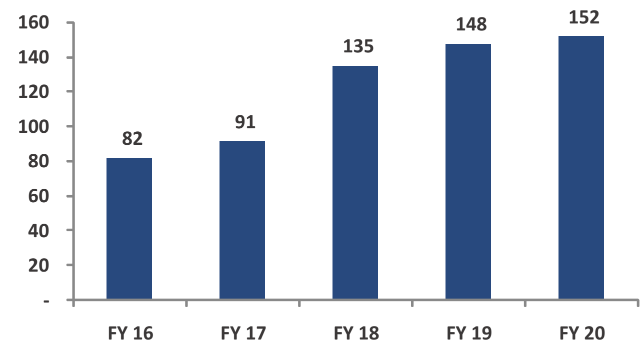

Net Worth ₹ In Crore



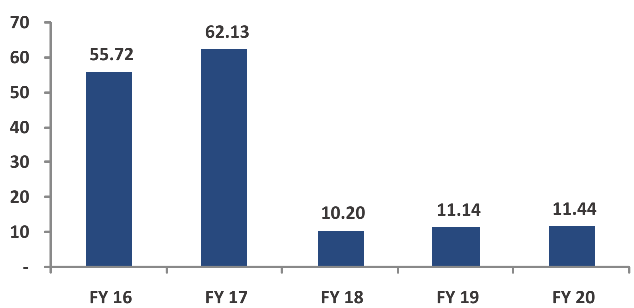

EBIDTA ₹ In Crore



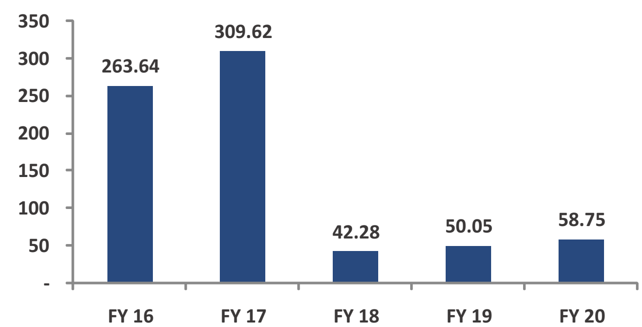

Profit After Tax ₹ In Crore



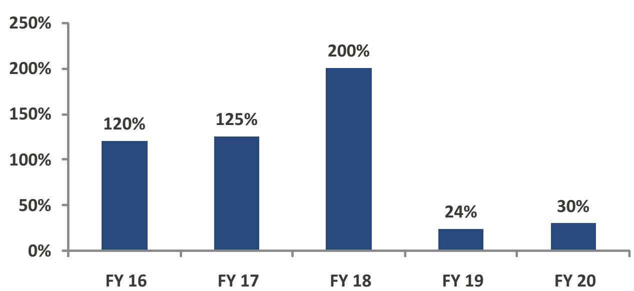

Earning Per Share ₹



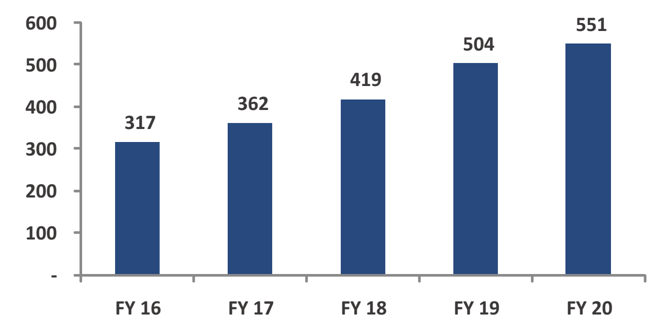

Book Value Per Share ₹




Dividend %




No. of Showrooms




*** Bonus Issue in the Ratio 2 : 1 in Financial year 2012-13, bonus issue in the Ratio 8:1 in Financial year 2018-19.**

# DIRECTORS' REPORT

# DIRECTORS' REPORT

Dear Members,

At the onset, your Directors wish to express their deep concern and sadness over the great loss caused to the precious human lives and the Indian economy due to the pandemic COVID-19. Under this challenging time, we present herewith the 43rd Annual Report together with the Audited Accounts of Metro Brands Limited ('Your Company') for the year ended March 31, 2020.

## 1. FINANCIAL RESULTS

(₹ in Lakhs)

| Particulars | | Standalone | | Consolidated | |
|---|---|---|---|---|---|
| | | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| | **Gross Sales** | **141,189** | **135,289** | **151,265** | **144,119** |
| Less: | Taxes | 20,272 | 19,843 | 23,197 | 22,462 |
| | **Sales (Net of Tax)** | **120,917** | **115,446** | **128,068** | **121,657** |
| | Profit before Depreciation & Tax | 32,701 | 24,616 | 33,903 | 26,100 |
| Less: | Depreciation | 11,993 | 2,229 | 12,061 | 2,260 |
| | **Profit Before Tax** | **20,708** | **22,387** | **21,842** | **23,840** |
| Less: | Provision for tax | 5,289 | 7,227 | 5,622 | 7,669 |
| Less: | Deferred Tax Liability | 157 | 353 | 164 | 353 |
| Less: | Tax pertaining to earlier years | 74 | 23 | 84 | 30 |
| (Add): | Share of profit of Joint Venture | - | - | (85) | (150) |
| | **Profit After Tax** | **15,188** | **14,784** | **16,057** | **15,938** |
| Add/ (Less): | Other comprehensive income/(Loss) (net of taxes) | 44 | (78) | 64 | (82) |
| | **Total Comprehensive Income** | **15,232** | **14,706** | **16,121** | **15,856** |
| Less: | Total Comprehensive Income attributable to Non Controlling Interest | - | - | 395 | 490 |
| | **Total Comprehensive Income attributable to Owner's of the Company** | **15,232** | **14,706** | **15,726** | **15,366** |

### Performance Overview

### 1.1 Standalone

The year under review turned up ominous for the global economies worst hit by the devastating outbreak of pandemic COVID-19. Detected in late 2019 in China, the pandemic soon gripped the economies and causing great financial and human loss pushed them into a deep historical crisis with no immediate signs of relief. The entire Indian economy including the footwear industry is severely affected.

On a Standalone basis, your Company recorded the Gross Turnover of ₹ 1,411.89 crore, a growth of 4.36% as compared to Gross Turnover of ₹ 1,352.89 crore during the previous year despite closure of stores due to nationwide lockdown announced by the Government of India in March 20. However, due to impact of major provisioning required as per Ind AS, the Profit before Tax was lower at ₹ 207.08 crore compared to ₹ 223.87 crore in the previous year, down by 7.5%. The Profit after Tax was higher at ₹ 152.32 crore compared to ₹ 147.06 crore in the previous year, a growth of 3.57%.

### 1.2 Consolidated

On a Consolidated basis, the Company recorded Gross Turnover of ₹ 1512.65 crore during the year under review, as against the Gross Turnover of ₹ 1441.19 crore during the previous year, an increase of 4.96%.

The Profit before Tax was lower at ₹ 218.42 crore compared to ₹ 238.40 crore in the previous year, down by 8.38%. The Profit after Tax was higher at ₹ 161.21 crore compared to ₹ 158.56 crore in the previous year, a growth of 1.67%.

## 2. DIVIDEND

The Board of Directors of your Company has proposed Final Dividend of ₹ 3 per Equity Share (30%) for the Financial Year 2019-20, as against dividend of ₹ 2.40 per Equity share (24%) in the previous year. The Board of Directors of your Company has approved and adopted the Dividend Distribution Policy of the Company and dividend proposed to be declared during the year is in accordance with the said Policy. The total dividend payout would be₹ 39.83 crore.

## 3. GENERAL RESERVE

The Board of Directors of your Company has decided not to transfer any amount to the Reserves for the year under review.

## 4. FINANCE

Your Company has been financing its operations and expansions through internal accruals. Your Company retained highest credit rating A1+ for short term and AA for long term by CARE, a leading rating agency.

## 5. BUSINESS OPERATIONS

Your Company has been growing for the last 70 years. It is recognized as a leading Specialty Branded Footwear Retailer with strong nationwide presence across premium, affordable and value categories. Your Company continued with its expansion plan and opened 64 new stores including relocation of 7 existing stores. Your Company has opened its first stores in the cities of Solapur and Latur (Maharashtra), Muzaffarpur (Bihar), Aligarh and Barabanki (Uttar Pradesh), Hanumangarh (Rajasthan), Satna (Madhya Pradesh), Thiruvalla (Kerala), Gangtok (Sikkim), Shivamogga (Karnataka) and Rourkela (Odisha). The total number of stores reached 551at the end of the year.

During the year, number of Premium and Affordable fashion stores increased from 345 to 363 contributing sales of ₹ 1,119.53 Crores against sales of ₹ 1,127.50 Crores for the previous year. The number of Value line stores increased from 41 to 49 contributing sales of ₹ 53.45 Crores against sales of ₹ 45.4 Crores for the previous year where as Value line (Shop-in-Shops) decreased from 22 to 21 contributing sales of ₹ 8.87 Crores against sales of ₹ 9.32 Crores for the previous year. The Crocs stores increased from 96 to 118 registering sales of ₹ 185.40 Crores against sales of ₹ 138.10 Crores for the previous year. The E-commerce sales increased to ₹ 33.15 Crores from ₹ 20.69 Crores during the previous year. The Raw material and Footwear components trading division achieved sales of ₹ 9.62 Crores against sales of ₹ 10.88 Crores during the previous year.

The Loyalty club members increased to 76.85 Lakhs (previous year 60.09 Lakhs) with growth of 27.88% for the year.

The footwear sector's performance in the Financial Year 2020-21 has been significantly affected due to the Covid-19 pandemic. With nil revenues during the period of lockdown, given the closure of retail outlets and restriction of delivery of non-essential items in certain areas, the gross sales during the first 3 months of the Financial year 2020-21 has been ₹ 48.24 Crore which is dropped by 86.50% compared to the same period last year, with a larger impact on profitability. The showrooms at Malls have been affected much more compared to High Street showrooms. There are many restrictions imposed by various authorities on number of days of operating the showrooms as well as number of business hours.

## 6. METRO'S FIGHT AGAINST COVID-19:

In view of the heightened concern over the spread of Corona Virus Disease ('COVID-19'), lockdowns were announced by the Central Government, as a result, the office of the Company was closed from 22nd March 2020 providing employees with a facility to "Work from Home" to ensure continuity of operations of the Company. The warehouses were closed for some time and restarted in May 2020.

The Company has taken steps for the health and safety of all the employees of the Company. As on date, India has the third highest number of confirmed cases in the world after USA & Brazil and the cases are rising day by day. As a responsible corporate, we are also doing our bit under CSR to help the Covid-19 pandemic victims as under:

- Donated 2,222 ration kits, which were distributed to the migrants / needy people in MMR through Salaam Bombay Foundation
- Donated 1,000 PPE kits, 3,000 N-95 and 25,000 3-ply face masks to the health workers in a couple of Hospitals and Police Stations through United way Mumbai
- Donated 1,000 pairs footwear to the migrants who were moving towards their hometowns from Mumbai through Rotary Club of Bombay West (3140) and United way Mumbai.

To sustain in this epidemic, the Company Management has also announced a grant of ₹ 2,000 to all needy regular employees including contracted and daily wages employees. This amount is in addition to the amount being spent to counter the Corona Virus threat in various projects.

The Company is duly following the COVID-19 workplace safety guidelines issued by the Government of India. Face covers and installation of Aarogya Setu App in mobiles are mandatory for all employees. Adequate hand washing facilities with soap and alcohol-based sanitizers are being provided at all the workplaces of the Company. The Company has prepared Standard Operating Procedure (SOP) for showrooms, warehouses and offices to ensure proper hygiene and safety of its valuable customers, employees and associates. The employees are trained to ensure that all safety measures are followed. The work places are adequately sanitized before the opening and at regular intervals. The Company has also placed thermal scanners at all entries of its workplaces to check the employees reporting for duty and has also set up health helplines for all the employees in case they require any support during this crisis.

Awareness campaigns have been conducted through posters and pamphlets, etc., and employees are made aware about social distancing norms. The Company's employees have also been instructed not to travel, to hold any functions, to keep their homes and surroundings clean while maintaining personal hygiene and stay away from crowded places. Visitors' entry has been fully restricted to the head-office.

However, not all is negative about the novel corona virus led-lockdown, certainly not for the leading footwear retailer in India – Metro Brands Limited. The crisis has provided an opportunity for the company to review its many years old operating model and leapfrog into a new mode of work with an outlook for most of their employees working remotely and we pledge to fight for the fatal virus together. In addition, with the norms of social distancing, along with the fear of stepping out in public places, the share of sales from e-commerce has increased significantly post Covid-19.

## 7. SIGNIFICANT ACTIVITIES AND DEVELOPMENTS

Your Company has been felicitated as a 'Best Business Partner of the Year' by 'Sketchers India' a famous global footwear brand.

The Company has taken on a long-term lease 150,000 sq. fts. warehouse adjoining to our existing warehouse at Bhiwandi, Maharashtra. The Company has set up this warehouse with latest technology for raking system and also installed facilities like heat insulation, fire hydrant and sprinkler system to ensure efficiency and safety of operations. The Company is in the process of shifting part of the operations from existing warehouse, closing separate e-commerce warehouse and shifting the operations here and also shifting warehousing operations for Crocs exclusive brand outlets (EBOs) from the Company's subsidiary.

In order to switch from paper to electronic modes to improve communication and efficiency with convenience, the Company has invested in a Board meeting portal, a highly secured and easy to search solution, to send the agenda with all attachments of the meetings to the Board of Directors and Committee members and get their instant feedback.

As per Section 441 of the Companies Act, 2013, an application was made by the Company to the Registrar of Companies (ROC), Mumbai, for compounding of the non-compliance due to allotment of 10,600 equity shares to more than 49 persons in the year 2007and the ROC forwarded the application to National Company Law Tribunal(NCLT). Accordingly, the Hon'ble National Company Law Tribunal, Mumbai Bench has compounded the non-compliance and levied charges of ₹20 Lakhs to the Company and ₹1 Lakh each to the 3 whole time Directors. The Company and the Directors had paid the compounding fee and informed the ROC and Securities and Exchange Board of India (SEBI).

In compliance with the Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018, all the shares of the Company have been converted into and continued to be in dematerialized mode.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report has been presented as Annexure – 1 forming a part of this Annual Report.

## 9. SUBSIDIARY COMPANY

Metmill Footwear Private Limited (Metmill) (a 51% subsidiary of your Company) has reported Gross Sales of ₹ 205.02 Crores, a growth of 20.23 % and Profit after Tax of ₹ 9.47 Crores, decreased by 6.94% for the year under review.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Account) Rules, 2014 a separate statement containing the salient features of the financial statement of 'Metmill' in the prescribed format, AOC- 1 is attached as per Annexure - 2 of this Report.

The Audited Consolidated Financials (CFS) of your Company for the Financial Year ended 31st March, 2020 prepared in compliance with the provisions of IND AS 27 issued by the Institute of Chartered Accountants of India (ICAI) and notified by the Ministry of Corporate Affairs (MCA), Government of India also forms part of this Annual Report.

The annual accounts of Metmill along with the related detailed information, is available for inspection by the members at the Registered Office of the Company during business hours, up to the date of the Annual General Meeting. The copies of the audited accounts of 'Metmill' can be sought by any member by making a written request addressed to the registered office.

Post closure of Financial Year 2019-20, Metmill has appointed two Independent Directors, constituted Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee of the Board and is in the process of dematerialization of Equity Shares of the Company.

## 10. JOINT VENTURE

M.V. Shoe Care Private Limited (MVSC), a Joint Venture, wherein your Company holds 49% of Equity Shares, has reported Gross Sales of ₹ 26.56 Crores, a decrease of 5.76% and Profit after Tax of ₹2.03 Crores,decrease of 40.80% for the year under review.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Account) Rules, 2014, a separate statement containing the salient features of the financial statement of MVSC in the prescribed format, AOC - 1 is also attached as per Annexure - 2 of this Report.

The annual accounts of MVSC along with the related detailed information, is available for inspection by the members at the Registered Office of your Company during business hours, up to the date of the Annual General Meeting. The copies of the audited accounts of MVSC can be sought by any member by making a written request addressed to the registered office.

MVSC has also appointed a Company Secretary during the year under review.

## 11. BOARD OF DIRECTORS

The Board of your Company consists of 11 members of whom 4 are Executive Directors and 7 are Non-Executive Directors including 5 Independent Directors.

Appointment of Mr. Vikas Vijaykumar Khemani as Independent Director was confirmed by the members in the Annual General Meeting held on 23rd August, 2019. As recommended by the Board of Directors, it is proposed to re-appoint Mr. Manoj Kumar Maheshwari (DIN:00012341) and Ms. Aruna Advani (DIN: 00029256), as independent Directors of the Company in the ensuing Annual General Meeting.

In accordance with the provisions of the applicable Act, the Articles of Association of your Company and Subscription and Shareholders Agreement, amended from time to time, Ms. Farah Malik Bhanji (DIN: 00530676) and Mr. Utpal Sheth (DIN: 00081012), Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

Your Company has received declarations from the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under section 149(6) and Schedule IV of the Companies Act, 2013.

The Board met 4 times during the year under review on 8th July, 2019, 11th September, 2019, 11th December, 2019 and 12th March, 2020. The maximum gap between any two Board Meetings was less than one hundred and twenty days. The Board of Directors unanimously passed circular resolution on 29th January, 2020, which was duly noted in the next Board Meeting. The Number of meetings attended by each Director at Board and Committee meetings held during the year under review is as follows:

**ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS AND NUMBER OF MEETINGS ATTENDED BY EACH DIRECTOR:**

| Name of the Director | Board Meeting | Audit Committee Meeting | Nomination, Remuneration and Compensation Committee Meeting | Corporate Social Responsibility Committee Meeting | Independent Directors' Meeting |
|---|---|---|---|---|---|
| **Meetings Held** | **4** | **4** | **3** | **4** | **1** |
| Mr. Rafique Malik | 4 | - | 3 | 4 | - |
| Ms. Farah Malik Bhanji | 4 | 4 | - | 4 | - |
| Ms. Aziza R. Malik | 4 | - | - | - | - |
| Mr. Rakesh Jhunjhunwala | 3 | - | 1 | - | - |
| Mr. Utpal Sheth | 4 | - | - | - | - |
| Mr. Manoj Kumar Maheshwari | 3 | 3 | 3 | - | 1 |
| Ms. Aruna Advani | 4 | 4 | 3 | - | 1 |
| Mr. Arvind Kumar Singhal | 3 | - | - | 3 | 0 |
| Mr. Karan Singh | 4 | - | - | - | 1 |
| Mr. Subhash Malik | 4 | - | - | - | - |
| Mr. Vikas Khemani | 4 | - | - | - | 1 |

## 12. METRO STOCK OPTION PLAN 2008 (ESOP 2008):

The Company had implemented the 'Metro Stock Option Plan 2008' ("ESOP 2008"/ "Plan") have approved by the members of the Company by way of a resolution in the Annual General Meeting dated 11th September, 2008. The Plan was framed and implemented in due compliance with the then prevailing rules, regulations and Guidelines. Later, the Plan was amended for the changes in the option price and extending the expiry of the Plan tenure from 14th September, 2018 to 14th September, 2020, which was approved by the members of the Company in the Annual General Meeting dated 26th September, 2014.

Since then, there have been significant regulatory changes in the Companies Act and Rules thereunder, it is considered expedient to update the Plan with a view to align it with these regulatory changes. The changes proposed in the Plan namely, modifications in the definitions of certain terms like Applicable Laws, Compensation Committee, specific removal of

Independent Directors from grant of options, Promoter definition, reference to new laws, extending tenure of the plan are basically in the nature of alignment with Companies Rules.

The Nomination, Remuneration and Compensation Committee and the Board of Directors have approved the amendments to the ESOP 2008 and the approval of the members in the Annual General Meeting is sought.

## 13. ANNUAL GENERAL MEETING

The 42nd Annual General Meeting of the members of the Company was held on 23rd August, 2019 at the registered office of the Company, to approve Financial Statements and other matters. All the executive Directors were present in the meeting.

## 14. PERFORMANCE EVALUATION OF THE DIRECTORS AND THE BOARD

A separate meeting of the Independent Directors was held on 12th March, 2020, without the attendance of non-independent Directors and members of the management. All Independent Directors, except Mr. Arvind Kumar Singhal, attended the said meeting.

The Chairman had organized the evaluation process as per the provisions of Section 178(2) of the Companies Act, 2013. The Board reviewed the performance of the Board of Directors as a whole, Managing Director, Whole Time Directors, Non-Executive and Independent Directors, Committees and the Chairman as per the evaluation reports placed at the meeting.

## 15. COMMITTEES OF THE DIRECTORS

Your Company has formed the following committees of the Directors as per the provisions of the Companies Act:

### AUDIT COMMITTEE

| | |
|---|---|
| **Members** | Mr. Manoj Kumar Maheshwari, Independent Director 👤<br>Ms. Aruna Advani, Independent Director and<br>Ms. Farah Malik Bhanji, Managing Director and CEO<br>The Company Secretary acts as a Secretary to the Committee. |
| **Invitees** | • The Vice President – Finance and Business Processes, Chief Operating Officer and Head – Internal Audit are permanent invitees to the Meetings of the Committee.<br>• M/s. Aneja Assurance Private Limited, Internal Auditors are also invited to represent quarterly reports in the meetings of the Audit Committee |
| **Meetings** | The Committee met four times during the year under review on the following dates:<br>i. 8th July, 2019<br>ii. 11th September, 2019<br>iii. 11th December, 2019 and<br>iv. 12th March, 2020 |

### NOMINATION, REMUNERATION AND COMPENSATION COMMITTEE

| | |
|---|---|
| **Members** | Ms. Aruna Advani, Independent Director 👤<br>Mr. Rafique Malik, Chairman of the Company,<br>Mr. Rakesh Jhunjhunwala, Director and<br>Mr. Manoj Kumar Maheshwari, Independent Director.<br>The Company Secretary acts as a Secretary to the Committee. |
| **Meetings** | The Committee met three times during the year under review on the following dates:<br>i. 8th July, 2019<br>ii. 28th January, 2020 and<br>iii. 12th March, 2020 |
| **Policy** | The Nomination, Remuneration and Compensation Policy of the Company is available at the website of the Company at: www.metroshoes.net |

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

| | |
|---|---|
| **Members** | Mr. Rafique Malik, Chairman of the Company 👤<br>Ms. Farah Malik Bhanji, Managing Director and CEO<br>Mr. Arvind Kumar Singhal, Independent Director<br>The Company Secretary acts as a Secretary to the Committee. Mr. Aziz Fidai, Deputy General Manager - CSR & Process Assurance act as an invitee to the Committee Meeting. |
| **Meetings** | The Committee met four times during the year under review on the following dates:<br>i. 8th July, 2019<br>ii. 11th September, 2019<br>iii. 11th December, 2019 and<br>iv. 12th March, 2020 |
| **CSR Policy** | Your Board of Directors has amended CSR policy of the Company which would help the Company in putting best practices in place for better implementation of CSR activities in the Company.<br>Stakeholders may find the CSR Policy at: http://www.metroshoes.net/about-us |
| **Annual report on CSR activities** | The Annual report on CSR activities undertaken during the year under review has been annexed and forms part as per Annexure - 3 of this Report |

## ALLOTMENT AND TRANSFER COMMITTEE

| | |
|---|---|
| **Members** | Mr. Rafique Malik, Chairman of the Company 👤<br>Ms. Farah Malik Bhanji, Managing Director and CEO<br>Mr. Rakesh Jhunjhunwala, Director and<br>Mr. Utpal Sheth, Director<br>The Company Secretary acts as a Secretary to the Committee. |
| **Meetings** | Since no requirement aroused during the year, the Committee did not meet during the year under review. |

## IPO COMMITTEE

| | |
|---|---|
| **Members** | Mr. Rafique Malik, Chairman of the Company 👤<br>Ms. Farah Malik Bhanji, Managing Director & CEO,<br>Mr. Utpal Sheth, Director and<br>Mr. J. J. Desai, Company Secretary & CFO |
| **Meetings** | Since no requirement aroused during the year, the Committee did not meet during the year under review. |

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

| | |
|---|---|
| **Members** | Ms. Aruna Advani, Independent Director 👤<br>Ms. Farah Malik Bhanji, Managing Director and CEO and<br>Mr. Subhash Malik, Director<br>The Company Secretary acts as a Secretary to the Committee. |
| **Meetings** | Since no requirement aroused during the year, the Committee did not meet during the year under review. |

👤 represents Chairperson.

## 16. RELATED PARTIES TRANSACTIONS

All related party transactions that were entered during the Financial Year were at arm's length relationship and were in ordinary course of business. These transactions were approved by the Audit Committee and the Board.

The Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2019-20 in the prescribed format, AOC - 2 are provided in Annexure - 4 to this Report.

## 17. LOANS, GUARANTEES AND INVESTMENTS

The Particulars of loans, investments or guarantees covered under the provision of Section 186 of the Companies Act, 2013 are provided in Annexure - 5 to this Report.

## 18. RISK MANAGEMENT

Your Company has an elaborate Risk Management procedure and has the Risk Management Policy in place to identify the risks including those which in the opinion of the Board may threaten the existence of the Company, monitor the risks and their mitigating actions.

Risk management process has been established across the Company and is designed to identify assess and frame a response to threats that affect the achievement of its objectives. Further it is embedded across all the major functions and revolves around the goals and objectives of the organization. The key risks are also discussed at the Audit Committee meetings. The Board has set out a review process so as to report to the Board the progress on the initiatives for the major risks of the Company.

During the year under review, Risk Officer of your Company had reviewed risk assessment of Company's operations in discussion with various stakeholders and updated the Risk Register accordingly. The risks arising out of pandemic Covid-19 at the end of the year have also been reviewed and steps taken to address those risks.

## 19. INTERNAL FINANCIAL CONTROLS AND SYSTEMS

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These controls ensure safeguarding of the assets of the Company and deviations if any are reported for appropriate action.

Internal audit reports are discussed in the Audit Committee meetings to review adequacy and effectiveness of your Company's internal control environment and necessary actions are taken to strengthen the control in the required areas of business operations. The process is in place to monitor the implementation of audit recommendations, including those relating to strengthening of your Company's risk management policies and systems.

The control criteria ensures the orderly and efficient conduct of the Company's business, including adherence to its 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.

Based on the assessment carried out by the Management and the evaluation of the results of the assessment, the Board of Directors are of the opinion that the Company has adequate Internal Financial Controls system that is operating effectively as at 31st March, 2020.

There were no instances of fraud which necessitates reporting of material misstatement to the Company's operations.

## 20. GENERAL

The Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions / matters on these items during the year under review:

i. Details relating to deposits covered under Chapter V of the Act.

ii. Issue of equity shares with differential rights as to dividend, voting or otherwise.

iii. Neither the Managing Director nor the Whole-time Director of your Company received any remuneration or commission from any of its subsidiaries.

iv. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

## 21. POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORK PLACE

The company has in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review no complaint was received.

## 22. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 of the Act and Rule 12 of the Companies (Management and Administration) Rules 2014, the extract of Annual Return in Form MGT-9, is provided in Annexure - 6 to this Report. The members may also find the annual return at: www.metroshoes.net

## 23. AUDITORS

**Statutory Auditor:**

Pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Deloitte Haskins & Sells, Chartered Accountants, (Regn. No. 117365W) who are statutory auditors of your Company, were appointed for a period of 3 years and holds office till the conclusion of the 45th Annual General Meeting of the Company.

**Internal Auditor:**

M/s. Aneja Assurance Private Limited (Chartered Accountants) is the Internal Auditor of the Company for the year under review. Their re-appointment has been made for the Financial Year ending 31st March, 2021.

**Secretarial Auditor:**

CS A. Sekar, Practicing Company Secretary (COP No. 2450) is the Secretarial Auditor of the Company for the past 5 years and has been re-appointed for the year under review.

## 24. AUDITORS REPORT

The Auditors' Reports prepared by the Statutory Auditors both in respect of Standalone Financial Statement and Consolidated Financial Statement do not contain any qualification, reservation or adverse remark.

## 25. COST AUDIT

As per the Companies (Cost Records and Audit) Rules, 2014, your Company does not fall under any of the classes of companies prescribed in the Act. Hence as specified under Section 148(1) of the Companies Act, 2013, your Company is not required to include cost records in their books of account and get its cost accounting records audited by a Cost Accountant and submit a compliance report in the prescribed form.

## 26. SECRETARIAL AUDIT REPORT

Mr. A. Sekar, Practicing Company Secretary, was appointed as a Secretarial Auditor to conduct Secretarial Audit of the records and documents for the Financial Year 2019-20. The Secretarial Audit Report confirms that your Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. and do not contain any qualification, reservation or adverse remark.

The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed marked as Annexure - 7 to this Report.

## 27. COMPLIANCE WITH SECRETARIAL STANDARDS

As per paragraph 9 of Secretarial Standard on Meetings of the Board of Directors (SS-1), the Company has complied with all the provisions of the applicable Secretarial Standards.

## 28. PARTICULARS OF EMPLOYEES

The statement containing information forming part of this Directors Report is provided in the Annexure – 8 to this Report.

## 29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for conservation of energy, technology absorption, foreign exchange earnings and outgo is provided as Annexure – 9 to this Report.

## 30. CORPORATE GOVERNANCE AND DISCLOSURES

Your Company being unlisted, is not required to furnish any information about Corporate Governance under clause 49 of the listing agreements with the Stock Exchange. Your Company has provided mandatory disclosures required under Companies Act, 2013 by this Report and attachments as under.

Following reports have been annexed and form the part of this report.

Annexure –1: Management Discussion and Analysis Report

Annexure–2: Statement containing the salient features of the financial statement of 'Metmill' (Subsidiary Company) and MVSC (Associate Company)

Annexure – 3: CSR Report

Annexure – 4: Particulars of contracts / arrangements made with the related parties

Annexure – 5: Particulars of loans, investments or guarantees

Annexure – 6: Extract of Annual Return

Annexure – 7: Secretarial Audit Report

Annexure – 8: Particulars of employees

Annexure –9: Conservation of energy, technology absorption, foreign exchange earnings and outgo

## 31. VIGILANCE MECHANISM

Your Company believes in the conduct of affairs in a fair and transparent manner with the highest standards of professionalism, honesty, integrity and ethics. The Vigil Mechanism as envisaged in the Companies Act 2013 the Rules prescribed thereunder is implemented through the Company's Vigil Mechanism / Whistle Blower Policy, as adopted by the Board, to enable the Directors, employees and all stakeholders of the Company to report to the management, instances of unethical behavior, actual or suspected fraud or violation of your Company's Ethics Policy, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. Concerned persons may send mail to help@metrobrands.com in or call these numbers: 8928009922 / 8928009933.

## 32. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134 of the Companies Act, 2013 it is hereby confirmed that,

a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards had been followed.

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as on 31st March 2020 and of the profits of your Company for the Financial Year ended March 31, 2020;

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

d) the Directors had prepared the annual accounts for the Financial Year ended March 31, 2020 on a going concern basis.

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 33. ACKNOWLEDGEMENTS

Your Directors would like to thank the Customers, Suppliers, Banks and other Stakeholders for overwhelming trust and confidence reposed in the Company that helped us to maintain the growth even during this difficult time.

Most importantly, your Directors acknowledge the support and dedication of all the employees of your Company and also wish to express their gratitude to the Members for their continued support. Your support is our driving force and makes us to do our best under present challenging time.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-**
**Rafique A. Malik**
**Chairman**
**PLACE: Mumbai**
**DATED: July 30, 2020**

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure 1 to the Directors' Report

## Management Discussion and Analysis Report

### Global Economy

The year 2019 was another difficult year for the global economy. It grew at 2.9% stabilizing steadily though uncertainties elevated due to the protectionist tendencies of China and USA and USA-Iran geo-political tension. Global economic scenario turned up drastically in the last quarter as the economies worst hit by the unprecedented outbreak of pandemic COVID-19 detected in China. The pandemic has pushed the global economy into a deep recession, which means the economy starts shrinking and growth stops. Several countries across the world resorted to lockdowns to “flatten the curve” of the infection. These lockdowns meant confining millions of citizens to their homes, shutting down businesses and ceasing almost all economic activity. The Lockdown helped contain the virus and save lives, but also triggered the worst recession. Recently, some countries have lifted restrictions and gradually restarted their economies. Supporting SMEs and larger businesses is crucial for maintaining employment and financial stability hence many economies in the world have rolled out support packages. According to the International Monetary Fund (IMF), Advanced economies have been hit harder, and together they are expected to shrink by 6 per cent in 2020. Emerging markets and developing economies are expected to contract by 1 per cent. Global economy is expected to shrink by over 3 per cent in 2020 – the steepest slowdown since the Great Depression of the 1930s. Recovery is projected to be more gradual and a positive growth of over 5% is estimated in 2021.

### Indian Economy

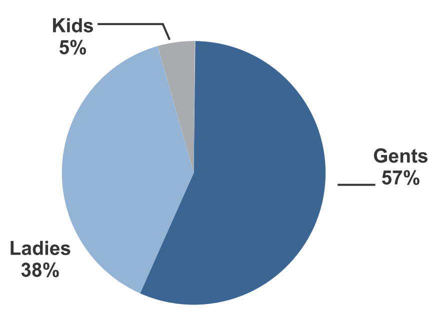
India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships. However, 2019 was a bit challenging year for the Indian Economy. First two quarters of the year were slow mainly due to postponement of policy decisions and electoral agitations in context of the National assembly Elections held in April-May19. India saw a steep decline in its growth rate in the July-September quarter of 2019, when Gross Domestic Product (GDP) was at its lowest in 7 years at 4.5 percent. Several sectors such as real estate, aviation, automobile and construction sectors suffered a constant decline in demand. On the other hand, the Banking sector and financial services witnessed serious crisis due to rising NPAs & bad loans and squeezing credit limits. This economic slowdown could be attributed to weakened investments and declining consumer demand. According to the Government, the slowdown was cyclical and not structural. To revive the Indian economy and improve its growth rate, the Central Government undertook several measures and initiatives. Meanwhile, the first case of pandemic COVID-19 was found in January 2020 and the pandemic started spreading gradually. As no vaccine was available to control the increasing number of coronavirus cases, inadequate testing capacities and cure units the Government announced a nationwide lockdown in March 2020 (later extended 3 times totaling around 70 days) for a very restricted mobilization only for essential goods and services and emergency reasons to control the pandemic and build capacities to test and cure Covid -19. Unfortunately, for India being a developing economy already passing through a slowdown, these lockdowns have accelerated the slowdown with other adverse consequences. Recently, the Government of India has announced an economic stimulus package of ₹ 20 lakh crores sized about 10% of the country's GDP, focused on land, labor, liquidity and laws and to deal mainly with MSMEs, poor laborers and migrant workers, agriculture and other government reforms. While, the economy is expected to take a long pause before restart, with the peak in the number of virus infected cases, there is tremendous pressure on the Government to maintain a balance between successfully controlling the spread of virus by effectively meeting the health care and medical requirements, maintaining smooth supply and distribution of food and other essential goods and services and implementing social distancing measures simultaneously reviving and reopening the economy in a phased manner. Indian economy grew @ 4.2% in FY 2019-20. According to the International Monetary Fund (IMF), despite expecting a good agriculture output backed by good monsoon, due to longer lockdown and slower recovery, the country's economy will contract to 4.5% in FY2020-21 however expected to bounce back in FY 2021-22 with a robust 6 percent growth rate.

