



Ref: No: CS/S/L-438/2020-21

September 8, 2020

<p>To: The Listing Department <b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> "Exchange Plaza" Bandra-Kurla Complex Bandra (E), Mumbai-400 051 <b>Scrip Code: VMART</b> Fax: 022-26598120 Email: <a href="mailto:cmlist@nse.co.in">cmlist@nse.co.in</a></p>	<p>To: The Corporate Relationship Department <b>THE BSE LTD</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 <b>Scrip code: 534976</b> Fax: 022-22723121 Email: <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a></p>
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**Sub: Annual Report for the Financial Year 2019-20**

Dear Sir/Madam,

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2019-20 which inter alia includes notice of 18<sup>th</sup> Annual General Meeting scheduled to be held on Wednesday, September 30, 2020 at 11:00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"). The same will be made available on the Company's website, at [www.vmart.co.in](http://www.vmart.co.in).

We request you to kindly take the same on record.

Thanking you,

Yours truly,  
For V-Mart Retail Limited



**Megha Tandon**  
Company Secretary & Compliance Officer

**V-MART RETAIL LTD.**

CIN- L51909DL2002PLC163727

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Registered Office : 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092



# DO MORE

W I T H L E S S

ANNUAL AND INTEGRATED REPORT 2019-20

# CONTENTS

## CORPORATE OVERVIEW

**02-35**

Our Approach to Reporting	02
Chairman and Managing Director's Message	03
Our Value Creation Process - Scoreboard of Our Six Capitals	07
V-mart Retail Today - Building on our Robust Foundation	08
Building on our Vision, Mission and Values	10
An Adaptive Business Model	13
Customer at the Core	14
Relevant and Differentiated Assortments	15
Our Stakeholders	16
Building Trust-based Relationships to Enable Growth	17
Our Approach to Value Creation	21
Operational Highlights	23
Performance Scorecard	24
Creating a Net Positive Society	25
Enabling Skill Development	28
Awards and Recognition	30
Board of Directors	31
Leadership Team	33
Corporate Information	35

## STATUTORY REPORTS

**36-138**

Management Discussion and Analysis	36
Notice	58
Directors' Report	77
Business Responsibility Report	113
Corporate Governance Report	120

## FINANCIAL STATEMENTS

**139-200**

Independent Auditor's Report	139
Balance Sheet	150
Statement of Profit and Loss	151
Statement of Changes in Equity	152
Cash Flow Statement	153
Notes to Financial Statements	155

# DO MORE WITH LESS

V-Mart has always been driven by the vision to create sustained value for the entire ecosystem. Our ethos of creating sustained value is even more relevant now, when resources are more scarce than ever before. Businesses, households and consumers are all searching for ways to create and derive more value from lesser resources at their disposal. In this uncertain time, making every rupee last longer and go farther is the spirit that is guiding our customers and other stakeholders.

The theme for our Annual and Integrated Report, 'Do More With Less' resonates with our vision and mission, and with these times.

**V-Mart, as a responsible value retailer focusing on the aspirational Indian masses in smaller towns, has pivoted to the reality of Doing More With Less.**

**In the way it conducts its business, it fulfils the needs and aspirations of its customers, employees and vendors, and creates sustained value for all its stakeholders.**



# OUR APPROACH TO REPORTING

V-Mart Retail Ltd. (V-Mart Retail/The Company) presents its first Annual and Integrated Report, comprising: an overview of the Company's business operations and performance, the stakeholder value creation approach and business model, and how the Company's strategic planning and execution create value over short, medium, and long term.

## SCOPE AND BOUNDARY OF REPORT

The scope of this 2020 Integrated Annual Report incorporates the financial reporting boundary of V-Mart Retail. Beyond financial reporting and metrics, the report also includes non-financial performance, opportunities, strategic objectives, risks, and outcomes that our key stakeholders deeply care about and influence.

As a value retailer focusing on fashion, but also including merchandise for home and daily household consumption, our business model is based on long-term stakeholder relationships. We manage our broader business impact through comprehensive social, ethical, and environmental policies and practices.



## REPORTING FRAMEWORK

At V-Mart Retail, we have been publishing a statutory Annual Report, in line with the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013; and Secretarial Standards. This is our first Annual and Integrated Report, which is aligned with the principles of the International Integrated Reporting Framework (referred to as the <IR> framework) developed by the International Integrated Reporting Council (IIRC).

## REPORTING PERIOD

The financial information is reported for the period April 1, 2019 to March 31, 2020. Comparative figures pertaining to financial, operating and stakeholder metrics have been incorporated for last three to five years to provide a holistic view to the stakeholders.

## OUR APPROACH TO MATERIALITY

The Report presents an overview of our operational activities and strategic execution that help in long-term value creation. The Report also presents the issues that could substantively affect the organisation's ability to create value in the short, medium or long term and the process by which we address such issues.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. These are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions.



# CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



*Dear Stakeholders,*

It is a privilege, and also a humbling responsibility, to write to you again as the Chairman of the Board of V-Mart Retail.



The long-term consumption story of India remains intact: the largest base of young demographics globally (>800 million people below 35 years), per capita income crossing the retail spending 'inflection point' of USD 2,000, the 'aspirational' class accounting for nearly two-thirds of total households, and less than 30% organised retail penetration in the fashion segment.

Nearly two decades back, V-Mart pioneered the concept of value fashion in tier II and III cities, and has played an instrumental role in transforming the consumption landscape of small-town, aspirational India. Over the years, your Company has charted a consistent growth trajectory. This year was no exception. We opened a record number of new stores, expanding our footprint to more than 250 stores across 19

At V-Mart, we realise that COVID-19 has forced a 'Pause and Reset' button upon us. We did not have a choice. But, we do have a choice in what we do and how we act. Let me outline what your Company is doing to Respond, Renew and Reimagine in these times, and beyond.

states, surpassing the milestone of 2 million sq. ft. in retail area. Marking another significant milestone, we launched our omnichannel platform, taking affordable fashion to millions of more aspirational households across the country.

Keeping pace with our calibrated expansion, we enhanced our customer-centricity in significant ways - radically improving our merchandise depth and breadth, enhancing the customer experience of a V-Mart store as a fashion destination, personalising promotional and product suggestions through data analytics, and engaging more customers on digital media. All these efforts are synchronised and supported by a robust supply chain and technology backbone, which is crucial to realising our dream to 'take fashion to the remotest areas' of an aspirational India.

Faced with a constrained consumption environment during the year, we maintained a sharp focus on defending margins by improving productivity, and undertaking cost savings and efficiency enhancement initiatives. These measures exemplify our core value of Prudence and

will stand us in good stead for the unprecedented challenges arising from the COVID-19 pandemic, a crisis that will test us in many ways.

Let me share what your Company is doing, by outlining three themes - Respond, Renew and Reimagine.

### RESPOND

Starting from the early days of coronavirus crisis, we activated our scenario planning-based risk management and response plan,

focusing on three priorities - keep our employees and customers safe, sustain the entire ecosystem, and prepare for rapid recovery and growth post-COVID.







For each of these priorities, guided by our Board of Directors, we have implemented specific initiatives, and are adapting to the changing situation.

- *For employee and customer safety*, we have prepared and implemented detailed 'Corona-Safe at V-Mart' SOPs at our head office, warehouse and stores. Apart from our store teams, the security, housekeeping and support staff were trained to follow and implement coronavirus safety guidelines and equipped with adequate supply of hand sanitizer, masks, gloves, thermal scanners and PPE. We have also developed a customer tokening system in-house and implemented it at all stores to prevent overcrowding.
- *Sustaining and caring for the broader ecosystem*, including vendors, business partners, and local communities has always been in the V-Mart DNA, and throughout the crisis, we are communicating with, engaging and supporting our stakeholders continuously. On the fiscal front, our early and prudent measures are aimed at ensuring that, through cash conservation and cost control, we can mitigate any financial risk to the Company and its ecosystem effectively. Also, I am happy to share that your Company has been at the forefront of providing relief and support to local communities through a dedicated CSR budget for our 260+ stores and store teams.
- *Preparing for rapid recovery and growth* means a playbook for contingent actions that will be needed to revive business operations, as the world stumbles back to activity. Acting with agility and acting before normalcy returns is a vital element of our 'play to win' approach, aimed at increasing mind share, share of wallet and market share. In a post-COVID world, as everyone learns to live with less and less becomes more, V-Mart is well-placed to tap into this opportunity as a value retailer with a proven ethos of value creation for all stakeholders.

The COVID-19 pandemic is redefining many aspects of the retailing business, and is altering consumer behavior, some in the short-term and some that could be permanent. While we are focused on protecting what is core to our business and business model, we are also pivoting to the new realities and opportunities.

## RENEW

A shutdown brings the entire system to a halt and, is therefore, an opportunity to scrutinise each stationary nut-and-bolt, and identify what is not working well enough or can work better. In the manufacturing world, a planned shutdown is a fairly common and essential activity, to sustain and renew the efficiency and productivity of a production line. Faced with a sudden and forced shutdown, we switched our perspective to viewing this as an opportunity, and making the most of it.

An opportunity to review and renew core business processes, to change organisational habits and routines that may hinder productivity and



efficiency, and to mindfully unlearn and relearn what we may have held sacrosanct as the best or the only way of accomplishing business goals all these years. More specifically, this has meant a deep probing at a functional and process level, working more collaboratively internally and with our vendors and technology partners, to develop and pilot creative solutions in areas that remain in a constant whirl of activity in the normal times.

## REIMAGINE

COVID-19 is predicted to trigger an economic contraction globally, adversely impacting consumer spending. However, looking beyond

the obvious writing on the wall, it also means discontinuous shifts could happen in how we live, work, use technology, consume products and services, and interact with brands and service providers. Many of these shifts will last beyond COVID-19, and compel retailers like us to rethink and reimagine their business and business model.

A low-touch and high-convenience shopping environment; cut back in discretionary spending; higher focus on wardrobe essentials; hygiene and wellness products; preference for seasonless design; a significant step up in digital interactions; search for brands that are more trustworthy and community-friendly – we foresee that many of these consumer shifts may endure in the mid to long term. Therefore, we are accelerating technology adoption, making processes and cost model more resilient and our supply chain more agile and localised, and adapting or even redesigning our value proposition to changing consumer preferences.

At V-Mart, we have been constantly raising the bar in every sphere of activity, to create higher value for all stakeholders. By adopting

better processes and technology, by enhancing capabilities and efficiency, by setting higher standards of customer service and corporate governance, and by caring for local communities - in every way, our endeavor is to be a better version of what we are today.

As we conclude this fiscal year, I am particularly delighted to note that our continued growth and market leadership journey is being achieved by staying true to our core values of Customer Centricity, Prudence, Commitment, Agility and Integrity. These values are part of the V-Mart DNA and continue to serve us well. With over 7,500 employees most of whom are from the economically underprivileged strata, 700+ vendors, and by further engaging over 10,000 people through indirect employment, you can be proud that your Company is actively contributing to the larger socio-economic betterment of our country.

In conclusion, I earnestly thank the V-Mart team for their exceptional resolve and commitment in facing the biggest crisis of our times. On behalf of our Board, and 7,500 plus V-Martians, I wish you a safe, peaceful and prosperous year ahead.

**Lalit Agarwal**

*Chairman and Managing Director*



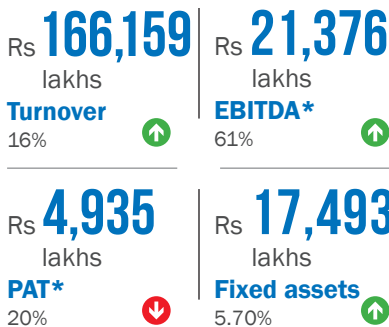
# OUR VALUE CREATION PROCESS

## SCOREBOARD OF OUR SIX CAPITALS



### FINANCIAL CAPITAL

We consider our financial capital as equity investment from shareholders, surplus arising from business operations annually and funding from debt providers.

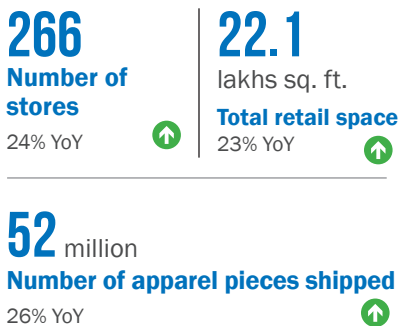


\*Adjusted for IND-AS 116



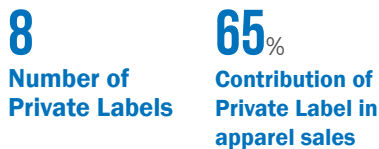
### MANUFACTURED CAPITAL

We continually invest in opening new stores, renovating existing stores and strengthening our warehouse and logistics infrastructure, to ensure reliability of business operations and support scalability.



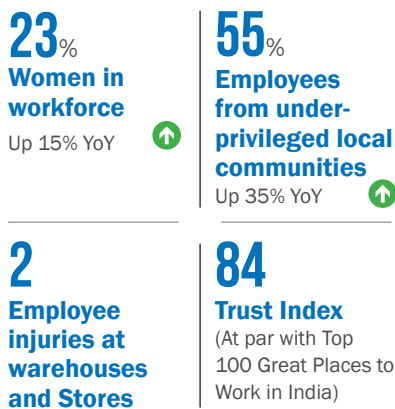
### INTELLECTUAL CAPITAL

Our continued thrust on bringing differentiated and latest products to our customers, as well as our ways of doing business, which include knowledge systems, processes and technology.



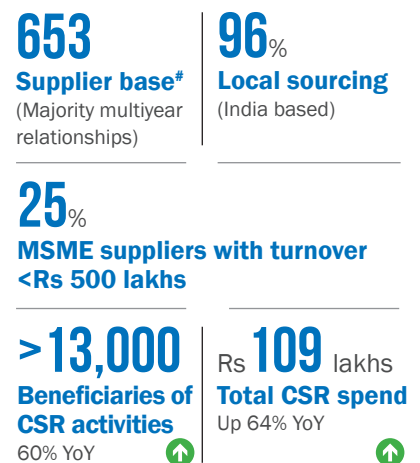
### HUMAN CAPITAL

Our people make possible what we do. We focus on attracting, retaining and nurturing talent to drive performance excellence. Our work environment and organisational culture ensure the wellbeing and growth of our employees.



### SOCIAL AND RELATIONSHIP CAPITAL

We focus on staying true to our promise of honest prices and quality merchandise. We value our relationship with vendors and local communities and invest in their sustenance and wellbeing.

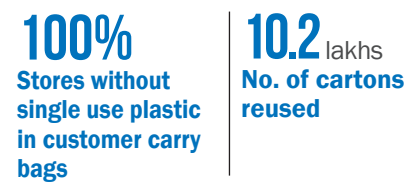


\*excluding FMCG



### ENVIRONMENTAL CAPITAL

Driven by our core value of Prudence, we focus our efforts on using resources more efficiently and doing business in an environmentally sustainable manner.



# V-MART RETAIL TODAY

## BUILDING ON OUR ROBUST FOUNDATION

Almost two decades back, V-Mart pioneered the concept of value fashion primarily in tier II, III and IV cities, providing a retail-mall-like shopping ambience to the newly-aspirational consumers.

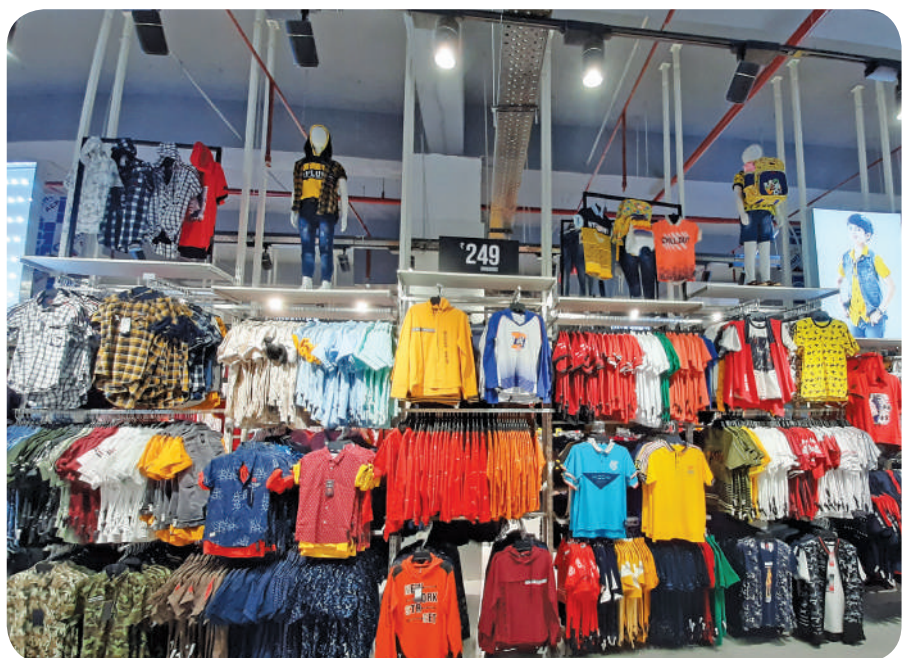
Since then, we have come a long way, evolving and growing with our customers and their aspirations in this new millennium. We exist to serve the new, aspirational India comprising millions of households in small towns, focusing on the youth and young families who dream of a better life, and for whom fashion is a small expression of that dream. Our journey has closely tracked the emergence of tier II, III and IV cities that barely existed on the map till two decades back, into hubs of rising aspirations that are fueling a rapid consumption growth.

V-Mart pioneered value fashion in the high population density clusters of North and East India, where aspirations have far outpaced the per capita income. Within a decade of its existence, V-Mart established a loyal customer base in its key catchments through its unique value proposition of Price “Less” Fashion, combined with the comfort and convenience of a retail mall-like ambience. As our markets and customers evolved over the years, V-Mart has continued to remain relevant for its customers, witnessed in more than 393 lakhs patrons visiting our stores annually. Now, with the customer landscape taking on a digital hue, V-Mart is

marching towards being a ‘connected retailer’ in step with a demographic that is increasingly digital-savvy.

Also, as less becomes more in a post-COVID world, and as everyone learns to live with less, we are adapting as a value retailer, building on the ethos of sustained value creation for all our stakeholders. With a ‘play-to-win’ approach, our aim is to increase mind share, share of customers’ wallet and our market share.

Currently present across 191 cities in 19 states and UTs, we get nearly 393 lakhs footfalls annually, with 130 lakhs customers in our loyalty database, endorsing our growing pan-India popularity in the value fashion-seeking population of the country.

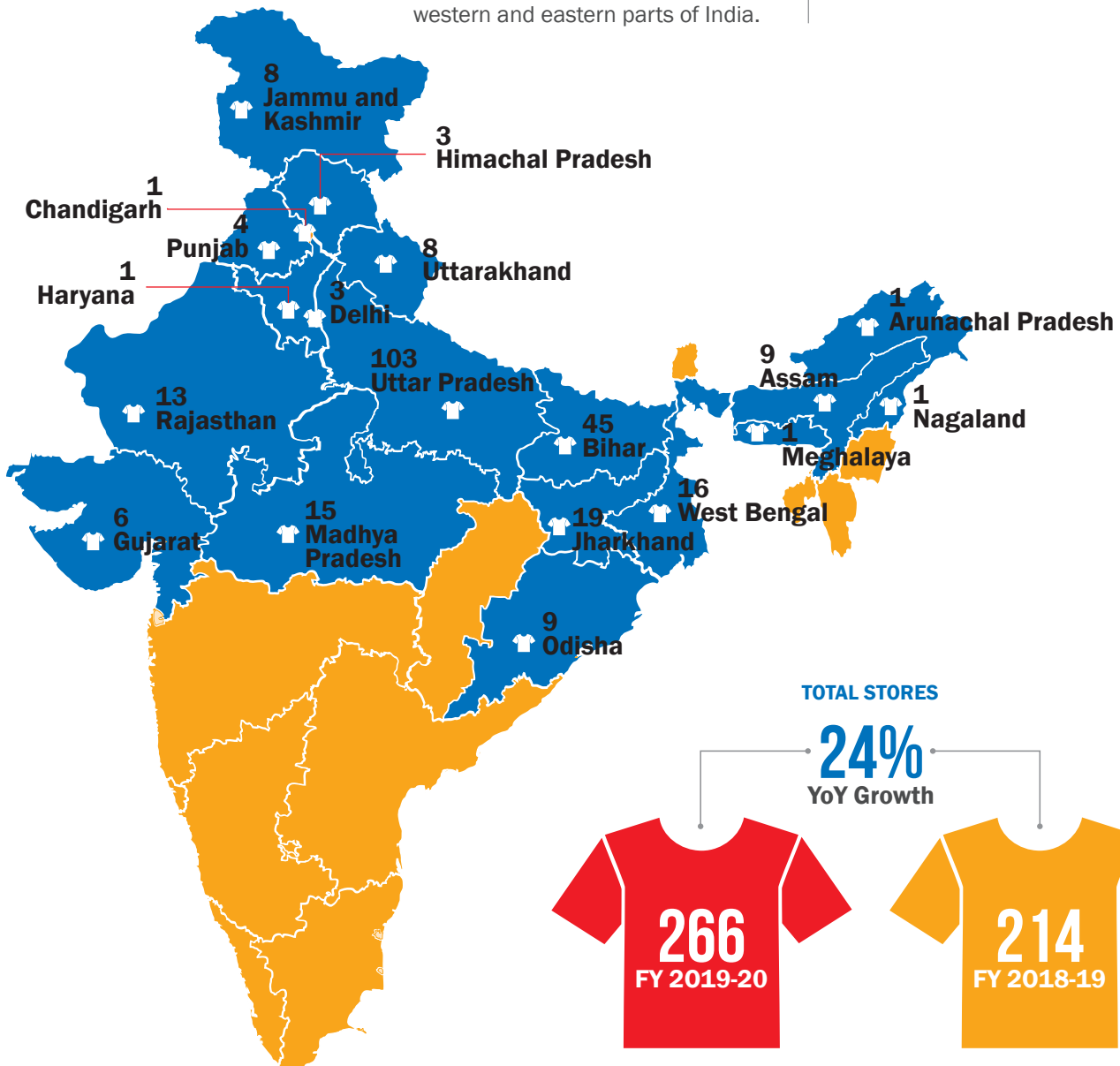


### LEVERAGING GROWTH THROUGH A PAN-INDIA PRESENCE

Our stores, located over a total retail space of 22.1 lakhs sq. ft. in states/UTs such as Bihar, Chandigarh, Gujarat, Haryana, Jammu and Kashmir, Madhya Pradesh, New Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh, are designed to cater to the needs of the entire family. Based in New Delhi, V-Mart has operations spread across northern, western and eastern parts of India.