### Business review

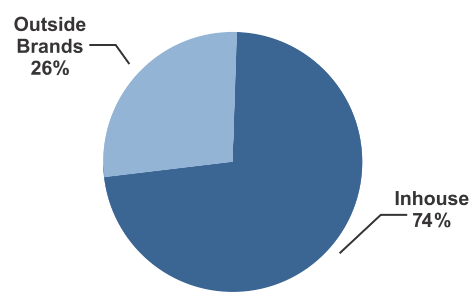
Your Company clocked Gross Turnover of ₹ 1,411.89 crore with growth of 4.36% for the year. The Premium & affordable fashion stores had significant share of 79.48% followed by Crocs stores 13.13%, Value line stores 4.36%, Ecommerce 2.35% and Raw materials 0.68%. Share of in-house brands improved to 74% as against 73% during the last year.

In volume terms, footwear comprised of Ladies 48%, Gents 43%, and Kids’ 9% whereas in value terms Gents constitute 57%, Ladies 38% and Kids’ 5%. Bags and Accessories contributed at 31% in the total volume as in the last year whereas their value wise contribution was 9% compared to 9% for the last year.

GENDERWISE - REVENUE CONTRIBUTION

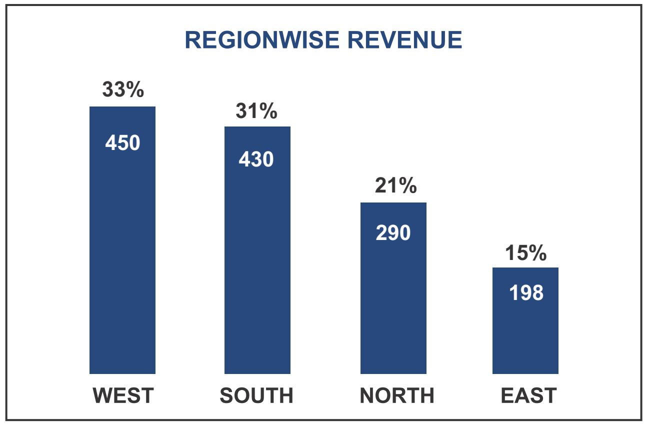



BRANDWISE - REVENUE CONTRIBUTION



The Western region's contribution improved to 33% in the Turnover followed by Southern region 31%, Northern region 21% and Eastern region 15%.

**(₹ in Crore)**


## Adoption of new accounting standard - Ind AS 116 Leases

The Ministry of Corporate Affairs (MCA) notified Ind AS 116, the new leases accounting standard on March 30, 2019. Consequently, the Company has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised in retained earnings as on the date of initial application (April 1, 2019). Because of Ind AS 116, the impact on opening retained earnings (net of taxes) is ₹ 36.85 crores.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

In line with the above guidance, the Company has recognised interest expense on lease liabilities of ₹ 38.69 crores, amortization of ROU ₹ 87.87 crores and expenses relating to short term leases/variable lease payments of ₹ 33.90 crores in the profit and loss account for the year ended March 31, 2020. The Company has recognized ROU of ₹ 481.47 crores and lease liability of ₹ 536.43 crores as at March 31, 2020.

## Industry Structure and Developments

Indian retail industry has emerged as one of the most dynamic and fast-paced industries. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around eight per cent of the employment as the second largest employer of the country. Footwear constitute around 2% of the total retail. The market size of footwear retailing industry in India as of FY19 is around ₹1,00,000 crores (US$13.3 Billion) with a CAGR of 11%. Around 75% of the Indian Footwear market is unorganized, however, the organized market is growing at a faster rate of 17-18%.

According to the World Footwear Yearbook, in 2018, India was the 2nd largest producer of footwear with 2,579 million pairs and a world share of 10.7% and the 2nd largest consumer of footwear. With a population of 1,334 million people, the industry is mainly focused on its internal market, but in 2018 India was already the 6th largest exporter of footwear in the world (262 million pairs and a share of 1.8%).

## Opportunities and Strength

India is the world's fifth-largest global destination in the retail space. Indian leather and footwear industry employs more than 4.2 million people. India's footwear consumption has been growing at a CAGR of 7.6%, and with the per capita consumption improving to 2 pairs per person per annum, the industry has a huge opportunity.

The retail sector in India is dominated by the unorganized retail trade, where unorganized trade forms around 91% of the overall trade. This is in contrast with the developed countries where the organized retail industry accounts for almost an average of more than 80% of the total retail trade. This highlights a lot of scope for further penetration of organized retail in India. Transition from traditional retail to organized retail is taking place due to rise in middle and higher income group, changing consumer expectations, higher disposable income, preference for luxury goods and change in the demographic mix. This is further intensified with the convenience of shopping with online shopping, multiplicity of choice under one roof (Shop-in-Shop) and the increase of mall culture. These factors are expected to drive organized retail growth in India over the long run.

The challenges triggered by the Covid-19 pandemic have, for a change, opened up a slew of opportunities for the footwear industry in India, with the current negative sentiments against China working in India's favor. Brands are looking to shift their production from China to India. Lucrative opportunity from the government, the demographic dividend of India and raw material availability will play key role in this movement.

The industry is gradually realizing that the focus should now be on non-leather footwear exports as 86% of footwear, in terms of volume, consumed worldwide are of non-leather variety. Non-leather industry require a big thrust and there is a need for the stakeholders to come together to form a cluster for building an ecosystem for the same. Covid -19 has created a great opportunity with the current negative perception against China and the industry should not miss the opportunity.

Amid coronavirus pandemic, footfall at stores has dropped significantly as customers are avoiding public places and encouraging social distancing. Customer preferences and buying pattern have changed grossly due to the current pandemic situation. Due to the lockdown and limited access of going out, the premium leather category is getting hit whereas washable products are on rise. Expected that business will uplift around the festive and marriage season (the autumn and winter season). Converting the crisis into opportunity, the industry is exploring the market with innovative but relevant products. Agra footwear industry – the largest footwear manufacturing hub in India - has now come up with a range of khadi shoes.

With the advent of the lockdown most of the sector shifted their functioning online the Companies are utilizing their work from home option to carry on an uninterrupted working. While these trends were already in the baby steps, they were forced to hit the fast-forward button. The digital world got such a push that the small retail sectors like the Bricks and Mortar stores are also using apps like Paytm and other digital channels. This present crisis has highlighted the importance of investing in technologies like cloud data and cyber security, self-service capabilities, and e-governance.

Your Company is recognized as a leading Specialty Branded Footwear Retailer with strong nationwide presence across all footwear segments and categories, having a brand appeal among aspirational consumer segments in the fast-growing footwear retail industry. Your Company has presence across multiple formats and offers a wide range of brands and products catering to all occasions across age groups and market segments resulting in strong customer loyalty. Your Company is a platform of choice for third party brands looking to expand in India. Post Covid-19, your Company will be selective in offline expansion and provide more leverage to online platform to pursue new business opportunities.

### Threats and Concerns

Over 75 percent of countries are now reopening at the same time as the pandemic is intensifying in many emerging markets and developing economies. Several countries have started to recover. However, in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven.

According to ICRA, the performance of India's footwear sector in the FY2021 is likely to be significantly affected due to the Covid-19 pandemic. While volumes would be considerably impacted, a marginal decline in the Average Selling Price (ASP) is also likely due to the expected discounts owing to the companies' inclination to convert the limited footfalls, post Covid-19 into sales to shore up their cash flows while liquidating the inventory. Further, factors like the impact on disposable incomes, consumer sentiment, closure of educational institutes, offices, public spaces and drop in movements, will keep the demand for footwear subdued in FY2021. This apart, due to down trading by consumers, the impact is expected to be higher on the premium segment vis-a-vis the value segment.

The capex outgo for the year FY2021, both in terms of addition to the manufacturing capacity of plants as well as addition to the retail store network, is likely to be moderated by the footwear companies to preserve cash. The pandemic is expected to have a substantially higher impact on players with weaker balance sheets and on players with limited financial flexibility, compared to the stable and larger footwear players with higher liquidity buffer and stronger balance sheets.

The profit margins are expected to decrease sharply, given the estimated rise in borrowings, largely to fund the increased working capital requirements. With the decrease in sales, a longer collection period, higher inventory-holding period and outflows towards certain fixed expenses amid a fall in revenues, the cash flows are likely to be impacted. This would also lead to the rise in total debt for the entities in the sector, although stretching of the payments to suppliers would partly offset the impact of higher working capital blockage. 85 percent of the retail costs are fixed costs, which is putting several financial pressures on retailers. The industry is experiencing severe liquidity challenges which can lead to large scale unemployment. The cash inflow of the industry has come to a standstill, while the fixed operating costs remain intact.

India primarily exports leather footwear and leather products to the UK, Germany, the US and Italy – exports to these four nations contributed 45% to the leather and leather goods exports in FY2019. Given that these nations have been grappling with the effect of the pandemic, the demand from destination countries is also expected to remain subdued.

Shoppers have largely been absent in recent weeks as India began reopening its economy in phases from one of the world's biggest pandemic lockdowns. Job losses are rising, households are being weighed down by debt, risk-averse financial institutions are unwilling to lend and social-distancing measures are keeping buyers away from markets.

Following the COVID-19-induced economic disruptions, up to 135 million jobs could be lost and 120 million people might be pushed back into poverty in India, all of which will have a hit on consumer income, spending and savings.

Your Company believes that Challenges presented by Covid-19 are unprecedented and they pose existential thread to human lives and to most of the businesses, especially Retail. Footwear is classified under non-essential commodity. The stores of the Company were closed for avg. 70 days during nationwide lockdown announced since March 2020. As of now 80% of the stores are opened. However, in some cities the lockdowns are again announced as relaxations resulted in spike of Covid-19 cases again. Most of the closed stores are located in severely affected and still locked cities in the States of Maharashtra, Tamilnadu and Karnataka. These stores are expected to open after the lockdowns are opened. Until a vaccine is found for Covid-19, customers are not expected to come out and shop freely. Further, due to uncertainty around their business / income, consumer spending to be muted and more aligned towards meeting basic needs. The Company feels that ways of doing business will change and hence it warrants a complete re-evaluation of its current business model and processes with main focus on measures such as re-negotiation of rentals for lockdown and post lockdown period, review of all fixed costs, restructuring employee costs, close monitoring cash flows, investment in technology and ecommerce and consistently communication with customers via media and other sources.

The Company has bifurcated Covid-19 combat journey into 3 phases - Forming, Norming and Storming phase.

Phase 1 - Forming phase is a phase of “Paranoia” and aims to run and protect business. This phase would continue till all stores are re-opened. This would include countering daily changes, renegotiate fixed cost, take “No-regret” decisions, conserve cash and plan to “Retool the business” for the future.

Phase 2 – Norming phase will last till stores starts generating around 90-95% of last year sales again. In this phase the Company would be watchful and act to “Retool the business” for the future. The Company would invest in avenues expected to out-perform like e-commerce and Tech-platform to bring business and efficiency etc.

Phase 3 – Storming phase where the Company would take advantage of strong balance sheet and expand aggressively both organically and inorganically. In nutshell, the Company would focus on Balance sheet, Cost structure, Customers, Operations, Technology, Ecommerce and People & Organization.

Footwear priced up to ₹ 1,000 attract 5% GST whereas footwear priced above ₹ 1,000 attract higher rate of 18% GST. High tax rate is major concern in promoting growth of the industry and therefore the Industry is advocating for a uniform rate of 12% GST on all footwear.

Retailers want concessions and relief on GST, taxes and loans to ensure business continuity in the face of the revenue downfalls and heavy losses for FY’21. The economic stimulus package provided by the Government looks insufficient to meet the long-term impact of the pandemic. Government and Financial Institutions have to come together & provide a more meaningful package for the industry to survive the impact of Covid-19. AIFMRA, the Association working mainly for the interests of small footwear manufacturers, suppliers and retailers, has sought relief from the Government of India for the lockdown and the recovery period thereafter.

## Outlook

The Industry is positive that it is passing through a short-time lull and the business would recover in three-four months after the lockdown is completely lifted and would stabilize after six-eight months. The pandemic is also likely to catalyze the shift to e-commerce. For majority of the players’ online sales has remained low as a proportion of total sales, with proceeds from the online channel generating lower than 10% of sales. However, with the norms of social distancing expected to remain in place, along with the fear of stepping out in public places, the share of sales from e-commerce is likely to increase significantly in the near term. Your Company has plans to increase the ecommerce business from current ~ 2% to over 20% in the next couple of years and going forward this would be your Company’s main thrust area.

Post Covid-19, the Retail market will be defined by emerging technologies that change the way consumers interact with their favorite brands, a shift in preferences, and the emergence of new battle lines for e-commerce. Be it employing new technologies or exploring new store formats, revamping business strategies or creating personal experiences; retailers are indeed getting ready for the future by looking beyond conventional retail and evolving along with their modern consumers.

Your Company will continue to maintain focus on freshness in its products by introducing different and innovative designs, delightful customer service, availability of best quality products, development of brands, store designs of international standards, inventory management and best use of the technology for business. The Company is confident of withstanding the competition as in the past and to emerge as a stronger player in the Industry.

## Cautionary Statement

The statements in this report describing the Company’s plans, projections, estimates and expectations may constitute into “Forward Looking Statements” within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

## Annexure 2 to the Directors' Report

### Form AOC-1

**(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014**

**Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures for the year ended 31st March, 2020.**

**Part "A": Subsidiaries** **(₹ in Lakhs)**

| | | | |
|---|---|---|---|
| 1. | Name of the Subsidiary | : | Metmill Footwear Private Limited |
| 2. | The date since when subsidiary was acquired | : | 16/09/2009 |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | : | NA |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | : | NA |
| 5. | Share capital | : | 125.00 |
| 6. | Other Equity | : | 5,066.64 |
| 7. | Total assets | : | 14,079.72 |
| 8. | Total Liabilities | : | 8,888.08 |
| 9. | Investments | : | NIL |
| 10. | Turnover | : | 20,027.67 |
| 11. | Profit before taxation | : | 1,268.87 |
| 12. | Provision for taxation | : | 343.15 |
| 13. | Profit after taxation | : | 946.96 |
| 14. | Proposed Dividend | : | NIL |
| 15. | Percentage of shareholding | : | 51% |

Names of subsidiaries which are yet to commence operations: NIL

Names of subsidiaries which have been liquidated or sold during the year: NIL

**Part "B": Associates and Joint Ventures:** **(₹ in Lakhs)**

| Name of Associates or Joint Ventures | M.V. Shoe Care Private Limited |
|---|---|
| 1. Latest audited Balance Sheet Date | 31st March, 2020 |
| 2. Date on which the Associate or Joint Venture was associated or acquired | 24th August, 2016 |
| 3. Shares of Associate or Joint Ventures held by the Company on the year end | |
| No. | 68,60,000 |
| Amount of Investment in Associates or Joint Venture | 488 |
| Extent of Holding (in percentage) | 49% |
| 4. Description of how there is significant influence | Control of at least twenty per cent of total share capital |
| 5. Reason why the associate/joint venture is not consolidated | NA |
| 6. Networth attributable to shareholding as per latest audited Balance Sheet | 906.98 |
| 7. Profit or Loss for the year | |
| i. Considered in Consolidation | 84.60 |
| ii. Not Considered in Consolidation | 119.98 |

1. Names of associates or joint ventures which are yet to commence operations: NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

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

Sd/-
**Rafique A. Malik**
Chairman
DIN:00521563

Sd/-
**Farah Malik Bhanji**
Managing Director &
Chief Executive Officer
DIN:00530676

Sd/-
**Jaiprakash J. Desai**
Company Secretary and Chief Finance Officer

Place: Mumbai
Date: 30th July, 2020

## Annexure 3 to the Directors' Report

## Annual Report on CSR Activities for the year ended 31st March, 2020

| Sr. No. | Particulars | Remarks |
|---|---|---|
| 1 | A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs. | Through CSR, your company intends to serve the interests of the society by taking responsibility for the impact of all its activities on customers, employees, shareholders, communities, and the environment in all aspects of our operations. For your company, corporate social responsibility is not about just giving back randomly but about bringing benefits to all our stakeholders who are in need, including the environment, and community at large. To achieve this, in the current year we have strengthened our internal CSR team and have prepared a roadmap for engaging in the overall CSR activities as mentioned in the schedule VII of the companies act including but not limited to environment conservation, skilling and upliftment of footwear Karigar community at large.<br><br>The objective of the CSR policy is to provide an appropriate roadmap and formulate the procedure and criteria for the Company to participate in organized and transparent manner in the CSR activities within the country while recognizing the interest of all its stakeholders and thereby support in building / strengthening the nation for the coming future. Stakeholders may find the CSR Policy at:http://www.metroshoes.net/about-us |
| 2 | The Composition of the CSR Committee. | 1) Mr. Rafique Malik (Chairman),<br>2) Ms. Farah Malik Bhanji,<br>3) Mr. Arvind Kumar Singhal |
| 3 | Average net profit of the Company for last three financial years. | ₹ 18,397.34 Lacs |
| 4 | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above). | ₹ 367.95 Lacs |
| 5 | Details of CSR spent during the financial year:<br>a) Total amount to be spent for the financial year<br>b) Amount unspent, if any;<br>c) Manner in which the amount spent during the financial year is detailed further | <br>₹ 367.95 Lacs<br>₹ 183.18 Lacs |

(₹ in Lacs)

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| Sr. No | CSR project or activity Identified. | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) projects or programs wise[1] | Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on projects or programs (2) Overheads: | Cumulative expenditure upto the reporting period[2] | Amount spent: Direct or through implementing agency (through Implementing Agency) |
| 1 | Contribution to the medical treatment of economically weaker patients: suffering from critical illness | Promoting health care including preventive health care | Mumbai, Maharashtra | 125.00 | 100.91 | 203.32 | Prince Aly Khan Hospital (PAKH), Mumbai |
| 2 | Contribution for setting-up mechanized kitchen at Byculla, Mumbai for preparation and distribution of free | Eradicating hunger, poverty, and malnutrition | Mumbai, Maharashtra | 40.00 | 40.00 | 40.00 | Hare Krishna Movement, Mumbai |
| 3 | Contribution to Girls Educational Institute for educational activities | Promoting education, especially among children | Mumbai, Maharashtra | 10.00 | 10.00 | 10.00 | The Fidai Girls Educational Institute, Mumbai |
| 4 | Contribution for recycling of old discarded footwear | Promoting environmental sustainability | Maharashtra & Telangana | 27.00 | 13.06 | 13.06 | Greensoles Foundation, Mumbai |
| 5 | Fund for fighting modern slavery through advocacy, rescue, and rehabilitation | Promoting measures for reducing inequalities faced by socially and economically backward groups | Mumbai, Maharashtra | 1.00 | 1.00 | 1.00 | You Can Free Us India Trust |
| 6 | Contribution for the inclusion of the intellectually disabled by maximizing their potential | Promoting special education and employment enhancing vocation skills amongst the differently abled | Mumbai, Maharashtra | 11.00 | 11.00 | 11.00 | Jai Vakeel Foundation and Research Center |
| | | | **Total** | **214.00** | **175.97** | **299.38** | |
| | **Add: Overhead Expenses @ 5%** | | | **10.70** | **8.80** | **8.80** | |
| | **Grand Total** | | | **224.70** | **184.77** | **308.18** | |

[1]Figures for the FY 2019-20
[2]Figures since inception of the programs

6. Reasons for not spending the 2% of average net profit of last three financial years:

During the year under review, the Company continued with its two ongoing projects for providing free medical treatment to economically weaker patients suffering from critical illnesses and promoting education among children. The Company also participated in four new CSR programs / activities including contribution for setting up mechanized kitchen for free supply of hygienic food to the school children and poor needy people and contribution for recycling of old discarded footwear for free distribution among needy school children.

During the year, couple of innovative CSR projects were also envisaged by the Company as under.

- Reuse, Recycle, Reduce old discarded footwear – To conduct old footwear collection drives and / or to source these through vendors / municipalities. Sort these out, better ones to be cleaned, sanitized, and distributed to the needy people. The totally discarded ones to be disposed off in an eco-friendly manner. This project would help in environment conservation.
- Redesigning of the workstation of roadside cobblers – To engage with institutes such as IIT, FDI etc. to design the workstation through implementing partner. A prototype would be made based on discussion / requirements of the roadside cobblers. A pilot project would then be run in two cities prior to launching this project on a large scale. This project would help in raising the dignity of the cobblers as well as increase in their daily income.

The projects mentioned above are at the preliminary discussion stage. The shortfall in CSR spend in FY 19-20 was mainly on account of dearth of CSR projects that fitted company's defined CSR vision of touching the lives of all its stakeholders who are in need; including the environment and community at large

Besides CSR, the Company has continued with its philanthropic activities and donated ₹5 Lakhs to the Premier Development Trust, Mumbai to carry out welfare activities for the needy people.

7. Responsibility statement of the CSR Committee:

The implementation and monitoring of the Company's CSR Policy is in line with the CSR objectives and Policy of the Company.

**Sd/-**
**Ms. Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN: 00530676

**Sd/-**
**Mr. Rafique A. Malik**
Chairman – CSR Committee
DIN: 00521563

**Place : Mumbai**
**Date : July 30, 2020**

## Annexure 4 to the Directors' Report

### FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. For the year ended 31st March, 2020**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

| SL. No. | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | NIL |
| b | Nature of contracts/arrangements/transaction | |
| c | Duration of the contracts/arrangements/transaction | |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | |
| e | Justification for entering into such contracts or arrangements or transactions' | |
| f | Date of approval by the Board | |
| g | Amount paid as advances, if any | |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

**(I) Memorandum of Understanding for the brand 'Clarks' and 'Dr. Scholl'**

| SL. No. | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | Metmill Footwear Private Limited (Metmill) - Subsidiary Company |
| b | Nature of contracts/arrangements/transaction | Memorandum of Understanding |
| c | Duration of the contracts/arrangements/transaction | Until terminated |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | (i) Memorandum of Understanding between the Company, Metmill Footwear Private Limited, Subsidiary Company (Metmill), and Clarks Future Footwear Private Limited and also Memorandum of Understanding between the Company and Metmill for supply of Footwear and Accessories under the brand name 'Clarks'.<br>(ii) Memorandum of Understanding between the Company and Metmill for supply of Footwear and Accessories under the brand name 'Dr. Scholl'. |
| e | Date of approval by the Board | 8th June, 2019 |
| f | Date of approval by members | NA |
| g | Amount paid as advances, if any | NIL |

### (II) Consultants for the fit-out works of the additional space at the registered office of the Company:

| SL. No | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | M/s. Design Matrix Interiors LLP (Design Matrix)<br>Mr. Suleiman Bhanji, Architect, is the Designated partner in Design Matrix Interiors and is related to Ms. Farah Malik Bhanji, Managing Director and CEO, as husband and to Mr. Rafique Malik, Chairman and Ms. Aziza R. Malik, Whole-time Director, as daughter's husband. |
| b | Nature of contracts/arrangements/transaction | Appointment of consultants for the fit-out works of the additional space at the registered office of the Company |
| c | Duration of the contracts/arrangements/transaction | One time |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | 1. Execution and supervision of interior work for the adjoining office premises of the Company including preparation of designs, project management and quality control as per the scope of services finalized with them.<br>2. Consolidated fee of ₹ 350/- per sq. fts. plus applicable taxes on carpet area of approx. 28,525 sq. fts. |
| e | Date of approval by the Board | 11th September, 2019 |
| f | Date of approval by members | NA |
| g | Amount paid as advances, if any | NIL |

### (III) Re-appointment of Ms. Alisha Malik, Vice President – E-Commerce and Marketing of the Company:

| SL. No | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | Ms. Alisha Malik, Vice President - E-commerce and Marketing<br>Ms. Alisha Malik is the daughter of Mr. Rafique A. Malik, Chairman and Ms. Aziza R. Malik, Whole-time Director and sister of Ms. Farah Malik Bhanji, Managing Director and CEO |
| b | Nature of contracts/arrangements/transaction | Re-appointment of Ms. Alisha Malik, Vice President – E-Commerce and Marketing of the Company |
| c | Duration of the contracts/arrangements/transaction | 5 years, from April 1, 2020 to March 31, 2025 |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Salary and Allowances of ₹ 2,81,901/- pm with annual increment, Contribution to Provident and Pension Fund, Leave Salary, Bonus, Performance Bonus, Gratuity, Motor Car and Telephone. |
| e | Date of approval by the Board | 12th March, 2020 |
| f | Date of approval by members | 5th December, 2017 |
| g | Amount paid as advances, if any | NIL |

### (IV) Renewal of Omnibus approval for Related Party Transactions – Metmill Footwear Private Limited - Subsidiary Company:

| SL. No | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | Metmill Footwear Private Limited (Metmill) - Subsidiary Company |
| b | Nature of contracts/arrangements/transaction | Renewal of Omnibus approval for Related Party Transactions |
| c | Duration of the contracts/arrangements/transaction | 1 year (Apr20 – Mar21) |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Renewal of Omnibus approval for Related Party Transactions on Annual Basis<br>1. Nature of the transaction: Sale / Purchase of goods<br>2. Maximum amount per transaction: ₹ 3 Crores, plus taxes per transaction<br>3. Maximum Value of transactions, in aggregate: ₹ 75 Crores, plus taxes |
| e | Date of approval by the Board | 12th March, 2020 |
| f | Date of approval by members | NA |
| g | Amount paid as advances, if any | NIL |

### (V) Renewal of Omnibus approval for Related Party Transactions – Design Matrix Interiors LLP:

| SL. No | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | Design Matrix Interiors LLP<br>Mr. Suleiman Bhanji, Architect, is the Designated partner in Design Matrix Interiors LLP and is related to Ms. Farah Malik Bhanji, Managing Director and CEO, as husband and to Mr. Rafique Malik, Chairman and Ms. Aziza R. Malik, Whole-time Director, as daughter's husband. |
| b | Nature of contracts/arrangements/transaction | Renewal of Omnibus approval for Related Party Transactions |
| c | Duration of the contracts/arrangements/transaction | 1 year (Apr 20 – Mar 21) |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Renewal of Omnibus approval for Related Party Transactions on Annual Basis<br>1. Nature of the transaction: Consultancy services with respect to the fitout work for Showrooms<br>2. Maximum amount per transaction: ₹ 10 Lakhs, plus taxes per Showroom<br>3. Maximum Value of transactions, in aggregate: ₹ 4 Crores, plus taxes |
| e | Date of approval by the Board | 12th March, 2020 |
| f | Date of approval by members | NA |
| g | Amount paid as advances, if any | NIL |

**(VI) Renewal of Omnibus approval for Related Party Transactions – M.V. Shoe Care Private Limited (MVSC) - Associate Company:**

| SL. No | Particulars | Details |
|---|---|---|
| a | Name (s) of the related party & nature of relationship | M.V. Shoe Care Private Limited (MVSC) - Associate Company |
| b | Nature of contracts/arrangements/transaction | Renewal of Omnibus approval for Related Party Transactions |
| c | Duration of the contracts/arrangements/transaction | 1 year (Apr20 – Mar21) |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Renewal of Omnibus approval for Related Party Transactions on Annual Basis<br>1. Nature of the transaction: Sale / Purchase of goods<br>2. Maximum amount per transaction: ₹ 15 Lakhs, plus taxes per transaction<br>3. Maximum Value of transactions, in aggregate: ₹ 25 Crores, plus taxes. |
| e | Date of approval by the Board | 12th March, 2020 |
| f | Date of approval by members | NA |
| g | Amount paid as advances, if any | NIL |

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

**Sd/-**
**Rafique A. Malik**
Chairman
DIN:00521563

Sd/-
**Farah Malik Bhanji**
Managing Director &
Chief Executive Officer
DIN:00530676

Sd/-
**Jaiprakash J. Desai**
Company Secretary and Chief Finance Officer

**Place: Mumbai**
**Date: July 30, 2020**

## Annexure 5 to the Directors' Report

### Particulars of loans and guarantees given or security provided and Investments made in other body corporate under Section 186 of the Companies Act, 2013 during the year under review

**Details of loans given by the Company**
**[Pursuant to section186(9) & rule 12(1)]**
for the year ended 31st March, 2020

**(₹ in Lacs)**

| Date of giving loan | Name and address of the person or body corporate to whom it is given (Listed / Unlisted entities) | Amount of loan given | Time period for which it is given | Purpose of loan given | Date of passing Board resolution | Date of passing special resolution, if required | Rate of interest (p.a.) | Date of maturity |
|---|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| NIL | | | | | | | | |

**Details of Guarantee given by the Company**
**[Pursuant to section186(9) & rule 12(1)]**
for the year ended 31st March, 2020

**(₹ in Lacs)**

| Sr. No. | Date of giving Guarantee | Name and address of the person or body corporate to whom it is given (Listed / Unlisted entities) | Amount of guarantee given | Purpose of guarantee given | Date of passing Board resolution | Date of passing special resolution, if required |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | 12/10/2018 | Metmill Footwear Private Limited (Unlisted) | 2,500 | For meeting the working capital requirement of the borrower | 08/06/2017 | NA |

**Details of Investment made by the Company in other body corporate**
**[Pursuant to section186(9) & rule 12(1)]**
for the year ended 31st March, 2020

**(₹ in Lacs)**

| Number and kind of securities | Nominal value and paid up value | Cost of acquisition (in case of securities how the purchase price was arrived at) | Date of selling of investment | Selling price (how the price was arrived at) |
|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) |
| NIL | | | | |

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

Sd/-
**Rafique A. Malik**
**CHAIRMAN**

**PLACE: Mumbai**
**DATED: July 30, 2020**

## Annexure 6 to the Directors' Report

### FORM NO. MGT 9
### EXTRACT OF ANNUAL RETURN

**For the Financial Year ended on 31st March, 2020**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

### I. REGISTRATION & OTHER DETAILS:

| | | |
|---|---|---|
| 1. | CIN | U19200MH1977PLC019449 |
| 2. | Registration Date | 19/01/1977 |
| 3. | Name of the Company | Metro Brands Limited (Formerly Metro Shoes Ltd.) |
| 4. | Category/Sub-category of the Company | Company Limited By Shares, Indian Non-Government Company |
| 5. | Address of the Registered office & contact details | 401, Zillion, 4th Floor, LBS Marg & CST Road Junction, Kurla (West), Mumbai – 400 070 Maharashtra<br>Tel: 26547700<br>Email: info@metrobrands.com |
| 6. | Whether listed company | No |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | **Sharex Dynamic (India) Pvt. Ltd.**<br>Unit no.1, Luthra Ind.Premises, Safed Pool,<br>Andheri Kurla Road, Andheri (East),<br>Mumbai - 400072<br>Tel: 2851 5606/ 5644/ 6338. |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY-

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---|---|---|---|
| 1 | Footwear | 47713 | 91% |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

| SN | Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Metmill Footwear Private Limited | U19201MH2009PTC195829 | Subsidiary | 51% | 2(87)(ii) |
| 2 | M.V. Shoe Care Private Limited | U74900DL2008PTC182999 | Associate | 49% | 2(6) |

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)-

#### (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| **Sub-Total-(A) (1)(a)** | | | | | | | | | |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporates | - | - | - | - | - | - | - | - | - |
| e) Bank/FI | - | - | - | - | - | - | - | - | - |

**Contd.**

Contd.

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| f) Any other | - | - | - | - | - | - | - | - | - |
| **SUB TOTAL:(A) (1)** | | | | | | | | | |
| **(2) Foreign** | | | | | | | | | |
| a) NRI- Individuals | | | | | | | | | |
| b) Other Individuals – Indian Resident | | | | | | | | | |
| RAFIQUE A MALIK | 1,350,000 | - | 1,350,000 | 1.02 | 1,350,000 | - | 1,350,000 | 1.02 | 0.00 |
| FARAH MALIK BHANJI | 3,969,000 | - | 3,969,000 | 2.99 | 3,969,000 | - | 3,969,000 | 2.99 | 0.00 |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | |
| d) Banks/FI | - | - | - | - | - | - | - | - | |
| e) Any other - Trusts | | | | | | | | | |
| FARAH MALIK BHANJI [1] | 39,513,960 | - | 39,513,960 | 29.76 | 39,513,960 | - | 39,513,960 | 29.76 | 0.00 |
| FARAH MALIK BHANJI [2] | 40,092,300 | - | 40,092,300 | 30.20 | 40,092,300 | - | 40,092,300 | 30.20 | 0.00 |
| **SUB TOTAL (A) (2)** | **84,925,260** | **0** | **84,925,260** | **63.97** | **84,925,260** | **0** | **84,925,260** | **63.97** | **0.00** |
| **Total Shareholding of Promoter** | | | | | | | | | |
| **(A)= (A)(1)+(A)(2)** | | | | | | | | | |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | |
| b) Banks/FI | - | - | - | - | - | - | - | - | |
| c) Central Govt. | - | - | - | - | - | - | - | - | |
| d) State Govt. | - | - | - | - | - | - | - | - | |
| e) Venture Capital Fund | - | - | - | - | - | - | - | - | |
| f) Insurance Companies | - | - | - | - | - | - | - | - | |
| g) FIIS | - | - | - | - | - | - | - | - | |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | |
| i) Others (specify) | - | - | - | - | - | - | - | - | |
| **SUB TOTAL (B)(1):** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |
| **(2) Non Institutions** | | | | | | | | | |
| a) Bodies corporates | - | - | - | - | - | - | - | - | |
| i) Indian | - | - | - | - | - | - | - | - | |
| ii) Overseas | - | - | - | - | - | - | - | - | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh | 197,250 | 500 | 197,750 | 0.15 | 197,750 | - | 197,750 | 0.15 | 0.00 |
| ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | |
| RUKSHANA JAVERI | 121,500 | - | 121,500 | 0.09 | 121,500 | - | 121,500 | 0.09 | 0.00 |
| ZIA MALIK LALJI | 3,969,000 | - | 3,969,000 | 2.99 | 3,969,000 | - | 3,969,000 | 2.99 | 0.00 |
| SABINA MALIK HADI | 3,969,000 | - | 3,969,000 | 2.99 | 3,969,000 | - | 3,969,000 | 2.99 | |
| ZARAH RAFIQUE MALIK | 3,969,000 | - | 3,969,000 | 2.99 | 3,969,000 | - | 3,969,000 | 2.99 | |
| ALISHA RAFIQUE MALIK | 5,953,500 | | 5,953,500 | 4.48 | 5,953,500 | | 5,953,500 | 4.48 | |
| AZIZA RAFIQUE MALIK | 675,000 | - | 675,000 | 0.51 | 675,000 | - | 675,000 | 0.51 | 0.00 |
| Others | 1,472,335 | - | 1,472,335 | 1.11 | 1,472,335 | - | 1,472,335 | 1.11 | 0.00 |

Contd.

Contd.

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **c) Others (specify)-Trusts** | | | | | | | | | |
| RAKESH JHUNJHUNWALA* | 19,576,800 | - | 19,576,800 | 14.75 | 19,576,800 | - | 19,576,800 | 14.75 | 0.00 |
| RAFIQUE ABDUL MALIK[3] | 1,984,500 | - | 1,984,500 | 1.49 | 1,984,500 | - | 1,984,500 | 1.49 | 0.00 |
| RAFIQUE ABDUL MALIK[4] | 1,984,500 | - | 1,984,500 | 1.49 | 1,984,500 | - | 1,984,500 | 1.49 | 0.00 |
| RAFIQUE ABDUL MALIK[5] | 1,984,500 | - | 1,984,500 | 1.49 | 1,984,500 | - | 1,984,500 | 1.49 | 0.00 |
| RAFIQUE ABDUL MALIK[6] | 1,984,500 | - | 1,984,500 | 1.49 | 1,984,500 | - | 1,984,500 | 1.49 | 0.00 |
| **SUB TOTAL (B)(2):** | | | | | | | | | |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **47,841,385** | **500** | **47,841,385** | **36.03** | **47,841,385** | - | **47,841,385** | **36.03** | **0.00** |
| **C. Shares held by Custodian for** | - | - | - | - | - | - | - | - | |
| **GDRs & ADRs** | | | | | | | | | |
| **Grand Total (A+B+C)** | **132,766,645** | **500** | **132,767,145** | **100** | **132,767,145** | - | **132,767,145** | **100** | **0.00** |

1. Ms. Farah Malik Bhanji is holding these Shares as a Trustee, for the benefit of Rafique Malik Family Trust.
2. Ms. Farah Malik Bhanji is holding these Shares as a Trustee, for the benefit of Aziza Malik Family Trust.
3. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zarah Malik Family Trust.
4. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Farah Malik Family Trust.
5. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zia Malik Family Trust.
6. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Sabina Malik Family Trust.

*Mr. Rakesh Jhunjhunwala is holding these Shares as a Trustee, for the benefit of Aryaman Jhunjhunwala Discretionary Trust, Aryavir Jhunjhunwala Discretionary Trust and Nishtha Jhunjhunwala Discretionary Trust.

### (ii) Shareholding of Promoter / Promoter Group-

| SN | Shareholder's Name | Shareholding at the beginning of the year [As on 1-April-2019] | | | Shareholding at the end of the year [As on 31-March-2020] | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| **PROMOTERS** | | | | | | | | |
| 1 | Mr. Rafique Abdul Malik | 1,350,000 | 1.02 | 0.00 | 1,350,000 | 1.02 | 0.00 | 0.00 |
| 2 | Ms. Farah Malik Bhanji | 3,969,000 | 2.99 | 0.00 | 3,969,000 | 2.99 | 0.00 | 0.00 |
| 3 | Ms. Farah Malik Bhanji [1] | 39,513,960 | 29.76 | 0.00 | 39,513,960 | 29.76 | 0.00 | 0.00 |
| 4 | Ms. Farah Malik Bhanji [2] | 40,092,300 | 30.20 | 0.00 | 40,092,300 | 30.20 | 0.00 | 0.00 |
| **PROMOTER GROUP** | | | | | | | | |
| 5 | Mr. Rafique Abdul Malik [3] | 1,984,500 | 1.49 | 0.00 | 1,984,500 | 1.49 | 0.00 | 0.00 |
| 6 | Mr. Rafique Abdul Malik [4] | 1,984,500 | 1.49 | 0.00 | 1,984,500 | 1.49 | 0.00 | 0.00 |
| 7 | Mr. Rafique Abdul Malik [5] | 1,984,500 | 1.49 | 0.00 | 1,984,500 | 1.49 | 0.00 | 0.00 |
| 8 | Mr. Rafique Abdul Malik [6] | 1,984,500 | 1.49 | 0.00 | 1,984,500 | 1.49 | 0.00 | 0.00 |
| 9 | Ms. Aziza Rafique Malik | 675,000 | 0.51 | 0.00 | 675,000 | 0.51 | 0.00 | 0.00 |
| 10 | Ms. Zia Malik Lalji | 3,969,000 | 2.99 | 0.00 | 3,969,000 | 2.99 | 0.00 | 0.00 |
| 11 | Ms. Zarah Rafique Malik | 3,969,000 | 2.99 | 0.00 | 3,969,000 | 2.99 | 0.00 | 0.00 |
| 12 | Ms. Sabina Malik Hadi | 3,969,000 | 2.99 | 0.00 | 3,969,000 | 2.99 | 0.00 | 0.00 |
| 13 | Ms. Alisha Rafique Malik | 5,953,500 | 4.48 | 0.00 | 5,953,500 | 4.48 | 0.00 | 0.00 |
| 14 | Ms. Rukshana Javeri | 121,500 | 0.09 | 0.00 | 121,500 | 0.09 | 0.00 | 0.00 |
| 15 | Ms. Mumtaz Jaffer | 12,150 | 0.01 | 0.00 | 12,150 | 0.01 | 0.00 | 0.00 |
| 16 | Mr. Suleiman Sadruddin Bhanji | 12,150 | 0.01 | 0.00 | 12,150 | 0.01 | 0.00 | 0.00 |
| | **Total** | **111,544,560** | **84.02** | **0.00** | **111,544,560** | **84.02** | **0.00** | **0.00** |

1. Ms. Farah Malik Bhanji is holding these Shares as a Trustee, for the benefit of Rafique Malik Family Trust
2. Ms. Farah Malik Bhanji is holding these Shares as a Trustee, for the benefit of Aziza Malik Family Trust
3. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zarah Malik Family Trust
4. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Farah Malik Family Trust
5. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zia Malik Family Trust
6. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Sabina Malik Family Trust

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

| SN | Name | Shareholding at the beginning of the year | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No. of Shares | % of total Shares of the company |
| NIL | | | | | | |

### (iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | Name | Shareholding at the beginning of the year | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No. of Shares | % of total Shares of the company |
| 1 | Mr. Rakesh Jhunjhunwala[1] | 6,525,603 | 4.92 | - | 6,525,603 | 4.92 |
| 2 | Mr. Rakesh Jhunjhunwala[2] | 6,525,603 | 4.92 | - | 6,525,603 | 4.92 |
| 3 | Mr. Rakesh Jhunjhunwala[3] | 6,525,594 | 4.92 | - | 6,525,594 | 4.92 |
| 4 | Ms. Alisha Rafique Malik | 5,953,500 | 4.48 | - | 5,953,500 | 4.48 |
| 5 | Zarah Rafique Malik | 3,969,000 | 2.99 | - | 3,969,000 | 2.99 |
| 6 | Zia Malik Lalji | 3,969,000 | 2.99 | - | 3,969,000 | 2.99 |
| 7 | Sabina Malik Hadi | 3,969,000 | 2.99 | - | 3,969,000 | 2.99 |
| 8 | Rafique Abdul Malik[4] | 1,984,500 | 1.49 | - | 1,984,500 | 1.49 |
| 9 | Rafique Abdul Malik[5] | 1,984,500 | 1.49 | - | 1,984,500 | 1.49 |
| 10 | Rafique Abdul Malik[6] | 1,984,500 | 1.49 | - | 1,984,500 | 1.49 |
| 11 | Rafique Abdul Malik[7] | 1,984,500 | 1.49 | - | 1,984,500 | 1.49 |

1. Mr. Rakesh Jhunjhunwala is holding these Shares as a Trustee, for the benefit of Aryaman Jhunjhunwala Discretionary Trust
2. Mr. Rakesh Jhunjhunwala is holding these Shares as a Trustee, for the benefit of Aryavir Jhunjhunwala Discretionary Trust
3. Mr. Rakesh Jhunjhunwala is holding these Shares as a Trustee, for the benefit of Nishtha Jhunjhunwala Discretionary Trust
4. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zarah Malik Family Trust
5. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Farah Malik Family Trust
6. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Zia Malik Family Trust
7. Mr. Rafique Abdul Malik is holding these Shares as a Trustee, for the benefit of Sabina Malik Family Trust

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

| SN | Name | Shareholding at the beginning of the year | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | No. of Shares | % of total Shares of the company |
| 1 | Mr. Rafique A. Malik | 1,350,000 | 1.02 | - | 1,350,000 | 1.02 |
| 2 | Ms. Aziza Rafique Malik | 675,000 | 0.51 | - | 675,000 | 0.51 |
| 3 | Ms. Farah Malik Bhanji | 3,969,000 | 2.99 | - | 3,969,000 | 2.99 |
| 4 | Mr. Subhash Malik | 32,400 | 0.02 | - | 32,400 | 0.02 |
| 5 | Mr. Rakesh Jhunjhunwala | NIL | | | | |
| 6 | Mr. Utpal Sheth | | | | | |
| 7 | Mr. Manoj Kumar Maheshwari | | | | | |
| 8 | Ms. Aruna Advani | | | | | |
| 9 | Mr. Arvind Kumar Singhal | | | | | |
| 10 | Mr. Karan Singh | | | | | |
| 11 | Mr. Vikas Khemani | | | | | |
| **Key Managerial Personnel (KMP)** | | | | | | |
| 12 | Mr. Desai Jaiprakash Janardan | 113,400 | 0.09 | - | 113,400 | 0.09 |
| 13 | Ms. Alisha Rafique Malik | 5,953,500 | 4.48 | - | 5,953,500 | 4.48 |
| 14 | Mr. Sohel Kamdar | 113,400 | 0.09 | - | 113,400 | 0.09 |
| 15 | Mr. Kaushal Parekh | 40,500 | 0.03 | - | 40,500 | 0.03 |

### V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment-

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | NIL | | | |
| **Total (i+ii+iii)** | | | | |
| **Change in Indebtedness during the financial year**<br>* Addition<br>* Reduction<br>**Net Change** | NIL | | | |
| **Indebtedness at the end of the financial year**<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | NIL | | | |
| **Total (i+ii+iii)** | | | | |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lakhs)

| SN | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Name of Director | Total Amount |
|---|---|---|---|---|---|---|
| | | Mr. Rafique A. Malik | Ms. Aziza Rafique Malik | Ms. Farah Malik Bhanji | Mr. Subhash Malik | |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s17(2) Income-tax Act,1961<br>(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 482.11<br>- | 146.92<br>-<br>- | 204.14<br>-<br>- | 25.22<br>-<br>- | 858.39<br>- |
| 2 | Stock Option | - | - | - | - | |
| 3 | Sweat Equity | - | - | - | - | |
| 4 | Commission<br>- as % of profit<br>- others, specify… | | | | | |
| 5 | Others, please specify (Performance Bonus)<br>Total (A)<br>Ceiling as per the Act | 123.38<br>605.49<br>1,037.71 | 37.46<br>184.38<br>1,037.71 | 52.11<br>256.25<br>1,037.71 | 1.84<br>27.06<br>207.54 | 214.79<br>1073.18<br>2,282.97 |

### B. Remuneration to other directors

(₹ in Lakhs)

| SN. | Particulars of Remuneration | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Mr. Manoj Kumar Maheshwari | Ms. Aruna Advani | Mr. Arvind Kumar Singhal | Mr. Karan Singh | Mr. Vikas Khemani | Total Amount |
| 1 | Independent Directors | | | | | | |
| | Fee for attending board / committee meetings | 2.10 | 2.60 | 1.50 | 1.20 | - | 7.40 |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | **Total (1)** | **2.10** | **2.60** | **1.50** | **1.20** | **-** | **7.40** |
| | | Mr. Rakesh Jhunjhunwala | | Mr. Utpal Sheth | | | |
| 2 | Other Non-Executive Directors | - | - | - | | | |
| | Fee for attending board / committee meetings | - | - | - | | | |
| | Commission | - | - | - | | | |
| | Others, please specify | - | - | - | | | |
| | Total (2) | - | - | - | | | |
| | Total (B)=(1+2) | 2.10 | 2.60 | 1.50 | 1.20 | - | 7.40 |
| | Total Managerial Remuneration | | | | | | 1080.58 |
| | Overall Ceiling as per the Act | | | | | | 2,282.97 |

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

(₹ in Lakhs)

| SN | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|---|---|---|---|---|---|---|
| | Name | Ms. Alisha Malik | Mr. Sohel Kamdar | Mr. J. J. Desai | Mr. Kaushal Parekh | Total |
| | Designation | Vice President – E-Commerce | Chief Operating Officer | Company Secretary & CFO | Vice President – Finance & Business Process | |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 35.91<br>-<br>- | 200.39<br>-<br>- | 228.28<br>-<br>- | 71.55<br>-<br>- | 536.13<br>-<br>- |
| 2 | Stock Option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission<br>- as % of profit<br>others, specify | -<br>- | -<br>- | -<br>- | -<br>- | -<br>- |
| 5 | Others, please specify (Performance Bonus) | 8.85 | 51.35 | 31.37 | 19.92 | 111.49 |
| | Total | 44.76 | 251.74 | 259.65 | 91.47 | 647.62 |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| **Type** | **Section of the Companies Act** | **Brief Description** | **Details of Penalty / Punishment/ Compounding fees imposed** | **Authority [RD / NCLT/ COURT]** | **Appeal made, if any (give Details)** |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | Section 67(3) of the Companies Act, 1956 (Old Act) | Erroneous allotment of 10,600 equity shares to more than 49 persons in the year 2007 | Charges of ₹20 Lakhs | National Company Law Tribunal, Mumbai Bench | NA |
| **B. DIRECTORS** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | Section 67(3) of the Companies Act, 1956 (Old Act) | Erroneous allotment of 10,600 equity shares to more than 49 persons in the year 2007 | ₹1 Lac each to the 3 whole time Directors | National Company Law Tribunal, Mumbai Bench | NA |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | **NIL** | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

## Annexure 7 to the Directors' Report

# SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2020

To
The Members
Metro Brands Limited
401, Kanakia, Zillion, 4th Floor,
Kurla West
Mumbai – 400 070

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good Corporate Practices by Metro Brands Limited (hereinafter called the Company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representative during the conduct of Secretarial Audit, I hereby report that in my opinion the Company has during the year ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year under review, according to the provision of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

(iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent they are applicable to the company

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

(iv) Legal Metrology (Packaged Commodity) Act, 2009

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

**I further report that**

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

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

Majority decisions is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** based on compliance mechanism established by the Company and on the basis of compliance certificates issued by the Compliance Officer and taken on record by the Board of Directors, prima facie there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Also, as informed, the Company has responded appropriately to notices received from various statutory authorities / regulatory authorities including initiating actions for corrective measures, where found necessary.

I further report that during the audit period, the company has undertaken the following actions having a major bearing on the company's affairs in pursuance of the above referred laws: -

a) In response to the application made pursuant to Section 441 of the Companies Act, 2013 by the company for compounding of an offence under Section 67 of the Companies Act, 1956, the National Company Law Tribunal, Mumbai Bench (NCLT) has compounded the non-compliance, and directions given by the NCLT have been complied with by the company and its 3 whole-time directors. Necessary intimations have also been given to the Registrar of Companies and Securities and Exchange Board of India (SEBI)

Sd/-
**A. SEKAR**
COMPANY SECRETARY
ACS 8649 CP 2450

PLACE : Mumbai
DATE : July 30, 2020

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

**‘Annexure A'**

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, followed by me provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records, Books of Accounts and records pertaining to direct and indirect taxation of the company, which I believe are the domain of other professionals on whom the responsibility is entrusted by the provisions of the Companies Act, 2013.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-
**A. SEKAR**
COMPANY SECRETARY
ACS 8649 CP 2450

PLACE : Mumbai
DATE : July 30, 2020

## Annexure 8 to the Directors' Report

**Statement containing information under section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of this Directors Report**

**Employed throughout the financial year under review and were in receipt of remuneration aggregating not less than ₹ 102 Lacs p.a., or**
**Employed for a part of financial year and were in receipt of remuneration aggregating not less than ₹ 8.5 Lacs p.m.**

| Name of the Employee | Age (Years) | Designation | Educational Qualification | Date of Commencement of Employment | Experience | Remuneration (₹ in Lacs) | Particulars of Last Employment | Relation with other Directors |
|---|---|---|---|---|---|---|---|---|
| Mr. Rafique A. Malik | 70 | Chairman | B.Com., OPM Harvard, U.S.A. | 19.01.1977 | 51 | 605.49 | Business | Related with Ms. Farah Malik Bhanji as Father and Ms. Aziza Malik as Husband. |
| Ms. Farah Malik Bhanji | 44 | Managing Director & Chief Executive Officer | B.A., B.B.A. in Finance (USA), OPM Harvard, U.S.A. (Pursuing) | 05.12.2000 | 22 | 256.25 | Business | Related with Mr. Rafique A. Malik and Ms. Aziza Malik as Daughter. |
| Ms. Aziza Rafique Malik | 70 | Whole Time Director | B.Com. | 02.01.1986 | 31 | 184.38 | Business | Related with Mr. Rafique A. Malik as Wife and Ms. Farah Malik Bhanji as Mother. |
| Mr. Sohel J. Kamdar | 43 | Chief Operating Officer | B.Com., A.C.A. | 16.02.2005 | 20 | 251.74 | Tabisco Enterprises Ltd. (Tanzania) | - |
| Mr. Jaiprakash J.Desai | 61 | Company Secretary & Chief Finance Officer | B.Com. (Hons), L.L.B. (Gen), A.C.A, A.C.S. | 01.07.2002 | 37 | 259.65 | Dabhol Power Company | - |

**Note:**

1. All appointments are contractual and terminable by notice on either side.
2. None of the employees referred above draws remuneration more than the remuneration drawn by the Managing Director or Whole-time Director or manager and holds, by themselves or along with their spouse and dependent children, two percent or more of the equity shares of the Company.
3. Experience includes number of years service both within the Company and elsewhere.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Sd/-**

**Rafique A. Malik**
**CHAIRMAN**

**PLACE : Mumbai**
**DATED : July 30, 2020**

## Annexure 9 to the Directors' Report

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**(Information required under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014)**

**A. Conservation of Energy:**

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented. The Company has been using energy efficient LED lights in the showrooms which are very effective in power saving. The Company has also started installing energy efficient VRF Inverter based Air-conditioning systems in the Showrooms. These systems are comparatively costly however provide substantial saving in terms of monthly energy costs. The efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

Installation of rooftop solar system at the Company's warehouse located at Bhiwandi – Based on our commitment to switch to renewable energy sources than to depend on non-renewable ones. In the month of Dec-19, we decided to install a 110 KW solar power system. The solar power system has since been installed in June 2020. We are expecting substantial savings in our electricity consumption at our Bhiwandi unit on installation of this solar system.

**B. Technology Absorption:**

(i) Efforts made for technology absorption & Benefits derived: The operations of the Company do not involve any technology absorption. The Company has not imported any technology during the previous years and has no technical collaboration with any party.

(ii) Details of technology imported during the last three years reckoned from the beginning of the financial year: NIL

(iii) Expenditure incurred on Research & Development: The Company does not have any specific present or future plan of action for research and development. However, it will continue its efforts to implement innovative ways for customer service and delighting the customers.

**C. Foreign Exchange Earnings / Outgo:**

(₹ in Lacs)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| **Foreign Exchange Earnings** | | |
| Sale of Footwear and Accessories | NIL | 1.15 |
| **Foreign Exchange Outgo** | | |
| a) Purchase of Footwear and Accessories | 5,066.89 | 7,329.22 |
| b) Travelling & Other Expenses | 15.69 | 14.67 |
| c) Professional & Consultancy Fees | 61.01 | 96.79 |

# AUDITOR'S REPORT
(STANDALONE)

# INDEPENDENT AUDITOR'S REPORT

**To The Members of Metro Brands Limited (formerly known as Metro Shoes Limited)**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Metro Brands Limited (formerly known as Metro Shoes Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

### Other Matters

Due to restrictions imposed in the COVID 19 related lockdown, some inventory locations of the Company were closed till date of audit report. The Management maintains inventory in its warehouse and showrooms and has an inventory physical verification program for performing physical count of inventory during the year – which was followed. However, due to the above mentioned restrictions, the management was unable to conduct physical verification of inventory as on the date of financial statements and consequently, we were unable to observe the verification or perform test counts on inventory as at year-end. We have performed alternative procedures to audit the existence of inventory as per the guidance provided in SA 501 ”Audit Evidence – Specific Considerations for Selected Items”, which includes inspections of supporting documentation related to purchases, sales, results of physical counts performed by the Management during the year and count conducted by other Chartered Accountant, where applicable, and have obtained sufficient and appropriate audit evidence to issue our unmodified opinion on these Financial Statements. Our report is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements Refer Note 25 to the standalone financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 20100459AAAAMC8222

Place: Mumbai
Date: 30th July, 2020

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Metro Brands Limited (formerly known as Metro Shoes Limited) on the standalone financial statements for the year ended 31st March, 2020]**

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

We have audited the internal financial controls over financial reporting of Metro Brands Limited (formerly known as Metro Shoes Limited) (“the Company”) as of 31st March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 20100459AAAAMC8222

Place: Mumbai
Date: 30th July, 2020

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Metro Brands Limited (formerly known as Metro Shoes Limited) on the standalone financial statements for the year ended 31st March, 2020)**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets (Property, Plant and Equipment).

b) The Company has a program of verification of fixed assets (Property, Plant and Equipment) to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered Agreements for sale provided to us, we report that, the title deeds, comprising the immovable properties of units in a building which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to the companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loan is, in our opinion, *prima facie*, not prejudicial to the Company's interest.

b) The loans are repayable on demand and payment of interest has been stipulated and the receipts interest have been regular as per stipulations except for interest amounting to Rs. 5.55 lakhs which was due on 31st March, 2020.

c) There is no amount overdue for more than 90 days at the balance sheet date. The abovementioned amount of Rs. 5.55 lakhs has been recovered subsequently.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits as at 31st March 2020 and accordingly, provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Customs Duty, Goods and Services tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Excise Duty, Goods and Service tax, Cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

c) Details of dues of Income-tax, Service tax, Excise Duty and Sales tax / Value Added tax which have not been deposited as on 31st March, 2020 on account of disputes are given below.

| Name of Statute | Nature of Dues | Period to which the amount relates | Amount involved (Rs. in Lakhs) | Amount unpaid (Rs. in Lakhs) | Forum where Dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1994 | Excise Duty | April 2006 to March 2014 | 8.87 | 8.87 | CESTAT, Mumbai |
| Finance Act, 1994 and Service Tax Laws | Service Tax | September 2008 to March 2011 | 10.59 | 10.59 | The Supreme Court of India |
| Central Sales Tax Act, 1956 and Sales Tax/ Value Added Tax Act of various states | Sales Tax | F.Y. 2012-2013 | 20.05 | 20.05 | Deputy Commissioner Appeal, Ernakulam |
| | | F.Y. 2011-2012 | 1.61 | 1.61 | Deputy Commissioner Appeal, Ernakulam |
| | | F.Y. 2013-2014 | 645.84 | 633.64 | Joint Commissioner -1 Appeal, Ahmedabad |
| | | F.Y. 2013-2014 | 76.43 | 46.43 | Joint Commissioner of Commercial Tax (Appeals) – Bihar |
| | | F.Y. 2015-2016 | 2.71 | 2.71 | Joint Excise and Taxation Commissioner (Appeals)-Faridabad |
| | | F.Y. 2017-2018 | 1.21 | 1.08 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bengal |
| | | F.Y. 2017-2018 | 5.49 | 4.86 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bengal |
| The Income Tax Act, 1961 | Income tax | Assessment Year 2009-10 | 1.22 | 1.22 | Income Tax Officer - TDS |
| | | Assessment Year 2010-11 | 8.07 | 8.07 | Income Tax Officer - TDS |
| | | Assessment Year 2011-12 | 12.46 | 12.46 | Income Tax Officer - TDS |
| | | Assessment Year 2011-12 | 4.55 | 4.55 | Commissioner of Income Tax, Appeal |
| | | Assessment Year 2012-13 | 13.61 | 13.61 | Income Tax Officer - TDS |

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause 3(viii) of the Companies (Auditor's Report) Order, 2016 (the "Order") is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standard.

(xiv) During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 20100459AAAAMC8222

Place: Mumbai
Date: 30th July, 2020

# FINANCIAL STATEMENTS

(STANDALONE)

## Standalone Balance Sheet as at March 31, 2020

₹ in Lakhs

| Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **A. ASSETS** | | | |
| **1 Non-current assets** | | | |
| (a) Property, plant and equipment | 2a | 21,853.31 | 21,688.02 |
| (b) Capital work-in-progress | | 1,290.40 | 303.49 |
| (c) Right to use assets | 2b | 48,146.53 | - |
| (d) Intangible assets | 2c | 490.15 | 494.94 |
| (e) Intangible assets under development | | 13.01 | 103.10 |
| (f) Financial assets | | | |
| (i) Investments | 3 | 504.26 | 504.26 |
| (ii) Other financial assets | 5 | 3,914.31 | 4,788.71 |
| (g) Deferred tax assets (Net) | 24 | 1,096.58 | - |
| (h) Other non-current assets | 6 | 481.16 | 105.32 |
| **Total non - current assets** | | **77,789.71** | **27,987.84** |
| **2 Current assets** | | | |
| (a) Inventories | 7 | 31,999.92 | 33,073.53 |
| (b) Financial assets | | | |
| (i) Investments | 3 | 34,046.00 | 20,276.96 |
| (ii) Trade receivables | 8 | 809.46 | 1,021.13 |
| (iii) Cash and cash equivalents | 9a | 1,004.79 | 1,114.25 |
| (iv) Bank Balances other than (iii) above | 9b | 38.89 | 50.18 |
| (v) Loans | 4 | 335.76 | 280.81 |
| (vi) Other financial assets | 5 | 774.46 | 437.98 |
| (c) Other current assets | 6 | 3,824.47 | 4,148.26 |
| **Total current assets** | | **72,833.75** | **60,403.10** |
| **Total assets (1+2)** | | **150,623.46** | **88,390.94** |
| **B EQUITY AND LIABILITIES** | | | |
| **1 Equity** | | | |
| (a) Equity share capital | 10 | 13,276.71 | 13,276.71 |
| (b) Other equity | 11 | 64,725.06 | 53,178.04 |
| **Total equity** | | **78,001.77** | **66,454.75** |
| **2 Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease liabilities | 29 | 45,729.14 | - |
| (b) Deferred tax liabilities (Net) | 23 | - | 725.83 |
| **Total non - current liabilities** | | **45,729.14** | **725.83** |
| **3 Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (I) Trade payables | | | |
| Outstanding dues of Micro Enterprises and Small Enterprises | 14 | 88.99 | 75.84 |
| Outstanding dues to other than Micro Enterprises and Small Enterprises | 14 | 15,375.13 | 17,851.94 |
| (ii) Lease liabilities | 29 | 7,913.91 | - |
| (iii) Other financial liabilities | 12 | 1,859.76 | 1,326.78 |
| (b) Provisions | 13 | 238.45 | 233.92 |
| (c) Current tax liabilities (Net) | | - | 178.52 |
| (d) Other Current liabilities | 15 | 1,416.31 | 1,543.36 |
| **Total current liabilities** | | **26,892.55** | **21,210.36** |
| **Total equity and liabilities (1+2+3)** | | **150,623.46** | **88,390.94** |

See accompanying notes from 1 to 37 forming part of the standalone financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

## Standalone Statement of Profit and Loss for the year ended March 31, 2020

**₹ in Lakhs**

| | Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|---|
| I | Revenue from operations | 16 | 120,963.49 | 115,495.84 |
| II | Other Income | 17 | 2,539.40 | 1,793.09 |
| **III** | **Total Income (I + II)** | | **123,502.89** | **117,288.93** |
| **IV** | **Expenses** | | | |
| | (a) Purchases | 18 | 51,800.07 | 58,764.04 |
| | (b) Changes in inventories of stock in trade | 19 | 1,073.61 | (7,091.67) |
| | (c) Employee benefits expense | 20 | 11,313.65 | 10,189.07 |
| | (d) Depreciation and Amortisation expense | 2a, 2b & 2c | 11,993.13 | 2,228.79 |
| | (e) Finance cost | 21 | 3,868.62 | - |
| | (f) Other expenses | 22 | 22,745.52 | 30,812.04 |
| | **Total Expenses (IV)** | | **102,794.60** | **94,902.27** |
| **V** | **Profit before tax (III-IV)** | | **20,708.29** | **22,386.66** |
| **VI** | **Tax expense** | | | |
| | (1) Current tax | 23 | 5,363.68 | 7,249.95 |
| | (2) Deferred tax | 24 | 156.74 | 352.56 |
| | **Total tax expense** | | **5,520.42** | **7,602.51** |
| **VII** | **Profit after tax for the year (V-VI)** | | **15,187.87** | **14,784.15** |
| **VIII** | **Other comprehensive income** | | 43.77 | (77.90) |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | - (Loss) on Remeasurements of the defined benefit plans | | (4.02) | (56.19) |
| | - Income tax relating to items that will not be reclassified to profit or loss | | 1.01 | 19.63 |
| | (ii) Items that will be reclassified to profit or loss | | | |
| | - Gain / (Loss) arising on fair valuation of quoted investments in bonds | | 46.78 | (41.34) |
| | - Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **IX** | **Total comprehensive income for the year (VII + VIII)** | | **15,231.64** | **14,706.25** |
| | **Earnings per equity share (of ₹ 10 each):** | | | |
| | Basic | 31 | 11.44 | 11.14 |
| | Diluted | 31 | 11.44 | 11.14 |

See accompanying notes from 1 to 37 forming part of the standalone financial statements

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

## Standalone Statement of cash flow for the year ended March 31, 2020

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax for the year | 20,708.29 | 22,386.66 |
| Adjustments for: | | |
| Depreciation and Amortisation expense | 11,993.13 | 2,228.79 |
| Interest Expense | 3,868.62 | - |
| Net unrealized exchange loss / (gain) | 13.06 | (29.40) |
| Loss on Sale / Discard of Property Plant & Equipment (net) | 253.39 | 127.85 |
| Dividend income from Current Investments in Mutual Funds | (462.29) | (423.04) |
| Net Gain arising on Investments designated as FVTPL | (1,287.98) | (1,022.09) |
| Interest Income | (417.37) | (134.96) |
| Allowance for doubtful Trade receivables, advances and deposits | - | 6.52 |
| Liabilities no longer required, written back | (265.46) | (82.35) |
| Advances written off | 91.16 | 44.18 |
| Employee's Stock Options Expenses | - | 0.32 |
| **Operating profit before working capital changes** | **34,494.55** | **23,102.48** |
| **Movement in working capital:** | | |
| Decrease / (Increase) in Trade Receivable | 120.51 | (392.77) |
| (Increase) in other financial assets | (950.35) | (837.45) |
| Decrease / (Increase) in other current assets | 700.52 | (1,429.98) |
| Decrease / (Increase) in Inventories | 1,073.61 | (7,091.67) |
| (Increase) in other non-current assets | (112.32) | (11.17) |
| Decrease / (Increase) in trade and other payables | (2,471.26) | 4,809.60 |
| Decrease in Other current liabilities | (127.68) | (17.20) |
| Increase in Other financial liabilities | 169.79 | 61.65 |
| Increase in Provisions | 0.51 | 47.13 |
| | **(1,596.67)** | **(4,861.86)** |
| **Cash generated from operations** | **32,897.88** | **18,240.62** |
| Less: income taxes paid | (5,708.03) | (7,530.70) |
| **Net cash generated from operating activities** | **27,189.85** | **10,709.92** |
| **Cash flow from investing activities** | | |
| Capital Expenditure on Property, Plant & Equipment including Capital Advances | (4,270.77) | (5,870.16) |
| Proceeds from Sale / Discard of Property Plant & Equipment | 21.00 | 38.16 |
| Interest Received | 137.21 | 133.54 |
| Bank Balances (including Non Current) not considered as Cash and Cash equivalents | (18.31) | (22.92) |
| Purchase of Current Investments | (36,663.66) | (33,209.79) |
| Redemption of Current Investments | 24,229.37 | 31,808.16 |
| Loan given to Joint Venture | - | (100.00) |
| Loan repaid by Joint Venture | - | 100.00 |
| Dividend Income from Mutual Funds | 462.29 | 423.04 |
| **Net cash used in investing activities** | **(16,102.87)** | **(6,699.97)** |
| **Cash flow from financing activities** | | |
| Proceeds from issue of ESOP shares (including Securities Premium) | - | 74.07 |
| Payment of lease liabilities | (11,196.44) | - |
| Final and Interim Dividends including Dividend Tax paid | - | (4,463.50) |
| **Net cash flow from Financing activities** | **(11,196.44)** | **(4,389.43)** |
| **Net (decrease) in cash and cash equivalents** | **(109.46)** | **(379.48)** |
| Cash and cash equivalents at the beginning (Refer Note 9a) | 1,114.25 | 1,493.73 |
| Cash and cash equivalents at the end of the year (Refer Note 9a) | 1,004.79 | 1,114.25 |
| See accompanying notes from 1 to 37 forming part of the standalone financial statements | | |

In terms of our report attached.

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

**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

Place: Mumbai
Date : July 30, 2020

## Standalone Statement of changes in equity for the year ended March 31, 2020

₹ in Lakhs

### A. Equity share capital

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Balance as at beginning of the year | 13,276.71 | 1,472.75 |
| Bonus Shares alloted during the year | - | 11,800.19 |
| Shares issued on exercise of employee stock options during the year | - | 3.77 |
| **Balance as at the end of the year** | **13,276.71** | **13,276.71** |

### B. Other Equity

₹ in Lakhs

| | Reserves and Surplus | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Securities premium** | **General reserve** | **Employee stock options outstanding account** | **Retained earnings** | **Other comprehensive income (net of taxes)** | **Total** |
| **Balance as at March 31, 2018** | **574.66** | **8,670.10** | **16.87** | **45,396.73** | **6.50** | **54,664.86** |
| Profit for the year | - | - | - | 14,784.15 | - | 14,784.15 |
| Other comprehensive income (net of taxes) | - | - | - | - | (77.90) | (77.90) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **14,784.15** | **(77.90)** | **14,706.25** |
| Final Dividend | - | - | - | (516.04) | - | (516.04) |
| Dividend Distribution Tax on Final Dividend | - | - | - | (106.07) | - | (106.07) |
| Interim Dividend | - | - | - | (3,186.41) | - | (3,186.41) |
| Dividend distribution tax | - | - | - | (654.98) | - | (654.98) |
| Premium received on Issue of ESOP Shares | 70.30 | - | - | - | - | 70.30 |
| Employees' Stock Options Expenses | - | - | (6.79) | 7.11 | - | 0.32 |
| Transfer from ESOP outstanding account to share premium on exercise | 7.23 | - | (7.23) | - | - | - |
| Utilised in Issue of Bonus Shares | (574.66) | (8,670.10) | - | (2,555.43) | - | (11,800.19) |
| **Balance as at March 31, 2019** | **77.53** | **-** | **2.85** | **53,169.06** | **(71.40)** | **53,178.04** |
| **As at April 1, 2019** | **77.53** | **-** | **2.85** | **53,169.06** | **(71.40)** | **53,178.04** |
| Impact on account of adoption of IND AS 116 (Refer Note 29) | - | - | - | (3,684.62) | - | (3,684.62) |
| **Restated balance as at April 1, 2019** | **77.53** | **-** | **2.85** | **49,484.44** | **(71.40)** | **49,493.42** |
| Profit for the year | - | - | - | 15,187.87 | - | 15,187.87 |
| Other comprehensive income (net of taxes) | - | - | - | - | 43.77 | 43.77 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **15,187.87** | **43.77** | **15,231.64** |
| **Balance as at March 31, 2020** | **77.53** | **-** | **2.85** | **64,672.31** | **(27.63)** | **64,725.06** |

See accompanying notes from 1 to 37 forming part of the standalone financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

# NOTES TO THE FINANCIAL STATEMENTS

(STANDALONE)

# Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

## Note 1.a - Corporate Information

Metro Brands Limited ['the Company'] is an unlisted Public Limited Company. The Company is a retailer in fashion footwear, bags and accessories operating in the premium and economy category. The Company commenced business in the year 1986 with few Showrooms, and currently has showrooms in the major cities of India.