### EXPANDING NETWORK OF STORES

To deliver on our promise of taking value fashion to the doorstep of our growing expanse of customers pan-India, we have developed a robust network of 266 stores, spread strategically across markets that we target.





# BUILDING ON OUR VISION, MISSION AND VALUES



## VISION STATEMENT

Create value and make  
our ecosystem proud.



## MISSION STATEMENT

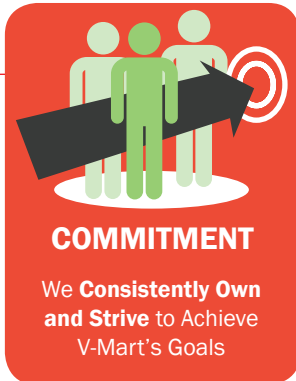
Care for customer aspirations,  
discover and nurture talent,  
sustained ethical growth for  
stakeholders and harness  
vendor relationships.

## OUR CORE VALUES



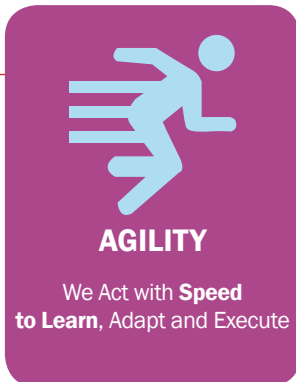
### KEY VALUE BEHAVIOURS:

- ▶ Understanding customer fashion preferences and trends in how we plan, buy and allocate
- ▶ Proactively approaching and assisting customers in always making the best buying decision for themselves
- ▶ Implementing and following customer friendly processes/policies that enhance customer's in-store experience



### KEY VALUE BEHAVIOURS:

- ▶ Meeting deadlines, as committed, and not giving up till the job is done
- ▶ Going the extra mile by demonstrating complete ownership of assigned tasks
- ▶ Not accepting sub-standard output from self, colleagues, business partners or vendors



### KEY VALUE BEHAVIOURS:

- ▶ Understanding/anticipating changes in the external business environment – customer, competitor, technology - and preparing our response proactively
- ▶ Identifying and addressing gaps that may prevent the organization from achieving its short- and long-term goals
- ▶ Designing/Improving processes and policies that improve the organization's ability to respond to change
- ▶ Motivating self, our teams and colleagues to execute with speed



### PRUDENCE

We Deliver Value to Our Stakeholders by **being Cost-Conscious**

#### KEY VALUE BEHAVIOURS:

- ▶ Continuously identifying and implementing cost savings opportunities, without compromising on pre-defined quality and service standards
- ▶ Rigorous commercial negotiation with vendors without compromising on pre-defined quality benchmarks/metrics
- ▶ Thinking and acting responsibly and sustainably towards local communities and environment



### INTEGRITY

We Exhibit Organisational **Code of Conduct** and Comply to Processes

#### KEY VALUE BEHAVIOURS:

- ▶ Holding self and others accountable to the company's code of conduct pertaining to colleagues, customers, vendors and business partners
- ▶ Putting the organization's interest over that of the team and self
- ▶ Maintaining confidentiality of business-sensitive information and plans, internally and externally
- ▶ Not accepting any material gains or favours from subordinates/ vendors/customers
- ▶ Always displaying positivity and a problem-solving mindset and attitude





# AN ADAPTIVE BUSINESS MODEL

We have created a business model that is agile and adaptive in responding to market, customer and competitive dynamics. Also, while we remain firmly in control of our strategic direction through our business model, our cost structure is geared to extract the most optimal value in every business activity. This has allowed us to remain cost-efficient even as we have expanded our business and invested in pursuing growth.

## CLUSTER-BASED APPROACH

Our cluster-based approach of 'creeping expansion' is aimed at generating visibility, supply chain efficiencies, rapid scalability leading to buying/procurement flexibility and cost savings. Typically, our new locations are strategically placed within a 50-150 km radius from an existing store cluster. These locations are identified and vetted by an in-house new store operations (NSO) team, based on a multi-dimensional business assessment matrix.

## SOURCING EFFICIENCIES

Our strong sourcing capability is backed by an efficient logistics network, which is supported by a robust IT infrastructure, systems and processes, thus enabling us to deliver on our value retailing promise. We secure our merchandise optimally to ensure there is no compromise on quality while keeping prices affordable. To optimise costs, we have implemented several technological changes at the warehouse, as well as at the stores.

## ASSET-LIGHT MODEL

Our Company-Owned, Company-Operated (COCO) stores are on long-term rental lease, which prevents us

from getting saddled with expensive real estate, significant capex that would have compromised scalability and/or led to high debt burden. With over 700 districts in India, majority of which are in the tier II and III category, V-Mart has developed a scalable and efficient business model to grow and expand in a calibrated manner for several years to come. It is our endeavour to 'take fashion to the remotest areas'.

## SEAMLESS CUSTOMER EXPERIENCE (CX)

With our target customer segments, youth and young families, becoming more digital-savvy, we are transforming from a bricks-and-mortar-only retailer to an omnichannel retailer. This is a significant step forward for our business model to be digital-ready in ways that our customers seek and need.





# CUSTOMER AT THE CORE

Our customers are at the heart of our business and strategy, the focus of our vision and deeply connected with our core values. The 'Customer at the Core' approach resonates outwards and inwards, impacting all elements of our business. We map our customers' evolution and journey both from an internal and external perspective, assess how we perform at all stages of their journey, and at key touchpoints, develop a brand promise that can be brought to life and lived daily in how our associates serve them.

## SERVING OUR CUSTOMERS

V-Mart continues to bring affordable fashion to millions of households in remote towns, offering them trends and choices they aspire to have in their wardrobe, and in their daily lives. The mix of latest fashion, trendy designs and value pricing, makes our stores a preferred destination for family fashion. At a time when our customers and local communities are battling the COVID-19 pandemic and financial distress, we have adapted our customer-centric ethos to provide what they value the most – a safe shopping environment, higher value through assortment choices and price points, and helping customers prioritise and fulfil their family's fashion needs.

## TARGET CUSTOMER

A V-Mart customer is typically in the age group of 18-35 years, aspirational, with a monthly household income of Rs 20,000 to Rs 50,000, and Residing in tier II, III and IV cities primarily. She aspires to live better, explore possibilities and spend wisely, and seeks trendy

and high value-for-money fashion. For her, buying fashion apparel is a much-awaited and generally carefully-budgeted shopping occasion, often also coinciding with a celebration or festival. She prefers the 'touch and feel' shopping experience in a comfortable retail mall-like environment.

**18-35** years Typical age group

**20,000 to 50,000**

Average monthly household income

Residing in  
tier **II, III** and **IV** cities primarily

**Value Conscious**

Seeks trendy and high value-for-money fashion



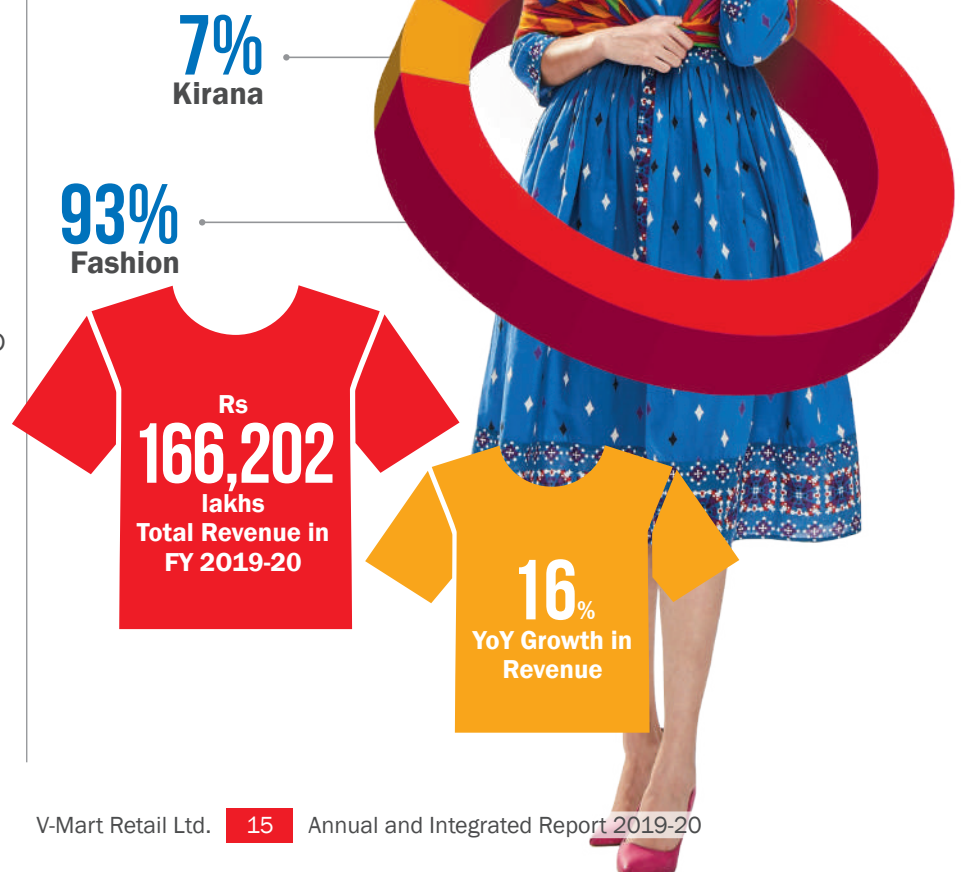
# RELEVANT AND DIFFERENTIATED ASSORTMENTS

The diversity of V-Mart's offerings has emerged as a key propeller of its journey to deliver value fashion to the aspirational consumers and their unique needs, across diverse regions of the country. Guiding our value fashion portfolio is our deep understanding of the emerging needs and aspirations of consumers.

Fashion has a dominant share in our product portfolio. This is a conscious choice, driven by our DNA and a deep understanding of fashion needs, preferences and aspirations of our target customer segments. Over the years, we have translated and strengthened this understanding into sourcing capabilities and long-standing vendor relationships that enable us to create relevant and differentiated product assortments. The uniqueness and popularity of our fashion merchandise is evident in the consistently high sell-throughs we are able to achieve across our basic, popular and premium categories.

Beyond fashion, we also offer a limited but relevant assortment of value-priced kirana and FMCG products, with the most popular categories being staples, snacks, spices and noodles. In the post-COVID world, we foresee that wellness, beauty and hygiene products will be more sought after by our customers, and plan to expand our product portfolio suitably. Even though we have a relatively limited assortment and a smaller store network (one-fourth of total) providing kirana and FMCG products, the suppliers and merchandise are rigorously chosen, to ensure our customers get quality they can trust at a price that suits their budget.

Our stores, located on a standalone basis in high-street areas and shopping hubs serve to provide a comfortable and aspirational shopping experience to new-age customers primarily in tier II, III and IV cities. We provide a vast range of products, including apparels, home furnishings, footwear, kirana and general merchandise, all under one roof.

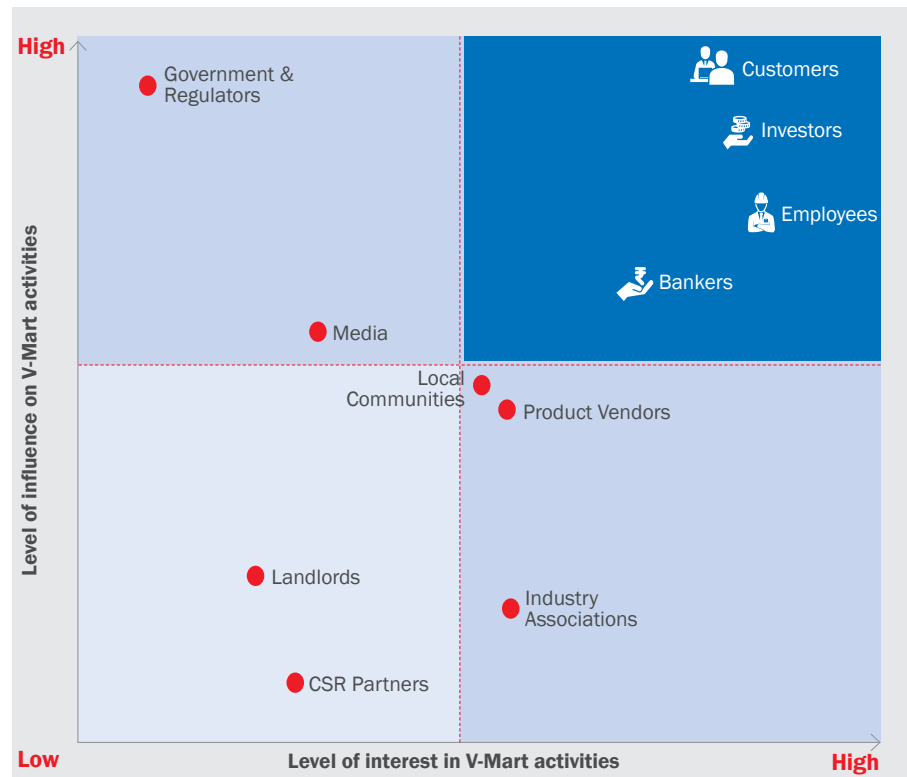


# OUR STAKEHOLDERS

We recognise that our success is defined by the success and wellbeing of our stakeholders. The Company's relationship with its stakeholders is symbiotic. This is reflected in how we conduct our business activities and fulfil stakeholder priorities.

We fulfil fashion aspirations of nearly 400 lakhs customers every year, and directly touch or impact the lives of thousands of employees, and a broader stakeholder ecosystem primarily comprising vendors, business partners and investors. In addition, V-Mart regularly engages with government and regulatory agencies and media, and is also deeply connected with local communities through its CSR initiatives. Our extensive reach and diverse stakeholder landscape gives us the opportunity, and also places upon us the responsibility to engage with them. This is fundamental to enabling our strategic objectives and fulfilling our vision and mission.

## OUR MATERIALITY MATRIX



## MATERIALITY ASSESSMENT

- 1 MATERIAL ECONOMIC ISSUES**
  - ▶ Sustainable growth
  - ▶ Sustained profitability

- 2 MATERIAL SOCIAL ISSUES**
  - ▶ Health and safety
  - ▶ Capability development
  - ▶ Diversity in the workforce
  - ▶ Inclusion of underprivileged sections in the workforce
  - ▶ Local community-focused CSR initiatives

- 3 MATERIAL ENVIRONMENTAL ISSUES**
  - ▶ Electricity consumption
  - ▶ Carbon fuel consumption
  - ▶ Usage of single-use plastic
  - ▶ Sustainable packaging



# BUILDING TRUST-BASED RELATIONSHIPS TO ENABLE GROWTH

CUSTOMERS		We had 393 lakhs customer footfalls during FY 2019-20	
What our Customers tell us is really important to them	How we respond to Customers' needs	Why we engage	How we engage
<ul style="list-style-type: none"> <li>▶ Affordable merchandise</li> <li>▶ Trendy fashion</li> <li>▶ Trusted product quality</li> <li>▶ In-store convenience</li> <li>▶ Safe shopping environment</li> </ul>	<ul style="list-style-type: none"> <li>▶ Honest pricing</li> <li>▶ Latest range of fashion</li> <li>▶ Quality merchandise</li> <li>▶ Convenient store location</li> <li>▶ Corona-safe protocol and guidelines</li> <li>▶ Comfortable store ambience</li> <li>▶ Community-focused CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ To continually enhance our customer value proposition</li> <li>▶ To show our customer-centric approach</li> <li>▶ To deliver what matters most to our customers</li> </ul>	<ul style="list-style-type: none"> <li>▶ One-on-one interactions at stores</li> <li>▶ Local marketing campaigns</li> <li>▶ Social media - Facebook, Instagram, YouTube and LinkedIn</li> <li>▶ Periodic customer surveys</li> <li>▶ Our omnichannel platform, <a href="http://www.vmartretail.com">www.vmartretail.com</a></li> <li>▶ Customer help line</li> <li>▶ Grievance redressal email ID</li> </ul>





## BUILDING TRUST-BASED RELATIONSHIPS TO ENABLE GROWTH



### EMPLOYEES

We hired 1,303 new employees during the year

What our Employees tell us is really important to them	How we respond to Employees' needs	Why we engage	How we engage
<ul style="list-style-type: none"> <li>Competitive remuneration</li> <li>Learning and growth opportunities</li> <li>Empowerment to take decisions</li> <li>Fair and reasonable working hours</li> <li>Safe workplace</li> <li>Sustainable business performance</li> <li>Working for an ethical and responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>Fair compensation</li> <li>Performance-linked incentives and bonus programme</li> <li>Employee-friendly work and leave policies</li> <li>Implementing SOPs and guidelines for employee health safety</li> <li>Decentralised organisation structure</li> <li>Stable, segment-leading performance as a value retailer</li> <li>Employee stock option plans (ESOPs)</li> <li>Ethical and sustainable business practices</li> </ul>	<ul style="list-style-type: none"> <li>To continually enhance our employee value proposition</li> <li>To build a collaborative and empowered culture</li> <li>To be an employer-of-choice in the value retailing segment</li> </ul>	<ul style="list-style-type: none"> <li>Skill development and training programmes</li> <li>Digital platforms – HRMS, secure messaging app</li> <li>Face-to-face and virtual townhalls</li> <li>Lakshya, annual store managers' meet</li> <li>Regular management updates</li> <li>Employee engagement surveys</li> <li>Social media - posts and videos</li> <li>Fun and celebration events</li> </ul>



### SHAREHOLDERS

We recorded 20%-plus CAGR growth in ROCE since 2014

What our Shareholders tell us is really important to them	How we respond to Shareholders' needs	Why we engage	How we engage
<ul style="list-style-type: none"> <li>Sustainable return on investment</li> <li>Positive cash flows</li> <li>Understanding V-Mart's business model, strategic direction, profitability and cost drivers</li> <li>Timely and transparent communication on business performance and key market developments</li> <li>A socially responsible and ethical corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>Generate industry-leading and stable ROCE and EBITDA</li> <li>Maintain steady revenue growth</li> <li>Drive a steady store expansion trajectory</li> <li>Maintain a strong balance sheet; being debt-free</li> <li>Conduct business ethically and responsibly</li> </ul>	<ul style="list-style-type: none"> <li>To provide a transparent and accurate understanding of our business and the operating context</li> <li>To ensure company's shares are traded at their fair and reasonable value, adequately reflecting business opportunities and risks</li> <li>To meet the high benchmarks of global investors and financial analyst community</li> </ul>	<ul style="list-style-type: none"> <li>Attending investor and financial analyst meets and conferences</li> <li>Quarterly analyst and investor calls</li> <li>Annual report (now as per integrated reporting framework)</li> <li>Media briefings and interviews</li> <li>Press releases</li> <li>Investor Relations website</li> <li>Annual shareholder meeting</li> </ul>