The addresses of its registered office and principal place of business are given below.

401, Zillion, 4th Floor, LBS Marg & CST Road Junction, Kurla (West), Mumbai – 400 070.

## Note 1.b - Significant Accounting Policies

### A) Statement of compliance:

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (referred to as Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, considering other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded to the nearest lakhs except when otherwise indicated.

The standalone financial statements were approved by the Board of Directors and authorised for issue on July 30, 2020.

#### Basis of preparation and presentation of financial statements

The financial statements of the Company have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given at the date of the transaction, in exchange of goods and services.

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current as set out in Schedule III of the Act.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### B) Revenue Recognition:

#### I) Sale of goods:

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers for an amount that reflects the consideration the Company expects to receive in exchange for those products. The control of goods is transferred to the customer depending upon agreed terms with customer or on delivery basis. Control is considered to be transferred to the customer when the customer has ability to direct the use of such products and obtain substantially all the benefits from it.

Sale of Gift voucher is considered as advance received from the customers till the time the vouchers are redeemed by the customer for purchase of products and products sold is qualified for revenue recognition.

The Company operates a loyalty points programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed against consideration payable for subsequent purchases. Consideration received is allocated between the products sold and number of points expected to be redeemed. The consideration allocated to the loyalty points is measured by reference to their fair value. The Company recognises the consideration allocated to loyalty points, when the loyalty points are redeemed.

#### II) Interest and Dividend Income:

Dividend Income is accounted when right to receive the dividend is established.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

## Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

**C) Property, plant and equipment and intangible assets:**

**Property, plant and equipment:**

Property, plant and equipment are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

**Depreciation:**

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset:

- Leasehold improvements are amortised on straight line basis over the period of lease or useful life (not exceeding 10 years), whichever is lower.

**Intangible Assets:**

Intangible Assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that acquired separately are carried at cost less accumulated impairment loss.

Intangible assets are amortised over their estimated useful life as follows:-

- Trademark – 10 years
- Copy Rights – 10 years
- Computer Software – 5 years
- Commercial Rights - 10 years

**Capital work in progress:**

Projects under which tangible property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**Intangible Assets under development:**

Expenditure on intangible assets under development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

**D) Impairment of assets:**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

**E) Inventories:**

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

With effect from July 1, 2018, the Company had changed the basis of measurement of cost from 'Retail Method' to 'moving weighted average cost method' as a more precise basis of measuring cost of inventory. Accordingly, as per the requirements of paragraph 22 of Ind AS 8 on “Accounting policies, Changes in Accounting Estimates and errors”, the Company needed to give retrospective effect and adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The Company determined that it was impracticable to determine the effect of retrospective application to any periods prior to April 1, 2018, since the information required to measure cost of inventory on the basis of moving weighted average cost method was not maintained in the erstwhile accounting application software used in the prior periods and the required information cannot be accurately collected making every reasonable effort. Accordingly, the Company had applied the change in the accounting policy for the year ending March 31, 2019.

### F) Taxes on Income:

Income Tax expense represents the sum of the current tax and deferred tax.

**Current Tax:**

Current tax is the tax payable on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in accordance with The Income Tax Act, 1961.

**Deferred Tax:**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### G) Employee Benefits:

**Short-term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

In case of non-accumulating compensated absences, the cost of short-term compensated absences is accounted when the absences occur.

**Long-term employee benefits:**

**I) Defined Contribution Plan:**

The Provident Fund is a defined contribution scheme. The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

**II) Defined Benefit Plan:**

The Company has Defined Benefit Plan in the form of Gratuity.

Gratuity fund is recognised by the Income-tax authorities and administered through an Insurance fund. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate (interest rates of government bonds) that have terms to maturity approximating to the terms of the Gratuity.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in 'other comprehensive income (net of taxes)' in the statement of changes in equity and in the balance sheet.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

## Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

**H) Foreign Currencies:**

**i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii) Conversion**

Foreign currency monetary items are translated using the closing exchange rate as on Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on remeasurement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise and disclosed as a net amount in the financial statements.

**I) Employees Stock Option Plan (ESOP):**

In respect of Employee Stock Options, the Company measures the compensation cost using the fair value on grant date. The compensation cost, if any, is amortised on a straight-line basis over the vesting period of the options, based on the Company's estimate of equity instruments that will eventually vest.

**J) Provisions, Contingent Liabilities and Contingent Assets**

**(i) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**Provision for warranty:**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

**(ii) Contingent Liabilities**

Contingent liabilities are disclosed when there is:

- A possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- 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 reliable estimate of the amount cannot be made.

**K) Financial assets and financial liabilities:**

**Financial Instruments:**

Financial Assets and Financial liabilities are recognised when a Company becomes party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities, at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

**Financial assets:**

**(i) Classification:**

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company classifies its financial assets in the following subsequent measurement categories:

Amortised Cost

Financial Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVOCI)

Financial Assets (including debt instruments) are subsequently measured at fair value through other comprehensive income when the asset is held within a business model with an objective that is achieved by collecting contractual cash flows and selling financial assets and the terms of the instrument give rise to cash flows that represent solely payments of principal and interest

## Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

thereon. Movements in the carrying amount of such assets are taken through Other Comprehensive Income (OCI). When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

**(ii) Impairment of Financial Assets:**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instruments at FVOCI. For trade receivables, loans and advances given, the Company measure the loss allowance at an amount equal to lifetime expected credit losses. This expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward looking information. The computation also takes into consideration whether there has been a significant increase in credit risk.

**(iii) Derecognition of Financial Assets:**

A financial asset is derecognised only when:

- the Company has transferred the contractual rights to receive cash flows of the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities:

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument 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 term of an existing 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 derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

**L) Leases:**

The Company has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019) Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of leases for showroom premise. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i) the contract involves the use of an identified asset

ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is

## Notes forming part of the standalone financial statements as at and for the year ended March 31, 2020

subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

**M) Earnings per Share:**

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**N) Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**O) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short- term balances (with an original maturity of three months or less from the date of acquisitions), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**P) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions (Refer Note 28)

**Note 1.c - Critical Accounting Estimates and Judgements**

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the areas involving critical estimates and judgements as at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities:

- Estimation of Revenue arising from Loyalty points [Refer Note 1.b(B)(I)]
- Estimation of useful life of Property, Plant and Equipment [Refer Note 1.b(C)]
- Estimation of Defined Benefit Obligation [Refer Note 1.b(G)(II)]
- Fair value measurements and valuation process [Refer Note 1.b(K)(i)]
- Impairment of Financial Assets [Refer Note 1.b(K)(ii)]

**Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The Company has evaluated the likely impact of the COVID 19 on the overall business of the Company. Though it is too early to estimate the same in view of the volatility in the economic conditions pursuant to this pandemic, the Company as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures.

The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions. The Company has resumed its business activities by reopening its retail stores on a gradual basis in line with the guidelines issued by the Government authorities.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 2a. Property, Plant and Equipment:

₹ in Lakhs

| Description of Assets | Buildings | Leasehold Improvements (Showrooms and Office) (Refer Foot Note) | Furniture and Fittings | Machinery and Equipment | Motor Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| **I. Cost** | | | | | | | |
| **Balance as at March 31, 2018** | **8,912.38** | **10,439.10** | **2,486.63** | **2,160.74** | **518.09** | **806.17** | **25,323.11** |
| Additions | 2,209.91 | 2,294.58 | 632.64 | 487.06 | - | 150.49 | 5,774.68 |
| Disposals | - | (534.81) | (52.60) | (90.95) | (113.36) | (21.65) | (813.37) |
| **Balance as at March 31, 2019** | **11,122.29** | **12,198.87** | **3,066.67** | **2,556.85** | **404.73** | **935.01** | **30,284.42** |
| Additions | - | 2,087.67 | 615.46 | 586.51 | - | 205.56 | 3,495.20 |
| Disposals | - | (1,120.30) | (184.96) | (147.75) | - | (64.23) | (1,517.24) |
| **Balance as at March 31, 2020** | **11,122.29** | **13,166.24** | **3,497.17** | **2,995.61** | **404.73** | **1,076.34** | **32,262.38** |
| **II. Accumulated depreciation** | | | | | | | |
| **Balance as at March 31, 2018** | **513.52** | **4,367.15** | **878.25** | **781.16** | **144.50** | **456.29** | **7,140.87** |
| Depreciation expense for the year | 220.93 | 1,154.41 | 290.09 | 253.32 | 48.45 | 135.69 | 2,102.89 |
| Eliminated on disposal of assets / write off | - | (432.90) | (42.18) | (64.15) | (87.92) | (20.21) | (647.36) |
| **Balance as at March 31, 2019** | **734.45** | **5,088.66** | **1,126.16** | **970.33** | **105.03** | **571.77** | **8,596.40** |
| Depreciation expense for the year (Refer Note 30) | 238.08 | 1,952.27 | 334.99 | 317.39 | 48.08 | 164.71 | 3,055.52 |
| Eliminated on disposal of assets / write off | - | (932.82) | (139.49) | (110.23) | - | (60.31) | (1,242.85) |
| **Balance as at March 31, 2020** | **972.53** | **6,108.11** | **1,321.66** | **1,177.49** | **153.11** | **676.17** | **10,409.07** |
| **Net carrying amount (I-II)** | | | | | | | |
| **Balance as at March 31, 2020** | **10,149.76** | **7,058.13** | **2,175.51** | **1,818.12** | **251.62** | **400.17** | **21,853.31** |
| **Balance as at March 31, 2019** | **10,387.84** | **7,110.21** | **1,940.51** | **1,586.52** | **299.70** | **363.24** | **21,688.02** |

### 2b. Right to use assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **I. Cost** | | |
| **Balance as at April 1, 2019** | **37,605.90** | **-** |
| Additions | 20,412.13 | - |
| Deletion | (1,084.55) | - |
| **Balance as at March 31, 2020** | **56,933.48** | **-** |
| II. Accumulated amortisation | | |
| **Balance as at April 1, 2019** | - | - |
| Amortization expense for the year | (8,786.95) | - |
| **Balance as at March 31, 2020** | **(8,786.95)** | **-** |
| **Net carrying amount (I-II)** | **48,146.53** | **-** |

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## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 2c. Intangible Assets (Represents other than Internally generated intangible assets) :

₹ in Lakhs

| Particulars | Copyrights | Commercial Rights | Trademarks | Computer Software | Total |
|---|---|---|---|---|---|
| **I. Cost** | | | | | |
| **Balance as at March 31, 2018** | **26.00** | **-** | **130.67** | **385.64** | **542.31** |
| Additions | - | - | 100.00 | 361.21 | 461.21 |
| **Balance as at March 31, 2019** | **26.00** | **-** | **230.67** | **746.85** | **1,003.52** |
| Additions | - | - | - | 145.87 | 145.87 |
| Disposals | - | - | - | (0.18) | (0.18) |
| **Balance as at March 31, 2020** | **26.00** | **-** | **230.67** | **892.54** | **1,149.21** |
| **II. Accumulated amortisation** | | | | | |
| **Balance as at March 31, 2018** | **26.00** | **-** | **128.88** | **227.80** | **382.68** |
| Amortization expense for the year | - | - | 9.29 | 116.61 | 125.90 |
| **Balance as at March 31, 2019** | **26.00** | **-** | **138.17** | **344.41** | **508.58** |
| Amortization expense for the year | - | - | 10.29 | 140.37 | 150.66 |
| Eliminated on disposal of assets / write off | - | - | - | (0.18) | (0.18) |
| **Balance as at March 31, 2020** | **26.00** | **-** | **148.46** | **484.60** | **659.06** |
| **Net carrying amount (I-II)** | | | | | |
| **Balance as at March 31, 2020** | **-** | **-** | **82.21** | **407.94** | **490.15** |
| **Balance as at March 31, 2019** | **-** | **-** | **92.50** | **402.44** | **494.94** |

**Note:**

Includes furniture, fixtures and other items capitalised prior to year 2009, which are part of the initial capital outlay and cannot be separately identified.

### 3. Investments for the year ended March 31, 2020

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Quantity | Amounts | | Quantity | Amounts | |
| | | Current | Non-Current | | Current | Non-Current |
| <u>**A. Investments carried at cost**</u> | | | | | | |
| ***Unquoted Investments (at cost) - fully paid up*** | | | | | | |
| <u>In equity instrument of Subsidiary</u> | | | | | | |
| Equity shares of ₹ 10/- each in Metmill Footwear Private Limited. | 637,500.00 | - | 12.75 | 127,500.00 | - | 12.75 |
| <u>In Equity instrument of Joint Venture</u> | | | | | | |
| Equity shares of ₹ 10/- each in M.V.Shoe Care Private Limited | 6,860,000.00 | - | 491.51 | 6,860,000.00 | - | 491.51 |
| <u>**B.Investments carried at FVOCI**</u> | | | | | | |
| **Quoted Investments** | | | | | | |
| **Investments in Bonds** | | | | | | |
| 7.38% PFC Tax Free Bonds 22/11/2027 of ₹ 10,00,000 each | 50.00 | 547.35 | - | 50.00 | 528.00 | - |
| 7.35% NHAI Tax Free Bonds 2015 Series IIA of ₹ 1,000 each | 14,285.00 | 160.23 | - | 14,285.00 | 153.21 | - |
| 8.46% IIFCL Tax Free Bonds (SERIES VIB) 30/08/2028 of ₹ 10,00,000 each | 50.00 | 585.40 | - | 50.00 | 565.00 | - |
| <u>**C.Investments carried at FVTPL**</u> | | | | | | |
| ***Unquoted Investments*** | | | | | | |
| **Face Value of ₹ 10.00 each** | | | | | | |
| Aditya Birla Sunlife Income Plus - Growth - Direct Plan | 1,590,562.15 | 1,510.33 | - | 1,590,562.15 | 1,350.44 | - |
| NIPPON India Income Fund - Direct Growth Plan - Growth Option (Formerly Reliance Income Fund - Direct Growth Plan - Growth Option) | 2,169,246.36 | 1,537.90 | - | 2,169,246.36 | 1,355.60 | - |
| HDFC Gilt Fund - Direct Plan - Growth Option | 3,078,537.21 | 1,293.41 | - | 3,078,537.21 | 1,173.70 | - |
| EDELWEISS Arbitrage fund - Direct Plan-Dividend - Payout | 23,564,173.40 | 2,547.00 | - | 23,564,173.40 | 2,511.92 | - |

Contd.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 3. Investments for the year ended March 31, 2020

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Quantity | Amounts | | Quantity | Amounts | |
| | | Current | Non-Current | | Current | Non-Current |
| ICICI Prudential Equity Arbitrage Fund - Direct plan - Dividend | 17,797,540.50 | 2,593.14 | - | 17,797,540.50 | 2,579.11 | - |
| Franklin India Ultra Short Bond Fund Super Institutional - Plan Direct | 15,857,659.90 | 4,385.20 | - | 10,868,999.00 | 2,867.65 | - |
| Franklin India Liquid Fund-Super Institutional Plan - Direct | 22,378.19 | 667.62 | - | 47,335.39 | 1,324.70 | - |
| Franklin India Short Term Income Plan Retail - Direct Plan - Growth | - | - | - | 50,615.67 | 2,123.68 | - |
| Kotak Equity Arbitrage Fund-Direct Plan - Fortnight Dividend | 10,624,578.23 | 2,503.26 | - | 10,624,578.23 | 2,500.91 | - |
| Nippon Arbitrage Fund- Direct Plan Dividend Plan Dividend Payout(Formerly Reliance Arbitrage Fund- Direct Plan Dividend Payout) | 8,545,813.33 | 1,125.55 | - | 8,545,813.33 | 1,101.72 | - |
| Kotak Banking and PSU Debt Fund direct Growth | 4,931,736.46 | 2,349.81 | - | - | - | - |
| Franklin India Savings Fund Retail Option - Direct | 2,854,190.40 | 1,082.11 | - | - | - | - |
| ICICI Prudential Ultra Short Term Fund Direct Plan Growth | 14,248,446.54 | 3,059.63 | - | - | - | - |
| Aditya Birla Sun Life Savings Fund - Growth - Direct Plan | 125,232.37 | 501.97 | - | - | - | - |
| Aditya Birla Sun Life Banking & PSU Debt Fund - Growth - Direct Plan | 187,991.83 | 501.87 | - | - | - | - |
| Aditya Birla Sunlife Money Manager Fund - Growth - Direct Plan | 993,156.61 | 2,690.69 | - | - | - | - |
| **Face Value of ₹ 1,000.00 each** | | | | | | |
| Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan | 440,082.46 | 1,406.32 | - | 47,039.31 | 141.32 | - |
| Kotak Money Market Fund -Direct Plan - Growth | 37,509.70 | 1,242.73 | - | - | - | - |
| Axis Liquid Fund-Direct Growth | 32,349.95 | 713.10 | - | - | - | - |
| ***Quoted Investments*** | | | | | | |
| Bharat Bond ETF 30/04/2030 of ₹ 1000 each | 100,000.00 | 1,041.38 | - | - | - | - |
| **Total (Aggregate amount of unquoted investments)** | | **31,711.64** | **504.26** | | **19,030.75** | **504.26** |
| **Total (Aggregate amount of quoted investments)** | | **2,334.36** | **-** | | **1,246.21** | **-** |
| **Total** | | **34,046.00** | **504.26** | | **20,276.96** | **504.26** |

### 4. Loans (Unsecured, considered good)

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Loans to related party (Subsidiary) | | | | | | |
| Metmill Footwear Private Limited (given for working capital) (Refer Note 27) | 148.34 | - | 148.34 | 148.34 | - | 148.34 |
| Loans to employees | 27.13 | - | 27.13 | 21.62 | - | 21.62 |
| Loans to Selling agents, Retail agents, Supervisors and others | 160.29 | - | 160.29 | 110.85 | - | 110.85 |
| **Total** | **335.76** | **-** | **335.76** | **280.81** | **-** | **280.81** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 5. Other financial assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| Security Deposits | | | | | | |
| (i) Others | 656.45 | 3,878.21 | 4,534.66 | 343.61 | 4,782.21 | 5,125.82 |
| Less: Allowance for doubtful deposits | (11.20) | - | (11.20) | (11.20) | | (11.20) |
| | 645.25 | 3,878.21 | 4,523.46 | 332.41 | 4,782.21 | 5,114.62 |
| Bank Deposit with more than 12 months maturity from the Balance Sheet date | - | 36.10 | 36.10 | - | 6.50 | 6.50 |
| Insurance Claim Receivable | 12.14 | - | 12.14 | 7.64 | - | 7.64 |
| Interest accrued on deposits with banks, loans and investments (Refer Note 27) | 55.16 | - | 55.16 | 51.20 | - | 51.20 |
| Others (Receivables from Showroom Managers, Retail Agent etc.) | 61.91 | - | 61.91 | 46.73 | - | 46.73 |
| **Total** | **774.46** | **3,914.31** | **4,688.77** | **437.98** | **4,788.71** | **5,226.69** |

### 6. Other assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non-Current | Total | Current | Non-Current | Total |
| (i) Advances to | | | | | | |
| (i) Vendors | 547.14 | - | 547.14 | 807.97 | - | 807.97 |
| (ii) Related party-Metmill Footwear Private Limited, Subsidiary, a Private Limited Company in which a Director of the Company is a Director. (Refer Note 27) | 1,595.60 | - | 1,595.60 | 1,360.87 | - | 1,360.87 |
| (ii) Capital advances | - | 96.06 | 96.06 | - | - | - |
| (iii) Balances with government authorities : | | | | | | |
| (i) Goods and Services tax/Value Added tax credit receivable | 1,463.43 | 2.28 | 1,465.71 | 1,681.13 | 6.20 | 1,687.33 |
| (iv) Prepayments | 190.97 | 1.06 | 192.03 | 177.06 | 3.12 | 180.18 |
| (v) Prepaid Rent | 27.33 | 127.28 | 154.61 | | | |
| (vi) Amounts paid under protest [Sales tax ₹ 53.79 Lakhs (March 31, 2019- Excise duty ₹ 50 lakhs and Sales tax ₹ 43.85 Lakhs )] | - | 53.79 | 53.79 | - | 93.85 | 93.85 |
| (vii) Advance Income tax (Net of Provision) | - | 200.69 | 200.69 | - | 2.15 | 2.15 |
| (viii) Others | | | | | | |
| (i) Other Advances | - | - | - | 121.23 | - | 121.23 |
| **Total** | **3,824.47** | **481.16** | **4,305.63** | **4,148.26** | **105.32** | **4,253.58** |

### 7. Inventories

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Stock in trade (Refer Note 19) | 31,999.92 | 33,073.53 |
| **Total** | **31,999.92** | **33,073.53** |
| Included above, goods-in-transit: | 274.01 | 582.84 |

**Notes:**

i) The cost of inventories recognised as an expense during the year was ₹ 52,873.68 Lakhs (March 31, 2019: ₹ 51,672.37 Lakhs)

ii) The cost of inventories recognised as an expense includes ₹ 14.63 Lakhs (March 31, 2019: ₹ 20 Lakhs) in respect of write-down of inventory to net realisable value.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 8. Trade receivables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables * | | |
| Unsecured, considered good | 809.46 | 1,021.13 |
| **Total** | **809.46** | **1,021.13** |

* Refer Note 34.4

### 9a. Cash and cash equivalents

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) Unrestricted balances with Banks | | |
| - In Current accounts | 931.26 | 682.03 |
| (b) Restricted balances with Banks | | |
| - In Current accounts | 0.30 | - |
| (c) Cash on hand | 47.89 | 50.38 |
| (d) Cash at showrooms | 25.34 | 381.84 |
| **Total** | **1,004.79** | **1,114.25** |

### 9b. Other Bank Balances

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) In earmarked accounts | | |
| Balance with Banks (fixed deposits) held as margin money or security against guarantees and other commitments (Refer Footnote) | 38.89 | 50.18 |
| **Total** | **38.89** | **50.18** |

Footnote :

Balances with banks (fixed deposits) includes ₹ 20.93 Lakhs (March 31, 2019 ₹ 29.22 Lakhs) which have an original maturity of more than 12 month.

### 10 Equity Share Capital

₹ in Lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares | Share Capital ₹ in Lakhs | Number of Shares | Share Capital ₹ in Lakhs |
| Authorised: | | | | |
| Equity shares of ₹ 10/- each | 150,000,000 | 15,000.00 | 150,000,000 | 15,000.00 |
| Issued, Subscribed and Fully Paid-up: | | | | |
| Equity shares of ₹ 10/- each | 132,767,145 | 13,276.71 | 132,767,145 | 13,276.71 |
| **Total** | | **13,276.71** | | **13,276.71** |

### 10.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

₹ in Lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares | Share Capital ₹ in Lakhs | Number of Shares | Share Capital ₹ in Lakhs |
| **Equity Share Capital** | | | | |
| **Balance as at beginning of the year** | 132,767,145 | 13,276.71 | 14,727,530 | 1,472.75 |
| Add: Issued during the year under ESOP scheme# | - | - | 37,695 | 3.77 |
| Add: Bonus Shares issued during the year | - | - | 118,001,920 | 11,800.19 |
| **Balance as at the end of the year** | **132,767,145** | **13,276.71** | **132,767,145** | **13,276.71** |

# 22,710 shares were issued pre bonus and 14,985 shares were issued post bonus during previous year.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 10.2 Details of shares held by each shareholder holding more than 5% shares:

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares held | % holding | Number of Shares held | % holding |
| Farah Malik Bhanji* | 83,575,260 | 62.95% | 83,575,260 | 62.95% |
| Rakesh Jhunjhunwala** | 19,576,800 | 14.76% | 19,576,800 | 14.76% |
| Rafique A. Malik*** | 9,288,000 | 6.98% | 9,288,000 | 6.98% |
| *Includes shares held by Farah Malik Bhanji | | | | |
| (a) As Trustee for the benefit of Rafique Malik Family Trust | 39,513,960 | | 39,513,960 | |
| (b) As Trustee for the benefit of Aziza Malik Family Trust | 40,092,300 | | 40,092,300 | |
| **Includes shares held by Rakesh Jhunjhunwala | | | | |
| (a) As Trustee for the benefit of Aryaman Jhunjhunwala Discretionary Trust | 6,525,603 | | 6,525,603 | |
| (b) As Trustee for the benefit of Aryavir Jhunjhunwala Discretionary Trust | 6,525,603 | | 6,525,603 | |
| (c) As Trustee for the benefit of Nishtha Jhunjhunwala Discretionary Trust | 6,525,594 | | 6,525,594 | |
| ***Includes shares held by Rafique A. Malik | | | | |
| (a) As Trustee for the benefit of Zarah Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (b) As Trustee for the benefit of Farah Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (c) As Trustee for the benefit of Zia Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (d) As Trustee for the benefit of Sabina Malik Family Trust | 1,984,500 | | 1,984,500 | |

### 10.3 Shares allotted as fully paid up bonus shares

The Company had allotted 118,001,920 equity shares of ₹ 10/- each as fully paid up Bonus shares during the financial year 2018-19 in the ratio of eight shares for every one share held by utilization of the securities premium account, general reserve account and retained earnings.

### 10.4 Employees Stock Option Scheme

54,900 Equity Shares (March 31, 2019 - 54,900 Equity Shares) of the face value ₹ 10 each are reserved under Employee Stock Option Plan of the Company (Refer Note 32).

### 10.5 Rights, preference and restriction attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The Board of Director's of Company have proposed final dividend of ₹ 3/- per equity share of ₹ 10/- each for financial year 2019-2020 totaling to ₹ 3,983.01 Lakhs. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 11 Other equity

₹ in Lakhs

| Particulars | Reserves and Surplus | | | | | |
|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Employee stock options outstanding account | Retained earnings | Other comprehensive income (net of taxes) | Total |
| **Balance as at March 31, 2018** | **574.66** | **8,670.10** | **16.87** | **45,396.73** | **6.50** | **54,664.86** |
| Profit for the year | - | - | - | 14,784.15 | - | 14,784.15 |
| Other comprehensive income (net of taxes) | - | - | - | - | (77.90) | (77.90) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **14,784.15** | **(77.90)** | **14,706.25** |
| Final Dividend | - | - | - | (516.04) | - | (516.04) |
| Dividend Distribution Tax on Final Dividend | - | - | - | (106.07) | - | (106.07) |
| Interim Dividend | - | - | - | (3,186.41) | - | (3,186.41) |
| Dividend Distribution Tax on Interim Dividend | - | - | - | (654.98) | - | (654.98) |
| Premium received on Issue of ESOP Shares | 70.30 | - | - | - | - | 70.30 |
| Employee's Stock Options Expenses | - | - | (6.79) | 7.11 | - | 0.32 |
| Transfer from ESOP outstanding account to share premium on exercise | 7.23 | - | (7.23) | - | - | - |
| Utilised in Issue of Bonus Shares | (574.66) | (8,670.10) | - | (2,555.43) | - | (11,800.19) |
| **Balance as at March 31, 2019** | **77.53** | **-** | **2.85** | **53,169.06** | **(71.40)** | **53,178.04** |
| **As at April 1, 2019** | **77.53** | **-** | **2.85** | **53,169.06** | **(71.40)** | **53,178.04** |
| Impact on account of adoption of IND AS 116 (Refer Note 29) | - | - | - | (3,684.62) | - | (3,684.62) |
| **Restated balance as at April 1, 2019** | **77.53** | **-** | **2.85** | **49,484.44** | **(71.40)** | **49,493.42** |
| Profit for the year | - | - | - | 15,187.87 | - | 15,187.87 |
| Other comprehensive income (net of taxes) | - | - | - | - | 43.77 | 43.77 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **15,187.87** | **43.77** | **15,231.64** |
| **Balance as at March 31, 2020** | **77.53** | **-** | **2.85** | **64,672.31** | **(27.63)** | **64,725.06** |

**Description of Nature and Purpose of Reserves-**

**Securities Premium:**

Securites Premium is created when shares are issued at premium. The Company can use this reserve in accordance with the provisions of the Act.

**General Reserve:**

General Reserve is created out of profits of the Company. The reserve is created in accordance with the provisions of the Act.

**Employees Stock Options Outstanding Account:**

The above reserve relates to stock options granted by the Company to its employees under its employee stock option plan.

**Other Comprehensive Income:**

Other comprehensive income represent change in the value of investments accounted through FVOCI.

### 12. Other financial liabilities

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Security Deposit - Franchisee | 95.25 | - | 95.25 | 20.00 | - | 20.00 |
| Security Deposit - Related party | 0.99 | - | 0.99 | 0.99 | - | 0.99 |
| Retention Money Payable (Selling Agent, Supervisors, City and Regional Managers and Others) | 781.22 | - | 781.22 | 686.99 | - | 686.99 |
| Payable on acquisition of Property, Plant & Equipment | 982.00 | - | 982.00 | 618.80 | - | 618.80 |
| Unpaid Dividend | 0.30 | - | 0.30 | - | - | - |
| **Total** | **1,859.76** | **-** | **1,859.76** | **1,326.78** | **-** | **1,326.78** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 13. Provisions

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Provision for Warranty | 45.31 | - | 45.31 | 40.31 | - | 40.31 |
| Provision for employee benefits- Gratuity | 193.14 | - | 193.14 | 193.61 | - | 193.61 |
| **Total** | **238.45** | **-** | **238.45** | **233.92** | **-** | **233.92** |

Note-

Provision for warranty represents the undiscounted value of the management's best estimate of the future outflow of economic benefits that will be required for settlement of claim in respect of products sold by the Company. The estimate has been made on the basis of trends anticipated by the management and may vary as a result of variation in the market conditions. It is expected that cost will be incurred over the warranty period as per the warranty terms.

### 14. Trade payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| i) Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 35) ; and | 88.99 | - | 88.99 | 75.84 | - | 75.84 |
| ii) Total Outstanding dues of Creditors other than of Micro Enterprises and Small Enterprises | 15,375.13 | - | 15,375.13 | 17,851.94 | - | 17,851.94 |
| **Total** | **15,464.12** | **-** | **15,464.12** | **17,927.78** | **-** | **17,927.78** |

### 15. Other current liabilities

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| a. Advances received from customers | 170.26 | 113.89 |
| b. Deferred revenue arising from customer loyalty program | 563.13 | 560.68 |
| c. Statutory dues payable | 682.92 | 868.79 |
| **Total** | **1,416.31** | **1,543.36** |

### 16. Revenue from operations

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| (a) Sale of products (Traded Goods) - Footwear, Bags and Accessories (Refer Note below) | 120,916.55 | 115,445.84 |
| (b) Other operating revenue | | |
| - Shoe Repair Income | 46.94 | 50.00 |
| **Total** | **120,963.49** | **115,495.84** |

Note :

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| (i) Sale of Products (Traded goods) | | |
| Footwear, Bags & Accessories | 141,188.69 | 135,288.94 |
| Less : GST | 20,272.14 | 19,843.10 |
| **Sale of Traded Goods (Net of GST)** | **120,916.55** | **115,445.84** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 17. Other Income

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Interest Income:** | | |
| Income earned on financial assets carried at amortised cost: | | |
| Interest on bank deposits | 4.37 | 3.64 |
| Interest on loan given to Subsidiary | 22.31 | 22.25 |
| Interest on loan given to Joint Venture | - | 5.37 |
| Interest on other Loans and advances | 24.53 | 14.00 |
| Interest on Security deposit | 276.21 | - |
| Income earned on financial assets carried at FVOCI | | |
| Interest Income from Tax Free Bonds | 89.95 | 89.70 |
| | **417.37** | **134.96** |
| **Dividend Income:** | | |
| Dividend income from Current Investments in Mutual Funds (carried at FVTPL) | 462.29 | 423.04 |
| Net Gain arising on Investments designated as FVTPL | 1,287.98 | 1,022.09 |
| Net Gain on foreign currency transactions and translation | 31.27 | 58.29 |
| **Other Income:** | | |
| Cash Discounts | 22.08 | 7.91 |
| Miscellaneous Income (Refer Note 27) | 52.95 | 64.45 |
| Liabilities no longer required, written back | 265.46 | 82.35 |
| **Total** | **2,539.40** | **1,793.09** |

### 18. Purchases

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Stock-in-Trade (Footwear, Bags & Accessories) | 49,787.26 | 57,203.08 |
| Packing Materials | 2,012.81 | 1,560.96 |
| **Total** | **51,800.07** | **58,764.04** |

### 19. Changes in Inventories of Stock-In-Trade

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| <u>Inventories at the end of the year:</u> | | |
| Stock-in-trade | (31,999.92) | (33,073.53) |
| <u>Inventories at the beginning of the year:</u> | | |
| Stock-in-trade | 33,073.53 | 25,981.86 |
| **Net decrease / (increase) in Stock-in-trade** | **1,073.61** | **(7,091.67)** |

### 20. Employee benefits expense

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| (a) Salaries and wages | 10,294.49 | 9,110.82 |
| (b) Contribution to provident and other funds (Refer Note 26) | 957.64 | 1,021.05 |
| (c) Staff welfare expenses | 61.52 | 57.20 |
| **Total** | **11,313.65** | **10,189.07** |

### 21. Finance cost

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Interest on lease liabilities | 3,868.62 | - |
| **Total** | **3,868.62** | **-** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 22. Other expenses

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Power and fuel | 2,004.32 | 1,846.36 |
| Rent (Refer note 29) | 3,389.94 | 13,043.50 |
| Rates and taxes | 218.30 | 329.70 |
| Insurance | 102.09 | 93.63 |
| Repairs and maintenance - Machinery and Equipment | 79.84 | 76.58 |
| Repairs and maintenance - Others | 904.53 | 786.64 |
| Advertisement & Sales promotion | 4,454.23 | 4,295.24 |
| Commission on sales | 4,651.18 | 4,466.69 |
| Commission on Credit Card Sales | 730.90 | 745.08 |
| Freight Charges | 1,095.79 | 836.61 |
| Maintenance & Other Charges - Showrooms | 2,080.09 | 1,775.31 |
| Shoe Repair Expenses | 101.88 | 94.07 |
| Communication | 196.73 | 208.45 |
| Travelling and conveyance | 618.46 | 604.07 |
| Donations | 5.00 | - |
| Legal and professional | 556.78 | 398.38 |
| Payments to auditors (Refer Note 22.1) | 43.40 | 21.03 |
| Loss on Sale/ discard of Property, plant and equipment (net) | 253.39 | 127.85 |
| Corporate Social Responsibility (Refer Note 33) | 184.77 | 114.54 |
| Allowance for doubtful trade receivables, advances and deposits | - | 6.52 |
| Interest on delayed payment of taxes and others | 16.56 | 39.69 |
| Advances written off | 91.17 | 44.18 |
| Miscellaneous Expenses | 966.17 | 857.92 |
| **Total** | **22,745.52** | **30,812.04** |

### 22.1 Payment to auditors:

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **To statutory auditor** | | |
| (i) For Audit | 20.00 | 17.00 |
| (ii) For Taxation Matters | 2.50 | 2.50 |
| (iii) For Consolidation | 0.50 | 0.50 |
| (iv) For Other Services | 20.40 | 1.03 |
| **Total** | **43.40** | **21.03** |

### 23. Current Tax and deferred tax
#### (a) Income tax recognised in Statement of Profit and Loss

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Current tax:** | | |
| In respect of current year | 5,288.96 | 7,226.57 |
| In respect of prior year | 74.72 | 23.38 |
| | **5,363.68** | **7,249.95** |
| **Deferred tax:** | | |
| In respect of current year origination and reversal of temporary differences | 156.74 | 352.56 |
| **Total** | **5,520.42** | **7,602.51** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### (b) Income tax recognised in other comprehensive income

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Current tax :** | | |
| Remeasurement of defined benefit obligations | 1.01 | 19.63 |
| **Total** | **1.01** | **19.63** |
| **Bifurcation of income tax recognised in other comprehensive income into:** | | |
| - Items that will not be reclassified to profit and loss | 1.01 | 19.63 |
| **Total** | **1.01** | **19.63** |

### (c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Profit before tax** | **20,708.29** | **22,386.66** |
| Income tax expense calculated at 25.17% (2018-19: 34.944%) | 5,212.28 | 7,822.79 |
| Impact of tax rate change | 350.56 | - |
| Effect of income that is exempt from taxation | (198.50) | (193.62) |
| Effect of expenses that are non-deductible in determining taxable profit | 165.45 | 27.76 |
| Effect of deduction | (84.09) | (77.80) |
| Tax of prior years | 74.72 | 23.38 |
| **Income tax expense recognised in Statement of Profit and Loss** | **5,520.42** | **7,602.51** |

### 24. Deferred tax

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Opening Balance | On Ind AS opening | Recognised in the Statement of Profit and Loss | Recognised in Other Comprehensive Income | Closing Balance |
| **Tax effect of items constituting deferred tax asset/(liabilities)** | | | | | |
| Property, plant and equipment | (233.84) | - | 254.84 | - | 21.00 |
| Allowance for doubtful trade receivables, advances and deposits | 10.29 | - | (2.88) | - | 7.41 |
| Fair valuation on investments | (523.35) | - | (97.60) | - | (620.95) |
| Deferred Tax on Ind AS 116 - Leases | - | 1,979.15 | (305.21) | - | 1,673.94 |
| Others | 21.07 | - | (5.89) | - | 15.18 |
| **Net deferred tax asset/(liabilities)** | **(725.83)** | **1,979.15** | **(156.74)** | **-** | **1,096.58** |

| Particulars | For the year ended March 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Opening Balance | On Ind AS opening | Recognised in the Statement of Profit and Loss | Recognised in Other Comprehensive Income | Closing Balance |
| **Tax effect of items constituting deferred tax asset/(liabilities)** | | | | | |
| Property, plant and equipment | (70.52) | - | (163.32) | - | (233.84) |
| Allowance for doubtful trade receivables, advances and deposits | 10.29 | - | - | - | 10.29 |
| Fair valuation on investments | (313.04) | - | (210.31) | - | (523.35) |
| Others | - | - | 21.07 | - | 21.07 |
| **Net deferred tax asset/(liabilities)** | **(373.27)** | **-** | **(352.56)** | **-** | **(725.83)** |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### 25. Contingent Liabilities and commitments (to the extent not provided for)

₹ in Lakhs

| Nature of Dues | As at March 31, 2020 | As at March 31, 2019 | Period | Forum where dispute is pending |
|---|---|---|---|---|
| **(i) Contingent Liabilities** | | | | |
| (a) Claims not acknowledged as debts | - | - | | |
| Central Excise | - | 31.02 | Apr'2005 Sept'2005 | CESTAT, Mumbai |
| | - | 99.62 | Apr'2006 - Dec'2007 | CESTAT, Mumbai |
| | - | 260.69 | Jan'2008 - Mar'2011 | CESTAT, Mumbai |
| | 8.87 | 8.87 | Apr'2006 - Mar'2014 | CESTAT, Mumbai |
| Service Tax | 10.59 | 10.59 | Sept'2008 - Mar'2011 | The Supreme Court of India |
| Sales Tax | 20.05 | 20.05 | F.Y. 2012-2013 | Deputy Commissioner Appeal, Ernakulam |
| | 1.61 | 1.61 | F.Y. 2011-2012 | Deputy Commissioner Appeal, Ernakulam |
| | 645.84 | 645.84 | F.Y. 2013-2014 | Joint Commissioner -1 Appeal, Ahmedabad |
| | 76.43 | 76.43 | F.Y. 2013-2014 | Joint Commissioner of Commercial Tax (Appeals) - Bihar |
| | 2.71 | - | F.Y. 2015-2016 | Joint Excise and Taxation Commissioner (Appeals) - Faridabad |
| | 5.49 | - | F.Y. 2017-2018 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bangal |
| | 1.21 | - | F.Y. 2017-2018 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bangal |
| Income Tax | 1.22 | 43.74 | A.Y. 2009-10 | Income Tax Officer - TDS (As at March 31, 2019: The Bombay High Court) |
| | 8.07 | 36.83 | A.Y. 2010-11 | Income Tax Officer - TDS (As at March 31, 2019: The Bombay High Court) |
| | 12.46 | 48.55 | A.Y. 2011-12 | Income Tax Officer - TDS (As at March 31, 2019: The Bombay High Court) |
| | 13.61 | 68.50 | A.Y. 2012-13 | Income Tax Officer - TDS (As at March 31, 2019: The Bombay High Court) |
| | 4.55 | 4.55 | A.Y. 2011-12 | Commissioner of Income Tax, Appeal |
| (b) Guarantee given to bank on behalf of Metmill Footwear Pvt. Ltd.(Subsidiary company) | 2,500.00 | 2,500.00 | | |
| Loan utilized against above Guarantee given | 1,011.76 | 845.01 | | |
| (c) Other money for which the company is contingently liable | 20.50 | 20.50 | | |
| **ii) Commitments** | | | | |
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances paid) and not provided | 1,043.51 | 274.77 | | |

Future ultimate outflow of resources embodying economic benefits in respect of matters stated under Note 25(i)(a) and (c) depends on the final outcome of judgements / decisions on the matters involved.

### 26 Employee Benefits:

#### Defined - Contribution Plans

The Company offers its employees defined contribution plan in the form of provident fund. Both the employees and the Company pay pre determined contributions into the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised Provident Fund ₹ 603.24 Lakhs (Previous year ₹ 570.75 Lakhs) in the Statement of Profit and Loss.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### Defined Benefit Plans- Gratuity

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, payable for each completed year of service or part thereof in excess of six months in terms of gratuity scheme of the Company or as per the Payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

**a) The principal actuarial risks to which the Company is exposed are investment risk, interest rate risk, longevity risk and salary risk**

| | |
|---|---|
| Investment risk | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. |
| Interest risk | The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability. |
| Longevity risk | The Company has used certain mortality and attrition assumptions in the valuation of the liability. An increase in the life expectancy / longevity of plan participants will increase the plan's liability and vice versa. |
| Salary Risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |

**b) Details of Defined Benefit Plan of the Company (As per Actuarial Valuation)** **₹ in Lakhs**

| Gratuity | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **I. Expense recognized in the Statement of Profit and Loss for the year ended March 31** | | |
| 1. Current Service Cost | 180.96 | 174.47 |
| 2. Interest Cost on the net defined benefit liability /(asset) (net) | 14.55 | 11.47 |
| **Total** | **195.51** | **185.94** |
| **II. Included in other comprehensive income** | | |
| 1. Return on plan assets, excluding amount recognised in net interest expense | 42.69 | 2.84 |
| 2. Actuarial losses on account of : | | |
| - change in demographic assumptions | 4.25 | (24.46) |
| - change in financial assumptions | (53.43) | 22.44 |
| - experience variance | 10.51 | 55.38 |
| | **4.02** | **56.20** |
| **III. Net Asset/ (Liability) recognized in the Balance Sheet** | | |
| 1. Present Value of Defined Benefit Obligation | 1,617.19 | 1,534.83 |
| 2. Fair value of plan assets | 1,424.05 | 1,341.22 |
| 3. Net (liability) as at end of the year | **(193.14)** | **(193.61)** |
| **IV. Change in the obligation during the year** | | |
| 1. Present Value of Defined Benefit Obligation at the beginning of the year | 1,534.83 | 1,320.66 |
| 2. Expenses recognised in profit and loss Account | | |
| - Current Service Cost | 180.96 | 174.47 |
| - Interest Cost | 115.36 | 100.01 |
| 3. Remeasurement gains/(losses) | | |
| - change in demographic assumptions | 4.25 | (24.46) |
| - change in financial assumptions | (53.43) | 22.44 |
| - experience variance (i.e. Actual experience vs assumptions) | 10.51 | 55.37 |
| 4. Benefit Payments | (175.29) | (113.66) |
| 5. Present Value of Defined Benefit Obligation at the end of the year | **1,617.19** | **1,534.83** |
| **V. Change in Fair Value of Assets during the year** | | |
| 1. Plan assets at the beginning of the year | 1,341.22 | 1,169.16 |
| 2. Investment Income | 100.81 | 88.56 |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

**b) Details of Defined Benefit Plan of the Company (As per Actuarial Valuation)** **₹ in Lakhs**

| Gratuity | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| 3 Recognised in other comprehensive income | | |
| Remeasurement gains /(losses) | | |
| - Actual return on plan assets in excess of the expected Return | (42.69) | (2.84) |
| 4. Contribution by employer | 200.00 | 200.00 |
| 5. Benefits paid | (175.29) | (113.66) |
| 6. Fair value of Plan assets at the end of the year | **1,424.05** | **1,341.22** |
| **VI. The major categories of plan assets** | | |
| - Insurer Managed Funds | 1,424.05 | 1,341.22 |
| **VII. Actuarial assumptions** | | |
| 1. Discount Rate [HO] | 6.55% | 7.50% |
| Discount Rate [Sales Staff] | 5.20% | 6.60% |
| 2. Expected rate of return on plan assets | 8.00% | 8.00% |
| 3. Salary Escalation Rate [HO] | 5% for first year and 8.5% thereafter | 9.50% |
| Salary Escalation Rate [Sales Staff] | 5% for first year and 8.5% thereafter | 9.50% |
| 4. Attrition Rate [HO] | 8.89% | 8.50% |
| Attrition Rate [Sales Staff] | 33.42% | 36.97% |
| 5. In-service Mortality | IALM 2012-14 | IALM 2006-08 |

c) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

**₹ in Lakhs**

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Discount Rate (-/ + 1%) | | |
| - Decrease by 1% | 127.59 | 117.04 |
| - Increase by 1% | (112.26) | (102.63) |
| Salary growth Rate (-/ + 1%) | | |
| - Decrease by 1% | (111.67) | (101.68) |
| - Increase by 1% | 124.32 | 113.58 |
| Attrition Rate (-/ + 50% of the attrition rate) | | |
| - Decrease by 50% | 148.52 | 134.64 |
| - Increase by 50% | (84.34) | (78.35) |
| Mortality Rate (-/ + 10% of mortality rate) | | |
| - Decrease by 10% | 0.44 | 0.44 |
| - Increase by 10% | (0.44) | (0.44) |

The sensitivity analysis presented above may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

d) Expected contribution for the next year: The Company expects to contribute ₹ 366.67 Lakhs in respect of the gratuity plans during the next financial year ending March 31, 2021.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

e) Expected future benefits payable:

₹ in Lakhs

| Maturity Profile of Defined Benefit Obligation | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| 1 year | 198.48 | 282.05 |
| 2 to 5 years | 690.90 | 617.73 |
| 6 to 10 years | 619.99 | 565.12 |
| More than 10 years | 1,371.80 | 1,548.82 |

### 27 Related party disclosures as required by IND AS-24 "Related Party disclosures" are given below:

List of Related Parties :

I. Names of Related Party and description of relationship:

a. Party where control exists - Subsidiary Company : M/s. Metmill Footwear Private Limited

b. Joint Venture : M/s. M.V. Shoe Care Private Limited

c. Other Related Parties with whom transactions have taken place during the year:

i. Key Management Personnel (KMP) :
- Mr. Rafique Malik – Chairman (having significant influence)
- Mrs. Farah Malik Bhanji – Managing Director and Chief Executive Officer
- Mrs. Aziza Malik –Whole Time Director (having significant influence)
- Mr. J.J. Desai - Company Secretary & Chief Financial Officer
- Mr. Subhash Malik
- Mr. Rakesh Jhunjhunwala
- Mr. Utpal Sheth
- Ms. Aruna Advani
- Mr. Manoj Kumar Maheshwari
- Mr. Arvind Kumar Singhal
- Mr. Karan Singh
- Mr. Vikas Khemani

ii. Relatives of Key Management Personnel :
- Mrs. Sabina Malik Hadi
- Ms. Zarah Rafique Malik
- Mrs. Zia Malik Lalji
- Ms. Alisha R. Malik
- Mrs. Rukshana Kurbanali Javeri
- Mrs. Mumtaz Jaffer
- Mr. Suleiman Sadruddin Bhanji

iii. Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence :
- Design Matrix Interiors LLP
- Design Matrix Associated Private Limited
- Allium Property LLP
- M/s Metro Shoes
- Aziza Malik Family Trust
- Rafique Malik Family Trust
- Zia Malik Family Trust
- Zarah Malik Family Trust
- Sabina Malik Family Trust
- Farah Malik Family Trust

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Compensation in respect of concession agreements for showrooms - Rent** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | 82.48 | - |
| | 2018-19 | - | - | - | 96.60 | - |
| Aziza Malik | 2019-20 | - | - | - | 206.53 | - |
| | 2018-19 | - | - | - | 247.09 | - |
| **Commission in respect of retail agency agreements for showroom** | | | | | | |
| Metro Shoes | 2019-20 | - | 199.92 | - | - | - |
| | 2018-19 | - | 239.54 | - | - | - |
| **Compensation received in respect of rent for office** | | | | | | |
| Metro Shoes | 2019-20 | - | 4.62 | - | - | - |
| | 2018-19 | - | - | - | - | - |
| **Remuneration #** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | 605.49 | - |
| | 2018-19 | - | - | - | 543.07 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | 256.25 | - |
| | 2018-19 | - | - | - | 228.72 | - |
| Aziza Malik | 2019-20 | - | - | - | 184.38 | - |
| | 2018-19 | - | - | - | 164.31 | - |
| J.J. Desai | 2019-20 | - | - | - | 259.65 | - |
| | 2018-19 | - | - | - | 138.18 | - |
| Subhash Malik | 2019-20 | - | - | - | 27.06 | - |
| | 2018-19 | - | - | - | 25.36 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | 44.76 |
| | 2018-19 | - | - | - | - | 39.38 |
| **ESOP Exercised** | | | | | | |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.33 | - |
| **Directors' Sitting Fees** | | | | | | |
| Ms. Aruna Advani | 2019-20 | - | - | - | 2.60 | - |
| | 2018-19 | - | - | - | 3.60 | - |
| Mr. Manoj Kumar Maheshwari | 2019-20 | - | - | - | 2.10 | - |
| | 2018-19 | - | - | - | 3.10 | - |
| Mr. Arvind Kumar Singhal | 2019-20 | - | - | - | 1.50 | - |
| | 2018-19 | - | - | - | 2.40 | - |
| Mr. Karan Singh | 2019-20 | - | - | - | 1.20 | - |
| | 2018-19 | - | - | - | 1.20 | - |
| Mr. Vikas Khemani | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | - |
| **Retainership Fees** | | | | | | |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | 35.40 |
| | 2018-19 | - | - | - | - | 41.30 |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Interim Dividend** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 32.40 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 95.26 | - |
| Aziza Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 16.20 | - |
| J.J. Desai | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.72 | - |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.78 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 142.88 |
| Sabina Malik Hadi | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Zarah Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Zia Malik Lalji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Rukshana Kurbanali Javeri | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 2.92 |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.29 |
| Aziza Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 962.20 | - | - | - |
| Rafique Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 948.34 | - | - | - |
| Zia Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Zarah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Sabina Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Farah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Suleiman Sadruddin Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.29 |
| **Final Dividend** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 5.25 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 15.44 | - |
| Aziza Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.63 | - |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| J.J. Desai | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.44 | - |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.09 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 23.15 |
| Sabina Malik Hadi | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Zarah Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Zia Malik Lalji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Rukshana Kurbanali Javeri | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.47 |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.05 |
| Aziza Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 155.91 | - | - | - |
| Rafique Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 153.67 | - | - | - |
| Zia Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Zarah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Sabina Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Farah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Suleiman Sadruddin Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.05 |
| **Rent** | | | | | | |
| Allium Property LLP | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 102.10 | - | - | - |
| **Purchase of property** | | | | | | |
| Allium Property LLP | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 2,104.39 | - | - | - |
| **Professional Fees (capital cost)** | | | | | | |
| Design Matrix Interiors LLP | 2019-20 | - | 302.24 | - | - | - |
| | 2018-19 | - | 331.55 | - | - | - |
| **Loan Given** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 100.00 | - | - |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Loan Repaid** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 100.00 | - | - |
| **Interest On Loan Given** | | | | | | |
| Metmill Footwear Private Limited | 2019-20 | 22.31 | - | - | - | - |
| | 2018-19 | 22.25 | - | - | - | - |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 5.33 | - | - |
| **Purchases of Stock-in-Trade** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | 1,453.60 | - | - |
| | 2018-19 | - | - | 1,154.31 | - | - |
| Metmill Footwear Private Limited | 2019-20 | 9,952.00 | - | - | - | - |
| | 2018-19 | 8,146.17 | - | - | - | - |
| **Expenses Incurred on behalf of the related party** | | | | | | |
| Metmill Footwear Private Limited | 2019-20 | 121.62 | - | - | - | - |
| | 2018-19 | 6.02 | - | - | - | - |
| **Transport expenses** | | | | | | |
| Metmill Footwear Private Limited | 2019-20 | 72.40 | - | - | - | - |
| | 2018-19 | - | - | - | - | - |

### III. Outstanding receivables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Subsidiary Company (Metmill Footwear Private Limited)** | | |
| Advance to vendor | 1,595.60 | 1,360.87 |
| Loan Given | 148.34 | 148.34 |
| Interest on Loan Given | 4.99 | - |
| **Enterprises in which KMP / Relatives of KMP are able to exercise significant influence (Metro Shoes)** | | |
| Rent | 0.36 | - |

### IV. Guarantee Given

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Subsidiary Company (Metmill Footwear Private Limited)** | | |
| Guarantee Given | 2,500.00 | 2,500.00 |

### V. Outstanding payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Key Management Personnel** | | |
| **Compensation in respect of concession agreements for showrooms** | | |
| Rafique Malik | (4.29) | (7.59) |
| Aziza Malik | (10.40) | (17.15) |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### V. Outstanding payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Remuneration #** | | |
| Rafique Malik | - | (203.33) |
| Farah Malik Bhanji | - | (85.78) |
| Aziza Malik | - | (61.64) |
| J. J Desai | - | (53.86) |
| Subhash Malik | - | (5.51) |
| **ESOP outstanding** | | |
| Subhash Malik | (1.46) | (1.46) |
| **Relatives of Key Management Personnel** | | |
| **Remuneration #** | | |
| Alisha Malik | - | (14.58) |
| **Retainership Fees** | | |
| Mumtaz Jaffer | (2.83) | (3.54) |
| **Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence** | | |
| **Commission in respect of retail agency agreements for showroom** | | |
| Metro Shoes | (15.81) | (21.62) |
| **Security Deposit for Compensation in respect of rent for office** | | |
| Metro Shoes | (0.99) | (0.99) |
| **Professional Fees (capital cost)** | | |
| Design Matrix Interiors LLP | (28.76) | (25.73) |
| Design Matrix Associated Private Limited | - | (0.35) |
| **Joint Venture** | | |
| Purchases of Stock-in-trade | (643.83) | (524.45) |
| **Subsidiary** | | |
| Purchases of Stock-in-trade | (1,094.31) | (554.42) |

# excludes provision for gratuity which is determined on the basis of actuarial valuation done on overall basis for the Company

Notes:

1) No amount has been written off/ provided for or written back in respect of amounts receivable from or payable to the related parties.
2) The company has provided loan to its subsidiary for working capital purposes. This loan is unsecured.

**28** The Company's only business being trading of fashion footwear, bags and accessories operating in the premium and economy category and manufacturing of shoe care and foot care products, the disclosure of segment - wise information is not applicable under Ind AS 108 - 'Operating Segments'. Further, there is no geographical segment to be reported since all the operations are undertaken in India.

### 29 Leases

**Right to Use Asset**

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at April 1, 2019 | 37,605.90 | - |
| Additions during the year | 20,412.13 | - |
| Deletions during the year | (1,084.55) | - |
| Amortisation during the year | (8,786.95) | - |
| Balance at March 31, 2020 | 48,146.53 | - |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

### Lease Liabilities

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at April 1, 2019 | 41,989.26 | - |
| Additions during the year | 20,218.08 | - |
| Deletions during the year | (1,236.47) | - |
| Interest during the year | 3,868.62 | - |
| Lease payment during the year | (11,196.44) | - |
| Balance at March 31, 2020 | 53,643.05 | - |

### Maturity analysis - contractual undiscounted cash flow

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Less than 1 year | 11,969.80 | - |
| 1 - 5 Year | 37,195.59 | |
| More than 5 years | 24,453.22 | - |
| **Total undiscounted lease liabilities at March 31, 2020** | **73,618.61** | **-** |

| | | |
|---|---|---|
| **Lease Liabilities included in Financial statement as at March 31, 2020** | **53,643.05** | **-** |
| Current | 7,913.91 | - |
| Non- Current | 45,729.14 | - |

### Amounts Recognised in Statement of P & L

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Interest expense on lease liabilities | 3,868.62 | - |
| Amortisation of ROU | 8,786.95 | - |
| Expenses relating to short term leases/Variable lease payments | 3,389.94 | - |
| **Total** | **16,045.51** | **-** |

### Amounts Recognised in Statement of Cash Flows

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Cash outflow for Leases | 11,196.44 | - |

a) The Company has adopted Ind AS 116 effective April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and the Right of Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Accordingly, previous period information has not been restated.

The following is the summary of practical expedients elected on initial application by the Company:

i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iii. Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

iv. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as amortisation expense for the right-of-use asset and finance cost for

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

interest accrued on lease liability. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 7.9%.

b) The Company incurred ₹ 3,389.94 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 11,196.44 lakhs for the year ended March 31, 2020, excluding cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 3,868.62 lakhs for the year.

c) The Company's leases mainly comprise of showroom premises and warehouse premise.

**30** The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting year. Based on such review, the Company has estimated the useful life of leasehold improvements to be the period of lease or 10 years which is lower. As a result of the change in estimate, the amortisation expense charged to the Statement of Profit and Loss in the current year is higher by ₹ 659.79 lakhs.

### 31 Basic and Diluted Earnings per Share is calculated as under:

**₹ in Lakhs**

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Profit after tax as per Statement of Profit and Loss attributable to equity share holders (₹ in Lakhs) | 15,187.87 | 14,784.15 |
| Weighted average number of Equity Shares: | | |
| - Basic | 132,767,145 | 132,669,305 |
| Add: Effect of Potential Equity Shares on employees stock options outstanding | 48,283 | 48,283 |
| - Diluted | 132,815,428 | 132,717,588 |
| Earnings per Share (in ₹) | | |
| - Basic | 11.44 | 11.14 |
| - Diluted | 11.44 | 11.14 |

### 32 Employee Stock Option Plan 2008 (ESOP – 2008):

The Company had granted stock options (options) to its eligible employees in terms of Employees Stock Option plan 2008 (ESOP 2008) of the company as approved by the shareholders in the 31st Annual General Meeting held on 11th September, 2008.

a) The particulars of the Options distributed under ESOP 2008 are as follows:

| Particulars | ESOP |
|---|---|
| Eligibility | A permanent employee or a director of the Company (including of subsidiaries in India or out of India or of a holding company of the company) but excluding (a) an employee who is a promoter or belongs to the promoter group; (b) a director who either by himself or through his relatives or through any body corporate, directly holds more than 10% of the outstanding equity shares of the Company. |
| Plan Tenure | Tenure of the plan is 11 years, i.e. September 15, 2009 to September 14, 2020 or as determined by the Board / Compensation Committee from time to time. Any stock option which remains ungranted after closing date would automatically be lapsed. |
| Vesting period for options granted | The Company originally authorized 15,000 options for issue to eligible employees. In December, 2008, the same were increased to 45,000 options consequent to issue of bonus shares in the ratio 2:1 |
| | On 24th August, 2009, the Company granted 25,875 options to fourteen eligible employees. The vesting schedule for the options granted was 40% on September 15, 2009, 20% on September 15, 2010, 20% on September 15, 2011, and 20% on September 15, 2012. |
| | Further, on September 15, 2011 the Company granted 4,500 options to four eligible employees. The vesting schedule for the options granted in 2011 was 40% on September 15, 2012, 20% on September 15, 2013, 20% on September 15, 2014 and 20% on September 15, 2015. |
| | In November, 2012, outstanding options increased by 26,270 options consequent to issue of bonus shares in the ratio 2:1 |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

| Particulars | ESOP |
|---|---|
| | Further, on February 1, 2014 the Company granted 11,250 options to three eligible employees. The vesting schedule for the options granted in 2014 was 40% on February 1, 2016, 20% on February 1, 2017, 20% on February 1, 2018 and 20% on February 1, 2019. |
| | Further, on April 1, 2014 the Company granted 3,375 options to one eligible employee. The vesting schedule for the options granted in 2014 was 40% on April 1, 2015, 20% on April 1, 2016, 20% on April 1, 2017 and 20% on April 1, 2018. |
| | During the financial year 2018-19, some of the option holders exercised their options on various dates and in total were alloted 37,695 shares. Further, during the financial year 2018-19, in total 62,120 bonus options were issued in the ratio of 8:1. |
| Exercise Period | The vested options must be exercised immediately after the earliest of the occurrence of the following (a) Expiry of three years from the vesting date or two years of the listing of the shares on a recognized stock exchange, whichever is later (b) Thirty days following the date of grantee's voluntary resignation (c) 3 months following the date of grantee's termination of employment due to grantee's retirement, disability or death (d) 6 months following the occurrence of change of control. |
| Method of Settlement | Equity Shares of face value ₹ 10/- each |
| Exercise Price | Weighted average exercise price for 54,900 (previous year 54,900) stock options outstanding as at March 31, 2020 is ₹ 157.17 (previous year ₹ 157.17) |

b) The particulars of number of options granted and lapsed and the Price of Stock Options for ESOP 2008 are as follows:

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Options outstanding at the beginning | 54,900 | 30,475 |
| On issue of bonus shares | - | 62,120 |
| Exercised during the year # | - | (37,695) |
| Options outstanding at the end | **54,900** | **54,900** |

# 22,710 shares were issued pre bonus and 14,985 shares were issued post bonus during the financial year ended March 31, 2019.

c) The following options were outstanding as at March 31, 2020 and March 31, 2019

| Options series | Number | Grant date | Expiry date | Exercise price | Fair value of option at grant date |
|---|---|---|---|---|---|
| Grant 1 | 42,525 | 24-Aug-09 | 2 years from the date of listing of Company's share in any recognised stock Exchange | 12.04 | 8.94 |
| Grant 2 | 12,375 | 15-Sep-11 | 2 years from the date of listing of Company's share in any recognised stock Exchange | 36.11 | 19.39 |

d) No stock options granted during the year ended March 31, 2020.

### 33 Expenditure on Corporate Social Responsibility

a) Gross Amount required to be spent by the company during the year ended March 31, 2020 (as certified by the Company) : ₹ 367.95 Lakhs (Previous Year ₹ 307.63 Lakhs).

b) Amount spent during the year ended March 31, 2020 :₹ 184.77 Lakhs (Previous Year : ₹ 114.54 Lakhs), other than for construction / acquisition of any assets.

### 34 Financial Instruments

### 34.1 Capital Management

#### Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

₹ in Lakhs

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| **Equity** | | |
| Equity Share Capital | 13,276.71 | 13,276.71 |
| Other Equity | 64,725.06 | 53,178.04 |
| **Total Equity** | **78,001.77** | **66,454.75** |
| **Total Debt** | **-** | **-** |
| **Debt Equity Ratio** | **NA** | **NA** |

### 34.2 Categories of financial instruments

₹ in Lakhs

Financial Assets and Financial Liabilities classified under Level 1 & Level 2 hierarchy

| Particulars | Hierarchy level | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| **Financial Assets** | | | |
| **Measured at fair value through profit or loss** | | | |
| - Investments in mutual funds | Level 2 | 31,711.64 | 19,030.75 |
| - Investments in Bonds | Level 1 | 1,041.38 | - |
| **Measured at amortised cost** | | | |
| - Trade receivables # | Level 2 | 809.46 | 1,021.13 |
| - Cash and cash equivalents # | Level 2 | 1,004.79 | 1,114.25 |
| - Other Bank balances # | Level 2 | 38.89 | 50.18 |
| - Loans # | Level 2 | 335.76 | 280.81 |
| - Other financial assets # | Level 2 | 4,688.77 | 5,226.69 |
| **Measured at fair value through Other Comprehensive Income** | | | |
| - Investments in Bonds | Level 1 | 1,292.98 | 1,246.21 |
| **Financial Liabilities** | | | |
| **Measured at amortised cost** | | | |
| - Trade payables # | Level 2 | 15,464.12 | 17,927.78 |
| - Other financial liabilities # | Level 2 | 1,859.76 | 1,326.78 |
| - Lease Liabilities # | Level 2 | 53,643.05 | - |

# The Company considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximates their fair value.

### 34.3 Fair Value measurements

**Fair valuation techniques and inputs used**

**(i) Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

**Level 2** inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

— quoted prices for similar assets or liabilities in active markets

— quoted prices for identical or similar assets or liabilities in markets that are not active

— inputs other than quoted prices that are observable for the asset or liability, for example

  — interest rates and yield curves observable at commonly quoted intervals

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

— implied volatilities
— credit spreads

— inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market – corroborated inputs')

**Level 3** inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Financial assets measured at fair value

| Financial assets | Fair value as at (₹ in Lakhs) | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value and sensitivity |
|---|---|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | | | | |
| Investments in Mutual funds | 31,711.64 | 19,030.75 | Level 2 | Net assets value (NAV) declared by the respective asset management companies | NA | NA |
| Investments in bonds | 2334.36 | 1,246.21 | Level 1 | Active market determined | NA | NA |

### 34.4 Financial Risk Management

The Company's activities expose it to variety of financial risks: credit risk, liquidity risk and market risk. In order to manage aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

#### A] CREDIT RISK

**i) Credit Risk Management:**

Credit risk is the risk of the financial loss that the counterparty will default on its contractual obligation. The credit risk for the Company primarily arises from the credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases, cash and cash equivalents, deposits with banks and other receivables.

**ii) Trade and other receivables:**

The Company's retail business is predominantly on cash and carry basis. The Company sells goods on credit basis to institutional parties. The credit risk on such collections is minimal considering that such sales are only 3% of the total sales. The average credit period for institutional parties is 30 days. No interest is charged on trade receivables on payment received even after the credit period. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. As at March 31, 2020, the company had 5 customers (as at March 31, 2019 : 5 customers) that accounted for approximately 66% (as at March 31, 2019 : 34%) of the trade receivables. The Company also carries credit risk on lease deposits with landlords for store properties taken on lease, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Company's experience of delinquencies and customer disputes have been minimal.

**iii) Cash and cash equivalents and deposits with banks:**

Credit risk on Cash and Cash Equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

#### B] LIQUIDITY RISK

**1) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

**2) Maturity of financial liabilities**

The table below analyse the Company's financial liabilities into relevant maturity based on their remaining contractual maturities of all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance equal their carrying balances as the impact of discounting is not significant.

**₹ in Lakhs**

| Contractual maturities of financial liabilities | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Carrying amounts |
|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | |
| **Non- derivative financial liabilities** | | | | | |
| Non interest bearing: | | | | | |
| Trade Payables | 17,927.79 | - | - | - | 17,927.79 |
| Others | 1,326.78 | - | - | - | 1,326.78 |
| **As at March 31, 2020** | | | | | |
| **Non- derivative financial liabilities** | | | | | |
| Non interest bearing: | | | | | |
| Trade Payables | 15,464.12 | - | - | - | 15,464.12 |
| Lease liabilities | 11,969.80 | 20,859.14 | 16,336.45 | 24,453.22 | 73,618.61 |
| Others | 1,859.76 | - | - | - | 1,859.76 |

The Group has access to following financing facilities which were undrawn as at the end of the reporting periods mentioned.

**₹ in Lakhs**

| Undrawn financing facilities | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Secured working capital facilities | | |
| Amount Used | - | - |
| Amount Unused | 2,000.00 | 2,000.00 |
| **Total** | **2,000.00** | **2,000.00** |

The above facility has been secured by a charge on Company's book debts, inventory, receivables, cash flows, and all current assets including cash-in-hand.

### C] 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 three types of risk: Currency risk, interest risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**1) Product Price risk**

Product price increases which are not in line with the levels of customers discretionary spends, may affect the sales volumes. In such a scenario, the risk is managed by offering judicious discounts to customers to sustain volumes. Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps company protect itself from significant product margin losses.

**2) Interest risk**

The Company is not exposed to interest rate risk through the borrowing activities. The Company does not enter into financial instrument transactions for trading or speculative purposes or to manage interest rate exposure

**3) Currency risk**

The Company's significant transactions are in Indian rupees and therefore there is minimal foreign currency risk.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ in Lakhs, is as follows

| Particulars | March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | ₹ in Lakhs | USD($) in Lakhs | ₹ in Lakhs | USD($) in Lakhs |
| Trade Payables | 4.15 | 0.06 | 17.19 | 0.24 |

## Notes forming part of the standalone financial statements for the year ended March 31, 2020

**Sensitivity:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

**₹ in Lakhs**

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| USD sensitivity | | |
| ₹/USD -Increase by 1% # | (0.04) | (0.17) |
| ₹/USD -Decrease by 1% # | 0.04 | 0.17 |

# Holding all other variables constant

### 35 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

**₹ in Lakhs**

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| The principal amount remaining unpaid to any supplier at the end of the year | 88.99 | 74.31 |
| Interest due remaining unpaid to any supplier at the end of the year | - | 1.53 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | 25.98 | 76.37 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | 1.53 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

### 36 COVID-19 impact

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 24th of March 2020 announced by the Indian Government, to stop the spread of COVID-19. Due to this the operations in most of Company's stores and warehouses got temporarily disrupted. The Company has resumed its business activities by reopening its retail stores on a gradual basis in line with the guidelines issued by the Government authorities and local bodies.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Company’s financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

37 The figures for the corresponding previous year have been regrouped/reclassfied wherever necessary, to make them comparable.