## BUILDING TRUST-BASED RELATIONSHIPS

TO ENABLE GROWTH

<div>  <b>SUPPLIERS</b> </div>			
We have 653 suppliers of fashion merchandize			
What our Suppliers tell us is really important to them	How we respond to Suppliers' needs	Why we engage	How we engage
<ul style="list-style-type: none"> <li>▶ Regular payments, as per contractual commitments</li> <li>▶ Transparent contracts and agreements</li> <li>▶ Comfortable cash flow and liquidity</li> <li>▶ Long-term relationship</li> <li>▶ Opportunities to learn and grow</li> </ul>	<ul style="list-style-type: none"> <li>▶ Timely payments</li> <li>▶ Fair and transparent agreement clauses and business policies</li> <li>▶ Respectful and empathetic communication</li> <li>▶ Nurturing small business and diverse and ethical suppliers</li> <li>▶ Creating a more efficient and cost-effective supply chain</li> <li>▶ Collaborate on developing new and unique designs and collections</li> </ul>	<ul style="list-style-type: none"> <li>▶ To deliver on our customer promise of providing affordable products of reliable quality</li> <li>▶ Ensure on-time merchandise availability</li> <li>▶ Create unique designs and differentiated fashion collection</li> <li>▶ Learn from best practices of leading suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Supplier meetings with buyers, in line with buying and merchandising time lines</li> <li>▶ Production facility visits</li> <li>▶ Online vendor portal</li> <li>▶ Supplier/vendor development initiatives</li> <li>▶ Annual supplier conference</li> <li>▶ Vendor grievance redressal email</li> </ul>

<div>  <b>Business Partners</b> </div>			
Each of our 266 stores is on long-term lease from independent landlords			
What our Business Partners tell us is really important to them	How we respond to Business Partners' needs	Why we engage	How we engage
<ul style="list-style-type: none"> <li>▶ Opportunity to monetise their property</li> <li>▶ Develop their property as a popular, go-to destination in the town</li> <li>▶ Long-term profitable business relationship</li> <li>▶ Helping the local community with easy access to affordable and quality merchandise</li> </ul>	<ul style="list-style-type: none"> <li>▶ Offer a proven and sustainable source of rental income</li> <li>▶ Involve them in local store-level initiatives to grow business and visibility</li> <li>▶ Give visibility and recognition to them and their property with local communities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Our asset-light expansion model is heavily dependent on the success of our long-term partnership with landlords</li> <li>▶ Rental/real estate costs are a significant part of our operational expense, and keeping it at a mutually sustainable level (for V-Mart and the landlord) is essential to retain our cost structure</li> </ul>	<ul style="list-style-type: none"> <li>▶ Our asset-light expansion model is heavily dependent on the success of our long-term partnership with landlords</li> <li>▶ Rental/real estate costs are a significant part of our operational expense, and keeping it at a mutually sustainable level (for V-Mart and the landlord) is essential to retain our cost structure</li> </ul>



## BUILDING TRUST-BASED RELATIONSHIPS

TO ENABLE GROWTH



### LOCAL COMMUNITIES

We support communities through employment, local sourcing and extensive CSR activities

#### What our Local Communities tell us is really important to them

- ▶ Employment generation
- ▶ Quality of life
- ▶ Education
- ▶ Livelihood and skill development
- ▶ Affordable and quality products

#### How we respond to the needs of Local Communities

- ▶ Hire from underprivileged families in local communities
- ▶ Develop diverse and ethical suppliers
- ▶ Create and support community education and sports infrastructure
- ▶ Provide scholarships to meritorious, underprivileged students
- ▶ Provide training in job-specific skills

#### Why we engage

- ▶ To contribute to the wellbeing and development of local communities who help in sustaining our business growth
- ▶ Happier, healthier and more prosperous local communities are good for business and a good way of conducting business

#### How we engage

- ▶ Community-focused CSR initiatives, led by our local store teams
- ▶ Long-term CSR programmes conducted with our local CSR partners, focused on improving community infrastructure, children's education and adult livelihood generation
- ▶ Disaster relief and support





# OUR APPROACH TO VALUE CREATION

SUSTAIN AND BENEFIT ALL STAKEHOLDERS IN OUR ECOSYSTEM

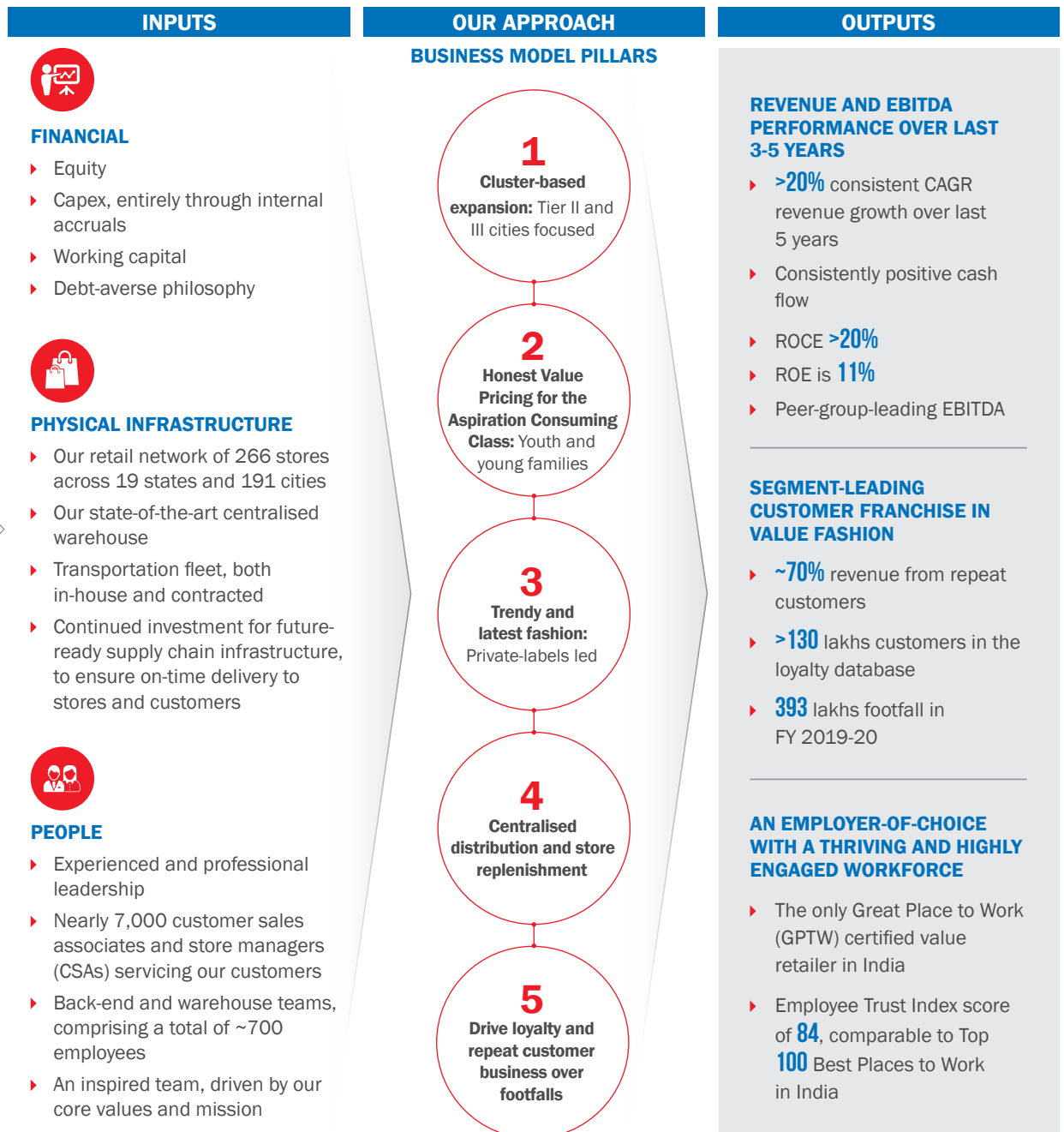
LEVERAGE OUR PIONEERING BUSINESS MODEL

ADDRESS MATERIALITY ISSUES, STRATEGIC RISKS AND OPPORTUNITIES

▶ We bring together these resources and capabilities...

...and transform them through our business model...

...to create sustainable stakeholder value

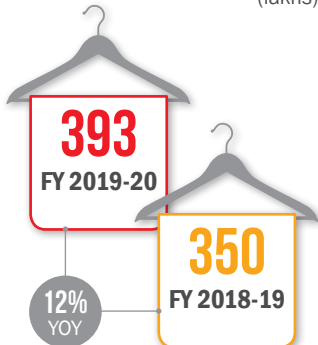




# OPERATIONAL HIGHLIGHTS

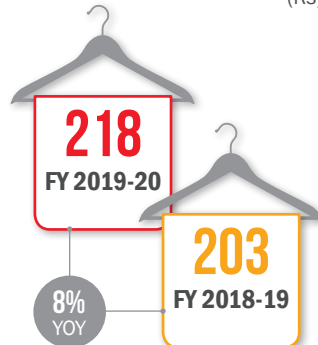
## FOOTFALLS

(lakhs)



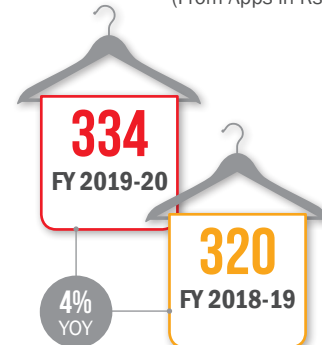
## AVERAGE SELLING PRICE

(Rs)



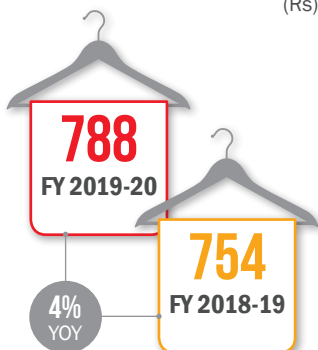
## AVERAGE SELLING PRICE

(From Apps in Rs)



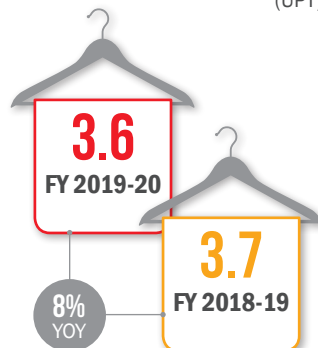
## AVERAGE TRANSACTION SIZE

(Rs)



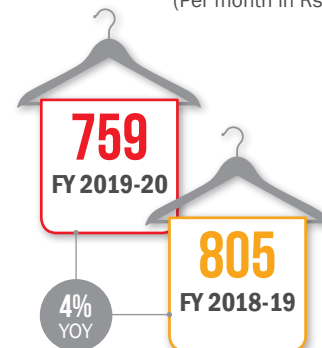
## UNITS PER TRANSACTION

(UPT)



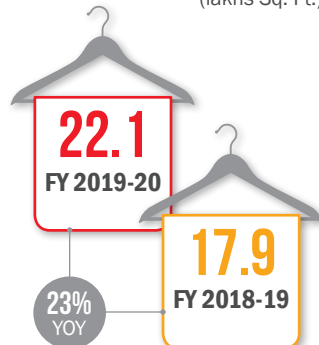
## SALES PER SQUARE FEET

(Per month in Rs)



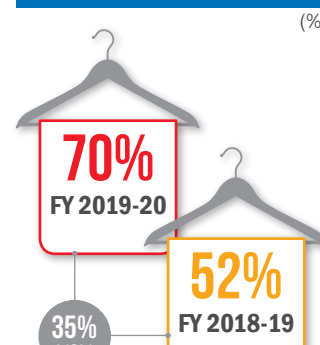
## TOTAL RETAIL SPACE

(lakhs Sq. Ft.)



## REPEAT SALES FROM LOYAL CUSTOMERS

(%)

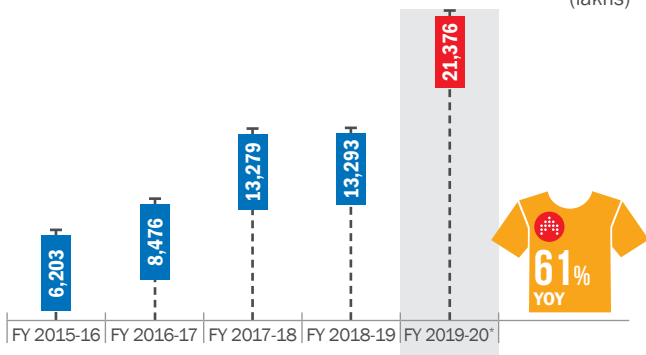




# PERFORMANCE SCORECARD

## EBITDA

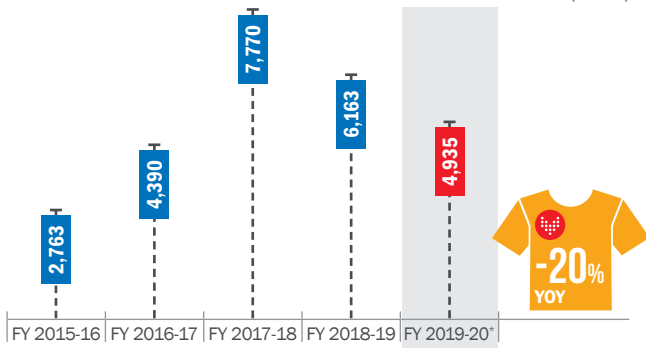
(lakhs)



\*With IND AS 116

## PAT

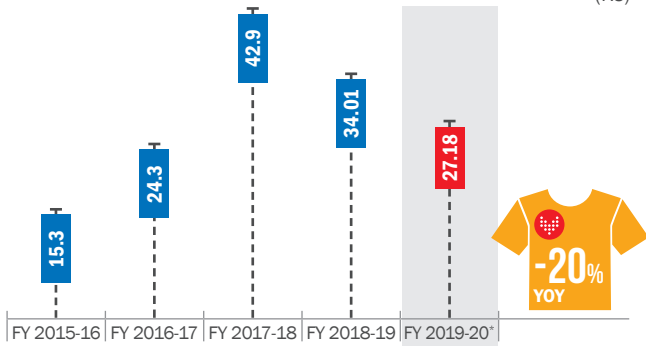
(lakhs)



\*With IND AS 116

## EPS

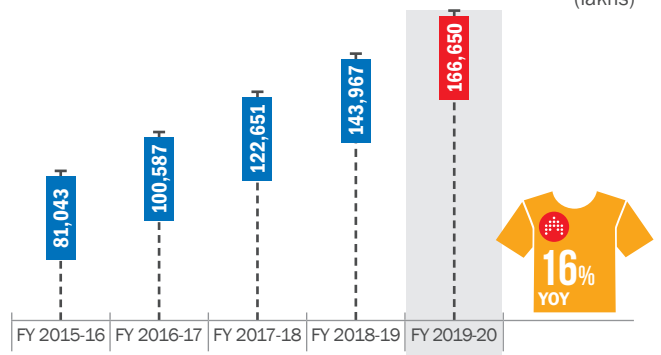
(Rs)



\*With IND AS 116

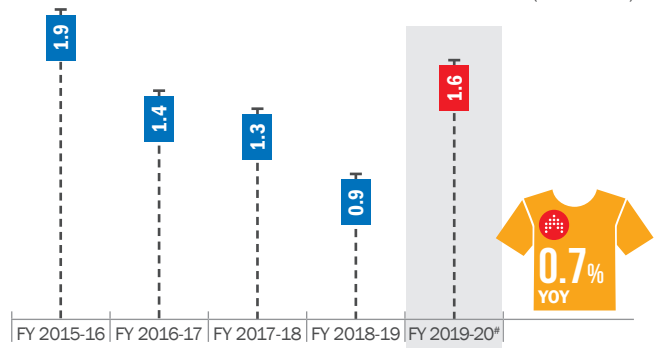
## TOTAL REVENUE

(lakhs)



## SHRINKAGE

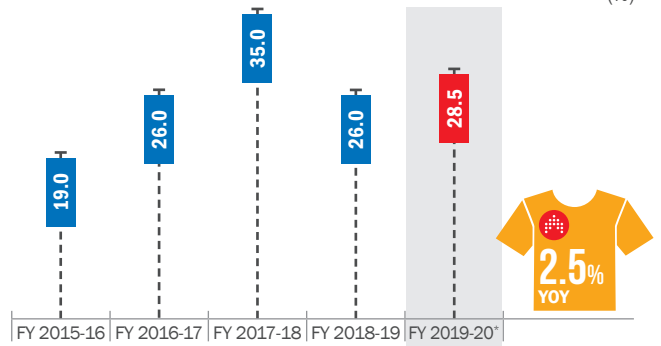
(% of sales)



\*includes one time additional provisioning towards COVID-19

## ROCE

(%)



\*With IND AS 116

# CREATING A NET POSITIVE SOCIETY

Our aim of empowering local communities, by enabling education and opportunities and by enhancing their quality of life, receives the highest priority in our CSR endeavours. Through our CSR initiatives, we are committed to engaging with and giving back to local communities. We have been driving social change by creating sustainable communities across urban and rural areas.

## OUR CSR INITIATIVES

### 1. PROJECT UJJWAL BHAVISHYA



#### Objective

- ▶ To provide scholarship to 11th class students from economically-weaker sections (EWS), based on academic performance in 10th class

#### Location

- ▶ 78 cities across 12 states

#### Community Impact

**> 1,500** Number of students benefitted to date

**Majority of scholarship recipients are girls**

### 2. PROJECT READVANTAGE – WINGS OF WORDS



#### Objective

- ▶ To build English language proficiency in children from under-privileged sections through attractive stories and easy-to-understand content

#### Location

- ▶ Varanasi & Ballia, Uttar Pradesh
- ▶ South Delhi Municipal Corporation (SDMC) Schools, Delhi

#### Community Impact

**8,839** Number of Kids benefitted so far, by building English language proficiency

### 3. PROJECT EKAL VIDYALAYA



#### Objective

- ▶ Providing functional literacy to the under-privileged children in remote villages, through 'One Teacher, One Village' concept

#### Location

- ▶ Lucknow, Uttar Pradesh
- ▶ Garhwal, Uttarakhand

#### Community Impact

**1,200** Number of children benefitted

**30** Number of schools supported

### 4. PLAKSHA UNIVERSITY



#### Objective

- ▶ To help build a world-class institution in India, offering graduate and post-graduate technology education
- ▶ To provide scholarships for the underprivileged talented students

#### Location

Mohali, Chandigarh

#### Community Impact

**30-35** Scholarships per annum to underprivileged students

**Creating world-class education infrastructure**

### 5. PROJECT PANKH – WINGS OF DESTINY



#### Objective

- ▶ To provide Persons with Disabilities (PwDs) a career in retail through a training and certification programme

#### Location

- ▶ Agra, Uttar Pradesh
- ▶ Vadodara, Gujarat

#### Community Impact

**55** Number of students trained in two batches

**Trained in life skills, English language and retailing skills**



## 6. PROJECT LOTUS RESCUE



### Objective

- ▶ To support a School and Day Care centre for street children

### Location

- ▶ 5 Schools- 2 in Kolkata
- ▶ 2 Schools in 24 North Parganas, West Bengal
- ▶ 1 School in Nadia

### Community Impact

**200** Number of street children getting education, meals and basic healthcare

English learning, music and dance classes for children

## 7. PROJECT TAAL



### Objective

- ▶ Providing scholarship, meals and music training infrastructure for visually impaired students

### Location

- ▶ Ranchi, Jharkhand

### Community Impact

**110** Current beneficiaries from extremely poor families

## 8. PROJECT KOSHISH



### Objective

- ▶ To develop talented children into professional footballers
- ▶ To provide players with scholarships to cover cost of training and nutrition meals

### Location

- ▶ Gurgaon, Haryana

### Community Impact

**30** Number of players enrolled in the programme



# ENABLING SKILL DEVELOPMENT

V-Mart Skill Academy has been envisioned with a focus on contributing to nation-building by providing training/skilling and employment opportunities to the underprivileged youth in our local communities.

Our Skill Development Academy is building its base across North and East India in a phased manner to bring the best possible training and skilling options, and provide employment opportunities in the retail sector to underprivileged youth looking for a brighter future. The Academy started its first training centre in May 2018 at Lucknow in Uttar Pradesh under the government's DDUGKY - UPSDM\* programme, with a capacity of approximately 150 candidates, focusing on extremely poor families in remote villages. Today, it has grown to more than 3,000 enrolled candidates, who are being imparted job-centric, skill development training across eight centres in four states. The newly-skilled participants also serve as a captive source of quality manpower for V-Mart stores.