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

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Rafique A.Malik** | **Farah Malik Bhanji** |
| Chairman | Managing Director & Chief Executive Officer |
| DIN:00521563 | DIN:00530676 |

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer
Place: Mumbai
Date : July 30, 2020

# AUDITOR'S REPORT
(CONSOLIDATED)

# INDEPENDENT AUDITOR'S REPORT

## To The Members of Metro Brands Limited (formerly known as Metro Shoes Limited)

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Metro Brands Limited (formerly known as Metro Shoes Limited) ("the Parent") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group") which includes the Group's share of profit in its joint venture, which comprises the Consolidated Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 the other auditors on separate financial statements of a subsidiary and joint venture referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS', and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated 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 (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to subsidiary and joint venture is traced from their financial statements audited by the other auditors.
- 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.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities 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 and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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 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 financial 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 Parent has adequate internal financial controls system 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 the 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 and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent 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.

### Other Matters

a) We did not audit the financial statements of a subsidiary and, whose financial statements reflect total assets of Rs.14,079.72 lakhs as at 31st March, 2020, total revenues of Rs.17,577.16 lakhs and net cash inflows amounting to Rs.6.38 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 84.60 lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint venture, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint venture is based solely on the reports of the other auditors.

b) Due to restrictions imposed in the COVID 19 related lockdown, some inventory locations of the Company were closed till date of audit report. The Management maintains inventory in its warehouse and showrooms and has an inventory physical verification program for performing physical count of inventory during the year – which was followed. However, due to the above mentioned restrictions, the management was unable to conduct physical verification of inventory as on the date of financial statements and consequently, we were unable to observe the verification or perform test counts on inventory as at year-end. We have performed alternative procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", which includes inspections of supporting documentation related to purchases, sales, results of physical counts performed by the Management during the year and count conducted by other Chartered Accountant, where applicable, and have obtained sufficient and appropriate audit evidence to issue our unmodified opinion on these Financial Statements. Our report is not modified in respect of this matter.

Our opinion on the consolidated financial statements above 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**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements of the subsidiary and joint venture referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary company and joint venture company incorporated in India, none of the directors of the Group companies and joint venture company incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary company and joint venture company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture. Refer note 26 to the Consolidated financial statements

   ii) The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, and its subsidiary company and joint venture company incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Ketan Vora
(Partner)
(Membership No. 100459)
UDIN : 20100459AAAAMD8321

Place: Mumbai
Date: July 30, 2020

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Report on the Internal Financial Controls Over Financial Reporting 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 the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Metro Brands Limited (formerly known as Metro Shoes Limited) (hereinafter referred to as "Parent") and its subsidiary company, and joint venture company, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company and joint venture company, 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 respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company and its joint venture company, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary and the joint venture company , which are companies incorporated in India, 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 system over financial reporting of the Parent, its subsidiary company and its joint venture company, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid report under Section 143(3)(I) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company and a joint venture company, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

Ketan Vora
(Partner)
(Membership No. 100459)
UDIN : 20100459AAAAMD8321

Place: Mumbai
Date: July 30, 2020

# FINANCIAL STATEMENTS

(CONSOLIDATED)

## Consolidated Balance Sheet as at March 31, 2020

₹ in Lakhs

| | | Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|---|---|
| A | | **ASSETS** | | | |
| | 1 | **Non-current assets** | | | |
| | | (a) Property, plant and equipment | 2a | 22,059.49 | 21,781.43 |
| | | (b) Capital work-in-progress | | 1,290.40 | 303.49 |
| | | (c) Right to use assets | 2b | 48,249.45 | - |
| | | (d) Intangible assets | 2c | 495.34 | 496.01 |
| | | (e) Intangible assets under development | | 13.01 | 103.10 |
| | | (f) Investment in Joint Venture | 3 | 789.22 | 705.50 |
| | | (g) Financial assets | | | |
| | | (i) Other financial assets | 5 | 3,922.11 | 4,795.04 |
| | | (h) Deferred tax assets (net) | 25 | 1,238.93 | 5.51 |
| | | (i) Other non-current assets | 6 | 516.57 | 114.54 |
| | | **Total non - current assets** | | **78,574.52** | **28,304.62** |
| | 2 | **Current assets** | | | |
| | | (a) Inventories | 7 | 37,613.09 | 36,461.50 |
| | | (b) Financial assets | | | |
| | | (I) Investments | 3 | 34,046.00 | 20,276.96 |
| | | (ii) Trade receivables | 8 | 7,012.76 | 5,192.70 |
| | | (iii) Cash and cash equivalents | 9a | 1,049.53 | 1,152.62 |
| | | (iv) Bank Balances other than (iii) above | 9b | 38.89 | 56.45 |
| | | (v) Loans | 4 | 191.47 | 137.37 |
| | | (vi) Other financial assets | 5 | 769.47 | 437.97 |
| | | (c) Other current assets | 6 | 2,446.43 | 2,966.20 |
| | | **Total current assets** | | **83,167.64** | **66,681.77** |
| | | **Total assets (1+2)** | | **161,742.16** | **94,986.39** |
| B | | **EQUITY AND LIABILITIES** | | | |
| | 1 | **Equity** | | | |
| | | (a) Equity share capital | 10 | 13,276.71 | 13,276.71 |
| | | (b) Other equity | 11 | 67,452.15 | 55,413.72 |
| | | **Equity attributable to the owners of the Company** | | **80,728.86** | **68,690.43** |
| | | Non-Controlling Interests | | 2,346.66 | 1,954.93 |
| | | **Total equity** | | **83,075.52** | **70,645.36** |
| | 2 | **Non-current liabilities** | | | |
| | | (a) Financial liabilities | | | |
| | | (I) Lease liabilities | 30 | 45,803.12 | - |
| | | (ii) Borrowings | 12 | - | 0.84 |
| | | (b) Provisions | 14 | 55.68 | 58.37 |
| | | (c) Deferred tax liabilities (Net) | 25 | - | 585.04 |
| | | **Total non - current liabilities** | | **45,858.80** | **644.25** |
| | 3 | **Current liabilities** | | | |
| | | (a) Financial liabilities | | | |
| | | (i) Borrowings | 12 | 1,152.32 | 985.57 |
| | | (ii) Trade payables | | | |
| | | Outstanding dues of Micro Enterprises and Small Enterprises | 15 | 174.17 | 157.31 |
| | | Outstanding dues of other than Micro Enterprises and Small Enterprises | 15 | 19,971.84 | 19,237.17 |
| | | (iii) Lease liabilities | 30 | 7,953.80 | - |
| | | (iv) Other financial liabilities | 13 | 1,865.33 | 1,329.96 |
| | | (b) Provisions | 14 | 248.28 | 246.90 |
| | | (c) Current tax liabilities (Net) | | - | 178.52 |
| | | (d) Other Current liabilities | 16 | 1,442.10 | 1,561.35 |
| | | **Total current liabilities** | | **32,807.84** | **23,696.78** |
| | | **Total equity and liabilities (1+2+3)** | | **161,742.16** | **94,986.39** |

See accompanying notes from 1 to 40 forming part of the consolidated financial statements

In terms of our report attached.
**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

## Consolidated Statement of Profit and Loss for the year ended March 31, 2020

₹ in Lakhs

| | Particulars | Note No. | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|---|---|
| I | Revenue from operations | 17 | 128,516.26 | 121,706.54 |
| II | Other Income | 18 | 2,590.62 | 1,779.59 |
| III | **Total Income (I + II)** | | **131,106.88** | **123,486.13** |
| IV | **Expenses** | | | |
| | (a) Purchases | 19 | 58,217.93 | 63,393.92 |
| | (b) Changes in inventories of stock in trade | 20 | (1,151.59) | (8,520.58) |
| | (c) Employee benefits expense | 21 | 12,675.69 | 11,213.51 |
| | (d) Finance Costs | 22 | 3,954.84 | 61.41 |
| | (e) Depreciation and Amortisation expense | 2a,2b &2c | 12,060.51 | 2,259.98 |
| | (f) Other expenses | 23 | 23,507.72 | 31,237.92 |
| | **Total Expenses (IV)** | | **109,265.10** | **99,646.16** |
| V | **Profit before tax and before share of profit of a Joint Venture (III-IV)** | | **21,841.78** | **23,839.97** |
| VI | **Tax expense** | | | |
| | (a) Current tax | 24 | 5,705.37 | 7,699.25 |
| | (b) Deferred tax | 25 | 163.51 | 352.26 |
| | **Total tax expense** | | **5,868.88** | **8,051.51** |
| VII | **Profit after tax for the year and before share of profit of a Joint Venture (V-VI)** | | 15,972.90 | 15,788.46 |
| VIII | **Share of profit of a Joint Venture** | | **84.60** | **149.95** |
| IX | **Profit after tax for the year (VII+VIII)** | | **16,057.50** | **15,938.41** |
| X | **Other comprehensive income** | | 64.12 | (82.25) |
| | (a)(i) Items that will not be reclassified to profit or loss | | | |
| | - Gain / (Loss) on Remeasurements of the defined benefit plans | | | |
| | (i) Group | | 17.21 | (61.77) |
| | (ii)Share in Joint Venture | | (1.17) | (0.56) |
| | (a)(ii) Income tax relating to items that will not be reclassified to profit or loss | | 1.30 | 21.42 |
| | (b)(I) Items that will be reclassified to profit or loss | | | |
| | -Gain / (Loss) arising on fair valuation of quoted investments in bonds | | 46.78 | (41.34) |
| | (b)(ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| XI | **Total comprehensive income for the year (IX+X)** | | **16,121.62** | **15,856.16** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | 15,672.82 | 15,446.27 |
| | - Non-controlling interests | | 384.68 | 492.14 |
| | | | 16,057.50 | 15,938.41 |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | 53.72 | (80.46) |
| | - Non-controlling interests | | 10.40 | (1.79) |
| | | | 64.12 | (82.25) |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | 15,726.54 | 15,365.81 |
| | - Non-controlling interests | | 395.08 | 490.35 |
| | | | 16,121.62 | 15,856.16 |
| | **Earning per equity share (of ₹ 10 each):** | | | |
| | **Basic** | **32** | **12.09** | **12.01** |
| | **Diluted** | **32** | **12.09** | **12.01** |

See accompanying notes from 1 to 40 forming part of the consolidated financial statements

In terms of our report attached.
**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

## Consolidated Statement of cash flow for the year ended March 31, 2020

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Cash flow from Operating Activities** | | |
| Profit before tax for the year | 21,841.78 | 23,839.97 |
| Adjustments for: | | |
| Finance Cost | 77.37 | 61.41 |
| Depreciation and Amortisation expense | 12,060.51 | 2,259.98 |
| Interest Expense (Lease Liabilities) | 3,877.47 | - |
| Net unrealised exchange loss/(gain) | 22.11 | (29.40) |
| Loss on Sale / Discard of Property Plant & Equipment (net) | 253.39 | 127.85 |
| Dividend income from Current Investments in Mutual Funds | (462.29) | (423.04) |
| Net Gain arising on Investments designated as FVTPL | (1,287.98) | (1,022.09) |
| Interest Income | (397.21) | (113.42) |
| Allowance for doubtful Trade receivables, advances and deposits | - | 6.52 |
| Liabilities no longer required, written back | (265.46) | (38.17) |
| Advances and other balances written off | 101.58 | 78.01 |
| Employee's Stock Options Expenses | - | 0.32 |
| **Operating profit before working capital changes** | **35,821.27** | **24,747.94** |
| **Movement in working capital:** | | |
| (Increase) in Trade Receivable | (1,921.63) | (1,341.21) |
| (Increase) in other financial assets | (951.85) | (861.28) |
| Decrease /(Increase) in other current assets | 897.36 | (909.32) |
| (Increase) in Inventories | (1,151.59) | (8,520.57) |
| (Increase) in other non-current assets | (105.55) | (20.40) |
| Increase in trade and other payables | 734.89 | 5,200.13 |
| (Decrease)/Increase in Other current liabilites | (119.88) | 48.13 |
| Increase in Other financial liabilites | 172.16 | 118.12 |
| Increase in Provisions | 15.90 | 6.25 |
| | **(2,430.19)** | **(6,280.15)** |
| **Cash generated from Operations** | **33,391.08** | **18,467.79** |
| Less: Income taxes paid | (6,082.67) | (8,034.90) |
| **Net cash generated from Operating Activities** | **27,308.41** | **10,432.89** |
| **Cash flows from Investing Activities** | | |
| Capital Expenditure on Property, Plant & Equipment including Capital Advances | (4,420.54) | (5,877.11) |
| Proceeds from Sale / Discard of Property, Plant & Equipment | 21.00 | 38.16 |
| Interest Received | 122.04 | 112.01 |
| Bank Balances (including Non Current) not considered as Cash and Cash equivalents | (12.04) | (29.19) |
| Purchase of Current Investments | (36,663.66) | (33,209.79) |
| Redemption of Current Investments | 24,229.38 | 31,808.17 |
| Dividend Income from Mutual Funds | 462.29 | 423.04 |
| **Net cash used in Investing Activities** | **(16,261.53)** | **(6,734.71)** |
| **Cash flow from Financing Activities** | | |
| Proceeds from issue of ESOP shares (including Securities Premium) | - | 74.07 |
| Proceeds from borrowings | 165.91 | 387.06 |
| Payment of Lease Liabilities | (11,238.51) | - |
| Finance Cost | (77.37) | (61.41) |
| Final and Interim Dividends including Dividend Tax paid | - | (4,463.50) |
| **Net cash flow from Financing Activities** | **(11,149.97)** | **(4,063.78)** |
| **Net (decrease) in cash and cash equivalents** | **(103.09)** | **(365.61)** |
| Cash and cash equivalents at the beginning [Refer Note 9a] | 1,152.62 | 1,518.23 |
| Cash and cash equivalents at the end of the year [Refer Note 9a] | 1,049.53 | 1,152.62 |

See accompanying notes from 1 to 40 forming part of the consolidated financial statements

In terms of our report attached.
**For Deloitte Haskins & Sells**
Chartered Accountants

**Ketan Vora**
Partner

Place: Mumbai
Date : July 30, 2020

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

**Sd/-**
**Rafique A.Malik**
Chairman
DIN:00521563

**Sd/-**
**Farah Malik Bhanji**
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

## Consolidated Statement of changes in equity for the year ended March 31, 2020

### A. Equity share capital

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Balance as at beginning of the year | 13,276.71 | 1,472.75 |
| Bonus Shares alloted during the year | - | 11,800.19 |
| Shares issued on exercise of employee stock options during the year | - | 3.77 |
| Balance as at the end of the year | 13,276.71 | 13,276.71 |

### B. Other Equity

₹ in Lakhs

| Particulars | Reserves and Surplus | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Capital reserve | General reserve | Employee stock options outstanding account | Retained earnings | Other Comprehensive Income (net of taxes) | Attributable to the owners of the Company | Non Controlling Interest | Total |
| **Balance as at March 31, 2018** | **574.66** | **29.00** | **8,670.10** | **16.87** | **46,941.40** | **8.95** | **56,240.98** | **1,464.58** | **57,705.56** |
| Profit for the year | - | - | - | - | 15,446.27 | - | 15,446.27 | 492.14 | 15,938.41 |
| Other comprehensive income (net of taxes) | - | - | - | - | 1.79 | (82.25) | (80.46) | (1.79) | (82.25) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **15,448.06** | **(82.25)** | **15,365.81** | **490.35** | **15,856.16** |
| Final Dividend | - | - | - | - | (516.04) | - | (516.04) | - | (516.04) |
| Dividend Distribution Tax on Final Dividend | - | - | - | - | (106.07) | - | (106.07) | - | (106.07) |
| Interim Dividend | - | - | - | - | (3,186.41) | - | (3,186.41) | - | (3,186.41) |
| Dividend distribution tax on Interim Dividend | - | - | - | - | (654.98) | - | (654.98) | - | (654.98) |
| Premium received on Issue of ESOP Shares | 70.30 | - | - | - | - | - | 70.30 | - | 70.30 |
| Employee's Stock Options Expenses | - | - | - | (6.79) | 7.11 | - | 0.32 | - | 0.32 |
| Transfer from ESOP outstanding account to share premium on exercise | 7.23 | - | - | (7.23) | - | - | - | - | - |
| Utilised in Issue of Bonus Shares | (574.66) | - | (8,670.10) | - | (2,555.43) | - | (11,800.19) | - | (11,800.19) |
| **Balance as at March 31, 2019** | **77.53** | **29.00** | **-** | **2.85** | **55,377.64** | **(73.30)** | **55,413.72** | **1,954.93** | **57,368.65** |
| Impact on account of adoption of IND AS 116 (Refer Note 30) | - | - | - | - | (3,688.11) | - | (3,688.11) | (3.35) | (3,691.46) |
| **Restated Balance as at April 1,2019** | **77.53** | **29.00** | **-** | **2.85** | **51,689.53** | **(73.30)** | **51,725.61** | **1,951.58** | **53,677.19** |
| Profit for the year | - | - | - | - | 15,672.82 | - | 15,672.82 | 384.68 | 16,057.50 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | 64.12 | 53.72 | 10.40 | 64.12 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **15,672.82** | **64.12** | **15,726.54** | **395.08** | **16,121.62** |
| **Balance as at March 31, 2020** | **77.53** | **29.00** | **-** | **2.85** | **67,362.35** | **(9.18)** | **67,452.15** | **2,346.66** | **69,798.81** |

See accompanying notes from 1 to 40 forming part of the standalone financial statements

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

For Deloitte Haskins & Sells
Chartered Accountants

**Ketan Vora**
Partner

**Sd/-**
Rafique A.Malik
Chairman
DIN:00521563

**Sd/-**
Farah Malik Bhanji
Managing Director & Chief Executive Officer
DIN:00530676

**Sd/-**
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer

Place: Mumbai
Date : July 30, 2020

# NOTES TO THE FINANCIAL STATEMENTS

(CONSOLIDATED)

# Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

## 1.a Corporate Information

Metro Brands Limited ['the Company'] and its subsidiary company (together referred to as 'the Group') and the Joint Venture (JV) are engaged in trading of fashion footwear, bags and accessories operating in the premium and economy category and manufacturing of shoe care and foot care products.

The addresses of the Company's registered office and principal place of business are given below.

401, Zillion, 4th Floor, LBS Marg & CST Road Junction, Kurla (West), Mumbai – 400070.

## 1.b Significant Accounting Policies

### A) Statement of compliance :

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (referred to as Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, considering other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency. All amounts are rounded to the nearest lakhs except when otherwise indicated.

The Financial Statements were approved by the Board of Directors on July 30, 2020.

### Basis of preparation and presentation of consolidated financial statements

The financial statements of the Group have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given at the date of the transaction, in exchange of goods and services.

Based on the nature of activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current as set out in Schedule III of the Act.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Basis of consolidation :

**Subsidiary :**

Subsidiary is an entity over which the Group has control. The Group controls an entity when it is exposed or has right to variable return from its involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the underlying facts and circumstances indicate that there are changes to above mentioned parameters that determine the existence of control. Subsidiary is fully consolidated from the date on which control is transferred to the Group, and is de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to a parent and presented separately from the Group's equity. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit or loss and other comprehensive income are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in case where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

**Joint Venture :**

The Company's investment in a joint venture is accounted for by the Equity Method. On acquisition of the investment in Joint venture, the excess of the Company's share of the net fair values of the Joint venture's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as Capital Reserve. The carrying amount is increased or decreased to recognize the Company's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. Distributions received from the joint venture reduce the carrying amount of the investment. The carrying amount of the investment is tested for impairment at each reporting date.

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

The unrealised gains/losses resulting from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the investee. However unrealised losses are eliminated only to the extent that there is no evidence of impairment.

**B) Principles of consolidation :**

The Consolidated Financial Statements relate to the Group and its Joint Venture. The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the subsidiary company and JV used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2020.

ii. The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating in tra-group balances, intra-group transactions and resulting unrealised profits or losses (net of deferred tax), unless cost cannot be recovered.

iii. The excess of cost to the Group of its investment in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made are made/acquired, is recognised in the financial statement as 'Goodwill' being an asset in the Consolidated Financial Statements. Similarly, where the share of equity in the subsidiary company as on the dates of investment/acquisition is in excess of cost of the investment of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the Consolidated Financial Statements.

**C) Revenue Recognition:**

I) Sale of goods:

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers for an amount that reflects the consideration the Group expects to receive in exchange for those products. The control of goods is transferred to the customer depending upon agreed terms with customer or on delivery basis. Control is considered to be transferred to the customer when the customer has ability to direct the use of such products and obtain substantially all the benefits from it.

Sale of Gift voucher is considered as advance received from the customers till the time the vouchers are redeemed by the customer for the purchase of products and products sold is qualified for revenue recognition.

The Group operates a loyalty points programme which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed against consideration payable for subsequent purchases. Consideration received is allocated between the products sold and number of points expected to be redeemed. The consideration allocated to the loyalty points is measured by reference to their fair value. The Group recognises the consideration allocated to loyalty points, when the loyalty points are redeemed.

II) Interest and Dividend Income:

Dividend Income is accounted when right to receive the dividend is established.

Interest Income is recognized on time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

**D) Property, plant and equipment and intangible assets:**

Property, plant and equipment:

Property, plant and equipment are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Property, plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation:

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset:

- Leasehold improvements are amortised on straight line basis over the period of lease or useful life (not exceeding 10 years), whichever is lower.

Intangible Assets:

Intangible Assets with finite useful lives acquired separately are carried at cost less accumulated amortisation and accumulated

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that acquired separately are carried at cost less accumulated impairment loss.

Intangible assets are amortised over their estimated useful life as follows:-

- Trademark – 10 years
- Copy Rights – 10 years
- Computer Software – 5 years
- Commercial Rights - 10 years

Capital work in progress:

Projects under which tangible property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible Assets under development:

Expenditure on intangible assets under development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

**E) Impairment of assets:**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

**F) Inventories:**

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

With effect from July 1, 2018, the Company had changed the basis of measurement of cost from 'Retail Method' to 'moving weighted average cost method' as a more precise basis of measuring cost of inventory. Accordingly, as per the requirements of paragraph 22 of Ind AS 8 on "Accounting policies, Changes in Accounting Estimates and errors", the Company needed to give retrospective effect and adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

The Company determined that it was impracticable to determine the efect of retrospective application to any periods prior to April 1, 2018, since the information required to measure cost of inventory on the basis of moving weighted average cost method was not maintained in the erstwhile accounting application software used in the prior periods and the required information cannot be accurately collected making every reasonable effort. Accordingly, the Company had applied the change in the accounting policy for the year ending March 31, 2019.

**Subsidiary:**

The inventory has been valued as per the First in First out method.

**Joint Venture:**

1) Raw materials

These are valued at cost. Cost includes purchase price, freight inwards and other costs incurred in bringing the inventories to their present location and condition excluding taxes which are subsequently recoverable from the concerned revenue authorities such as Goods and service tax (GST). Costs of purchased inventory are determined after deducting rebates and discounts. Cost of raw material is determined on first in first out basis (FIFO).

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

2) Stock-in trade

These are valued at lower of cost and net realisable value. Cost includes purchase price, freight inwards and other costs incurred in bringing the inventories to their present location and condition excluding taxes which are subsequently recoverable from the concerned revenue authorities such as Goods and service tax (GST). Costs of purchased inventory are determined after deducting rebates and discounts. Cost of stock-in trade is determined on first in first out basis (FIFO).

3) Manufactured finished goods

These are valued at lower of cost and net realisable value. Cost includes cost of raw material, cost of conversion such as overheads and other costs incurred in bringing such inventories to its present location and condition based on actual level of production. Costs of manufactured finished goods determined on first in first out basis (FIFO).

Net realizable 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. The comparison of cost and net realizable value is made on item by item basis.

Devaluation on inventories is considered on the basis of management's best estimate of demand and expected turnover of the inventories.

**G) Taxes on Income:**

Income Tax expense represents the sum of the current tax and deferred tax.

Current Tax

Current tax is the tax payable on the taxable profit for the year Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in accordance with the Income Tax Act, 1961.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**H) Employee Benefits:**

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange of the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

In case of non-accumulating compensated absences, the cost of short-term compensated absences is accounted when the absences occur.

Long-term employee benefits:

I) Defined Contribution Plan:

The Provident Fund is a defined contribution scheme. The eligible employees of the Group are entitled to receive post-employment benefits in respect of provident fund, in which both employees and the Group make monthly contributions at a specified percentage of the employees' eligible salary. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

II) Defined Benefit Plan:

The Group has Defined Benefit Plan in the form of Gratuity.

Gratuity fund is recognised by the Income-tax authorities and administered through an Insurance fund. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate (interest rates of government bonds) that have terms to maturity approximating to the terms of the Gratuity.

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in 'Other Comprehensive Income' (net of taxes) in the statement of changes in equity and in the balance sheet.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

**I) Foreign Currencies:**

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are translated using the closing exchange rate as on Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on remeasurement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise and disclosed as a net amount in the financial statements.

**J) Employees Stock Option Plan (ESOP):**

In respect of Employee Stock Options, the Group measures the compensation cost using the fair value on grant date. The compensation cost, if any, is amortised on a straight-line basis over the vesting period of the options, based on the Company's estimate of equity instruments that will eventually vest.

**K) Provisions, Contingent Liabilities and Contingent Assets**

(I) Provisions

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 will be required to settle the obligation; and the amount can be reliably estimated. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty:

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise.

(ii) Contingent Liabilities

Contingent liabilities are 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; or
- 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 reliable estimate of the amount cannot be made.

**L) Financial assets and financial liabilities:**

Financial Instruments:

Financial Assets and Financial liabilities are recognised when a Group becomes party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities, at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets:

(I) Classification:

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets in the following subsequent measurement categories:

Amortised Cost

Financial Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

amortised cost is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Other Comprehensive Income (FVOCI)

Financial Assets (including debt instruments) are subsequently measured at fair value through other comprehensive income when the asset is held within a business model with an objective that is achieved by collecting contractual cash flows and selling financial assets and the terms of the instrument give rise to cash flows that represent solely payments of principal and interest thereon. Movements in the carrying amount of such assets are taken through Other Comprehensive Income (OCI). When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

(ii) Impairment of Financial Assets:

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt instruments at FVOCI. For trade receivables, loans and advances given, the Group measure the loss allowance at an amount equal to lifetime expected credit losses. This expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward looking information. The computation also takes into consideration whether there has been a significant increase in credit risk.

(iii) Derecognition of Financial Assets:

A financial asset is derecognised only when:

- the Group has transferred the contractual rights to receive cash flows of the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities:

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when the Group's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument 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 term of an existing 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 derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

**M) Leases:**

The Group has adopted Ind AS 116-Leases effective April 1, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (April 1, 2019). Accordingly, previous period information has not been restated.

The Group's lease asset classes primarily consist of leases for Showroom Premise. The Group assesses whether a contract is or contains a lease, at inception of a contract. 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 assesses whether:

i) the contract involves the use of an identified asset

ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and

iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any

## Notes to the Consolidated financial statements as at and for the year ended March 31, 2020

lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

### N) Earnings per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### O) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### P) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short- term balances (with an original maturity of three months or less from the date of acquisitions), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### Q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments and makes strategic decisions (Refer Note 29).

### Note 1.c - Critical Accounting Estimates and Judgements

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the areas involving critical estimates and judgements as at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities:

- Estimation of Revenue arising from Loyalty points [Refer Note 1.b(C)(I)]
- Estimation of useful life of Property, Plant and Equipment [Refer Note 1.b(D)]
- Estimation of Defined Benefit Obligation [Refer Note 1.b(H)(II)]
- Fair value measurements and valuation process. 1.b(L)(I)]
- Impairment of Financial Assets [Refer Note 1.b(L)(II)]

### Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Group has evaluated the likely impact of the COVID 19 on the overall business of the Group. Though it is too early to estimate the same in view of the volatility in the economic conditions pursuant to this pandemic, the Group as at the date of the approval of these financials, has used various available sources of information to analyse the carrying amount of its financial assets and exposures.

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 retail stores on a gradual basis in line with the guidelines issued by the Government authorities.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 2a. Property, Plant and Equipment:

₹ in Lakhs

| Particulars | Buildings | Leasehold Improvements (Showrooms and Office) (Refer Foot Note) | Furniture and Fittings | Machinery and Equipment | Motor Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| **I. Cost** | | | | | | | |
| **Balance as at March 31, 2018** | **8,912.38** | **10,456.84** | **2,551.14** | **2,204.51** | **555.97** | **831.18** | **25,512.02** |
| Additions | 2,209.91 | 2,294.58 | 633.59 | 488.62 | - | 154.88 | 5,781.58 |
| Disposals | - | (534.81) | (52.60) | (90.95) | (113.36) | (21.65) | (813.37) |
| **Balance as at March 31, 2019** | **11,122.29** | **12,216.61** | **3,132.13** | **2,602.18** | **442.61** | **964.41** | **30,480.23** |
| Additions | - | 2,107.53 | 700.90 | 607.81 | - | 222.87 | 3,639.11 |
| Disposals | - | (1,120.30) | (184.96) | (147.75) | - | (64.23) | (1,517.24) |
| **Balance as at March 31, 2020** | **11,122.29** | **13,203.84** | **3,648.07** | **3,062.24** | **442.61** | **1,123.05** | **32,602.10** |
| **II. Accumulated depreciation** | | | | | | | |
| **Balance as at March 31, 2018** | **513.52** | **4,372.72** | **897.03** | **796.61** | **162.35** | **474.47** | **7,216.70** |
| Depreciation expense for the year | 220.93 | 1,157.96 | 296.73 | 260.30 | 53.91 | 139.63 | 2,129.46 |
| Eliminated on disposal of assets/write off | - | (432.90) | (42.18) | (64.15) | (87.92) | (20.21) | (647.36) |
| **Balance as at March 31, 2019** | **734.45** | **5,097.78** | **1,151.58** | **992.76** | **128.34** | **593.89** | **8,698.80** |
| Depreciation expense for the year (Refer Note 31) | 238.08 | 1,956.14 | 344.33 | 325.71 | 50.94 | 171.46 | 3,086.66 |
| Eliminated on disposal of assets/write off | - | (932.82) | (139.49) | (110.23) | - | (60.31) | (1,242.85) |
| **Balance as at March 31, 2020** | **972.53** | **6,121.10** | **1,356.42** | **1,208.24** | **179.28** | **705.04** | **10,542.61** |
| **Net carrying amount (I-II)** | | | | | | | |
| **Balance as at March 31, 2020** | **10,149.76** | **7,082.74** | **2,291.65** | **1,854.00** | **263.33** | **418.01** | **22,059.49** |
| **Balance as at March 31, 2019** | **10,387.84** | **7,118.83** | **1,980.55** | **1,609.42** | **314.27** | **370.52** | **21,781.43** |

### 2b. Right to use assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **I. Cost** | | |
| **Balance as at April 1, 2019** | **37,658.83** | **-** |
| Additions | 20,496.63 | - |
| Deletion | (1,084.55) | - |
| **Balance as at March 31, 2020** | **57,070.91** | **-** |
| II. Accumulated amortisation | | |
| **Balance as at April 1, 2019** | - | - |
| Amortization expense for the year | 8,821.46 | - |
| **Balance as at March 31, 2020** | **8,821.46** | **-** |
| **Net carrying amount (I-II)** | **48,249.45** | **-** |

### 2c. Intangible Assets (Represents other than internally generated intangible assets) :

₹ in Lakhs

| Particulars | Copyrights | Commercial Rights | Trademarks | Computer Software | Total |
|---|---|---|---|---|---|
| **I. Cost** | | | | | |
| **Balance as at March 31, 2018** | **26.00** | **41.00** | **131.88** | **390.10** | **588.98** |
| Additions | - | - | 100.00 | 361.21 | 461.21 |
| **Balance as at March 31, 2019** | **26.00** | **41.00** | **231.88** | **751.31** | **1,050.19** |
| Additions | - | - | - | 151.72 | 151.72 |
| Disposals | - | - | - | (0.18) | (0.18) |
| **Balance as at March 31, 2020** | **26.00** | **41.00** | **231.88** | **902.85** | **1,201.73** |
| **II. Accumulated amortisation** | | | | | |
| **Balance as at March 31, 2018** | **26.00** | **36.90** | **129.33** | **231.43** | **423.66** |
| Amortization expense for the year | - | 4.10 | 9.41 | 117.01 | 130.52 |
| **Balance as at March 31, 2019** | **26.00** | **41.00** | **138.74** | **348.44** | **554.18** |
| Amortization expense for the year | - | - | 10.41 | 141.98 | 152.39 |
| Eliminated on disposal of assets / write off | - | - | - | (0.18) | (0.18) |
| **Balance as at March 31, 2020** | **26.00** | **41.00** | **149.15** | **490.24** | **706.39** |
| **Net carrying amount (I-II)** | | | | | |
| **Balance as at March 31, 2020** | **-** | **-** | **82.73** | **412.61** | **495.34** |
| **Balance as at March 31, 2019** | **-** | **-** | **93.14** | **402.87** | **496.01** |

Note: Includes furniture, fixtures and other items capitalised prior to year 2009, which are part of the initial capital outlay and cannot be separately identified.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 3. Investments for the year ended March 31, 2020

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Quantity | Amounts | | Quantity | Amounts | |
| | | Current | Non-Current | | Current | Non-Current |
| **A. Investments carried at cost** | | | | | | |
| ***Unquoted Investments at cost - (fully paid up)*** | | | | | | |
| Investment in Equity instrument of Joint Venture (carrying amount determined using the equity method of accounting) | | | | | | |
| Equity shares of ₹ 10/- each in M.V.Shoe Care Pvt. Ltd. | 6,860,000.00 | - | 520.52 | 6,860,000.00 | - | 520.52 |
| Add : Share in accumulated Profits/Reserves | - | - | 268.70 | - | - | 184.98 |
| | **6,860,000.00** | **-** | **789.22** | **6,860,000.00** | **-** | **705.50** |
| **B. Investments carried at FVOCI** | | | | | | |
| **Quoted Investments** | | | | | | |
| **Investments in Bonds** | | | | | | |
| 7.38% PFC Tax Free Bonds 22/11/2027 of ₹ 10,00,000 each | 50.00 | 547.35 | - | 50.00 | 528.00 | - |
| 7.35% NHAI Tax Free Bonds 2015 Series IIA of ₹ 1,000 each | 14,285.00 | 160.23 | - | 14,285.00 | 153.21 | - |
| 8.46% IIFCL Tax Free Bonds (SERIES VIB) 30/08/2028 of ₹ 10,00,000 each | 50.00 | 585.40 | - | 50.00 | 565.00 | |
| **C. Investments carried at FVTPL** | | | | | | |
| **Unquoted Investments** | | | | | | |
| **Face Value of ₹ 10.00 each** | | | | | | |
| Aditya Birla Sunlife Income Plus - Growth - Direct Plan | 1,590,562.15 | 1,510.33 | - | 1,590,562.15 | 1,350.44 | - |
| NIPPON India Income Fund - Direct Growth Plan - Growth Option (Formerly Reliance Income Fund - Direct Growth Plan - Growth Option) | 2,169,246.36 | 1,537.90 | - | 2,169,246.36 | 1,355.60 | - |
| HDFC Gilt Fund - Direct Plan - Growth Option | 3,078,537.21 | 1,293.41 | - | 3,078,537.21 | 1,173.70 | - |
| EDELWEISS Arbitrage fund - Direct Plan-Dividend - Payout | 23,564,173.40 | 2,547.00 | - | 23,564,173.40 | 2,511.92 | - |
| ICICI Prudential Equity Arbitrage Fund - Direct plan - Dividend | 17,797,540.50 | 2,593.14 | - | 17,797,540.50 | 2,579.11 | - |
| Franklin India Ultra Short Bond Fund Super Institutional - Plan Direct | 15,857,659.90 | 4,385.20 | - | 10,868,999.00 | 2,867.65 | - |
| Franklin India Liquid Fund-Super Institutional Plan - Direct | 22,378.19 | 667.62 | - | 47,335.39 | 1,324.70 | - |
| Franklin India Short Term Income Plan Retail - Direct Plan - Growth | - | - | - | 50,615.67 | 2,123.68 | - |
| Kotak Equity Arbitrage Fund-Direct Plan -Fortnight Dividend | 10,624,578.23 | 2,503.26 | - | 10,624,578.23 | 2,500.91 | - |
| Nippon Arbitrage Fund- Direct Plan Dividend Plan Dividend Payout(Formerly Reliance Arbitrage Fund- Direct Plan Dividend Payout) | 8,545,813.33 | 1,125.55 | - | 8,545,813.33 | 1,101.72 | - |
| Kotak Banking and PSU Debt Fund direct Growth | 4,931,736.46 | 2,349.81 | - | | - | - |
| Franklin India Savings Fund Retail Option - Direct | 2,854,190.40 | 1,082.11 | - | - | - | - |
| ICICI Prudential Ultra Short Term Fund Direct Plan Growth | 14,248,446.54 | 3,059.63 | - | - | - | - |
| Aditya Birla Sun Life Savings Fund - Growth - Direct Plan | 125,232.37 | 501.97 | - | - | - | - |
| Aditya Birla Sun Life Banking & PSU Debt Fund - Growth - Direct Plan | 187,991.83 | 501.87 | - | - | - | - |
| Aditya Birla Sunlife Money Manager Fund - Growth - Direct Plan | 993,156.61 | 2,690.69 | - | - | - | - |
| **Face Value of ₹ 1,000.00 each** | | | | | | |
| Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan | 440,082.46 | 1,406.32 | - | 47,039.31 | 141.32 | - |
| Kotak Money Market Fund -Direct Plan - Growth | 37,509.70 | 1,242.73 | - | - | - | - |
| Axis Liquid Fund-Direct Growth | 32,349.95 | 713.10 | - | - | - | - |
| **Quoted Investments** | | | | | | |
| Bharat Bond ETF 30/04/2030 of ₹ 1000 each | 100,000.00 | 1,041.38 | - | - | - | - |
| **Total (Aggregate amount of unquoted investments)** | | **31,711.64** | **789.22** | | **19,030.75** | **705.50** |
| **Total (Aggregate amount of quoted investments)** | | **2,334.36** | **-** | | **1,246.21** | **-** |
| **Total** | | **34,046.00** | **789.22** | | **20,276.96** | **705.50** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 4. Loans (Unsecured, considered good)

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Loans to employees | 31.18 | - | 31.18 | 26.52 | - | 26.52 |
| Loans to Selling agents, Retail agents, Supervisors and others | 160.29 | - | 160.29 | 110.85 | - | 110.85 |
| **Total** | **191.47** | **-** | **191.47** | **137.37** | **-** | **137.37** |

### 5. Other financial assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Security Deposits | | | | | | |
| (i) For showroom and others | 656.45 | 3,886.01 | 4,542.46 | 343.61 | 4,788.54 | 5,132.15 |
| Less: Allowance for doubtful deposits | (11.20) | - | (11.20) | (11.20) | - | (11.20) |
| | **645.25** | **3,886.01** | **4,531.26** | **332.41** | **4,788.54** | **5,120.95** |
| Bank Deposit with more than 12 months maturity from the Balance Sheet date | - | 36.10 | 36.10 | - | 6.50 | 6.50 |
| Insurance Claim Receivable | 12.14 | - | 12.14 | 7.64 | - | 7.64 |
| Interest accrued on deposits with banks and investments | 50.17 | - | 50.17 | 51.20 | - | 51.20 |
| Others (Receivables from Showroom Managers, Retail Agent etc.) | 61.91 | - | 61.91 | 46.72 | - | 46.72 |
| **Total** | **769.47** | **3,922.11** | **4,691.58** | **437.97** | **4,795.04** | **5,233.01** |

### 6. Other assets

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| (i) Advances to Vendors | 547.14 | - | 547.14 | 888.51 | - | 888.51 |
| (ii) Capital advances | - | 96.06 | 96.06 | - | - | - |
| (iii) Balances with government authorities : | | | | | | |
| (i) Goods and Services tax/Value Added tax credit receivable | 1,676.14 | 2.28 | 1,678.42 | 1,793.04 | 6.20 | 1,799.24 |
| (iv) Prepayments | 195.82 | 1.06 | 196.88 | 178.59 | 3.12 | 181.71 |
| (v) Prepaid Rent | 27.33 | 127.28 | 154.61 | - | - | - |
| (vi) Amounts paid under protest | - | 53.79 | 53.79 | - | 93.85 | 93.85 |
| [Sales tax ₹ 53.79 Lakhs (March 31, 2019- Excise duty ₹ 50 lakhs and Sales tax ₹ 43.85 Lakhs )] | | | | | | |
| (vii) Advance Income tax (Net of Provision) | - | 236.10 | 236.10 | - | 11.37 | 11.37 |
| (viii) Others | | | | | | |
| (i) Other Advances | - | - | - | 106.06 | - | 106.06 |
| **Total** | **2,446.43** | **516.57** | **2,963.00** | **2,966.20** | **114.54** | **3,080.74** |

### 7. Inventories

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Stock in trade (Refer Note 20) | 37,613.09 | 36,461.50 |
| **Total** | **37,613.09** | **36,461.50** |
| Included above, goods-in-transit: | 273.36 | 580.36 |

**Notes:**

i) The cost of inventories recognised as an expense during the year was ₹ 57,066.34 Lakhs (March 31, 2019: ₹ 54,873.34 Lakhs)

ii) The cost of inventories recognised as an expense includes ₹ 14.63 Lakhs (March 31, 2019: ₹ 20 Lakhs) in respect of write-down of inventory to net realisable value.

### 8. Trade receivables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables* | | |
| Unsecured, considered good | 7,012.76 | 5,192.70 |
| **Total** | **7,012.76** | **5,192.70** |

* Refer Note 37.4 (A) (ii)

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 9a. Cash and cash equivalents

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) Unrestricted balances with Banks | | |
| - In Current accounts | 948.01 | 712.73 |
| - In Fixed Deposit | 26.01 | 5.15 |
| (b) Restricted balances with Banks | | |
| - In Current accounts | 0.30 | - |
| (c) Cash on hand | 49.87 | 52.90 |
| (d) Cash at showrooms | 25.34 | 381.84 |
| **Total** | **1,049.53** | **1,152.62** |

### 9b. Other Bank Balances

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) In earmarked accounts Balance with Banks (fixed deposits) held as margin money or security against guarantees and other commitments (Refer Footnote) | 38.89 | 50.18 |
| (b) Bank deposits with maturity within 12 months | - | 6.27 |
| **Total** | **38.89** | **56.45** |

Note: Balances with banks (fixed deposits) includes ₹ 20.93 Lakhs (March 31, 2019 ₹ 29.22 Lakhs) which have an original maturity of more than 12 month.

### 10. Equity Share Capital

₹ in Lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares | Share Capital (₹ in Lakhs) | Number of Shares | Share Capital (₹ in Lakhs) |
| Authorised: | | | | |
| Equity shares of ₹ 10/- each | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| Issued, Subscribed and Fully Paid-up: | | | | |
| Equity shares of Rs of ₹ 10/- each | 132,767,145 | 13,276.71 | 132,767,145 | 13,276.71 |
| **Total** | | **13,276.71** | | **13,276.71** |

### 10.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

₹ in Lakhs

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares | Share Capital (₹ in Lakhs) | Number of Shares | Share Capital (₹ in Lakhs) |
| **Equity Share Capital** | | | | |
| Balance as at beginning of the year | 132,767,145 | 13,276.71 | 14,727,530 | 1,472.75 |
| Add: Issued during the year under ESOP scheme# | - | - | 37,695 | 3.77 |
| Add: Bonus Shares issued during the year | - | - | 118,001,920 | 11,800.19 |
| **Balance as at the end of the year** | **132,767,145** | **13,276.71** | **132,767,145** | **13,276.71** |

# 22,710 shares were issued pre bonus and 14,985 shares were issued post bonus during previous year.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 10.2 Details of shares held by each shareholder holding more than 5% shares:

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of Shares held | % holding | Number of Shares held | % holding |
| Farah Malik Bhanji* | 83,575,260 | 62.95% | 83,575,260 | 62.95% |
| Rakesh Jhunjhunwala** | 19,576,800 | 14.76% | 19,576,800 | 14.76% |
| Rafique A. Malik*** | 9,288,000 | 6.98% | 9,288,000 | 6.98% |
| *Includes shares held by Farah Malik Bhanji | | | | |
| (a) As Trustee for the benefit of Rafique Malik Family Trust | 39,513,960 | | 39,513,960 | |
| (b) As Trustee for the benefit of Aziza Malik Family Trust | 40,092,300 | | 40,092,300 | |
| **Includes shares held by Rakesh Jhunjhunwala | | | | |
| (a) As Trustee for the benefit of Aryaman Jhunjhunwala Discretionary Trust | 6,525,603 | | 6,525,603 | |
| (b) As Trustee for the benefit of Aryavir Jhunjhunwala Discretionary Trust | 6,525,603 | | 6,525,603 | |
| (c) As Trustee for the benefit of Nishtha Jhunjhunwala Discretionary Trust | 6,525,594 | | 6,525,594 | |
| ***Includes shares held by Rafique A. Malik | | | | |
| (a) As Trustee for the benefit of Zarah Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (b) As Trustee for the benefit of Farah Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (c) As Trustee for the benefit of Zia Malik Family Trust | 1,984,500 | | 1,984,500 | |
| (d) As Trustee for the benefit of Sabina Malik Family Trust | 1,984,500 | | 1,984,500 | |

### 10.3 Shares allotted as fully paid up bonus shares

The Company had allotted 118,001,920 equity shares of ₹ 10/- each as fully paid up Bonus shares during the financial year 2018-19 in the ratio of eight shares for every one share held by utilization of the securities premium account, general reserve account and retained earnings.

### 10.4 Employees Stock Option Scheme

54,900 Equity Shares (March 31, 2019 - 54,900 Equity Shares) of the face value ₹ 10 each are reserved under Employee Stock Option Plan of the Company (Refer Note 33).

### 10.5 Rights, preference and restriction attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The Board of Director's of Company have proposed final dividend of ₹ 3/- per equity share of ₹ 10/- each for financial year 2019-2020 totaling to ₹ 3,983.01 Lakhs. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 11. Other Equity

₹ in Lakhs

| | Reserves and Surplus | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Securities premium** | **Capital reserve** | **General reserve** | **Employee stock options outstanding account** | **Retained earnings** | **Other Comprehensive Income (Net of Taxes)** | **Attributable to the owners of the Company** | **Non Controlling Interest** | **Total** |
| **Balance as at March 31, 2018** | **574.66** | **29.00** | **8,670.10** | **16.87** | **46,941.40** | **8.95** | **56,240.98** | **1,464.58** | **57,705.56** |
| Profit for the year | - | - | - | - | 15,446.27 | - | 15,446.27 | 492.14 | 15,938.41 |
| Other comprehensive income (net of taxes) | - | - | - | - | 1.79 | (82.25) | (80.46) | (1.79) | (82.25) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **15,448.06** | **(82.25)** | **15,365.81** | **490.35** | **15,856.16** |
| Final Dividend | - | - | - | - | (516.04) | - | (516.04) | - | (516.04) |
| Dividend Distribution Tax on Final Dividend | - | - | - | - | (106.07) | - | (106.07) | - | (106.07) |
| Interim Dividend | - | - | - | - | (3,186.41) | - | (3,186.41) | - | (3,186.41) |
| Dividend distribution tax on Interim Dividend | - | - | - | - | (654.98) | - | (654.98) | - | (654.98) |
| Premium received on Issue of ESOP Shares | 70.30 | - | - | - | - | - | 70.30 | - | 70.30 |
| Employee's Stock Options Expenses | - | - | - | (6.79) | 7.11 | - | 0.32 | - | 0.32 |
| Transfer from ESOP outstanding account to share premium on exercise | 7.23 | - | - | (7.23) | - | - | - | - | - |
| Utilised in Issue of Bonus Shares | (574.66) | - | (8,670.10) | - | (2,555.43) | - | (11,800.19) | - | (11,800.19) |
| **Balance as at March 31, 2019** | **77.53** | **29.00** | **-** | **2.85** | **55,377.64** | **(73.30)** | **55,413.72** | **1,954.93** | **57,368.65** |
| Impact on account of adoption of IND AS 116 (Refer Note 30) | - | - | - | - | (3,688.11) | - | (3,688.11) | (3.35) | (3,691.46) |
| **Restated Balance as at April 1, 2019** | **77.53** | **29.00** | **-** | **2.85** | **51,689.53** | **(73.30)** | **51,725.61** | **1,951.58** | **53,677.19** |
| Profit for the year | - | - | - | - | 15,672.82 | - | 15,672.82 | 384.68 | 16,057.50 |
| Other comprehensive income (net of taxes) | - | - | - | - | - | 64.12 | 53.72 | 10.40 | 64.12 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **15,672.82** | **64.12** | **15,726.54** | **395.08** | **16,121.62** |
| **Balance as at March 31, 2020** | **77.53** | **29.00** | **-** | **2.85** | **67,362.35** | **(9.18)** | **67,452.15** | **2,346.66** | **69,798.81** |

**Description of Nature and Purpose of Reserves**

**Securities Premium:**

Securites Premium is created when shares are issued at premium. The Company can use this reserve in accordance with the provisions of the Act.

**General Reserve:**

General Reserves is created out of profits of the Company. The reserve is created in accordance with the provisions of the Act.

**Employees Stock Options Outstanding Account:**

The above reserve relates to stock options granted by the Company to its employees under its employee stock option plan.

**Other Comprehensive Income:**

Other Comprehensive Income represent change in the value of investments accounted through FVOCI.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 12. Borrowings

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Secured- at amortised cost | | | | | | |
| - Term Loan - Secured against Car | - | - | - | - | 0.84 | 0.84 |
| Cash Credit from bank - Secured | 1,011.76 | - | 1,011.76 | 845.01 | - | 845.01 |
| (Secured By Book Debts, Hypothecation of Inventories, and all other current assets both present and future of the subsidiary company. Further secured by the corporate guarantee of holding Company and the personal guarantee of Directors of the subsidiary Company) | | | | | | |
| Loans and advances from other parties | 140.56 | - | 140.56 | 140.56 | - | 140.56 |
| **Total** | **1,152.32** | **-** | **1,152.32** | **985.57** | **0.84** | **986.41** |

### 13. Other financial liabilities

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Security Deposit - Franchisee | 95.25 | - | 95.25 | 20.00 | - | 20.00 |
| Security Deposit - Metro Shoes | 0.99 | - | 0.99 | 0.99 | - | 0.99 |
| Retention Money Payable (Selling Agent, Supervisors, City and Regional Managers and Others) | 781.22 | - | 781.22 | 686.99 | - | 686.99 |
| Payable on acquisition of Property, Plant & Equipment | 982.00 | - | 982.00 | 618.80 | - | 618.80 |
| Current maturities of long-term debt | 5.57 | - | 5.57 | 3.18 | - | 3.18 |
| Unpaid Dividend | 0.30 | - | 0.30 | - | - | - |
| **Total** | **1,865.33** | **-** | **1,865.33** | **1,329.96** | **-** | **1,329.96** |

### 14. Provisions

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| Provision for Warranty | 45.31 | - | 45.31 | 40.31 | - | 40.31 |
| Provision for employee benefits- | | | | | | |
| Gratuity (Refer Note 27) | 202.97 | 55.68 | 258.65 | 206.59 | 58.37 | 264.96 |
| **Total** | **248.28** | **55.68** | **303.96** | **246.90** | **58.37** | **305.27** |

Note:

Provision for warranty represent the undiscounted value of the management's best estimate of the future outflow of economic benefits that will be required for settlement of claim in respect of products sold by the Group. The estimate has been made on the basis of trends anticipated by the management and may vary as a result of variation in the market conditions. It is expected that cost will be incurred over the warranty period as per the warranty terms.

### 15. Trade payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Current | Non- Current | Total | Current | Non-Current | Total |
| I) Total Outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 38) : and | 174.17 | - | 174.17 | 157.31 | - | 157.31 |
| ii) Total Outstanding dues of Creditors other than of Micro Enterprises and Small Enterprises | 19,971.84 | - | 19,971.84 | 19,237.17 | - | 19,237.17 |
| **Total** | **20,146.01** | **-** | **20,146.01** | **19,394.48** | **-** | **19,394.48** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 16. Other current liabilities

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| a. Advances received from customers | 170.26 | 113.89 |
| b. Deferred revenue arising from customer loyalty program | 563.13 | 560.68 |
| c. Statutory dues payable | 708.71 | 886.78 |
| **Total** | **1,442.10** | **1,561.35** |

### 17. Revenue from operations

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| (a) Sale of products (Traded Goods) - Footwear, Bags and Accessories | 128,067.72 | 121,656.54 |
| (b) Other operating revenue | | |
| - Shoe Repair Income | 46.94 | 50.00 |
| - Sale of Service ( Commission & Expense Recoveries) | 401.60 | - |
| **Total** | **128,516.26** | **121,706.54** |

### 18. Other Income

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Interest Income:** | | |
| Income earned on financial assets carried at amortised cost: | | |
| Interest on bank deposits | 6.52 | 4.35 |
| Interest on loan given to Joint Venture | - | 5.37 |
| Interest on other Loans and advances | 24.53 | 14.00 |
| Interest on Security deposit | 276.21 | - |
| **Income earned on financial assets carried at FVOCI** | | |
| Interest Income from Tax Free Bonds | 89.95 | 89.70 |
| | **397.21** | **113.42** |
| **Dividend Income:** | | |
| Dividend income from Current Investments in Mutual Funds (carried at FVTPL) | 462.29 | 423.04 |
| Net Gain arising on Investments designated as FVTPL | 1,287.98 | 1,022.09 |
| Net Gain on foreign currency transactions and translation | 16.74 | 66.30 |
| **Other Income:** | | |
| Cash Discounts | 22.08 | 7.91 |
| Miscellaneous Income (Refer Note 28) | 52.95 | 64.45 |
| Liabilities no longer required, written back | 265.46 | 82.38 |
| Sales tax refund | 85.91 | - |
| **Total** | **2,590.62** | **1,779.59** |

### 19. Purchases

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Stock-in-Trade (Footwear, Bags & Accessories) | 56,098.92 | 61,723.88 |
| Packing Materials | 2,119.01 | 1,670.04 |
| **Total** | **58,217.93** | **63,393.92** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 20. Changes in Inventories of Stock-In-Trade

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Inventories at the end of the year: | | |
| Stock-in-trade | (37,613.09) | (36,461.50) |
| Inventories at the beginning of the year: | | |
| Stock-in-trade | 36,461.50 | 27,940.92 |
| **Net (Increase) in Stock-in-trade** | **(1,151.59)** | **(8,520.58)** |

### 21. Employee benefits expense

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| (a) Salaries and wages | 11,530.46 | 10,036.51 |
| (b) Contribution to provident and other funds (Refer Note 27) | 1,054.76 | 1,095.10 |
| (c) Staff welfare expenses | 90.47 | 81.90 |
| **Total** | **12,675.69** | **11,213.51** |

### 22. Finance Cost

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Interest Expenses | 77.37 | 61.41 |
| Interest on Lease liabilities | 3,877.47 | - |
| **Total** | **3,954.84** | **61.41** |

### 23. Other expenses

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Power and fuel | 2,016.85 | 1,855.29 |
| Rent (Refer Note 30) | 3,393.09 | 13,077.32 |
| Rates and taxes | 218.33 | 329.70 |
| Insurance | 107.74 | 96.43 |
| Repairs and maintenance - Machinery and Equipment | 79.84 | 76.58 |
| Repairs and maintenance - Others | 923.85 | 790.39 |
| Advertisement & Sales promotion | 4,797.63 | 4,371.19 |
| Commission on sales | 4,660.63 | 4,469.53 |
| Commission on Credit Card Sales | 730.90 | 745.08 |
| Freight Charges | 1,313.25 | 996.34 |
| Maintenance & Other Charges - Showrooms | 2,084.36 | 1,775.31 |
| Shoe Repair Expenses | 102.11 | 86.86 |
| Communication | 199.02 | 211.37 |
| Donations | 5.00 | - |
| Travelling and conveyance | 663.13 | 664.07 |
| Legal and professional fees (Refer Note 23.2) | 577.84 | 412.55 |
| Payments to auditors (Refer Note 23.1) | 43.40 | 21.03 |
| Loss on Sale/ discard of Property, plant and equipment (net) | 253.39 | 127.85 |
| Corporate Social Responsibility (Refer Note 34) | 216.77 | 135.54 |
| Allowance for doubtful trade receivables, advances and deposits | - | 6.52 |
| Advances and other balances written off | 101.59 | 44.18 |
| Sales Tax Assesment dues | 10.04 | - |
| Interest on delayed payments of taxes and others | 18.09 | 39.84 |
| Miscellaneous Expenses | 990.87 | 904.95 |
| **Total** | **23,507.72** | **31,237.92** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 23.1 Payments to auditors:

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **To statutory auditor** | | |
| (i) For Audit | 20.00 | 17.00 |
| (ii) For Taxation Matters | 2.50 | 2.50 |
| (iii) For Consolidation | 0.50 | 0.50 |
| (iv) For Other Services | 20.40 | 1.03 |
| **Total** | **43.40** | **21.03** |

### 23.2 Legal & Professional of current year includes ₹ 6 Lakhs paid to the auditor of the subsidiary (Previous Year ₹ 8 Lakhs)

### 24. Current Tax and deferred tax

#### (a) Income tax recognised in Statement of Profit and Loss

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Current tax:** | | |
| In respect of current year | 5,621.83 | 7,669.05 |
| In respect of prior year | 83.54 | 30.20 |
| | **5,705.37** | **7,699.25** |
| **Deferred tax:** | | |
| In respect of current year origination and reversal of temporary differences | 163.51 | 352.26 |
| **Total** | **5,868.88** | **8,051.51** |

#### (b) Income tax recognised in other comprehensive income

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Current tax:** | | |
| Remeasurement of defined benefit obligations | 1.30 | 21.42 |
| **Total** | **1.30** | **21.42** |
| **Bifurcation of income tax recognised in other comprehensive income into:** | | |
| -Items that will not be reclassified to profit and loss | 1.30 | 21.42 |
| **Total** | **1.30** | **21.42** |

#### (c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| **Profit before tax** | **21,841.78** | **23,839.97** |
| Income tax expense at 25.17% (2018-19: 34.944%) | 5,497.58 | 8,330.64 |
| Impact of tax rate change | 352.01 | (75.43) |
| Effect of income that is exempt from taxation | (198.50) | (193.62) |
| Effect of expenses that are non-deductible in determining taxable profit | 178.96 | 38.79 |
| Effect of deduction | (44.71) | (79.07) |
| Tax of prior years | 83.54 | 30.20 |
| **Income tax expense recognised in Statement of Profit and Loss** | **5,868.88** | **8,051.51** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 25. Deferred tax

**The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:**

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|---|---|
| Deferred tax assets | 1,238.93 | 5.51 |
| Deferred tax liabilities | - | (585.04) |
| | **1,238.93** | **(579.53)** |

**(a) Holding Company**

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | | | | For the year ended March 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | Opening Balance | On Ind AS opening | Recognised in the Statement of Profit and Loss | Closing Balance | Opening Balance | Recognised in the Statement of Profit and Loss | Closing Balance |
| **Tax effect of items constituting deferred tax assets/(liabilities)** | | | | | | | |
| Property, plant and equipment | (233.84) | - | 254.84 | 21.00 | (70.52) | (163.32) | (233.84) |
| Allowance for doubtful trade receivables, advances and deposits | 10.29 | - | (2.88) | 7.41 | 10.29 | - | 10.29 |
| Fair valuation on investments | (523.34) | - | (97.60) | (620.94) | (313.04) | (210.30) | (523.34) |
| Unrealised profits on unsold inventories | 140.78 | - | (5.31) | 135.47 | 129.64 | 11.14 | 140.78 |
| Others | 21.07 | - | (5.89) | 15.18 | - | 21.07 | 21.07 |
| Deferred Tax on IND AS 116-Leases | - | 1,979.15 | (305.21) | 1,673.94 | - | - | - |
| **Net deferred tax asset/(liabilities)** | **(585.04)** | **1,979.15** | **(162.05)** | **1,232.06** | **(243.63)** | **(341.41)** | **(585.04)** |

**(b) Subsidiary**

₹ in Lakhs

| Particulars | For the year ended March 31, 2020 | | | | For the year ended March 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | Opening Balance | On Ind AS opening | Recognised in the Statement of Profit and Loss | Closing Balance | Opening Balance | Recognised in the Statement of Profit and Loss | Closing Balance |
| **Tax effect of items constituting deferred tax assets/(liabilities)** | | | | | | | |
| Property, plant and equipment | 5.51 | - | (1.40) | 4.11 | 16.36 | (10.85) | 5.51 |
| Deferred Tax on IND AS 116-Leases | - | 2.81 | (0.05) | 2.76 | - | - | - |
| **Net deferred tax asset/(liabilities)** | **5.51** | **2.81** | **(1.45)** | **6.87** | **16.36** | **(10.85)** | **5.51** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 26 Contingent Liabilities and commitments (to the extent not provided for)

₹ in Lakhs

| Nature of Dues | As at March 31, 2020 | As at March 31, 2019 | Period | Forum where dispute is pending |
|---|---|---|---|---|
| (i) Contingent Liabilities | | | | |
| a) Claims not acknowledged as debts | | - | | |
| Central Excise | - | 31.02 | Apr'2005 - Sept'2005 | CESTAT, Mumbai |
| | - | 99.62 | Apr'2006 - Dec'2007 | CESTAT, Mumbai |
| | - | 260.69 | Jan'2008 - Mar'2011 | CESTAT, Mumbai |
| | 8.87 | 8.87 | Apr'2006 - Mar'2014 | CESTAT, Mumbai |
| Service Tax | 10.59 | 10.59 | Sept'2008 - Mar'2011 | The Supreme Court of India |
| Sales Tax | 20.05 | 20.05 | F.Y. 2012-2013 | Deputy Commissioner Appeal, Ernakulam |
| | 1.61 | 1.61 | F.Y. 2011-2012 | Deputy Commissioner Appeal, Ernakulam |
| | 645.84 | 645.84 | F.Y. 2013-2014 | Joint Commissioner -1 Appeal, Ahmedabad |
| | 76.43 | 76.43 | F.Y. 2013-2014 | Joint Commissioner of Commercial Tax (Appeals) - Bihar |
| | 2.71 | - | F.Y. 2015-2016 | Joint Excise and Taxation Commissioner (Appeals) - Faridabad |
| | 5.49 | - | F.Y. 2017-2018 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bangal |
| | 1.21 | - | F.Y. 2017-2018 | Special Commissioner Sales Tax, Large Taxpayer Unit, Corporate Div. Circle, West Bangal |
| | - | 29.87 | F.Y. 2013-2014 | Joint Commissioner of Commercial Tax, Mumbai |
| Income Tax | 1.22 | 43.74 | A.Y. 2009-10 | The Bombay High Court |
| | 8.07 | 36.83 | A.Y. 2010-11 | The Bombay High Court |
| | 12.46 | 48.55 | A.Y. 2011-12 | The Bombay High Court |
| | 13.61 | 68.50 | A.Y. 2012-13 | The Bombay High Court |
| | 4.55 | 4.55 | A.Y. 2011-12 | Commissioner of Income Tax, Appeal |
| (b)Other money for which the Group is contingently liable | 20.50 | 20.50 | | |
| ii) Commitments | | | | |
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances paid) and not provided | 1,043.51 | 274.77 | | |

Future ultimate outflow of resources embodying economic benefits in respect of matters stated under Note 26(i)(a) and (b) depends on the final outcome of judgements / decisions on the matters involved.

### 27 Employee Benefits:

**Defined - Contribution Plans**

The Group offers its employees defined contribution plan in the form of provident fund. Both the employees and the Group pay pre determined contributions into the Provident Fund. The contributions are normally based on a certain proportion of the employee's salary. The Group recognised Provident Fund ₹ 681.27 Lakhs (Previous year ₹ 626.90 Lakhs) in the Statement of Profit and Loss.

**Defined Benefit Plans- Gratuity**

**A <u>For the Company</u>**

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary, payable for each completed year of service or part thereof in excess of six months in terms of gratuity scheme of the Company or as per the Payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**a) The principal actuarial risks to which the Company is exposed are investment risk, interest rate risk, longevity risk and salary risk**

| | |
|---|---|
| Investment risk | The probability or likelihood of occurrence of losses relative to the expected return on any particular investment. |
| Interest risk | The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability. |
| Longevity risk | The Company has used certain mortality and attrition assumptions in the valuation of the liability. An increase in the life expectancy / longevity of plan participants will increase the plan's liability and vice versa. |
| Salary Risk | The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability. |

**b) Details of Defined Benefit Plan of the Company (As per Actuarial Valuation)** **₹ in Lakhs**

| Gratuity | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **I. Expense recognized in the Statement of Profit and Loss for the year ended March 31** | | |
| 1. Current Service Cost | 180.96 | 174.47 |
| 2. Interest Cost on the net defined benefit liability /(asset) (net) | 14.55 | 11.47 |
| **Total** | **195.51** | **185.94** |
| **II. Included in other comprehensive income** | | |
| 1. Return on plan assets, excluding amount recognised in net interest expense | 42.69 | 2.84 |
| 2. Actuarial losses on account of : | | |
| - change in demographic assumptions | 4.25 | (24.46) |
| - change in financial assumptions | (53.43) | 22.44 |
| - experience variance | 10.51 | 55.38 |
| **Total** | **4.02** | **56.20** |
| **III. Net Asset/ (Liability) recognized in the Balance Sheet** | | |
| 1. Present Value of Defined Benefit Obligation | 1,617.19 | 1,534.83 |
| 2. Fair value of plan assets | 1,424.05 | 1,341.22 |
| 3. Net (liability) as at end of the year | **(193.14)** | **(193.61)** |
| **IV. Change in the obligation during the year** | | |
| 1. Present Value of Defined Benefit Obligation at the beginning of the year | 1,534.83 | 1,320.66 |
| 2. Expenses recognised in profit and loss Account | | |
| - Current Service Cost | 180.96 | 174.47 |
| - Interest Cost | 115.36 | 100.01 |
| 3. Remeasurement gains/(losses) | | |
| - change in demographic assumptions | 4.25 | (24.46) |
| - change in financial assumptions | (53.43) | 22.44 |
| - experience variance (i.e. Actual experience vs assumptions) | 10.51 | 55.37 |
| 4. Benefit Payments | (175.29) | (113.66) |
| 5. Present Value of Defined Benefit Obligation at the end of the year | **1,617.19** | **1,534.83** |
| **V. Change in Fair Value of Assets during the year** | | |
| 1. Plan assets at the beginning of the year | 1,341.22 | 1,169.16 |
| 2. Investment Income | 100.81 | 88.56 |
| 3 Recognised in other comprehensive income | | |
| Remeasurement gains /(losses) | | |
| - Actual return on plan assets in excess of the expected Return | (42.69) | (2.84) |
| 4. Contribution by employer | 200.00 | 200.00 |
| 5. Benefits paid | (175.29) | (113.66) |
| 6. Fair value of Plan assets at the end of the year | **1,424.05** | **1,341.22** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**b) Details of Defined Benefit Plan of the Company (As per Actuarial Valuation)** **₹ in Lakhs**

| Gratuity | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **VI. The major categories of plan assets** | | |
| - Insurer Managed Funds | 1,424.05 | 1,341.22 |
| **VII. Actuarial assumptions** | | |
| 1. Discount Rate [HO] | 6.55% | 7.50% |
| Discount Rate [Sales Staff] | 5.20% | 6.60% |
| 2. Expected rate of return on plan assets | 8.00% | 8.00% |
| 3. Salary Escalation Rate [HO] | 5% for first year and 8.5% thereafter | 9.50% |
| Salary Escalation Rate [Sales Staff] | 5% for first year and 8.5% thereafter | 9.50% |
| 4. Attrition Rate [HO] | 8.89% | 8.50% |
| Attrition Rate [Sales Staff] | 33.42% | 36.97% |
| 5. In-service Mortality | IALM 2012-14 | IALM 2006-08 |

c) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows: **₹ in Lakhs**

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Discount Rate (-/ + 1%) | | |
| - Decrease by 1% | 127.59 | 117.04 |
| - Increase by 1% | (112.26) | (102.63) |
| Salary growth Rate (-/ + 1%) | | |
| - Decrease by 1% | (111.67) | (101.68) |
| - Increase by 1% | 124.32 | 113.58 |
| Attrition Rate (-/ + 50% of the attrition rate) | | |
| - Decrease by 50% | 148.52 | 134.64 |
| - Increase by 50% | (84.34) | (78.35) |
| Mortality Rate (-/ + 10% of mortality rate) | | |
| - Decrease by 10% | 0.44 | 0.44 |
| - Increase by 10% | (0.44) | (0.44) |

The sensitivity analysis presented above may not be representative of the actual change in the defined obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

d) Expected contribution for the next year:

The Company expects to contribute ₹ 366.67 Lakhs in respect of the gratuity plans during the next financial year ending March 31, 2021.

e) Expected future benefits payable:

**₹ in Lakhs**

| Maturity Profile of Defined Benefit Obligation | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| 1 year | 198.48 | 282.05 |
| 2 to 5 years | 690.90 | 617.73 |
| 6 to 10 years | 619.99 | 565.12 |
| More than 10 years | 1,371.80 | 1,548.82 |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### B For the Subsidiary-Unfunded

#### i Assets and Liability (Balance Sheet Position)

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Present Value of Obligation | 65.51 | 71.34 |
| Fair Value of Plan Assets | - | - |
| (Deficit) | (65.51) | (71.34) |
| Effects of Asset Ceiling, if any | - | - |
| **Net (Liability)** | **(65.51)** | **(71.34)** |