**Rs 5,000-10,000**  
Monthly average household income of enrolled candidates

\*Deen Dayal Upadhyaya Grameen Kaushalya Yojana - Uttar Pradesh Skill Development Mission





**FY 2018-19**
**PROJECTS**

- ▶ Uttar Pradesh
- ▶ Odisha
- ▶ Rajasthan
- ▶ Bihar

**TRAINING CENTRES**
**5**
**CANDIDATES ENROLLED**
**450**
**FY 2019-20**
**PROJECTS**

- ▶ Uttar Pradesh
- ▶ Odisha
- ▶ Rajasthan
- ▶ Bihar

**TRAINING CENTRES**
**8**
**CANDIDATES ENROLLED**
**1,155**
**FY 2020-21**
**EXISTING PROJECTS**

- ▶ Uttar Pradesh
- ▶ Odisha
- ▶ Rajasthan
- ▶ Bihar

**EXISTING CENTRES**
**8**
**CANDIDATES ENROLLED**
**3,384**
**NEW PROJECTS**

- ▶ Himachal Pradesh (approval received from the Government)
- ▶ Uttar Pradesh (application under process)
- ▶ Bihar (application under process)
- ▶ Assam (application under process)
- ▶ Tripura (approval received from the Government)
- ▶ Karnataka (application under process)
- ▶ West Bengal (application under process)
- ▶ Meghalaya (application under process)

**PLANNED CENTRES**
**16**

**GAINING RECOGNITION**

- ▶ Received an award from Rajasthan Skill & Livelihoods Development Corporation (RSLDC), Rajasthan government, for Best Project Implementation Agency
- ▶ Received Appreciation Letters from State/District Level Officers (DPMU) of Uttar Pradesh government for mobilising maximum candidates from respective districts – Pilibhit, Mathura and Bahraich
- ▶ Candidates from V-Mart Skill Development Academy were invited to Kaushal Satrang for an event hosted by the Uttar Pradesh Chief Minister, Shri Yogi Adityanath, with Honorable Minister Kapil Dev Agarwal, Principal Secretary Smt. S. Radha Chauhan, and Managing Director of UPSDM.

**46%** of candidates,  
who completed  
the programme in  
FY 2019-20,  
were employed  
by V-Mart



# AWARDS & RECOGNITION

Our performance has been widely recognised through several awards and accolades. In particular, we have been appreciated for our best practices and business excellence and have been honoured for being an award-winning workplace.



- Most Admired Affordable Fashion Retailer in Visual Merchandising Concept at IFA- Images Fashion Awards



- Certified as a 'Great Place to Work' by the Great Place to Work (GPTW) Institute, India



- Award from RSLDC (Rajasthan government) for Best Project Implementation Agency in the Skill Development Programme



- Bestowed the 'Trusted Mark' certificate under IRF Trusted Mark Certification Scheme

# BOARD OF DIRECTORS



## Lalit Agarwal

Chairman and Managing Director (CMD)

Founder of V-Mart, Lalit is a retail entrepreneur credited with pioneering the concept of organised value retailing in India, with focus on affordable fashion, in tier II, III and IV cities. He was nominated to the Niti Aayog's Champions of Change initiative in 2017. A Bachelor in Commerce from Bombay University and Diploma holder in Financial Management from Narsee Monjee Institute of Management Studies (NMIMS), Mumbai, Lalit is Chairman of Retailers Association of India (RAI) for the Northern Region. Lalit was recognised as the retail leader for the year 2018 by Franchise India.



## Madan Agarwal

Whole Time Director

With more than four decades of entrepreneurial experience in the fashion retail industry, Madan is a mentor and a guiding force for the Company. He has been instrumental in imbuing customer-centricity and cost-consciousness in the DNA of V-Mart. A Bachelor in Arts from City College, University of Calcutta, he started his career by opening a tailoring shop in the 1970s, and later opened a popular and highly successful apparel and footwear retail store - 'Shreeman Shreemati' - in Cuttack.



## Aakash Moondhra

Independent Director

Currently, the Global CFO of Naspers Fintech arm - PayU, Aakash has held senior positions at Nokia India Private Limited, Baring Private Equity Partners (India) - where he headed the retail vertical, Bharti Retail Private Limited, Bharti Airtel Limited and AT&T Corporation, as well as CFO of Snapdeal. A member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India, he holds a Bachelor's Degree in Commerce from the University of Delhi and an MBA from Southern Methodist University, Texas. He secured the IDP-C certification for driving corporate governance at Board level at the International Directors Programme at INSEAD in 2017.



### Murli Ramachandran

Independent Director

Murli is a Management Consultant and CXO coach, specialising in transformation & strategy, performance improvement, leadership development and change management. He has about 30 years of rich and varied experience at leadership level in various companies including RPG Enterprises, Accenture and KPMG. Murli is also a Director on the Board of Junior Achievement (JA) India - part of Junior Achievement Worldwide™, the world's largest organisation dedicated to educating students about Work Readiness, Financial Literacy and Entrepreneurship. He holds a BE (Hons) degree in Mechanical Engineering and an MMS from BITS Pilani. He also has an MS in Industrial Engineering from Columbia University, New York.



### Sonal Mattoo

Independent Director

A lawyer with 20+ years of experience, Sonal specialises in preventing workplace harassment, diversity issues, mediations and negotiation. She is also the founder Director of Helping Hands, an NGO that helps implement policies against sexual harassment, and other forms of harassment and discrimination at the workplace, besides carrying out training and investigation on related complaints. She is also the founder partner of Mantran Consultants, a firm specialising in CSR, Counselling and implementing, diverse policies. She holds a B.A., LL.B. (Hons) degree from the prestigious National Law School of India University, Bangalore.



### Govind Shridhar Shrikhande

Independent Director

Govind possesses rich cross-functional experience of more than three decades in the textiles, apparel and retail industry. He has worked across the fabric-apparel value chain, and multiformat retailing, including department stores, hypermarket, airport retail, books and music, etc. He was previously Managing Director at Shoppers Stop, where he started as Vice President, Buying & Merchandising, before moving on to become COO. His earlier stints included Mafatlal, Johnson & Johnson, and Bombay Dyeing. He holds an MBA in Marketing from Symbiosis, Pune University, and B. Tech. in Textile Technology from VJTI, Mumbai University.

# LEADERSHIP TEAM



**Lalit Agarwal**

Chairman and Managing Director (CMD)



**Madan Agarwal**

Whole Time Director



**Anand Agarwal**

Chief Financial Officer



**Samir Misra**

Chief Operating Officer



**Rajan Sharma**

President, Sourcing & Procurement



**Snehal Shah**

Sr. VP, Operations & Marketing





**Ramesh Agarwal**

VP, Supply Chain Management & FMCG



**M. Srinivasan**

VP, Planning and Supply Chain



**Ranjan Kumar**

VP, Strategy and Corporate Communication



**Syed Ali Athar**

VP, Skill Development



**Anjali Goel**

AVP, Human Resources



**Dinesh Srivastava**

AVP, Information Technology

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

- Lalit Agarwal**  
(Chairman & Managing Director)
- Madan Gopal Agarwal**  
(Whole-time Director)
- Aakash Moondhra**  
(Non-Executive, Independent)
- Murli Ramachandran**  
(Non-Executive, Independent)
- Sonal Mattoo**  
(Non-Executive, Independent)
- Govind Shridhar Shrikhande**  
(Non-Executive, Independent)

## BOARD COMMITTEES

### Audit Committee

- Aakash Moondhra** (Chairman)
- Murli Ramachandran** (Member)
- Sonal Mattoo** (Member)
- Govind Shridhar Shrikhande** (Member)

### Nomination & Remuneration Committee

- Murli Ramachandran** (Chairman)
- Aakash Moondhra** (Member)
- Sonal Mattoo** (Member)
- Govind Shridhar Shrikhande** (Member)

### Stakeholders' Relationship Committee

- Sonal Mattoo** (Chairperson)
- Lalit Agarwal** (Member)
- Madan Gopal Agarwal** (Member)

### Corporate Social Responsibility (CSR) Committee

- Lalit Agarwal** (Chairman)
- Madan Gopal Agarwal** (Member)
- Aakash Moondhra** (Member)
- Sonal Mattoo** (Member)
- Govind Shridhar Shrikhande** (Member)

### Risk Management Committee

- Aakash Moondhra** (Chairman)
- Murli Ramachandran** (Member)
- Sonal Mattoo** (Member)
- Govind Shridhar Shrikhande** (Member)

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Megha Tandon**

## STATUTORY AUDITORS

**M/s S.R. Batliboi & Co. LLP,**  
Chartered Accountants

4th Floor, Office 405, World Mark – 2  
Asset No. 8, IGI Airport Hospitality District  
Aerocity New Delhi - 110 037, India

Tel.: +91 11 61229500

Fax: +91 11 24-4644050

Contact Person: Vikas Mehra, Partner

Membership No. 094421

Firm Registration No: 301003E/E300005

## SECRETARIAL AUDITOR

**M/s. VKC & Associates Company**  
Secretaries

D-38, LGF (L/S), South Extension Part-II  
New Delhi - 110 049

Tel.: +91 99992 33556

Website: www.vkcindia.com

Contact Person: Mohit K Dixit, Partner

Membership No.: 49021

CP No-17827

## INTERNAL AUDITORS

**KPMG** (Registered)

Building No. 10, 8th Floor, Tower-C  
DLF Cyber City, Phase-II  
Gurugram - 122 002

Tel.: +91-124-3074000

Website: www.kpmg.com/in

## BANKERS

State Bank of India

ICICI Bank

HDFC Bank

Axis Bank

Yes Bank Limited

## REGISTERED OFFICE

V-Mart Retail Ltd., 610-611  
Guru Ram Dass Nagar, Main Market  
Opp. SBI Bank, Laxmi Nagar  
New Delhi - 110 092

## CORPORATE OFFICE

Plot No. 862, Udyog Vihar  
Industrial Area, Phase - V, Gurgaon  
Haryana - 122 016, India.

Tel.: +91 124 - 4640030

Fax: +91 124 - 4640046

Email: info@vmart.co.in

Website: www.vmart.co.in

CIN - L51909DL2002PLC163727

## WAREHOUSE

Bilaspur, Haryana

## REGISTRAR & SHARE TRANSFER AGENT

M/s KFin Technologies Private Limited  
Selenium Tower B, Plot Nos. 31 & 32  
Financial District, Nanakramguda  
Serilingampally Mandal  
Hyderabad, Telangana - 500 032

Tel.: 040 67162222

Toll Free: 180 0345 4001

Fax: 040 23420814

Email: einward.ris@kfintech.com

Website: www.kfintech.com

## SENIOR MANAGEMENT PERSONNEL

- Anand Agarwal** - Chief Financial Officer
- Samir Misra** - Chief Operating Officer
- Rajan Sharma** - President  
(Procurement & Sourcing)
- Snehal Shah** - Sr. Vice President  
(Operations & Marketing)
- Ramesh Agarwal** - Vice President  
(Supply Chain Management & FMCG)
- M. Srinivasan** - Vice President  
(Planning & Supply Chain)
- Ranjan Kumar** - Vice President  
(Strategy and Corporate Communication)
- Anjali Goel** - Assistant Vice President  
(Human Resource)
- Dinesh Srivastava** - Assistant Vice President  
(Information Technology)
- Syed Ali Athar**  
(VP, Skill Development)

# MANAGEMENT DISCUSSION AND ANALYSIS



## GLOBAL ECONOMY IN A FRAGILE SITUATION, WITH RECOVERY TAKING A SLOW TRAJECTORY

Faced with the COVID-19 pandemic and its fallout, the global economy is experiencing a sudden and sharp setback, recovery from which may be prolonged and slow.

As recently as in January 2020, a World Bank report had projected the global GDP growth at 2.5% for 2020, recovering slightly from a 12-year low of 2.4% in 2019, which was due to weakened global trade and investment. However, within a span of a few months, the outbreak of the COVID-19 pandemic has reversed the needle sharply, with projections for

the global economy becoming worse with each passing month.

Alluding to the sudden and sharp reversal, Kristalina Georgieva, the Managing Director of the International Monetary Fund (IMF), stated in April 2020: "Today, we are confronted with a crisis like no other. In fact, we anticipate the worst economic fallout since the Great Depression. Just three months ago, we expected positive per capita income growth in over 160 of our member countries in 2020. Today, that number has been turned on its head: we now project that over 170 countries will experience negative per capita income growth this year. The bleak outlook applies to advanced

and developing economies alike. This crisis knows no boundaries."

## OUTLOOK

The IMF estimates the global economy to contract by 3% in 2020, far worse than the 0.7% contraction in 2009 following the financial crisis. The US and EU area economies may shrink by an alarming 5.9% and 7.5%, respectively. Asia, with zero percent growth, its worst performance in six decades, may still fare relatively better. China, the world's second-largest economy, may scrape through with a 1.2% growth. However, projections for all the regions globally may be revised downwards, depending on the duration and



severity of extended and recurring national lockdowns required to contain the virus outbreak.

What could be the implication of these projections for the global fashion industry? As per McKinsey, the revenue for the industry (apparel and footwear sectors) could contract by 27% to 30% in 2020 year-on-year, although the industry may regain positive growth of 2% to 4% in 2021.

### INDIAN ECONOMY CAUGHT ON A WEAK FOOTING BY COVID-19

In FY 2019-20, India's economy is estimated to have grown by 4.2%, the lowest since the 3.1% rate recorded in FY 2008-09, in the immediate aftermath of the global financial crisis. Furthermore, counting backwards from Q2 of the fiscal year under review, India witnessed six successive quarters of declining GDP growth, and its worst string of quarter-to-quarter performance in more than two decades. Even though GDP growth recovered marginally in the third quarter to 4.7%, it is evident that the Indian economy had been losing steam over the last two fiscal years. A slowdown in private consumption, weakness across core sectors, declining investment in infrastructure and construction, and lingering liquidity squeeze triggered by the NBFC crisis are some of the key factors dragging the Indian economy lower.

Further, underscoring the continued challenge in maintaining fiscal stability, the country's fiscal deficit reached 115% of the FY 2019-20 target in November 2019 itself, breaching the annual targeted threshold third year in a row.

Furthermore, counting backwards from Q2 of the fiscal year under review, India witnessed six successive quarters of declining GDP growth, and its worst string of quarter-to-quarter performance in more than two decades.

### OUTLOOK

Given the already weakening economic and fiscal situation, the impact of COVID-19 will be felt far and deep in the Indian economy. As per the projections of rating agencies ICRA and Crisil, India's GDP will contract by around 5% in FY 2020-21, with the economy going into recession following two consecutive quarters of contraction, in Q1 and Q2, respectively. This could be deeper than any recession India has ever experienced. SBI Research has projected a much higher GDP contraction at 6.8% year-on-year in FY 2020-21, with the first quarter GDP shrinking more than 40%, followed by a recovery from Q2 onwards, if the pandemic situation stabilises.

An already precarious fiscal deficit, overstretched state and central government resources to battle COVID-19 and to provide relief and stimulus to the needy, and tax revenue collection falling off the cliff – all these factors severely limit the government's ability to take substantial measures to revive consumption.

A silver lining in the dark clouds could be rural consumption, bolstered by a record harvest of the Rabi crop, and nearly on-track food grain procurement by the government during Q1 FY 2020-21 despite the disruption caused by the lockdown. This would translate into substantial income for more than 200 million farmers, thus building a financial buffer for the months ahead, and could cushion the consumption shock in smaller towns and semi-urban pockets.

Also, with the forecast of a normal southwest monsoon in 2020, timely sowing and a rich harvest of Kharif crop, rural income may get a fillip later in the year. Another upside, in rural and semi-rural pockets, with millions of migrant workers headed home from big cities, could come from higher enlistment in the Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) scheme, the rural employment guarantee scheme of the central government with 7.6 crore active job cardholders.

### INDIAN RETAIL SECTOR OVERVIEW

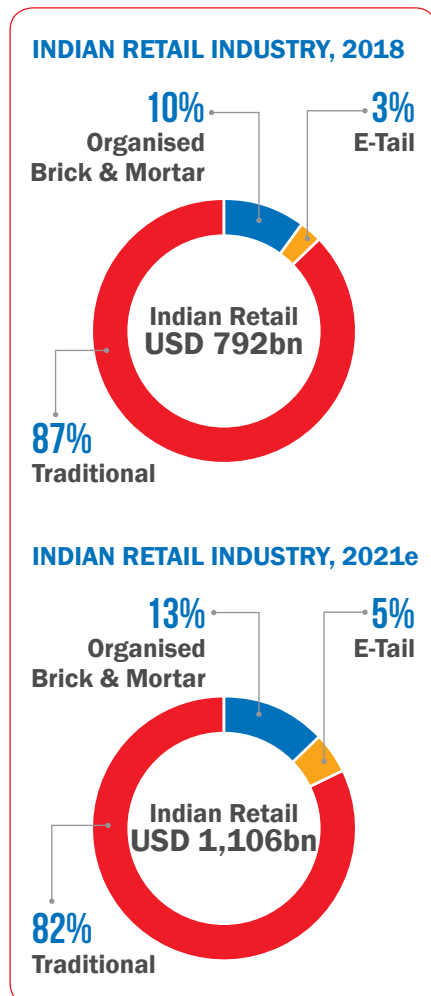
Retail-focused private consumption accounts for half of the total private consumption in India and contributes 30% to the national GDP. At 2012-17 CAGR of 12%, India was one of the fastest-growing and among the most preferred retail destinations globally.

Looking ahead, the growth of the retail sector comprising unorganised, organised and e-commerce segments will be driven primarily by organised retail and faster adoption of e-commerce. As compared to the overall retail sector CAGR growth of 12% during 2018-2021, organised



brick-and-mortar and e-commerce are projected to grow by 22% and 33% CAGR, respectively. Most of the organised retail segment growth will come from the under-penetrated tier II-V cities, where growing disposable income and improving physical infrastructure are some favourable developments. The growth potential for organised retail in India is underscored by the fact that its penetration is still around at 10%, significantly lower than that in China (20%), Brazil (63%), and the US and the UK (both 92%).

**Chart 1: Indian Retail Industry Split**



Source: Spencer's Retail, Technopak Analysis (Jan-2018), SSLe

As per Redseer, e-commerce growth in India has been led by consumer electronics, primarily budget smartphones with 3-5% net margins. Overall, smartphones have accounted for half of the e-commerce market, followed by fashion (20%) and other electronics (19%). Indicating a distinct shift in market dynamics, Redseer estimates that during 2018-2023, e-commerce growth will be driven by grocery and fashion, with a CAGR of 60% and 35%, respectively. In the wake of COVID-19 crisis, as social distancing norms and fear of getting infected trigger a bigger consumer shift towards online shopping, many bricks-and-mortar retailers are adding or augmenting their online presence. Even though some of this surge in online shopping could be a short-term phenomenon, COVID-19 will likely alter consumer shopping behaviour in a more enduring and 'sticky' manner, increasing the appeal of an online or omnichannel proposition for brick-and-mortar retailers. The growing adoption of a digital 'way of living and consuming' as a sticky and sustained trend is well-established by multiple

waves of McKinsey Consumer Sentiment surveys conducted in India since April 2020.

Traditional retail, on a large existing base, is projected to grow at a CAGR of 10%. However, it will continue to command the dominant share of the retail pie due to its unmatched geographical reach, customer knowledge, personalised services and convenience. While the organised brick-and-mortar and e-commerce retail are witnessing dynamics shifts, the traditional retail base of more than 17 million independent shopkeepers and retailers in India is also undergoing a rapid transformation. This is being led by the Walmart-owned Flipkart, Amazon and also Reliance which is developing a hyperlocal online retailing platform to on-board small retailers, who do not have the resources and technological expertise required for an omnichannel access to their customer base.



## OUTLOOK

The nationwide lockdown during Q1 FY 2020-21 had brought the retail business to a standstill, and the slow recovery commencing with Unlock 1.0 may be further prolonged due to recurring episodes of COVID-19 pandemic in various parts of the country. A weak economic environment, large scale job losses, and lower household income will hurt consumer sentiments and spending. Most of the retail members of the Retailers Association of India (RAI), the industry body representing the organised retail segment, believe the impact of COVID-19 may last at least 9–12 months and revenue may be impacted by 30–50% over nine months (Q2–Q4, FY 2020-21).

## FASHION RETAILING IN INDIA

Fashion retailing in India is poised to reach a market size of USD 115 billion by 2026, growing at a ten-year CAGR of nearly 10%. As per McKinsey, by 2025, 45% of this market will be in the organised retail format, therefore still leaving a long runway for organised retailers to grow their share of the apparel retail pie.

**Chart 2: Fashion Retail Market Size**



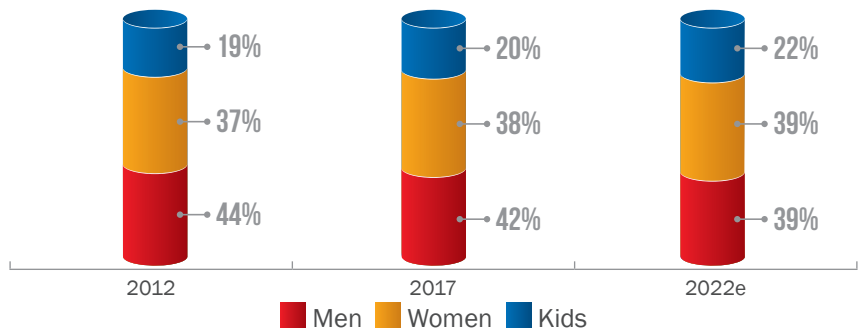
Broadly, the fashion apparel market is split into three distinct demographic segments - Men's, Women's and Kids. In contrast with other big retail markets globally, the share of Men's category in the Indian fashion apparel market has been substantially higher than that of Women's. However, this gap has been consistently narrowing over the years, and by 2022, Men's and Women's segments are likely to have 39% share each. Kids as a category accounted for 20% of the total market in 2017, and its share will increase to 22% by 2022, favoured by India's demographics wherein almost 28% of the population (325–350 million) is below 15 years of age.

Most of the retail members of the Retailers Association of India (RAI), the industry body representing the organised retail segment, believe the impact of COVID-19 may last at least 9–12 months and revenue may be impacted by 30–50% over nine months (Q2–Q4, FY 2020-21).

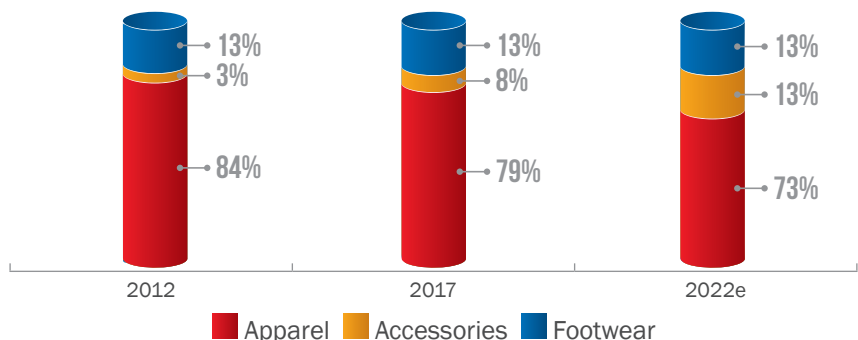
**Chart 3: Fashion Retail Segment Split**

### WOMEN AND KIDS CATEGORY TO DRIVE GROWTH IN FASHION SEGMENT

Fashion category split into men, women & kids



Fashion category split into sub categories



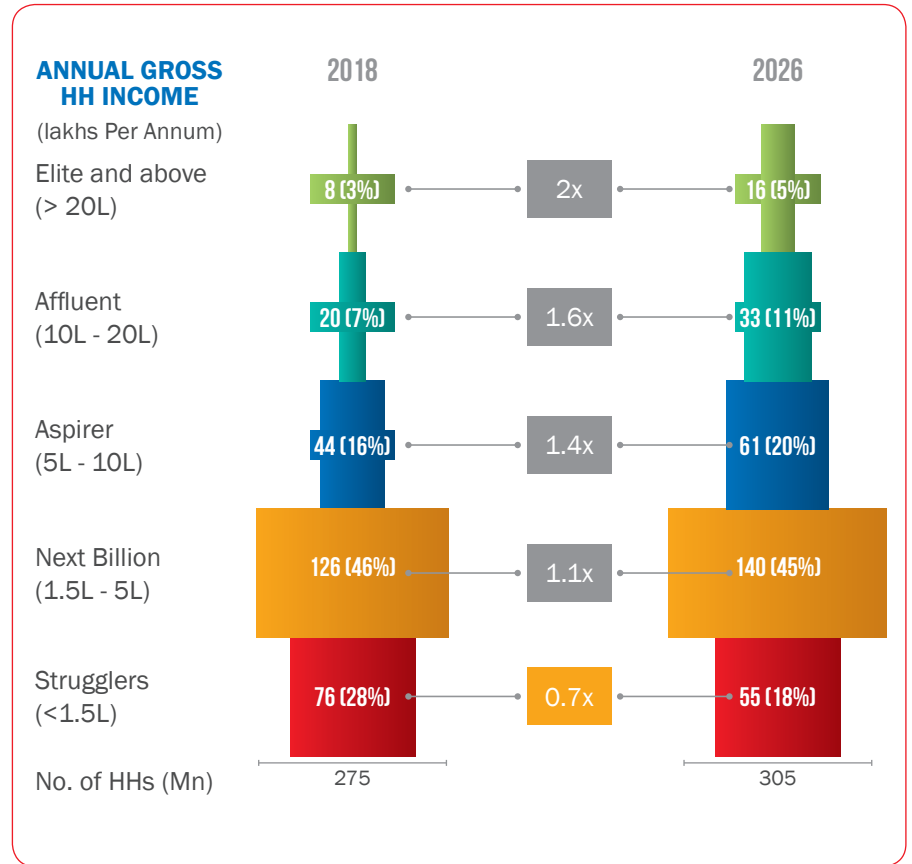
Source: Technopak, SSL

### VALUE FASHION (VF), A 'DEFENSIVE' SEGMENT WITH LUCRATIVE GROWTH POTENTIAL

With still only one-third of fashion apparel retailing in the organised retail format, and a majority of the merchandise in the Rs 500-1,000 price range, organised value fashion retail is at an inflexion point. As per HDFC Securities, at a market size of USD 27 billion currently, Value Fashion (VF) offers the biggest untapped opportunity in the Indian apparel sector. Moreover, in the current context, given its higher emphasis on value-for-money positioning, particularly in the 'VF Mass' segment where the average selling price (ASP) is less than Rs 350, value fashion among all apparel segments, is the least vulnerable to consumption shock resulting from a drastic fall in discretionary spending. Also, given its 'defensive' (i.e., more affordable) price positioning, Value Fashion is the most likely segment in apparel retail for an early bounce back, and will lead a gradual recovery that could span a few quarters.

Over the long term, the biggest sustained driver of Value Fashion in India will be favourable consumer demographics, riding on the back of an increasing per capita income and growing disposable income. As depicted in Chart 4, 140 million households in India will be classified as Next Billion by 2026, defined as those belonging to the annual income range of Rs 1.5-5 lakh/annum, and accounting for 46% of total Indian households. The next biggest household segment is Aspirers, in the annual income range of Rs 5-10 lakh/annum, accounting for one-fifth of total households in the country.

**Chart 4: Indian Households by Annual Income Level**



Source: Boston Consulting Group  
Note: Income distribution is calculated in constant 2015 Dollars; \$1 = INR 65

Together, the household segments of the Next Billion and the Aspirers will comprise nearly two-thirds of India's population, 65% of which is less than 35 years old. Despite the bleak consumption outlook in the immediate term as a fallout of COVID-19, India's base of young and aspirational demographics, which is the largest globally, with a growing disposable income, presents a compelling case for the value fashion story to gather continuing momentum in the years to come.

Over the long term, the biggest sustained driver of Value Fashion in India will be favourable consumer demographics, riding on the back of an increasing per capita income and growing disposable income.

At the front-end, with customers becoming more digital-savvy in how they explore and consume fashion, retailers are relying on using advanced analytics and ERP systems to scan the consumer mindset and tailor retail formats, including omnichannel, and the pricing and promotion strategy accordingly.

## KEY TRENDS

### Value-centric buying to dominate

With reduced household income and discretionary spending due to COVID-induced economic turmoil, consumers will become even more value-conscious. However, the consumers' tendency to look for higher value may not be necessarily in terms of lower prices, but equally importantly, they may seek more value in new and different ways. It could mean retailers providing deeper product expertise and more involved product discovery experience, i.e., helping consumers decide what to buy and explain why it makes sense; a unique product education, i.e., helping consumers learn how to use the product better and do this over time, not just during the moment of purchase; or, a more connected experience spanning the entire consumer journey - before, during, and after the purchase.

### Shift towards casualisation

Driven by the younger consumer segments, who are exhibiting more mobility, openness and desire to experiment, and are opting for more trendy and smart casual wear, fashion retailing is witnessing a distinct trend towards casualisation. This is reflected in the growing demand for categories such as denims, T-shirts, casual shirts, tops, and activewear like track pants and bermudas, outpacing the overall apparel segment growth. Even at the workplace, casual dressing is gaining wider acceptance, with consumers experimenting more with colours, designs and fits.

### More occasion-specific wardrobe choices

Consumers, particularly the youth, no longer consider fashion apparel or even daily fashion wear as a basic, need-based product. Instead, they consider it as a choice that reflects their overall personality. 'Creating a look' that goes with an occasion, i.e., gym, work, festival, and party, in addition to 'looking good', is increasingly driving the choice of fashion apparel as well as accessories for younger consumers.

### More digital-savvy fashion consumers

Driven by a continuously expanding digital landscape, the Indian fashion retail sector is heading for an efficiency-driven ecosystem with consumers at the core. In fashion retail, at the back-end, this is translating into rapid automation of core processes in supply chain management, vendor management, training and development, and tracking of industry trends, among

others. At the front-end, with customers becoming more digital-savvy in how they explore and consume fashion, retailers are relying on using advanced analytics and ERP systems to scan the consumer mindset and tailor retail formats, including omnichannel, and the pricing and promotion strategy accordingly.

### Shortening supply chain cycle and mind-to-market

With easy and faster access to fashion trends through digital media, consumers are demanding faster availability of latest trends in stores. Apparel retailers are, therefore, moving towards shorter supply chain cycle to reduce the mind-to-market timeframe and to minimise obsolete inventory.

## KEY CHALLENGES

### A highly heterogeneous market

The fashion apparel market in India is amongst the most diverse globally, owing to a variety of geographical (topography and weather), cultural and ethnic factors. This heterogeneity of the market is compounded further as one moves away from the metros and tier 1 cities to smaller clusters in tier II, III and IV cities. While there is a strong clustering of consumption across the 12-15 major metros and the largest cities, the bulk of the consumption is spread across more than 5,500 towns and 600,000 villages in the country. From a retailer's perspective, this 'long tail' of the consumer spend and trends require a thorough understanding of the consumer's diverse fashion preferences and the similarity and differences in consumer buying patterns.



### High rental lease and low availability

Low availability of real estate with sufficient footfalls and the growing presence of organised retail players in smaller towns, has resulted in a sharp escalation in rental lease rates in recent years. Moreover, unlike retail malls, commercial real estate for standalone retail shops or in market complexes, is characterised by fragmented ownership, non-transparent business practices, and inappropriate store designs.

### STRATEGIC OVERVIEW AND GUIDANCE

Our organisational vision of creating sustained value for the entire ecosystem acquires greater relevance in this challenging time, when there is unprecedented economic stress for all stakeholders. Adopting the theme of 'Doing More With Less' for this year's report is symbolic of the emphasis we place on fulfilling the needs and aspirations of all our stakeholders, despite the financial hardship we all have to endure.

Along with the rising humanitarian toll, COVID-19 and its multiple impacts are undeniably destabilising businesses and economies around the world bringing about a 'new normal' in the way business is done. Undoubtedly, with the health and economic crisis brought about by the COVID-19 pandemic, we have to recalibrate our strategies for the medium and long term keeping in view survival of the ecosystem, back-to-business measures and pursuit of growth opportunities.

To that end, we have adapted and attuned our organisational strategy execution within the three broad themes of Respond, Renew and Reimagine.



## RESPOND

### CUSTOMER AND EMPLOYEE HEALTH AND SAFETY

- ▶ Restarting operations with augmented safety norms for making V-Mart:
  1. Safe place to work
  2. Safe shopping destination
- ▶ Prime focus on 'Customer and Employee first' while devising mitigation strategy
- ▶ Regular sanitisation, social distancing norms

### COST CONSERVATION

- ▶ Renegotiation of rentals for:
  1. Zero rental during lockdown period
  2. Lower rentals for mid-long term
- ▶ Swapping of historically lowest performing locations with better propositions, basis availability
- ▶ Optimising all variables costs and overheads
- ▶ Embargo on all discretionary expenses

### LIQUIDITY

- ▶ 50% increase in bank limits since February
- ▶ Credit Ratings reaffirmed as AA- (long term) and A1+ (short term)
- ▶ No purchase inwards since March, except essentials
- ▶ Focus on inventory control
- ▶ All capital expenditure on hold
- ▶ Negotiations with trade partners and suppliers
- ▶ Minimise outflow to maintain liquidity for short-run





## RENEW

### INTEGRATED GO-TO-MARKET APPROACH

- ▶ Reopening of all stores to offer full range of merchandise to customers
- ▶ Offering FMCG at additional apparel stores
- ▶ Use of technology in all parts of the ecosystem to generate efficiency
- ▶ Increased coordination with suppliers and stakeholders

### PEOPLE & GOVERNANCE

- ▶ Significant resources invested in nurturing human capital:
  1. Comprehensive training for operations managerial and leadership team for securing people and increasing operating effectiveness
  2. Ensuring physical and mental wellbeing by conducting fitness, technical and knowledge sessions digitally
- ▶ Augmenting scale and depth of governance frameworks and systems

### AUGMENTING OMNICHANNEL

- ▶ Accelerating omnichannel pilot project to an augmented e-commerce platform
- ▶ Expanding FMCG footprint across marketplaces for serving essential needs of customers digitally
- ▶ Expose product catalogue on marketplace to augment reach





## REIMAGINE

### APPLYING LESSONS LEARNT DURING COVID-19

- ▶ Enabling long range planning with optimum resources and human capital
- ▶ Imbibing success stories for long-term follow through
- ▶ Cost reduction
- ▶ Cash conservation
- ▶ Efficiency improvement
- ▶ Building War Chests for managing future disruptions
- ▶ Exploring the Work from Home culture
- ▶ Increasing connectivity and learning opportunity through digital channels

### LEVERAGING AND SUSTAINING STRONG ENABLERS

- ▶ Getting closer to our customers (Customer First approach)
- ▶ Building private label brand salience
- ▶ Revamped product lines — faster and trendier collections to meet the demands of youths and aspiring youths
- ▶ Sustainable network expansion
- ▶ Focus on innovative models for creating more value for stakeholders
- ▶ Leveraging customer trust with emphasis on value-led purchase

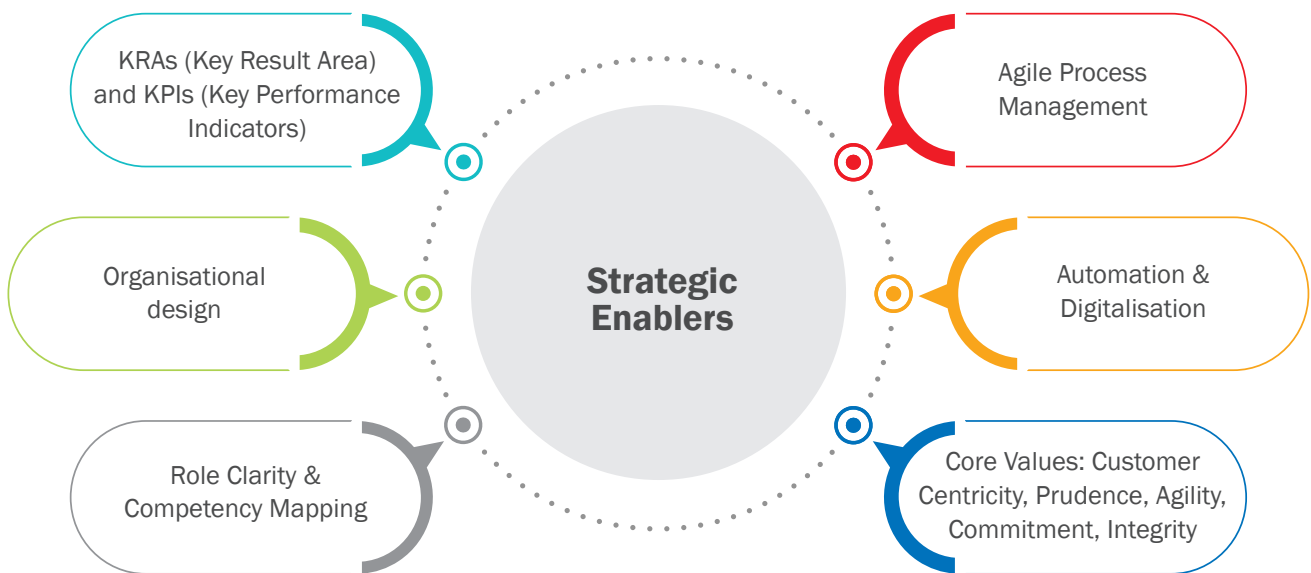
### DIGITAL AND ORGANISATIONAL TRANSFORMATION

- ▶ Best processes and systems
- ▶ Leveraging decentralised structure
- ▶ Continue swapping of bottom performing stores with new attractive locations
- ▶ Continuous investment in digital ecosystem in technology, customer experience, CRM and online operations
- ▶ Driving cost reductions, optimising resources and operating costs



## STRATEGIC OBJECTIVES AND ENABLERS

The three adaptive themes in our COVID-19 strategies resonate across the strategic objectives and the enablers of the organisation.



## OUR KEY STRATEGIC LEVERS TO ACHIEVE STRATEGIC OBJECTIVES

### BUILD BRAND SALIENCE

As a fashion-focused value retailer, our ability to create and sustain a unique brand is the key to drive customer stickiness and stimulate repeat purchase.

#### We will

- ▶ Deepen our understanding of our customers
- ▶ Lead the market in customer retention and increase the share of wallet
- ▶ Provide products that are closer to customer needs and aspirations in different catchments and clusters
- ▶ Deliver an in-store visual and sensory customer experience that is unique and memorable

### BE CLOSER TO FASHION

We aim to create the 'fad for fashion' in our markets, to make exciting but affordable fashion available to aspiring youth and young families.

#### We will

- ▶ Continue to develop our value-for-money proposition
- ▶ Lead our target markets in bringing the latest fashion first
- ▶ Dial up the fashion quotient in our seasonal merchandise
- ▶ Closely track the emerging fashion trends globally and adapt for our markets
- ▶ Continuously reduce the mind-to-market cycle

### CONSOLIDATE EARLY MOVER ADVANTAGE

We want to consolidate our position as a value fashion pioneer in tier II, III and IV cities, by aiming for sustained market leadership in all our key clusters.

#### We will

- ▶ Maintain our focus on cluster-based expansion model
- ▶ Penetrate deeper into markets where we have established brand legacy
- ▶ Expand into newer markets that have high growth potential
- ▶ Experiment and innovate in retail formats and business models

### BUILD 'FUTURE-READY' PROCESSES & CAPABILITIES

We will continue to develop processes and people capabilities that meet the unique needs of value retailing and value fashion, through low-cost innovation and rapid scalability.

#### We will

- ▶ Innovate in and improve our core business processes that drive value creation
- ▶ Identify and address capability gaps, by leveraging resources available in-house and in our ecosystem of vendors and business partners
- ▶ Embed data and analytics across processes as a core competency

### EMBRACE DIGITAL AND AUTOMATION

We will drive efficiency and productivity by adopting technology, both at the back-end and front-end. But, in doing so, we will continue to have a no-frills, high-impact approach.

#### We will

- ▶ Benchmark ourselves with the most relevant technologies in retail and adapt them cost-effectively to our business needs
- ▶ Be a pioneer in using technology to drive business metrics and KPIs
- ▶ Implement the best practices for data security, disaster recovery and business continuity

### CREATE A 'CONNECTED RETAIL' PLATFORM

We will create a seamless shopping journey for our customers, who, as they become more mature digitally, will traverse along the physical and digital worlds in how they consume and live.

#### We will

- ▶ Drive the adoption of omnichannel platform through our stores
- ▶ Bolster our online presence through the marketplace model
- ▶ Digitally transform our stores, to enable staff and customers to engage seamlessly across channels
- ▶ Connect with our customers to build a community of fashion-lovers

## V-MART RETAIL LTD.

Incorporated in 2002, V-Mart's business model has been built around 'value retailing for the emerging India', to address unmet needs and rising aspirations of the consuming class. Three-fourths of the Company's stores are located in the relatively 'underserved' India, extending across tier II, III and IV locations. Over nearly two decades of its existence, the Company has consistently delivered on its brand promise of affordable fashion and merchandise to fulfil the daily needs of households. With a network of 266 stores across 19 states and 187 towns, the Company's key differentiators have been its ability to understand the needs and aspirations of its target consumer segments, and create the right product assortment and retail ambience for them.

V-Mart is a leading value fashion retailer in the country and has developed several private label brands like Flick, Twist, Kidistan and Charcoal. The Company is taking several initiatives towards enhancing its value proposition by focusing on widening product portfolio, creating a more digital-ready and knowledgeable customer service team, and enhancing visual merchandising and display, and in-store experience.