#### ii Expenses recognised during the year

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| In Income Statement | 18.50 | 17.90 |
| In Other Comprehensive Income | (21.23) | 5.58 |
| **Total Expenses Recognized during the period** | **(2.73)** | **23.48** |

#### iii Changes in the Present Value of Obligation

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Present Value of Obligation as at the beginning | 71.34 | 50.46 |
| Current Service Cost | 13.82 | 14.45 |
| Interest Expense or Cost | 4.68 | 3.45 |
| **Re-measurement (or Actuarial) (gain) / loss arising from:** | | - |
| Change in demographic assumptions | 0.02 | - |
| Change in financial assumptions | 1.03 | 0.38 |
| Variance (i.e. Actual experiences assumptions) | (22.28) | 5.20 |
| Benefits paid | (3.11) | (2.60) |
| Past Service Cost | - | - |
| **Present Value of Obligation as at the end** | **65.51** | **71.34** |

#### iv Bifurcation of Present Value of Obligation at the end of the year as per revised Schedule III of the Companies Act, 2013

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Current Liability (Short term) | 9.83 | 12.98 |
| Non-Current Liability (Long term) | 55.68 | 58.37 |
| **Present Value of Obligation** | **65.51** | **71.35** |

#### v Expenses Recognised in the Income Statement

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Current Service Cost | 13.82 | 14.45 |
| Past Service Cost | - | - |
| Interest Expense or Cost | 4.68 | 3.45 |
| **Present Value of Obligation as at the end** | **18.50** | **17.90** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**vi Other Comprehensive Income**

**₹ in Lakhs**

| **Particulars** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| Actuarial (gains) / losses | | |
| Change in Demograpic Assumptions | 0.02 | - |
| Change in Financial Assumptions | 1.03 | 0.38 |
| Experience Variance (i.e. Actual Experience Vs Assumptions) | (22.28) | 5.20 |
| **Components Of Defined Benefit Costs Recognised In Other Comprehensive Income** | **(21.23)** | **5.58** |

**vii The principal financial assumptions used in the valuation are shown in the table below:**

| **Particulars** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| Discount rate (per annum) | For H.O. - 6.35% p.a. and For Sales Staff - 5.05% p.a. | For H.O. - 7.50% p.a. and For Sales Staff - 6.55% p.a. |
| Salary growth rate (per annum) | For H.O. 0% p.a for first year and thereafter 10% p.a. and for sales staff 0% p.a. for first year and thereafter 5% p.a | For H.O. 10% p.a and for sales staff 5% p.a |

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

**viii The principal demographic assumptions used in the valuation are shown in the table below:**

| **Particulars** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| Mortality rate (% of IALM 06-08) | **100%** | **100%** |
| Normal retirement age | **60 Years** | **60 Years** |
| **Attrition / Withdrawal rates, based on Category: (per annum)** | | |
| H.O. years | **8.82%** | **8.82%** |
| Sales Staff years | **43.04%** | **43.04%** |

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**ix Sensitivity Analysis**

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount trade, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

**₹ in Lakhs**

| **Particulars** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
|---|---|---|
| **Defined Benefit Obligation (Base)** | **65.51** | **71.34** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Discount Rate (- / + 1%) | | |
| -Decrease by 1 % | **5.90** | **5.56** |
| -Increase by 1 % | **(5.04)** | **(4.83)** |
| Salary Growth Rate (- / + 1%) | | |
| -Decrease by 1 % | **(4.59)** | **(4.46)** |
| -Increase by 1 % | **5.11** | **4.92** |
| Attrition Rate (- / + 50% of attrition rates) | | |
| -Decrease by 1 % | **10.55** | **6.04** |
| -Increase by 1 % | **(6.09)** | **(4.06)** |
| Mortality Rate (- / + 10% of mortality rates) | | |
| -Decrease by 1 % | **0.01** | **0.01** |
| -Increase by 1 % | **(0.01)** | **(0.01)** |

### 28 Related party disclosures as required by IND AS-24 "Related Party disclosures" are given below:

List of Related Parties :

I. Names of Related Party and description of relationship:

a. Joint Venture : M/s. M.V. Shoe Care Private Limited

b. Other Related Parties with whom transactions have taken place during the year:

i. Key Management Personnel (KMP) :
- Mr. Rafique Malik – Chairman (having significant influence)
- Mrs. Farah Malik Bhanji – Managing Director and Chief Executive Officer
- Mrs. Aziza Malik –Whole Time Director (having significant influence)
- Mr. J.J. Desai - Company Secretary & Chief Financial Officer
- Mr. Subhash Malik
- Mr. Rakesh Jhunjhunwala
- Mr. Utpal Sheth
- Ms. Aruna Advani
- Mr. Manoj Kumar Maheshwari
- Mr. Arvind Kumar Singhal
- Mr. Karan Singh
- Mr. Vikas Khemani

ii. Relatives of Key Management Personnel :
- Mrs. Sabina Malik Hadi
- Ms. Zarah Rafique Malik
- Mrs. Zia Malik Lalji
- Ms. Alisha R. Malik
- Mrs. Rukshana Kurbanali Javeri
- Mrs. Mumtaz Jaffer
- Mr. Suleiman Sadruddin Bhanji

iii. Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence :
- Design Matrix Interiors LLP
- Design Matrix Associated Private Limited
- Allium Property LLP
- Metro Shoes
- Aziza Malik Family Trust
- Rafique Malik Family Trust
- Zia Malik Family Trust
- Zarah Malik Family Trust
- Sabina Malik Family Trust
- Farah Malik Family Trust

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Compensation in respect of concession agreements for showrooms - Rent** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | 82.48 | - |
| | 2018-19 | - | - | - | 96.60 | - |
| Aziza Malik | 2019-20 | - | - | - | 206.53 | - |
| | 2018-19 | - | - | - | 247.09 | - |
| **Commission in respect of retail agency agreements for showroom** | | | | | | |
| Metro Shoes | 2019-20 | - | 199.92 | - | - | - |
| | 2018-19 | - | 239.54 | - | - | - |
| **Compensation received in respect of rent for office** | | | | | | |
| Metro Shoes | 2019-20 | - | 4.62 | - | - | - |
| | 2018-19 | - | - | - | - | - |
| **Remuneration** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | 605.49 | - |
| | 2018-19 | - | - | - | 543.07 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | 256.25 | - |
| | 2018-19 | - | - | - | 228.72 | - |
| Aziza Malik | 2019-20 | - | - | - | 184.38 | - |
| | 2018-19 | - | - | - | 164.31 | - |
| J.J. Desai | 2019-20 | - | - | - | 259.65 | - |
| | 2018-19 | - | - | - | 138.18 | - |
| Subhash Malik | 2019-20 | - | - | - | 27.06 | - |
| | 2018-19 | - | - | - | 25.36 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | 44.76 |
| | 2018-19 | - | - | - | - | 39.38 |
| **ESOP Exercised** | | | | | | |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.33 | - |
| **Directors' Sitting Fees** | | | | | | |
| Ms. Aruna Advani | 2019-20 | - | - | - | 2.60 | - |
| | 2018-19 | - | - | - | 3.60 | - |
| Mr. Manoj Kumar Maheshwari | 2019-20 | - | - | - | 2.10 | - |
| | 2018-19 | - | - | - | 3.10 | - |
| Mr. Arvind Kumar Singhal | 2019-20 | - | - | - | 1.50 | - |
| | 2018-19 | - | - | - | 2.40 | - |
| Mr. Karan Singh | 2019-20 | - | - | - | 1.20 | - |
| | 2018-19 | - | - | - | 1.20 | - |
| **Retainership Fees** | | | | | | |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | 35.40 |
| | 2018-19 | - | - | - | - | 41.30 |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Interim Dividend** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 32.40 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 95.26 | - |
| Aziza Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 16.20 | - |
| J.J. Desai | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.72 | - |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.78 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 142.88 |
| Sabina Malik Hadi | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Zarah Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Zia Malik Lalji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 95.26 |
| Rukshana Kurbanali Javeri | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 2.92 |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.29 |
| Aziza Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 962.20 | - | - | - |
| Rafique Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 948.34 | - | - | - |
| Zia Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Zarah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Sabina Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Farah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 47.63 | - | - | - |
| Suleiman Sadruddin Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.29 |
| **Final Dividend** | | | | | | |
| Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 5.25 | - |
| Farah Malik Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 15.44 | - |
| Aziza Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 2.63 | - |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**II. Related Party Transactions during the year:**

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| J.J. Desai | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.44 | - |
| Subhash Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | 0.09 | - |
| Alisha R. Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 23.15 |
| Sabina Malik Hadi | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Zarah Rafique Malik | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Zia Malik Lalji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 15.44 |
| Rukshana Kurbanali Javeri | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.47 |
| Mumtaz Jaffer | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.05 |
| Aziza Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 155.91 | - | - | - |
| Rafique Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 153.67 | - | - | - |
| Zia Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Zarah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Sabina Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Farah Malik Family Trust | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 7.72 | - | - | - |
| Suleiman Sadruddin Bhanji | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | - | - | 0.05 |
| **Rent** | | | | | | |
| Allium Property LLP | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 102.10 | - | - | - |
| **Purchase of property** | | | | | | |
| Allium Property LLP | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | 2,104.39 | - | - | - |
| **Professional Fees (capital cost)** | | | | | | |
| Design Matrix Interiors LLP | 2019-20 | - | 302.24 | - | - | - |
| | 2018-19 | - | 331.55 | - | - | - |
| **Loan Given** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 100.00 | - | - |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### II. Related Party Transactions during the year:

₹ in Lakhs

| Particulars | Year | Subsidiaries | Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence | Joint Ventures | Key Management Personnel | Relatives of Key Management Personnel |
|---|---|---|---|---|---|---|
| **Loan Repaid** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 100.00 | - | - |
| **Interest On Loan Given** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | - | - | - |
| | 2018-19 | - | - | 5.33 | - | - |
| **Purchases of Stock-in-Trade** | | | | | | |
| M.V. Shoe Care Private Limited | 2019-20 | - | - | 1,453.60 | - | - |
| | 2018-19 | - | - | 1,154.31 | - | - |

### III. Outstanding receivables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Enterprises in which KMP / Relatives of KMP are able to exercise significant influence (Metro Shoes)** | | |
| Rent | 0.36 | - |

### IV. Outstanding payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Key Management Personnel** | | |
| **Compensation in respect of concession agreements for showrooms** | | |
| Rafique Malik | (4.29) | (7.59) |
| Aziza Malik | (10.40) | (17.15) |
| **Remuneration #** | | |
| Rafique Malik | - | (203.33) |
| Farah Malik Bhanji | - | (85.78) |
| Aziza Malik | - | (61.64) |
| J. J Desai | - | (53.86) |
| Subhash Malik | - | (5.51) |
| **ESOP outstanding** | | |
| Subhash Malik | (1.46) | (1.46) |
| **Relatives of Key Management Personnel** | | |
| **Remuneration #** | | |
| Alisha Malik | - | (14.58) |
| **Retainership Fees** | | |
| Mumtaz Jaffer | (2.83) | (3.54) |
| **Enterprise in which KMP/ Relatives of KMP are able to control / exercise significant influence** | | |
| **Commission in respect of retail agency agreements for showroom** | | |
| Metro Shoes | (15.81) | (21.62) |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### V. Outstanding payables

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Security Deposit for Compensation in respect of rent for office** | | |
| Metro Shoes | (0.99) | (0.99) |
| **Professional Fees (capital cost)** | | |
| Design Matrix Interiors LLP | (28.76) | (25.73) |
| Design Matrix Associated Private Limited | - | (0.35) |
| **Joint Venture** | | |
| Purchases of Stock-in-trade | (643.83) | (524.45) |

# excludes provision for gratuity which is determined on the basis of actuarial valuation done on overall basis for the Company

Note:
No amount has been written off/ provided for or written back in respect of amounts receivable from or payable to the related parties.

**29** The Group's only business being trading of fashion footwear, bags and accessories operating in the premium and economy category and manufacturing of shoe care and foot care products, the disclosure of segment-wise information is not applicable under Ind AS 108- 'Operating Segments'. Further, there is no geographical segment to be reported since all the operations are undertaken in India.

### 30 Leases

**Right to Use Asset**

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at April 1, 2019 | 37,658.83 | - |
| Additions during the year | 20,496.63 | - |
| Deletions during the year | (1,084.55) | - |
| Amortisation during the year | (8,821.46) | - |
| Balance at March 31, 2020 | 48,249.45 | - |

**Lease Liabilities**

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at April 1, 2019 | 42,051.85 | - |
| Additions during the year | 20,302.58 | - |
| Deletions during the year | (1,236.47) | - |
| Interest during the year | 3,877.47 | - |
| Lease payment during the year | (11,238.51) | - |
| Balance at March 31, 2020 | 53,756.92 | - |

**Maturity analysis - contractual undiscounted cash flows**

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Less than 1 year | 12,018.94 | - |
| 1 - 5 Year | 37,270.68 | - |
| More than 5 years | 24,453.22 | - |
| **Total undiscounted lease liabilities at March 31, 2020** | **73,742.84** | **-** |

| | | |
|---|---|---|
| **Lease Liabilities included in Financial statement as at March 31, 2020** | **53,756.92** | **-** |
| Current | 7,953.80 | - |
| Non- Current | 45,803.12 | - |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### Amounts Recognised in Statement of P & L

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Interest expense on lease liabilities | 3,877.47 | - |
| Amortisation of ROU | 8,821.46 | - |
| Expenses relating to short term leases/Variable lease payments | 3,393.09 | - |
| **Total** | **16,092.02** | **-** |

### Amounts Recognised in Statement of Cash Flows

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Cash outflow for Leases | 11,238.51 | - |

a) The Group has adopted Ind AS 116 effective April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and the Right of Use (ROU) asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Accordingly, previous period information has not been restated.

The following is the summary of practical expedients elected on initial application by the Group:

i. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

ii. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iii. Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.

iv. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as amortisation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 7.9%.

b) The Group incurred ₹ 3,393.09 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 11,238.51 lakhs for the year ended March 31, 2020, excluding cash outflow of short-term leases and leases of low-value assets. Interest on lease liabilities is ₹ 3,877.47 lakhs for the year.

c) The Group's leases mainly comprise of showroom premises and warehouse premises.

**31** The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting year. Based on such review, the Group has estimated the useful life of leasehold improvements to be the period of lease or 10 years which is lower. As a result of the change in estimate, the amortisation expense charged to the Statement of Profit and Loss in the current year is higher by ₹ 659.79 lakhs.

### 32 Basic and Diluted Earnings per Share is calculated as under:

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Profit after tax as per Statement of Proft and Loss attributable to equity share holders (₹ in Lakhs) | 16,057.50 | 15,938.41 |
| Weighted average number of Equity Shares: | | |
| - Basic | 132,767,145 | 132,669,305 |
| Add: Effect of Potential Equity Shares on employees stock options outstanding | 48,283 | 48,283 |
| - Diluted | 132,815,428 | 132,717,588 |
| Earnings per Share (in ₹) | | |
| - Basic | 12.09 | 12.01 |
| - Diluted | 12.09 | 12.01 |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 33 Employee Stock Option Plan 2008 (ESOP – 2008):

The Company had granted stock options (options) to its eligible employees in terms of Employees Stock Option plan 2008 (ESOP 2008) of the company as approved by the shareholders in the 31st Annual General Meeting held on 11th September, 2008.

| Particulars | ESOP |
|---|---|
| Eligibility | A permanent employee or a director of the Company (including of subsidiaries in India or out of India or of a holding company of the company) but excluding (a) an employee who is a promoter or belongs to the promoter group; (b) a director who either by himself or through his relatives or through any body corporate, directly holds more than 10% of the outstanding equity shares of the Company. |
| Plan Tenure | Tenure of the plan is 11 years, i.e. September 15, 2009 to September 14, 2020 or as determined by the Board / Compensation Committee from time to time. Any stock option which remains ungranted after closing date would automatically be lapsed. |
| Vesting period for options granted | The Group originally authorized 15,000 options for issue to eligible employees. In December, 2008, the same were increased to 45,000 options consequent to issue of bonus shares in the ratio 2:1<br>On 24th August, 2009, the Group granted 25,875 options to fourteen eligible employees. The vesting schedule for the options granted was 40% on September 15, 2009, 20% on September 15, 2010, 20% on September 15, 2011, and 20% on September 15, 2012.<br>Further, on September 15, 2011 the Group granted 4,500 options to four eligible employees. The vesting schedule for the options granted in 2011 was 40% on September 15, 2012, 20% on September 15, 2013, 20% on September 15, 2014 and 20% on September 15, 2015.<br>In November, 2012, outstanding options increased by 26,270 options consequent to issue of bonus shares in the ratio 2:1<br>Further, on February 1, 2014 the Group granted 11,250 options to three eligible employees. The vesting schedule for the options granted in 2014 was 40% on February 1, 2016, 20% on February 1, 2017, 20% on February 1, 2018 and 20% on February 1, 2019.<br>Further, on April 1, 2014 the Group granted 3,375 options to one eligible employee. The vesting schedule for the options granted in 2014 was 40% on April 1, 2015, 20% on April 1, 2016, 20% on April 1, 2017 and 20% on April 1, 2018.<br>During the financial year 2018-19, some of the option holders exercised their options on various dates and in total were alloted 37,695 shares. Further, during the financial year 2018-19, in total 62,120 bonus options were issued in the ratio of 8:1. |
| Exercise Period | The vested options must be exercised immediately after the earliest of the occurrence of the following (a) Expiry of three years from the vesting date or two years of the listing of the shares on a recognized stock exchange, whichever is later (b) Thirty days following the date of grantee's voluntary resignation (c) 3 months following the date of grantee's termination of employment due to grantee's retirement, disability or death (d) 6 months following the occurrence of change of control. |
| Method of Settlement | Equity Shares of face value ₹ 10/- each |
| Exercise Price | Weighted average exercise price for 54,900 (previous year 54,900) stock options outstanding as at 31st March,2020 is ₹ 157.17 (previous year ₹ 157.17) |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

b) The particulars of number of options granted and lapsed and the Price of Stock Options for ESOP 2008 are as follows:

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Options outstanding at the beginning | 54,900 | 30,475 |
| On issue of bonus shares | - | 62,120 |
| Exercised during the year # | - | (37,695) |
| Options outstanding at the end | **54,900** | **54,900** |

# 22,710 shares were issued pre bonus and 14,985 shares were issued post bonus during the financial year ended March 31, 2019.

c) The following options were outstanding as at March 31, 2020 and March 31,2019

| Options series | Number | Grant date | Expiry date | Exercise price | Fair value of option at grant date |
|---|---|---|---|---|---|
| Grant 1 | 42,525 | 24-Aug-09 | 2 years from the date of listing of Company's share in any recognised stock Exchange | 12.04 | 8.94 |
| Grant 2 | 12,375 | 15-Sep-11 | 2 years from the date of listing of Company's share in any recognised stock Exchange | 36.11 | 19.39 |

d) No stock options granted during the year ended March 31, 2020.

### 34 Expenditure on Corporate Social Responsibility

a) Gross Amount required to be spent by the Group during the year ended March 31, 2020 (as certified by the Company) : ₹ 392.79 Lakhs (Previous Year ₹ 327.76 Lakhs).

b) Amount spent during the year ended March 31, 2020 :₹ 216.77 Lakhs (Previous Year : ₹ 135.54 Lakhs), other than for construction/acquisition of any asset.

### 35 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

**₹ in Lakhs**

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of Consolidated net assets | (In ₹) | As % of Consolidated profit or loss | (In ₹) | As % of Consolidated other comprehensive income | (In ₹) | As % of total comprehensive income | (In ₹) |
| 1 | 2 | 3 | 4 | 5 | 4 | 5 | 4 | 5 |
| **Parent** | | | | | | | | |
| METRO BRANDS LIMITED (formerly known as "Metro Shoes Limited") | 93.89% | 78,001.77 | 96.91% | 15,187.87 | 81.48% | 43.77 | 96.85% | 15,231.64 |
| **Subsidiary - Indian** | | | | | | | | |
| Metmill Footwear Private Limited | 6.25% | 5,191.64 | 5.91% | 925.73 | 39.52% | 21.23 | 6.02% | 946.96 |
| Non controlling Interests in the subsidiary | 2.82% | 2,346.66 | (2.45%) | (384.68) | (19.36%) | (10.40) | (2.51%) | (395.08) |
| **Joint Venture (investment as per the equity method)** | | | | | | | | |
| M.V Shoe Care Private Limited | - | - | 0.54% | 84.60 | (1.64%) | (0.88) | 0.53% | 83.72 |
| CFS Adjustments and eliminations | (2.97%) | (2,464.55) | (0.90%) | (140.70) | - | - | (0.89%) | (140.70) |
| **Total** | **100.00%** | **83,075.52** | **100.00%** | **15,672.82** | **100.00%** | **53.72** | **100.00%** | **15,726.54** |

# Notes forming part of the consolidated financial statements for the year ended March 31, 2020

## 36 Subsidiary and Joint Venture

### (a) (i) The subsidiary considered in the preparation of these consolidated financial statements is:

| Name of Subsidiary | Principal Activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group | |
|---|---|---|---|---|
| | | | As at March 31, 2020 | As at March 31, 2019 |
| Metmill Footwear Private Limited | Wholesale of Footwear | India | 51% | 51% |

### (b) Disclosure of Non-Controlling Interests

₹ in Lakhs

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at the beginning of the year | 1,954.93 | 1,464.58 |
| Impact on account of adoption of IND AS 116 | (3.35) | - |
| Share in Total Comprehensive Income | 395.08 | 490.35 |
| **Balance at the end of the year** | **2,346.66** | **1,954.93** |

### (c) Investment in Joint Venture

**(i) Details and financial information of the Joint venture**

Details of the Group's joint venture at the end of the reporting period is as follows:

| Name of Subsidiary | Principal Activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group | |
|---|---|---|---|---|
| | | | As at March 31, 2020 | As at March 31, 2019 |
| M.V. Shoe Care Private Limited | Manufacturing of shoe care and foot care products | India | 49% | 49% |

## 37 Financial Instruments

### 37.1 Capital Management

**Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

₹ in Lakhs

| Particulars | March 31, 2020 | March 31, 2020 |
|---|---|---|
| Equity | | |
| Equity Share Capital | 13,276.71 | 13,276.71 |
| Other Equity | 67,452.15 | 55,413.72 |
| Non Controlling Interests | 2,346.66 | 1,954.93 |
| **Total Equity** | **83,075.52** | **70,645.36** |
| **Total Debt** | **1,157.89** | **989.59** |
| **Debt Equity Ratio** | **1.4%** | **1.4%** |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### 37.2 Categories of financial instruments

Financial Assets and Financial Liabilities classified under Level 1 and Level 2 hierarchy

₹ in Lakhs

| Particulars | Hierarchy Level | March 31, 2020 | March 31, 2019 |
|---|---|---|---|
| Financial Assets | | | |
| Measured at fair value through profit or loss | | | |
| - Investments in mutual funds | Level 2 | 31,711.64 | 19,030.75 |
| - Investments in Bonds | Level 1 | 1,041.38 | - |
| Measured at amortised cost | | | |
| - Trade receivables # | Level 2 | 7,012.76 | 5,192.70 |
| - Cash and cash equivalents # | Level 2 | 1,049.53 | 1,152.62 |
| - Other Bank balances # | Level 2 | 38.89 | 56.45 |
| - Loans # | Level 2 | 191.47 | 137.37 |
| - Other financial assets # | Level 2 | 4,691.58 | 5,233.01 |
| Measured at fair value through Other Comprehensive Income | | | |
| - Investments in Bonds | Level 1 | 1,292.98 | 1,246.21 |
| Financial Liabilities | | | |
| Measured at amortised cost | | | |
| - Trade payables # | Level 2 | 20,146.01 | 19,394.48 |
| - Borrowings # | Level 2 | 1,152.32 | 986.41 |
| - Other financial liabilities # | Level 2 | 1,865.33 | 1,329.96 |
| - Lease Liabilities # | Level 2 | 53,756.92 | - |

# The Group considers that the carrying amount of financial assets and financial liabilities recognised in the financial statements approximates their fair value.

### 37.3 Fair Value measurements

**Fair valuation techniques and inputs used**

**(i) Fair Value Hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

**Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

**Level 2** inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.Level 2 inputs include:

— quoted prices for similar assets or liabilities in active markets

— quoted prices for identical or similar assets or liabilities in markets that are not active

— inputs other than quoted prices that are observable for the asset or liability, for example

  — interest rates and yield curves observable at commonly quoted intervals

  — implied volatilities

  — credit spreads

  — inputs that are derived principally from or corroborated by observable market data by correlation or other means (‘market – corroborated inputs’)

**Level 3** inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity’s own data, taking into account all information about market participant assumptions that is reasonably available.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

### Financial Assets measured at Fair value

| Financial assets | Fair value as at (₹ in Lakhs) | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to Fair Value |
|---|---|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | | | | |
| Investments in Mutual funds | 31,711.64 | 19,030.75 | Level 2 | Net assets value (NAV) declared by the respective asset management companies | NA | NA |
| Investments in bonds | 2,334.36 | 1,246.21 | Level 1 | Active market determined | NA | NA |

### 37.4 Financial Risk Management

The Group's activities expose it to variety of financial risks: credit risk, liquidity risk and market risk. In order to manage aforementioned risks, the Group operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

**A] CREDIT RISK**

**i) Credit Risk Management:**

Credit risk is the risk of the financial loss that the counterparty will default on its contractual obligation. The credit risk for the Group primarily arises from the credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases , cash and cash equivalents, deposits with banks and other receivables.

**ii) Trade and other receivables:**

The Group's retail business is predominantly on cash and carry basis. The Group sells goods on credit basis to institutional parties. The credit risk on such collections is minimal considering that such sales are only 3% of the total sales. The average credit period for institutional parties is 30 days. No interest is charged on trade receivables on payment received even after the credit period. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. As at 31st March,2020, the Group had 5 customers (as at 31st March, 2019 : 6 customers) that accounted for approximately 81% (as at 31st March, 2019 : 58%) of the trade receivables. The Group also carries credit risk on lease deposits with landlords for store properties taken on lease, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal.

**iii) Cash and cash equivalents and deposits with banks:**

Credit risk on Cash and Cash Equivalents is limited as the Group generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

**B] LIQUIDITY RISK**

**1) Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

**2) Maturity of financial liabilities**

The table below analyse the Group's financial liabilities in to relevant maturity based on their remaining contractual maturities of all non-derivative financial liabilities.The amounts disclosed in the table are the contractual undiscounted cash flows. Balance equal their carrying balances as the impact of discounting is not significant.

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

| Contractual maturities of financial liabilities | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years | Carrying amounts |
|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | |
| **Non- derivative financial liabilities** | | | | | |
| Non interest bearing: | | | | | |
| Trade Payables | 19,394.48 | - | - | - | 19,394.48 |
| Others | 1,329.96 | - | - | - | 1,329.96 |
| Interest bearing: | | | | | |
| Borrowings | 985.57 | 0.84 | - | - | 986.41 |
| **As at March 31, 2020** | | | | | |
| **Non- derivative financial liabilities** | | | | | |
| Non interest bearing: | | | | | |
| Trade Payables | 20,146.01 | - | - | - | 20,146.01 |
| Lease Liabilities | 12,018.94 | 20,914.62 | 16,356.06 | 24,453.22 | 73,742.84 |
| Others | 1,865.33 | - | - | - | 1,865.33 |
| Interest bearing: | | | | | |
| Borrowings | 1,152.32 | - | - | - | 1,152.32 |

The Group has access to follwing financing facilities which were undrawn as at the end of the reporting periods mentioned.

| Undrawn financing facilities | March 31 , 2020 | March 31 , 2019 |
|---|---|---|
| Secured working capital facilities | | |
| Amount Used | 1,011.76 | 845.01 |
| Amount Unused* | 2,488.24 | 2,654.99 |
| **Total** | **3,500.00** | **3,500.00** |
| Letter of Credit (Unfunded) | | |
| Amount used | 149.01 | 47.20 |
| Amount unused | 850.99 | 952.80 |
| **Total** | **1,000.00** | **1,000.00** |

Of the above ₹ 2000 Lakhs has been secured by a charge on Company's book debts, inventory, receivables, cash flows, and all current assets including cash-in-hand.

### C] 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 three types of risk: Currency risk, interest risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**1) Product Price risk**

Product price increases which are not in line with the levels of customers discretionary spends, may affect the sales volumes. In such a scenario, the risk is managed by offering judicious discounts to customers to sustain volumes. Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps Group protect itself from significant product margin losses.

**2) Interest risk**

The Group is exposed to interest rate risk primarily due to borrowings havings floating interest rates. The Group uses available working capital limits for availing short term working capital demand loans with interest rates negotiated from time to time so that the Group has an effective mix of fixed and variable rate borrowings. The Group does not enter into financial instrument transactions for trading or speculative purposes or to manage interest rate exposure. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in Group's profit before tax by approximately ₹ 3.29 Lakhs (2019: ₹ 2.14 Lakhs)

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Interest on Secured Working capital limit | 55.33 | 38.27 |
| Interest Rate | 8.40% | 8.95% |
| Interest amount per 50 basis point fluctuation | 3.29 | 2.14 |

## Notes forming part of the consolidated financial statements for the year ended March 31, 2020

**3) Currency risk**

The Group's significant transactions are in Indian rupees and therefore there is minimal foreign currency risk.

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ in Lakhs and USD($) , is as follows

| Particulars | March 31, 2020 | | March 31, 2019 | |
|---|---|---|---|---|
| | ₹ in Lakhs | USD($) in Lakhs | ₹ in Lakhs | USD($) in Lakhs |
| Trade Payables | 194.66 | 2.57 | 93.94 | 1.36 |

**Sensitivity:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from financial instruments denominated in foreign currency.

₹ in Lakhs

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| USD sensitivity | | |
| ₹/USD -Increase by 1% # | (1.95) | (0.94) |
| ₹/USD -Decrease by 1% # | 1.95 | 0.94 |

# Holding all other variables constant

### 38 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

₹ in Lakhs

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| The principal amount remaining unpaid to any supplier at the end of the year | 174.08 | 154.21 |
| Interest due remaining unpaid to any supplier at the end of the year | - | 3.10 |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | 77.74 | 137.81 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.09 | 3.10 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 rises as defined under the MSMED Act, 2006 | - | - |

### 39 COVID-19 impact

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 24th of March 2020 announced by the Indian Government, to stop the spread of COVID-19. Due to this the operations in most of Group's stores and warehouses got temporarily disrupted. The Group has resumed its business activities by reopening its retail stores on a gradual basis in line with the guidelines issued by the Government authorities and local bodies.

In light of these circumstances, the Group has considered the possible effects that may result from COVID-19 on the carrying amounts of financials assets, inventory, receivables, advances, property plant and equipment, Intangibles etc. as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as our current contract terms, financial strength of partners, investment profile, future volume estimates from the business etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on liabilities accrued. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**40** The figures for the corresponding previous year have been regrouped/reclassfied wherever necessary, to make them comparable.

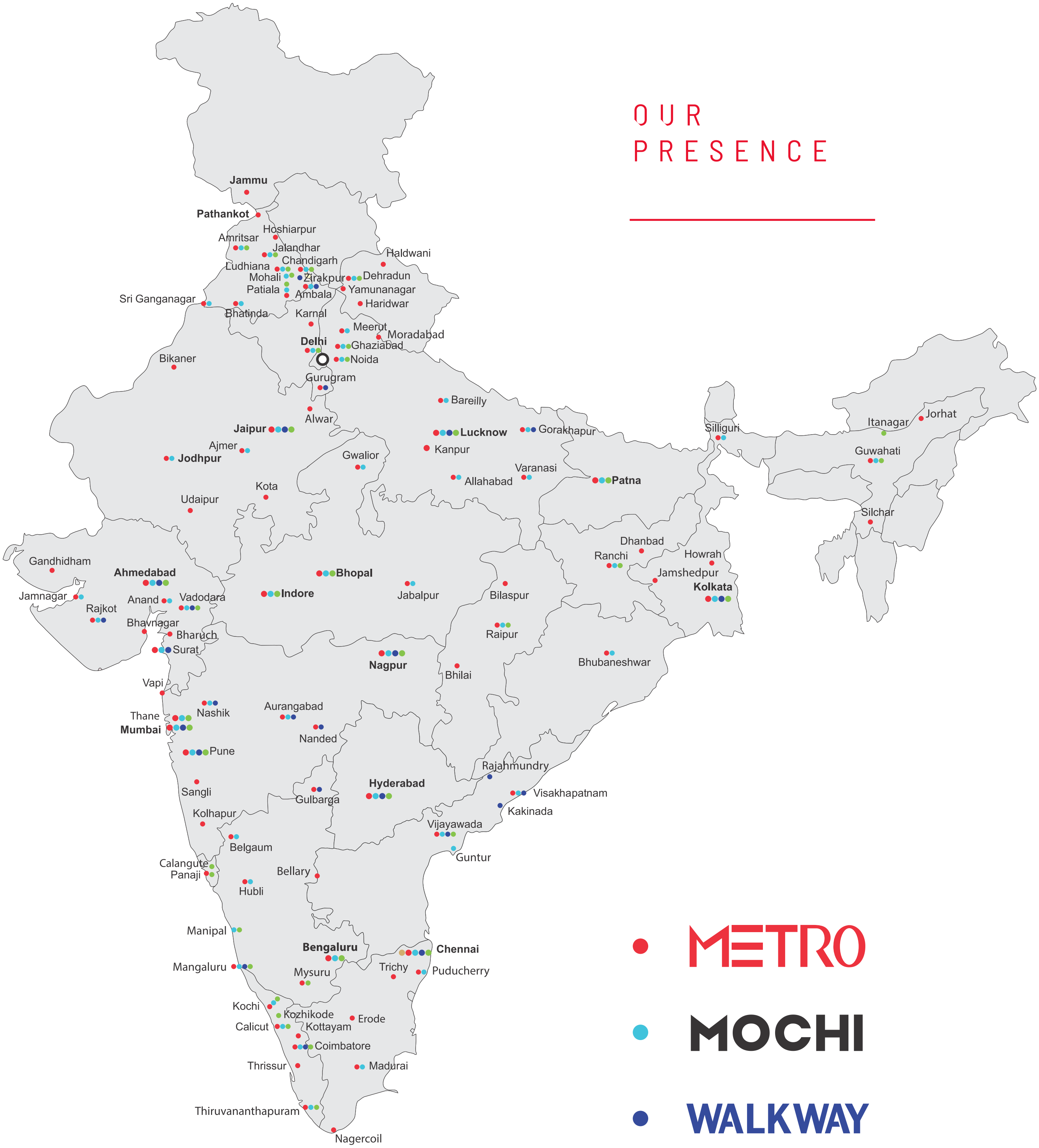
**For and on behalf of the Board of Directors**

| | |
|---|---|
| Sd/- | Sd/- |
| **Rafique A.Malik** | **Farah Malik Bhanji** |
| Chairman | Managing Director & Chief Executive Officer |
| DIN:00521563 | DIN:00530676 |

Sd/-
**Jaiprakash J.Desai**
Company Secretary and Chief Finance Officer
Date : July 30, 2020

# Notes

# OUR PRESENCE

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