Concurrently, the thrust is on enhancing inventory efficiency and store productivity, and strengthening back-end operations which translates into an improved cost structure and a stronger competitive position.



Over nearly two decades of its existence, the Company has consistently delivered on its brand promise of affordable fashion and merchandise to fulfil the daily needs of households.

## OPERATIONAL REVIEW

Marking a new milestone in its retail footprint expansion, the Company opened 55 new stores in FY 2019-20, its highest-ever tally in a single year, taking the total store count to 266. This surpassed yet another highest-ever achievement of 44 stores added last year, growing the total retail area by 23% y-o-y to 2.2 million sq. ft. at the end of the fiscal year. While the new store additions focused on penetrating deeper and wider in existing clusters, the Company also ventured into two new states, Arunachal Pradesh and Nagaland, both in the North East. Another significant milestone was the launch of our omnichannel platform during the Q3 festive season in FY 2019-20, thereby ushering the Company on the path of providing a seamless shopping experience to its customers. The Company's omnichannel foray started as a pilot in October 2019



**We are sharpening our focus on providing a differentiated experience to the customer across their pre-purchase, shopping and post-purchase journey, by presenting them with relevant assortments at price points that bring them the best value.**

and has been steadily expanding to be now present across its entire store network, as well as several pan-India locations where V-Mart does not yet have its physical presence. In retrospect, with digital shopping becoming the new norm in the post-COVID era for millions of uninitiated customers, V-Mart's omnichannel launch and build-up is tactically and strategically opportune.

The Company had a noteworthy performance during most of FY 2019-20 and, Q4 in particular saw revenue growth of 29%, like-to-like (LTL) growth of 8% and EBITDA growth of 60% till March 15, 2020. However, store closures resulting from lockdowns adversely affected our business operations and led to 40% decline in revenue during March, which was otherwise growing at 29% over last year. As a result, Same Store Sales Growth (SSSG) for the full year came in at (-2.3%), down from +3.7% last year, while sales per sq. feet (SPSF per month)

stood at Rs. 759, declining 6% from last year. The growth in footfalls at 12% was accompanied by higher average bill size (ABS) and average selling price (ASP), which increased by 4% and 8% y-o-y, respectively. This indicates the successful execution of Company's value retailing approach of targeting aspirational customers who seek differentiated and higher-value products, but which are not necessarily the cheapest. In line with our strategy, revenue contribution continued to be largely weighted on Fashion, which contributed close to 93%, with the remaining 7% coming from Kirana and FMCG products.

We are sharpening our focus on providing a differentiated experience to the customer across their pre-purchase, shopping and post-purchase journey, by presenting them with relevant assortments at price points that bring them the best value. In the post-COVID context, with lower household income and reduced purchasing power, we foresee that consumers' trust in retailers who can consistently deliver higher value, will increase further.

Anticipating the high emphasis on a safe shopping environment, the Company has taken proactive steps to ensure the safety of our customers and employees – hygiene and social distancing SOPs were formulated and implemented at stores and workplace, early implementation of Company-wide work-from-home measures, and person-level daily 'roll call' and health monitoring of 7500+ employees.

The Company was cash positive as of March year-end and had sufficient working capital arrangements to meet

its operational requirements on a sustained basis. The Company had recently got its credit rating re-assessed as AA- (pronounced ICRA AA negative), and also increased its sanctioned limits by Rs 80 Cr in Feb 2020, over and above the existing Rs 150 Cr. All the limits were completely un-utilised, and the Company did not have any debt obligations as of March 31, 2020. Further, to drive significant cost reductions and cash preservation, our focus will be around optimising resources, store network, operating costs and exploring innovative models.

## OPPORTUNITIES & THREATS

The Company's operating environment is highly dynamic with the customer and competitive landscape rapidly evolving. The market transition from unorganised to organised retail, changing consumption and digital habits, and newer fashion preferences of the aspirational youth and young families in tier 2, 3 and 4 markets is dismantling established assumptions about customers and creating new opportunities. On the flip side, growing competitor presence in key markets, higher focus of national e-tailers on customer base expansion in smaller towns, and a challenging near-term outlook for discretionary consumption due to COVID-19 pandemic present significant threats to be considered and managed.

We are fully cognisant of the opportunities and threats in our operating environment, and have incorporated these in our strategic management process.

### Opportunities

- ▶ Consolidating our market leadership in key geographic clusters, through brand salience and differentiated value proposition
- ▶ Market share expansion in product segments where V-Mart has established customer loyalty and visibility, e.g. in men's casual wear
- ▶ Faster omnichannel adoption by our customers, who are more receptive to experimenting with the online channel post-COVID-19
- ▶ Create market presence and brand visibility pan-India, through the e-commerce marketplace platform
- ▶ Launching innovative retail formats and business models that are adapted to the changing customer and competitive dynamics

### Threats

- ▶ Weak consumption outlook due to economic distress and fear caused by COVID-19 pandemic
- ▶ Growing competitive intensity in key market clusters in Uttar Pradesh and Bihar
- ▶ Aggressive expansion focus of national e-tailers like Amazon and FlipKart in the fashion apparel segment

### FINANCIAL ANALYSIS FY 2019-20

V-Mart Retail Limited follows the accrual basis of accounting under the historical cost convention. Its accounts were prepared on the basis of accounting standards as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

- ▶ Balance sheet net worth increased to Rs 45,893 lakhs as on March 31, 2020, compared to Rs 40,927 lakhs as on March 31, 2019.
- ▶ Bank borrowings stood at Rs 104.65 lakhs. As on March 31, 2019 the Company had borrowings of Rs 2.60 lakhs on account of a vehicle loan.

### Profit and loss statement

- ▶ Total revenues increased by 16% to Rs 1,66,650 lakhs compared to Rs 1,43,967 lakhs in FY 2018-19.
- ▶ EBITDA for FY 2019-20 is Rs 21,376 compared to Rs 13,293 lakhs in FY 2018-19.
- ▶ Profit after tax stood at Rs 4,935 lakhs in FY 2019-20, compared to Rs 6,163 lakhs in FY 2018-19.

### Working Capital Management

- ▶ Current assets as on March 31, 2020 stood at Rs 51,759 lakhs including inventory of Rs 47,792 lakhs, as compared to Rs 42,158 lakhs including inventory of Rs 32,898 lakhs as on March 31, 2019.
- ▶ Current liabilities stood at Rs 32,076 lakhs as on March 31, 2020, compared to Rs 21,144 lakhs as on March 31, 2019.
- ▶ Cash and bank balances stood at Rs 490 lakhs as on March 31, 2020, compared to Rs 1,489 lakhs as on March 31, 2019.



Profit and loss statement	FY 2018-19 (Without IndAS)	FY 2019-20 (With IndAS)
Total Revenue	143,967	166,650
PBT	9,981	6,953
Depreciation and Amortisation	2,763	9,392
EBIDTA	13,293	21,376
PAT	6,163	4,935
Basic EPS	34	27
<b>Balance Sheet</b>		
Net Worth	40,927	45,893
Borrowings	3	105
Cash and Bank Balance	1,489	490

Key Ratios	FY 2018-19	FY 2019-20
Inventory Sales Days	81	86
EBIDTA Margin	9.27%	12.86%
PAT Margin	4.28%	2.96%
Lease and Rental Cost (% of Revenue)	4.67%	0.71%
ROCE (EBIT/Average Capital Employed)	29.3%	28.5%
D/E Ratio	-	-
Working Capital Ratio	1.99	1.61
Inventory Turnover Ratio (Sale)	4.53	4.13
Return on Assets	10.4%	5.32%
Return on Equity	16.3%	11.4%



Your Company has performed very well for the whole year till mid March, post which 50% of our stores were closed and a complete lockdown was announced from March 22, 2020 due to the COVID-19 pandemic.

Revenue growth of 21% YTD March 15, 2020 was reduced to 16% for the full year due to ensuing lockdown and loss of sales.

The Company also postponed opening of 5 new stores which were planned to open in March due to COVID-19 pandemic, also leading to a buildup in the inventory as the sales were impacted since mid-March.

The Company also increased provision on inventory by Rs 400 lakhs as a one time provision on account of COVID-19. The Company has generated Free Cash Flow to Firm (FCFF) of Rs 3,167 lakhs after opening 55 new stores and inspite of difficult situations at the year end.

The Company has adopted modified retrospective approach as per para C8(c)(ii) of IND AS 116 - "Leases" for its store, warehouse, office premises and other assets taken on leases, effective from the annual reporting period beginning April 1, 2019. This has resulted in recognising a right to use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of Rs 39,859.07 lakhs as at April 1, 2019. In the statement of profit and loss for the current period, operating lease expenses has been changed from rent to depreciation charge for the right to use assets and finance cost for interest accrued on lease liability. To this extent performance for the quarter and year ending March 31, 2020 is not comparable with the previous period results.



The effects of the transition on statement of profit and loss for the quarter and year ended March 31, 2020 is as follows:

(Amount in Rs lakhs)

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended	Year Ended
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2020
Other Expenses (-Decrease + Increase)	(2,152.41)	(2,263.88)	(1,937.95)	(1,873.38)	(8,227.62)
Finance Cost (-Decrease + Increase)	1,323.81	1,414.42	1,219.03	1,184.54	5,141.80
Depreciation and Amortisation (-Decrease + Increase)	1,599.90	1,605.96	1,441.22	1,403.33	6,050.41
Other Operating Income (+Decrease - Increase)	26.70	26.70	19.21	22.95	95.56
Profit Before Tax (-Decrease + Increase)	(798.00)	(783.20)	(741.51)	(737.44)	(3,060.15)

Your Company is committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected from offensive or threatening behavior including violence.

## HUMAN RESOURCE DEVELOPMENT

The Company believes that its employees contribute wholeheartedly towards the success of the business. The employees are provided with a comfortable working environment and equal opportunity for learning and individual growth. The Company encourages creativity and innovation within the organisation and a modest, respectful and caring attitude when interacting with customers. We have strengthened our processes and brought in strong systems in place to support our objective. V-Mart has an open door policy that ensures employees can freely approach the management in case of any issue and that all complaints are resolved within 24 hours.

This year we have become a Great Place to Work® organisation certified by Great Place to Work® Institute. This certification is the first step in journey of building a High- Trust,

High-Performance Culture™ and we have successfully accomplished this milestone.

Your Company is committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected from offensive or threatening behavior including violence. The Company had a total of 7,987 (excludes employees resigned in March 2020) permanent employees as on March 31, 2020

## INTERNAL CONTROL

Keeping pace with the steady growth of our business and scale of operations, we have been upgrading our systems and processes to ensure higher transparency in financial reporting, compliance with relevant laws and regulations and more efficient ways of working. We have a robust system of management reporting and periodic review of businesses to ensure timely decision-

making. These internal control procedures ensure the following:

- ▶ Orderly and efficient conduct of business
- ▶ Safeguarding Company assets and infrastructure
- ▶ Compliance with policies, procedures and statutes
- ▶ Accuracy, promptness and completeness of financial reports

We use ERP Systems as a business enabler and also to keep control over all parts of the business including financials. The SOPs in tandem with transactional controls built into the ERP Systems ensure appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records. The systems, SOPs and controls are reviewed by management and audited by Internal Auditors whose findings and recommendations are reviewed by the Audit Committee and tracked through to implementation.





The Company has in place adequate internal financial controls regarding the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of Internal Controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Regular MIS forms an integral part of our control mechanism. All operating parameters are monitored and controlled, with material deviations from the annual planning and budgeting and business outlook including capital expenditure reported to the Board on at least a quarterly basis. In adherence to the Companies Act 2013, we have documented and tested all the key internal controls related to both financial reporting and operational controls. Reports of internal auditors are reviewed by the Audit Committee and corrective measures are carried out towards further improvement in systems and

procedures as well as compliance with the internal controls. The Board recognises the work of the auditors as an independent check on the information received from the management on our operations and performance.

#### **RISK MANAGEMENT FRAMEWORK**

Enterprise Risk Management (ERM) remains an integral part of our areas of operations. The Company has implemented a robust risk management framework, closely embedded with the strategy and business performance processes. Our ERM framework is developed by incorporating the best practices based on COSO and ISO 31000 and then tailored to suit our unique business requirements. Through the organisational culture, capabilities and practices, the Company has integrated risk management with strategy-setting and it is being rigorously applied during the implementation to manage risk in creating, preserving and realising value.

V-Mart is leveraging on the comprehensive implementation of enterprise risk management for:

- ▶ Increasing the range of available opportunities
- ▶ Identifying & managing the entity-wide risks
- ▶ Augmenting positive outcomes and advantages along with minimising negative surprises
- ▶ Reducing variability in performance by minimising disruption and maximising opportunities
- ▶ Assessing, prioritisation and optimisation of resource allocation
- ▶ Enhancing enterprise resilience amid increasing business complexities

The Board of Directors at V-Mart has formed a Risk Management Committee to design, implement and monitor the risk management strategy for the Company. The Company has implemented a well-defined risk management policy in place to identify, plan, lead and control the activities of the Company to minimise the effects of risk on its capital and earnings.

Our approach to risk management is designed to provide a reasonable, but not absolute, assurance that significant business risks are assessed and mitigated and all information that may be required to be disclosed is reported to the stakeholders. We have identified the risks that we regard as the most relevant and material to our business and performance at this time.

As stated earlier, the most significant emerging risk is the ongoing outbreak of the novel coronavirus (COVID-19). The pandemic has impacted the entire ecosystem with an adverse impact on economic activities, supply chain sustainability and reduction in consumer spending. While the uncertainty and complexity continue, we are closely monitoring the situation and ensuring that business continuity plans are in place and implemented to mitigate the risks for our customers, employees and suppliers. The summary of significant risks, its nature and management of risk is given below:



Significant Risk Areas	Likelihood	Impact
Intensifying competition and limited online operations	■	■
Maintaining liquidity and conserving cash	▲	◆
Crisis and disasters	■	◆
Manging complex and dynamic regulations	▲	■
Increase in information and cybersecurity vulnerability	■	■
Social media, brand and reputation risks	▲	■
Human capital sustenance and development	▲	▲
Supply chain sustainability	▲	▲

● Less Likely ▲ Likely ■ High ◆ Severe

**Significant Risks**
**Risk Management**
**Intensifying Competition and Limited online presence**

There is intensifying competition due to the convergence of global retailers with local retailers, changing customer preferences, the possibility of disruption in markets with new formats and unprecedented increase in digital penetration in the markets we operate. The consumer preference for e-commerce and direct-to-home deliveries have also increased. V-Mart is cautiously progressing with existing sustainable model and has started its omnichannel journey to create a distinguished competitive advantage.

- ▶ Augmenting omnichannel network and scale
- ▶ Exploring new categories
- ▶ Partnerships with online marketplaces
- ▶ Exploring innovative models to serve customers
- ▶ Embarking on creating, communicating and leveraging on brand loyalty
- ▶ Strengthening logistics and inventory optimisation for greater omniplay
- ▶ Focused expansion of store footprint

**Liquidity & Cash Conservation**

The unprecedented business disruption has warranted a continuous need to maintain healthy and adequate cash reserves and creditworthiness for sustaining the operations. Due to temporary store closures and weak demand, the cash generation ability is likely to shrink. Blockage of working capital in the required inventory may also lead to dependence on credit limits for sustaining the operations.

- ▶ Creditworthiness being sustained
- ▶ Initiated effective cash conservation measures
- ▶ Implemented cost reduction, control and monitoring measures
- ▶ Extended bank credit limits and utilising the limits responsibly
- ▶ Renegotiating long-term fixed costs and extending credit terms

**Crisis & Disasters**

There is an adverse impact on business operations due to Global and local macro-economic factors and unforeseen events like COVID-19. Lockdown, temporary closure of business due to health and safety concerns in the minds of consumers have significantly impacted the consumer buying behaviour and days of operations. COVID-19 has warranted the businesses to increase the focus and resources on establishment and communication of emergency protocols to mitigate the risks from disaster and crisis.

- ▶ Creating 'Safe place to Shop' with COVID-19 Preparedness Programmes - Successfully rebooted majority of stores
- ▶ Instituted Business Continuity Planning and Disaster Recovery policies
- ▶ Formulated a phase-wise business continuity plan and actively monitoring responses
- ▶ SOP defined for securing shops and workplaces
- ▶ Instituted training framework for imparting regular training for full adoption

**Significant Risks**
**Risk Management**
**Legal & Regulatory**

The dynamic and ambiguous regulatory environment along with unprecedented changes in taxation, environment, governance, disclosure and regulatory policies necessitates close & regular monitoring and adherence to the changing regulations. During a crisis, compliance processes could get oversight and deadlines could get missed. The resultant inquiries, damages, fines, criminal sanctions and litigations can adversely affect the growth and profitability and corporate reputation. Changes to laws and regulations also pose a material impact on the cost of doing business.

- ▶ Implemented a centralised monitoring system for licenses and regulations
- ▶ Augmented capacity for legal and secretarial function
- ▶ Closely monitoring the new local regulations related to COVID-19 pandemic control
- ▶ Our legal and regulatory specialists closely involved in assessing the impact of new regulations
- ▶ Monitoring practices to provide reasonable assurance that organisation remain compliant to all relevant laws and legal obligations

**Information Systems and Cyber Security**

The business operations are increasingly dependent on IT systems, cloud computing, mobile devices, machine learning, applications and management information systems. The increasing cyber-attacks, the threat of unauthorised access, privacy breach and the possibility of misuse of sensitive information or operational disruption continuously poses threat to Information and Cyber Security. Lapses in managing these threats could inhibit the business operations and may also lead to data leakage and loss of sensitive data.

- ▶ Upgraded digital strategy, complemented by an enhanced Information System strategy
- ▶ Firewalls and threat monitoring systems in place
- ▶ Periodically conducting awareness sessions
- ▶ Established asset handling and Work-from-Home Protocols
- ▶ Implementing monitoring tools, Privacy, Information Security and Management framework
- ▶ Non-Disclosure Agreement and Data protection contracts are in place
- ▶ Re-evaluating IT Infra and process resilience

**Social Media, Brand and Reputation**

We are living in a digitally connecting world like never before. Any negative social media communication may undesirably affect the Brand Equity. Social media and other internet-based applications also significantly impact customer relationships, regulatory compliances and the business. Miscommunication in media interaction can also increase the impact of this risk. Though we have limited digital presence but planned increase in the scale of omnichannel will also increase the possibility of occurrence of such events.

- ▶ Centralised Customer Experience Team monitoring and actively responding to feedback, posts and complaints
- ▶ Created a robust crisis communication plan for infusing positivity and a sense of safety among employees and key stakeholders
- ▶ Implementing an Online Reputation Management (ORM) tool
- ▶ Implemented social media policy with periodic communication to employees



**Significant Risks**
**Risk Management**
**Human Capital Sustenance and Development**

COVID-19 outbreak may negatively impact employee productivity owing to health, economic and social uncertainties. The loss of key & talented employees or drop in employee productivity & motivation can impact the achievement of business recovery and long-term objectives. Our capability to attract, develop and retain a diverse range of skilled people is vital for growth and achievement of long term objectives. Additionally, during COVID-19, employees may also be sceptical to resume work due to periodical lockdowns and risk of infection.

- ▶ Protecting Jobs and Livelihoods at V-Mart amidst COVID-19
- ▶ Implemented Work-from-Home Policy
- ▶ Optimally utilising Human Capital
- ▶ Workspace and stores being regularly sanitised to create a secured workplace
- ▶ Series of awareness activities conducted to harness and unleash new potential
- ▶ Digital communication actively used for engaging with employees and stakeholders
- ▶ Focus on training and development to augment skills and productivity

**Supply Chain Sustainability**

The retail business is inherently dependent on the suppliers and trade partners to create a value-adding supply chain network. Supply chains may be disrupted for many factors such as lack of staff with suppliers due to illness or lockdowns, disruption of transport or import/export bans, cross border controls, strikes and unforeseen physical disruptions. Inability to manage the crisis by the strategic partners may also impact the business operations and pose a reasonable threat to our supply chain.

- ▶ Invested in long-term and sustainable relationships with vendors and partners
- ▶ Procurement risk diffused due to wide vendor base - Contingency plans in place to source key supplies at short notice
- ▶ Risk of disruption by strategic partners contractually hedged
- ▶ Contractual obligations with other trade partners are under revision
- ▶ Agile planning and procurement cycles
- ▶ The delivery centres are adequately safeguarded to ensure uninterrupted supply

**CAUTIONARY STATEMENT**

Statements in this Annual and Integrated Report, particularly those that related to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results may differ.

## V-MART RETAIL LIMITED

(CIN - L51909DL2002PLC163727)

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 Corp office: - Plot No.862, Udyog Vihar, Industrial Area, Phase V, Gurugram – 122016 (Haryana)  
 Tel. No. : 0124-4640030, Fax No. 0124-4640046, Website: www.vmart.co.in, Email – info@vmart.co.in

# NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Wednesday, September 30, 2020 at 11:00 A.M. through Video Conferencing/Other Audio Visual Means to transact the following Business:

### ORDINARY BUSINESS:

To consider and, if thought fit, to pass the following resolutions as an **Ordinary Resolutions**

#### **Item No. 1: Adoption of financial statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020, along with the reports of the Auditors and the Board of Directors thereon.

**“RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2020, together with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted.”

#### **Item No.2: Appointment of Mr. Madan Gopal Agarwal (DIN 02249947) as Directors, liable to retire by rotation**

To appoint a director in place of Mr. Madan Gopal Agarwal (DIN 02249947) who retires by rotation and being eligible, offers himself for Re-appointment.

**“RESOLVED THAT** Mr. Madan Gopal Agarwal (DIN 02249947), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

### SPECIAL BUSINESS:

#### **Item No. 3: Re-appointment of Ms. Sonal Mattoo (DIN: 00106795) as an Independent Director of the Company for second term of five consecutive years**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, Section 150, Section 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act,

2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Sonal Mattoo (DIN: 00106795) whose current period of office is expiring on September 28, 2020 and who has submitted a declaration confirming the criteria of Independence under Section 149 of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for Re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for another term of 5 (Five) consecutive years on the Board of the Company w.e.f. September 28, 2020 i.e. upto September 27, 2025.

**RESOLVED FURTHER THAT** Mr. Lalit Agarwal, Chairman & Managing Director Mr. Anand Agarwal & Ms. Megha Tandon, Company Secretary be and are hereby severally authorised to do all such acts, deeds, things as may be required to give effect to this resolution.”

#### **Item No. 4: Re-appointment of Mr. Murli Ramachandran (DIN: 00264018) as an Independent Director of the Company for second term of five consecutive years.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 149, Section 150, Section 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force),

Mr. Murli Ramachandran (DIN: 00264018) whose current period of office is expiring on September 28, 2020 and who has submitted a declaration confirming the criteria of Independence under Section 149 of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for Re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for another term of 5 (Five) consecutive years on the Board of the Company w.e.f. September 28, 2020 i.e. upto September 27, 2025.

**RESOLVED FURTHER THAT** Mr. Lalit Agarwal, Chairman & Managing Director, Mr. Anand Agarwal & Ms. Megha Tandon, Company Secretary be and are hereby severally authorised to do all such acts, deeds, things as may be required to give effect to this resolution.”

**Item No. 5: Approval of V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“ESOP Scheme, 2020”)**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 62 of the Companies Act, and other applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SBEB), (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company and in accordance with the provisions of any other applicable laws, regulations and circulars / guidelines in force, from time to time and subject to any approval(s) of any authorities as may be required, and subject to any such condition(s) or modification(s), if any, as may be prescribed or imposed by such authorities while granting such approval(s) and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company (hereinafter referred to as the ‘Board’, which term shall be deemed to include the Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose), the consent of the members of the Company be and is hereby accorded to the Board to grant, vest and allot, from time to time, and in one or more tranches, not exceeding 200,000 (Two lakhs) employee stock options under the V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“**ESOP Scheme, 2020**”) to eligible employees whether working in India or out of India and to

the eligible employees of subsidiary(ies) whether working in India or out of India and to such other persons as may be decided by the Board/Nomination & Remuneration Committee and/or permitted under applicable laws (hereinafter referred to as ‘Identified Employees’) but does not include an employee who is a promoter or a person belonging to the promoter group and a director(s) who either himself or through his relative or through any body-corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, on such terms and conditions, as may be determined by the Board / Nomination & Remuneration Committee in accordance with the provisions of V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“**ESOP Scheme, 2020**”) and in due compliance with the SEBI (SBEB) Regulations, 2014 and other applicable laws, rules and regulations; exercisable into not more than **200,000 (Two lakhs)** Options, each Option giving the right but not the obligation to the holder to subscribe to one fully paid-up Equity Share in the Company, of face value of ₹ 10/- each, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board / Nomination & Remuneration Committee in accordance with the provisions of the **V-Mart Retail Limited Employee Stock Option Plan 2020** and in due compliance with the applicable laws and regulations in force.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division or such other event, the Board and or the Nomination & Remuneration Committee be and is hereby authorised to do all such acts, deeds and things as may be necessary and which are within the provisions of the applicable laws & regulations, so as to ensure that fair and equitable benefits under **V-Mart Retail Limited Employee Stock Option Plan 2020** are passed on to the eligible employees.

**RESOLVED FURTHER THAT** the Board/Nomination & Remuneration Committee be and is hereby authorised to issue and allot equity shares upon exercise of options from time to time in accordance with the Scheme and to take necessary steps for listing of the equity shares allotted under (“**ESOP Scheme, 2020**”) on the stock exchanges, where the equity shares of the Company are listed as per the provisions of the Listing Regulations and other applicable laws, rules and regulations; and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** the Board / Nomination & Remuneration Committee be and is hereby authorised to make from time to time such modification, variations, alterations or revisions in the said Plan as it may deem fit subject to approval from shareholders and in conformity



with the provisions of the Companies Act 2013, and other applicable laws.

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under SEBI (Share Based Employee Benefits) Regulations, 2014 and any other applicable laws and regulations to the extent relevant and applicable to (“**ESOP Scheme, 2020**”);

**RESOLVED FURTHER THAT** the number of Employee Stock Options that may be granted to any Eligible Employee, in any financial year and in aggregate under the (“**ESOP Scheme, 2020**”) shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company;

**RESOLVED FURTHER THAT** subject to applicable provisions of the Act and other applicable laws, the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of directors or chairman or managing director of the Company with a power to further delegate to any executives or officer of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of (“**ESOP Scheme, 2020**”) and to take all such steps and do all acts as may be incidental or ancillary thereto and incur expenses in relation thereto.;

#### **Item No. 6. Approval for Raising Funds:**

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as a **Special Resolution**:

**“RESOLVED THAT** in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company and pursuant to the provisions of Sections 23, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013, (the “Companies Act”) and the applicable rules made thereunder (including the

Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014), each including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, the Foreign Exchange Management Act, 1999, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force (the “FEMA”), the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Foreign Exchange Management (Debt Instruments) Regulations, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non debt Instruments) Regulations, 2019, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, as amended and replaced from time to time (the “FDI Policy”), the relevant regulations of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, including any amendment(s), modification(s), variation or reenactment thereof (the “ICDR Regulations”), the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended (the “FCCB Scheme”), the Depository Receipts Scheme, 2014 (the “GDR Scheme”), the applicable listing agreement(s) entered into by the Company with the stock exchange(s) where the equity shares of the Company of the face value of Re. 10/- each (the “Equity Shares”) are listed, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) to the extent applicable, and all other applicable statutes, clarifications, rules, regulations, circulars, notifications, guidelines, as may be applicable, and as amended from time to time, issued by the Government of India (the “GOI”), Ministry of Corporate Affairs (the “MCA”), Reserve Bank of India (the “RBI”), Securities and Exchange Board of India (the “SEBI”), BSE Limited and National Stock Exchange of India Limited (collectively referred to as “Stock Exchanges”) and/or any other regulatory/statutory authorities in India or abroad from time to time, to the extent applicable and subject to all other approval(s), consent(s), permission(s) and/or sanction(s) as may be required from any regulatory/statutory authorities and guidelines and clarifications issued thereon from time to time, including by the GOI, MCA, RBI, SEBI and the Stock Exchanges (hereinafter singly or collectively referred to as the “Appropriate Authorities”) as may be required and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approvals, consents, permissions and/or sanctions, which may be agreed to by the Board of Directors of the Company (the “Board”) (which term shall be deemed to

include any Committee constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution) which the Board be and is hereby authorized to accept, if it thinks fit in the best interest of the Company, the consent of the Members of the Company be and is hereby accorded to create, issue, offer and allot (including with provisions for reservations on firm and/or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of Securities (as defined hereinafter), for cash at such price or prices (as may be deemed fit, including a premium or discount) that may be decided by the Board in terms of the applicable regulations and as permitted under the applicable law, in one or more tranches, with or without green shoe option for an aggregate amount of up to Rs 500 Crore (Rupees Five Hundred Crore Only) to such investors, whether Indian or foreign, that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers (the "QIBs") as defined in the ICDR Regulations, by way of a public issue, preferential allotment, private placement, including a qualified institutions placement (the "QIP") in accordance with the provisions of Chapter VI of the ICDR Regulations, or through any other permissible mode and/or combination thereof as may be considered appropriate, by way of issue of equity shares or by way of issue of any instrument or security including fully/partly convertible debentures, securities convertible into equity shares, global depository receipts (the "GDRs"), American depository receipts (the "ADRs"), foreign currency convertible bonds (the "FCCBs"), or by way of a composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for equity shares and/or any other eligible securities (instruments listed above collectively with the equity shares to be referred to as the "Securities") or any combination of Securities, to be subscribed to in Indian and/or any foreign currency(ies) by all eligible investors, including, resident and/or non-resident/foreign investors (whether institutions and/or incorporated bodies and/or trusts or otherwise)/foreign portfolio investors/mutual funds/pension funds/venture capital funds/ banks/ alternate investment funds/Indian and/or multilateral financial institutions, insurance companies and any other category of persons or entities who/which are authorized to invest in Securities of the Company as per extant regulations/guidelines or any combination of the above as may be deemed appropriate by the Board in its absolute discretion or in consultation with the book running lead managers, if applicable, and whether or not such investors are members of the Company (collectively called the "Investors"), to all or any of them, jointly and/or severally through an offer/placement document and/or other letter or circular and/or on private placement basis, on such terms and conditions considering the prevailing market conditions and other relevant factors wherever

necessary, including securities premium, or its equivalent amount in such foreign currencies as may be necessary inclusive of any premium and green shoe option attached thereto, in one or more tranche or tranches, at such price or prices, (whether at prevailing market price or at permissible discount or premium to market price in terms of applicable regulations) and on such terms and conditions at the Board's absolute discretion including the discretion to determine the categories of Investors, considering the prevailing market conditions and other relevant factors wherever necessary, to whom the offer, issue and allotment of Securities shall be made to the exclusion of others, in such manner, including allotment to stabilizing agent in terms of green shoe option, if any, exercised by the Company and where necessary in consultation with the book running lead managers and/or underwriters and/or stabilizing agent and/or other advisors or otherwise on such terms and conditions, including making of calls and manner of appropriation of application money or call money, in respect of different class(es) of Investor(s) and/or in respect of different Securities, deciding of other terms and conditions like number of securities to be issued, face value, number of Equity Shares to be issued and allotted on conversion/redemption/extinguishment of debt(s), rights attached to the warrants, terms of issuance, period of conversion, fixing of record date or book closure dates, if any, as the Board may in its absolute discretion decide, in each case, subject to the applicable laws.

**RESOLVED FURTHER THAT** the relevant date for the purpose of pricing the Securities shall be the meeting in which the Board or any Committee duly authorized by the Board decides to open the issue of such Securities, in terms of the Companies Act, the ICDR Regulations, the FCCB Scheme, the GDR Scheme and other applicable laws, regulations and guidelines; in the event that convertible securities (as defined under the ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for pricing of such Securities shall be either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares.

**RESOLVED FURTHER THAT** in case of an issue and allotment of Securities by way of a QIP in terms of Chapter VI of the ICDR Regulations:

- a. the allotment of Securities, or any combination of Securities as may be decided by the Board, shall be completed within 365 days from the date of passing of the special resolution of the members of the Company or such other time as may be allowed under the ICDR Regulations;

- b. the Equity Shares (including issuance of the Equity Shares pursuant to conversion of any Securities as the case may be in accordance with the terms of the offering) issued shall rank pari passu in all respects, including entitlement to dividend, with the existing Equity Shares of the Company
- c. any issue of Securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VI of the ICDR Regulations (the "QIP Floor Price") and the price determined for the QIP shall be subject to appropriate adjustments as per the provisions of the ICDR Regulations, as may be applicable. The Board may, however, in consultation with the book running lead managers,, issue Securities at a discount of not more than five percent or such other percentage on the QIP Floor Price in accordance with the applicable law;
- d. the allotment to a single Qualified Institutional Buyer (QIB) in the proposed QIP issue will not exceed 50% of the total issue size or such other limit as may be permitted under applicable law;
- e. no allotment of Securities through proposed QIP shall be made, either directly or indirectly, to any QIB(s) who is a promoter of the Company, or any person related to the promoter of the Company, in terms of the ICDR Regulations;
- f. the Company shall not undertake any subsequent QIP until the expiry of two weeks, or such other period specified in ICDR Regulations, from the date of the QIP to be undertaken pursuant to this special resolution; and
- g. the Securities shall not be sold for a period of one year from the date of allotment, except on a recognized Stock Exchange or except as may be permitted from time to time by the ICDR Regulations.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with domestic and international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets and the Board be and is hereby authorized, in its absolute discretion, in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board or its duly authorized committee, be and is

hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, making requisite applications as may be required, any approval, consent or waiver from the Company's lenders and/or any third parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government, statutory and regulatory authorities, and/or any other approvals, consents or waivers that may be required in connection with the issue of Securities, the determination of the purpose of issuance, nature of the issuance, terms and conditions for issuance of Securities including the number of Securities that may be offered in domestic and international markets and proportion thereof, issue price and discounts permitted under applicable law, premium amount on issue/conversion of the Securities, if any, rate of interest, timing for issuance of such Securities (including any extension of such subscription period, as may be necessary or expedient) and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with merchant bankers, lead managers, legal advisors, depository, stock exchanges, custodian, registrar, stabilizing agent, paying and conversion agent, trustee, escrow agent, escrow bank and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalize, approve and issue any document(s) or agreements including but not limited to prospectus and/or letter of offer and/or circular and/or offering circular and/or placement memorandum and/or preliminary placement documents and/or placement document, registration statement and filing such documents (in draft or final form) with any Indian or foreign regulatory authority or Stock Exchanges and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise with regard to the issue, offer or allotment of Securities and take all such steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion, deem fit without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of its powers herein conferred by this resolution to any Committee duly



authorized by the Board or subject to applicable law to any one or more director and/or any one or more officers of the Company to give effect to this resolution.”

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give full effect to the above resolution and matters connected therewith or incidental thereto.”

**Item No. 7: Approve the increase in the Authorised Share Capital and consequent amendment to the Memorandum of Association.**

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of the section 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (hereinafter referred to as the “ACT”), read with rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). , and pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (hereinafter referred to as the “SEBI (LODR) Regulations 2015”) the articles of association of the company (as amended), the authorized share capital of the Company is hereby increased from Rs 20,00,00,000/- (Rupees twenty crores only) divided into 2,00,00,000 (Two crore only) equity shared of Rs 10/- (Rupee ten only) each to Rs 25,00,00,000 (Rupees twenty five crores only) divided into 2,50,00,000 (Two crores and fifty lakhs only) equity shares of Rs 10/- (Rupees ten only) each”

**Resolved Further That** *Clause V* of the memorandum of association of the Company be and is hereby altered by substituting the existing *Clause V* with following new Clause V:

V. The Authorised Share Capital of the Company is Rs 25,00,00,000 (Rupees twenty five crores only) divided into 2,50,00,000 (Two crores and fifty lakhs only) Equity shares of Rs 10/- (Rupee ten each) with power to increase or decrease the same in accordance with the provisions of the Companies, Act, 2013.

The Company has and shall always, have power to divide the share capital for the time being into several classes and abrogate any rights, privileges, or conditions attached to any class of shares in such manner as may for the time being be provide by the regulations of the Company.

**RESOLVED FURTHER THAT** Mr. Lalit Agarwal Chairman & Managing Director, Mr. Anand Agarwal Chief Financial Officer and Ms. Megha Tandon Company Secretary be and is hereby authorized to undertake such actions as may be required including making relevant filings with the Ministry of Corporate Affairs to give effect to the above resolution on behalf of the Company.

By order of the Board  
For V-Mart Retail Limited

Place: Gurugram  
Date: September 5, 2020

**Megha Tandon**  
Company Secretary  
M. No. ACS 35532

## NOTES:

1. In view of continuing COVID-19 pandemic, Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 5, 2020 read with General Circulars Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, permitted to conduct the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of Members at a common venue. Considering the current pandemic situation and in accordance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the 18<sup>th</sup> AGM of the Company is being held through VC / OAVM. The deemed venue for the 18<sup>th</sup> AGM shall be the Registered Office of the Company of the Company for a term upto the conclusion of 18<sup>th</sup> Annual General Meeting of the company in the calendar year 2020.
2. The Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agent ('RTA') of the Company, to provide VC/OVAM facility for the AGM of the Company
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("Act") which sets out details relating to Special Businesses at the meeting, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") & Secretarial Standard-2 of the person seeking Re-appointment as Director under are also annexed.
4. In terms of Section 152 of the Companies Act, 2013, Mr. Madan Gopal Agarwal (DIN: 02249947), Director, retiring by rotation at the Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
5. Since this AGM is being held pursuant to MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by Members will not be available for this AGM. Hence, Proxy Form, Route Map and Attendance Slip are not annexed to this Notice.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. Institutional/Corporate members are encouraged to attend and vote at the meeting through VC/OVAM. We also request them to send, a duly certified copy of the Board Resolution authorising their representative to attend the AGM through VC/OAVM and vote through remote e-voting on its behalf at [cs@vmart.co.in](mailto:cs@vmart.co.in) pursuant to Section 113 of the Companies Act, 2013.
8. Each member present at meeting shall be entitled to one vote for every equity share held.
9. Only bona fide members of the Company, whose name appear first on the Register of Members, will be permitted to attend the meeting through VC/OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.
10. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
11. The company has notified closure of Register of members and share transfer Books from Thursday, September 24, 2020 to Wednesday, the September 30, 2020 (both days inclusive) in connection with Annual General Meeting and voting (through remote e-voting and during the AGM) on the resolutions set forth in the Notice.
12. Members are requested to send all communications relating to shares (Physical & Electronic Mode) to our Registrar & Share Transfer Agent (R & T Agent) at the following address:  
  
M/s KFin Technologies Private Limited  
Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad, Telangana - 500 032  
Phone No.: 040 67162222  
Toll Free: 180 0345 4001  
Fax No.: 040 23420814  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)
13. Instructions and other information relating to remote e- voting, participation in the AGM through VC / OAVM and e-voting during the AGM are given in this Notice. The Company will also send communication which inter alia would contain details about User ID and Password along with a copy of this Notice to the members, separately.
14. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

15. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act and the certificate from Auditors of the Company certifying that V-Mart Retail Limited Employee Stock Option Scheme 2012 in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available for inspection by Members in electronic mode during the AGM. Members who wish to seek inspect, may send their request through an email at [cs@vmart.co.in](mailto:cs@vmart.co.in) up to the date of AGM.
16. Members holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address and email IDs to their respective Depository Participants only. The Company or its RTA i.e. KFin Technologies Private Limited, cannot act on any request received directly from the members holding shares in demat mode for changes in any bank mandates or other particulars. Members holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email IDs to our RTA i.e. KFin Technologies Private Limited or the Secretarial Department of the Company.
17. Members holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the RTA i.e. KFin Technologies Private Limited or the Secretarial Department of the Company
18. Members who have not registered their email ID with the depository participants, are requested to register their email ID with their depository participants in respect of shares held in electronic form and in respect of shares held in physical form, are requested to submit their request with their valid email ID to our RTA at [einward.ris@kfintech.co](mailto:einward.ris@kfintech.co) or [cs@vmart.co.in](mailto:cs@vmart.co.in) for receiving all communications including annual report, notices, letters etc., in electronic mode from the Company. For more details, please refer to Para B of "Instructions for E-Voting and Insta Poll" section below.
19. Pursuant to Section 101 and Section 136 of the Act, read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation Disclosures Requirement) Regulation, 2015 ("SEBI Listing Regulations"), companies can serve Annual Report and other communications through electronic mode to those Members who have registered their email ID either with the Company or with the Depository Participants.
20. In compliance with the provisions of MCA vide its Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 5, 2020 and SEBI circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20, are being sent only through electronic mode to those Members whose email IDs are available with the Company/Depositories/RTA.
21. Members may note that the Notice of the AGM and Annual Report 2019-20 will also be available on the Company's website [www.vmart.co.in](http://www.vmart.co.in) and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFin Technologies Private Limited at URL: <https://evoting.karvy.com/>.
22. Since the AGM will be held through VC/OAVM, the Route Map is not required to be annexed in this to the Notice
23. Pursuant to Notification issued by the Ministry of Corporate Affairs on May 7, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
24. AGM Live Webcast Facility: Pursuant to Regulation 44 of SEBI Listing Regulations and para 3 Clause A (III) of Circular No. 14/2020 dated April 8, 2020 issued by MCA, Government of India, the Company has made arrangements for two-way live webcast for the proceedings of the AGM. The details of the webcast link shall be made available on the website of the Company at [www.vmart.co.in](http://www.vmart.co.in)
25. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility of remote e-voting to all the members as per applicable Regulations relating to e-voting. The complete instructions on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password. Members who have cast their vote by remote e-voting prior to the meeting may attend the meeting but will not be entitled to cast their vote again.

26. The Company has fixed Wednesday, September 23, 2020 as Cut-off date for determining the eligibility of Members entitled to vote at the AGM. The remote e-voting shall remain open for a period of 3 days commencing from 9.00 a.m. (IST) on Sunday, September 27, 2020 up to 5.00 p.m. (IST) on Tuesday, September 29, 2020 (both days inclusive).
27. Members who are present in meeting through video conferencing facility and have not cast their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting
28. The Company has appointed Mr. Mayank Vashist, Practicing Company Secretary (C.P. No. 19885), as Scrutinizer to scrutinise the e-voting process in fair and transparent manner
29. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company/ Electronic mode during normal business hours (8:15 hours to 17:15 hours) on all working days except Saturdays and Sundays, up to and including the date of the AGM of the Company. Members who wish to seek inspection, may send their request through an email at cs@vmart.co.in up to the date of AGM.
30. Information required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/ Re-appointment at the AGM is furnished as annexure to this Notice. The Directors have furnished consent/ declarations for their appointment/re-appointment as required under the Act and rules made thereunder
31. In line with the measures of “Green Initiatives”, the Act provides for sending Notice of the AGM and all other correspondences through electronic mode. Hence, Members who have not registered their mail IDs so far with their depository participants are requested to register their email ID for receiving all the communications including Annual Report, Notices etc., in electronic mode. The Company is concerned about the environment and utilises natural resources in a sustainable way.
32. Members are requested to note that as per Section 124(5) of the Act, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account, is liable to be transferred by the Company to the “Investor Education Protection Fund” (IEPF) established by the Central Government under Section 125 of the Act. Therefore, the amount of unclaimed dividend for the financial year ended March 31, 2013 is due for transfer to IEPF in October 2020. Pursuant to IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 2, 2019 (date of last AGM) on the website of the Company at [www.vmart.co.in](http://www.vmart.co.in) and also on the website of the Ministry of Corporate Affairs. Members may approach the IEPF Authority to claim the unclaimed dividend transferred by the Company to IEPF. Members may approach the Company Secretary and Compliance Officer of the Company for claiming the unclaimed dividend which is yet to be transferred to IEPF by the Company.
33. Members are requested to note that as per Section 124(6) of the Act, read with IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to Demat Account of IEPF Authority. Consequently, the Company will transfer the eligible equity shares to Demat Account of IEPF Authority. Members are entitled to claim the same from IEPF by submitting an application in the prescribed online web based Form IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same duly signed, to the Nodal Officer of the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
34. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or our RTA for assistance in this regard.
35. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company / to our RTA.
36. Members who hold shares in physical mode in multiple folios in identical names or joint holding in



the same order of names are requested to send the share certificates to our RTA, for consolidation into a single folio.

37. Non-Resident Indian Members are requested to inform our RTA / respective depository participants, immediately of any:

- a) Change in their residential status on return to India for permanent settlement.
- b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

38. The process and manner of participating in Annual General Meeting through Video conferencing mode is explained herein below:

- a) Members may attend the AGM through video conferencing platform provided by M/s. KFin Technologies Private Limited. Members may access the same at <https://evoting.kfintech.com/> and click on the “video conference” and access members login by using the remote e-voting credentials. The link for AGM will be available in members login where the EVENT and the name of the company can be selected.
- b) Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
- c) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches and Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

d) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

e) Shareholders queries: Members who wish to seek any clarification on Annual Report from the Company may visit <https://emeetings.kfintech.com> and click on the tab “Post Your Queries Here” to write their queries in the window provided, by mentioning your name, demat account number/ folio number, email ID and mobile number. Please note that, members’ questions will be answered during the meeting or subsequently via email, only if, the shareholder continues to hold the shares as on the cut-off date i.e. September 23, 2020. The window shall remain active during the remote e-voting period.

f) Speaker Registration: Members who wish to speak at the AGM may register themselves as a speaker by visiting <https://emeetings.kfintech.com> and click on ‘Speaker Registration’ during the remote e-voting period starting from Thursday, September 24, 2020 at 9.00 a.m. (IST) to Saturday, September 26, 2020 at 5.00 p.m. (IST). Members shall be provided a ‘queue number’ before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves and depending on the availability of time at the AGM.

g) Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon (‘vote now’) on the left side of the screen to cast their votes.

h) Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1800-345-4001 or write at <https://ris.kfintech.com/agmqq/agmqq/login.aspx>.

## INSTRUCTIONS FOR ATTENDING THE AGM AND E-VOTING & INSTA POLL MENTIONED HEREUNDER:

### A) INSTRUCTIONS FOR ATTENDING THE AGM:

- (1) Members will be able to attend the AGM, electronically, through VC / OAVM at <https://evoting.kfintech.com/> by using their remote e-voting login credentials and selecting the 'Event' for the Company's AGM.
- (2) Members who do not have User ID and Password for e-voting or have forgotten User ID and Password may retrieve the same by following the instructions for remote e-voting mentioned in the Notice
- (3) For better experience, Members are requested to join the meeting through laptop using Google Chrome (preferred browser) or other browsers such as Firefox, Internet Explorer or Safari after removing firewalls
- (4) Members are advised to use stable Wi-Fi or LAN connection to ensure smooth participation at the AGM. Participants may experience audio / video loss due to fluctuation in their respective networks.
- (5) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be closed on expiry of 15 minutes from the scheduled time of the AGM
- (6) Facility of joining the AGM through VC / OAVM shall be available for 1,000 Members on first come first served basis. However, the participation of Members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis
- (7) Those Members who register themselves as speaker will only be allowed to express views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time and to ensure the smooth conduct of the AGM
- (8) Members, who have casted their votes by remote e-voting may also attend the AGM through VC / OAVM but shall not be entitled to cast their votes again
- (9) Members who need technical assistance before or during the AGM, can contact RTA at <https://ris.kfintech.com/agmq/a/mq/a/login.aspx>.

### B) INSTRUCTIONS FOR REMOTE E-VOTING:

1. Use the following URL for e-voting from KFin Technologies Private Limited website: <http://evoting.karvy.com>.
2. Enter the login credentials (i.e. User ID & Password) mentioned in your e-mail. Your User ID will be as under:
  - For Members holding shares in demat form with NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - For Members holding shares in demat form with CDSL: 16 digits beneficiary ID
  - For Members holding shares in Physical Form: Event Number followed by Folio No. registered with the Company.
3. Under Captcha, please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.
4. After entering these details appropriately, click "LOGIN".
5. You will now reach Password Change Menu, wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum eight characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @ etc.). The system will prompt you to change your Password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter the secret question and answer of your choice to retrieve your Password in case you forget it. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.
6. You need to login again with the new credentials.
7. If you are already registered with KFin for e-voting, you can use your existing User ID and Password for casting your vote.
8. On successful login, system will prompt you to select the "EVENT" i.e. V-Mart.
9. On the voting page, you will see resolution description and against the same the option "FOR / AGAINST / ABSTAIN" for voting. Enter the number of shares as

on the Cut-off date i.e. September 23, 2020 (which represents number of votes) under "FOR / AGAINST / ABSTAIN" or alternatively you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR / AGAINST" taken together should not exceed your total shareholding. If Member does not indicate either "FOR" or "AGAINST", it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

10. Institutional Shareholders (i.e. Members other than individuals, HUF, NRIs etc.) are required to send a scanned copy of certified true copy (PDF Format) of the Board Resolution/authority letter to the Scrutinizer via email at [scrutinizer.vmacs@gmail.com](mailto:scrutinizer.vmacs@gmail.com) with copy marked to [evoting@karvy.com](mailto:evoting@karvy.com) / [einward.ris@karvy.com](mailto:einward.ris@karvy.com) & [cs@vmart.co.in](mailto:cs@vmart.co.in). The documents should reach the Scrutinizer on or before 17:00 PM on September 28, 2020.
11. Cast your vote by selecting an appropriate option and click "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else click "CANCEL" to change your vote. Once you "CONFIRM" your vote on the resolutions, you will not be allowed to modify your vote.
12. Further, the Members who have cast their votes by remote e-voting prior to the Meeting may also attend the Annual General Meeting. However, those Members shall not be allowed to cast their vote again during the general meeting.
13. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
14. In case of any queries on e-voting, you may refer Frequently Asked Questions (FAQs) on e-voting and User Manual for Shareholders available

on the website <https://evoting.kfintech.com> or contact the Kfin Technologies Private Limited at Tel No. 1800 3454001 (tollfree) or email at [evoting@kfintech.com](mailto:evoting@kfintech.com).

### C) INSTRUCTIONS FOR E-VOTING DURING THE AGM "INSTAPOLL"

- 1) The e-voting window shall be activated during the AGM. Members shall vote as per the credentials displayed in the e-voting window.
- 2) Members to click on the "Instapoll" icon and follow the instructions to vote on the resolutions
- 3) Only those Members, who are present in the AGM through VC / OAVM and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.

The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes and shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period of not exceeding three working days or 48 hours as the case may be from the conclusion of the voting to the Chairperson of the Company or a person authorised by him in writing who shall countersign the same.

The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's report shall be placed on the website of the Company [www.vmart.co.in](http://www.vmart.co.in) and on the website of Kfin Technologies Private Limited <https://evoting.karvy.com> and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, for placing the same in their website.

### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and as per Rule 18 of the Companies (Management and Administration) Rules, 2014 allowed companies to send any notice/document (including Annual Report) to its members via e-mail. To support this green initiative of the Government in letter and spirit, the Company has taken an initiative to collect e-mail addresses of all its members.

Members holding shares in physical form are requested to provide / update their e-mail addresses to KFin Technologies Pvt. Ltd. (Registrar and Share Transfer Agent).

Note: Members holding shares in dematerialised form may kindly update their e-mail addresses with their respective Depository Participant (DP's).

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("the Act")

### Item No. 3 & 4

The Member of the Company in its 13<sup>th</sup> Annual General Meeting held on September 29, 2015 appointed Ms. Sonal Mattoo and Mr. Murli Ramachandran respectively as an Independent Directors of the Company for 5 (five) consecutive years each from the date of 13<sup>th</sup> Annual General Meeting of the Company for a term upto the conclusion of 18<sup>th</sup> Annual General Meeting of the Company in the calendar year 2020.

In terms of the provisions of Section 149 of the Companies Act, 2013 ("the Act"), read with the rules made thereunder and MCA (Ministry of Corporate Affairs) vide General Circular No. 14/2014 dated June 9, 2014, Ms. Sonal Mattoo and Mr. Murli Ramachandran are eligible for re-appointment as an Independent Directors for one more term of 5 years each, on passing of a Special Resolution by the Members.

The Board of Directors of the Company at its meeting held on May 29, 2020, after due consideration of the performances of the Directors, approved the re-appointment of Ms. Sonal Mattoo and Mr. Murli Ramachandran respectively as an Independent Directors of the Company w.e.f. from September 28, 2020, for another term of 5 (five) years each, subject to approval of Members of the Company. The Board of Directors is of the opinion, that their continued association as an Independent Directors, will benefit the Company.

Ms. Sonal Mattoo is a lawyer with 20+ years of experience, specialises in preventing workplace harassment, diversity issues, mediations and negotiation. She is also the founder Director of Helping Hands, an NGO that helps implement policies against sexual harassment, and other forms of harassment and discrimination at the workplace, besides carrying out training and investigation on related complaints. She is also the founder partner of Mantran Consultants, a firm specialising in CSR, Counselling and implementing, diverse policies. She holds a B.A., LL.B. (Hons) degree from the prestigious National Law School of India University, Bangalore.

Ms. Murli Ramachandran is a Management Consultant and CXO coach, specialising in transformation & strategy, performance improvement, leadership development and change management. He has about 30 years of rich and varied experience at leadership level in various companies including RPG Enterprises, Accenture & KPMG. Murli is also a Director on the Board of Junior Achievement (JA) India - part of Junior Achievement Worldwide™, the world's largest organisation dedicated to educating students about Work Readiness, Financial Literacy and Entrepreneurship. He holds a BE (Hons) degree in Mechanical Engineering and

an MMS from BITS Pilani. He also has an MS in Industrial Engineering from Columbia University, New York.

The Company has also received- (a) declaration of independence from Ms. Sonal Mattoo and Mr. Murli Ramachandran; (b) their consent to act as Directors; and (c) declaration to the effect that they are not disqualified from being appointed as Directors in terms of Section 164 (2) of the Act. In the opinion of the Board, Ms. Sonal Mattoo and Mr. Murli Ramachandran possesses appropriate skills, experience & knowledge and fulfills the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for their re-appointments as an Independent Directors of the Company.

Ms. Sonal Mattoo and Mr. Murli Ramachandran are independent of the management and are not related to any Director or Key Managerial Personnel of the Company. As a Non-executive Directors, they will be entitled to sitting fee for attending Board/ Committee meeting(s) and commission on profits of the Company, as approved by the Board of Directors or member of the Company from time to time. Considering their qualification and experience, their re-appointment as Independent Directors shall be beneficial to the Company.

A copy of the letter of appointment, setting out the terms and conditions of appointments will be available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days (except Saturday & Sunday) up to the date of the AGM, and also at the Meeting.

Save and except Ms. Sonal Mattoo and Mr. Murli Ramachandran and their relatives; to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3&4.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 3&4 of the Notice for the approval of the members.

### Item No. 5

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organisational objectives. Your Company believes that equity based compensation plans are an effective tool to reward the talents working with your Company.



With a view to motivate the key work force seeking their contribution to the corporate growth, to create an employee ownership culture and to retain them for ensuring sustained growth, your Company intends to implement an employee stock option plan namely V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“**ESOP Scheme, 2020**”).

The Nomination and Remuneration Committee (‘the Committee’) at its meeting inter-alia formulated the detailed terms and conditions of the said scheme which was duly approved by the board of directors of the Company (‘the Board’) at its meeting held on August 10, 2020 subject

to the approval of the members and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time (the ‘SBEB Regulations’).

The Company seeks approval of the members for launch of (“**ESOP Scheme, 2020**”) and for grant of stock options to the employees of the Company as may be decided by Board and / or the Committee from time to time in accordance with the provisions of the Companies, Act, 2013 (including rules framed thereunder), SBEB Regulations and other applicable laws and regulations.

The salient features of ESOP Scheme, 2020 as per SBEB Regulations are as under:

Sr. No	Particulars	ESOP Scheme, 2020
1.	Brief Description of Scheme	The objective of (“ESOP Scheme, 2020”) is to redesign the long term incentive tool to attract, retain and motivate talented employees in line with the industry practices, align employee’s interest with that of the shareholders, provide wealth creation opportunities to critical employees, reward employee performance with ownership
2.	The total number of options, shares or benefits, as the case may be, to be granted	The amount of the total Options available for grant under the Plan shall not, at any time, exceed <b>200,000 (Two Lakh)</b> Options, exercisable into shares.
3.	Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s).	<p>a) a permanent employee of the Company who has been working in India or outside India; or</p> <p>b) a director of the Company, whether a whole time director or not but excluding an independent director;</p> <p>c) but does not include-</p> <p>d) an employee who is a promoter or a person belonging to the promoter group; or</p> <p>e) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;</p> <p>The Nomination &amp; Remuneration Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria and such other criteria as may be decided.</p>
4.	Requirements of vesting and period of vesting	<p>a) The options will vest, subject to continued employment with the company or any of its subsidiaries, if any and achievement of performance criteria as specified by the Nomination &amp; Remuneration Committee.</p> <p>b) The vesting period for the grant shall be decided by the Nomination &amp; Remuneration Committee. The minimum vesting period will be 1(one) year from the date of grant. The vesting of the options shall take place over a maximum of 8 (eight) years from the date of grant or such other period as may be determined by the Nomination and Remuneration Committee from time to time</p> <p>c) The organisation may decide to impose individual and organisational performance vesting criteria or any other vesting criteria as it may see fit, from time to time.</p>

Sr. No	Particulars	ESOP Scheme, 2020
5.	Maximum period (subject to Regulation 18 (1) and 24 (1) of the regulations, as the case may be) within which the options / benefit shall be vested.	<p>a) The vesting of the options shall take place over a maximum of 8 (eight) years from the date of grant or such other period as may be determined by the Nomination and Remuneration Committee from time to time</p> <p>b) The Nomination &amp; Remuneration Committee at the time of grant may specify certain criteria linked to the individual and organisational performance or any other criteria as it may deem fit, the fulfilment of which might be a requisite for the options to vest. The minimum vesting period will be 1 (One) year from the date of grant</p> <p>c) The specific Vesting schedule subject to which Vesting would take place would be outlined in the Grant letters to the Option Grantee at the time of Grant of Options</p>
6.	Exercise price, purchase price or pricing formula	The Exercise Price would be decided by the Nomination & Remuneration Committee subject to compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulation, 2014, in the Committee's meeting on the date of Grant.
7.	Exercise period and process of exercise.	<p>a) The Exercise period shall commence from the date of vesting of Options.</p> <p>b) The Exercise period shall be decided by the Nomination &amp; Remuneration Committee subject to a maximum period of <b>8 (Eight)</b> years from the date of Grant.</p> <p><b>Process of Exercise:</b></p> <p>i) The Grantee may Exercise the Options by submitting Exercise Application to the Company accompanied with the:</p> <ul style="list-style-type: none"> <li>• Payment of an amount equivalent to the Option Exercise Price</li> <li>• such other documentation as the Nomination and Remuneration may specify</li> </ul> <p>c) The Exercise Application shall be in such form as may be prescribed in this regard by the Nomination and Remuneration Committee and the Nomination and Remuneration Committee may determine the procedure for such Exercise from time to time.</p>
8.	The appraisal process for determining the eligibility of employees for the scheme(s).	The appraisal process for determining the eligibility of the employees will be in accordance with the Plan and as may be determined by the Nomination and Remuneration Committee at its sole discretion based on the various parameters which may include identification as a key resource based on factors such as performance, tenure, level, and role etc.
9.	Maximum number of options, shares, as the case may be, to be issued per employee and in aggregate	<p>a) The Committee may from time to time make Grants to one or more Employees, determined by it to be eligible for participation in the Plan in accordance with the provisions of the Plan.</p> <p>b) The amount of the total Options available for grant under the Plan shall not, at any time, exceed <b>200,000 (two Lakh)</b> Options, exercisable into shares.</p> <p>c) The maximum number of employee options that can be granted to any eligible single employee during any one-year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant of grant unless otherwise approved by the shareholders.</p>
10.	A statement to the effect that the company shall conform to the accounting policies specified in Regulation 15.	The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.

Sr. No	Particulars	ESOP Scheme, 2020
11.	Whether the scheme(s) is to be implemented and administered directly by the company or through a trust.	ESOP Scheme, 2020 shall be administered by the Company and not through a trust
12.	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both.	The scheme only involves new issue of shares by the Company
13.	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilisation, repayment terms, etc.	This is not applicable under the present scheme.
14.	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s).	This is not applicable under the present scheme
15.	The method which the company shall use to value its options	Fair value will be determined and approved by the Nomination and Remuneration Committee in accordance with SEBI Regulations.
16.	Lock-in	NIL
17.	Statement with regard to Disclosure in Director's Report.	As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

Directors / Key Managerial Personnel of the Company / their relatives who may be granted stock options under ESOP Plan 2020 may be deemed to be concerned or interested in the special resolutions set out in Item No. 5 of this Notice. Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said special resolutions.

The Board recommends the special resolutions set out at Item No. 5 of this Notice for approval by the members.

#### Item No 6.

Pursuant to Sections 23, 42, 62, 71 of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, including any amendment(s), statutory modification(s)

and/ or re-enactment thereof for the time being in force, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the approval of members is required to be obtained by a special resolution for making any further issue of equity shares or Securities to any person(s) other than the existing members of the Company.

In view of the future outlook of the Company, its growth targets and prospects, the Company may need to raise additional funds. The Company proposes to raise capital inter alia to augment long-term resources for financing and to meet the future expansion plans of the Company as well as for general corporate purposes. Accordingly, the Board of Directors, at its meeting held on September 5, 2020,

has approved, and decided to obtain an enabling approval from the Company's Members to raise funds for an amount aggregating up to Rs 500 Crore (Rupees Five Hundred Crore Only).

This Special Resolution seeks to empower the Board to explore various avenues for raising funds by way of issue of Equity Shares or by way of issue of any instrument or security including fully/partly convertible debentures, securities convertible into Equity Shares, Global Depository Receipts (the "GDRs"), American Depository Receipts (the "ADRs"), Foreign Currency Convertible Bonds (the "FCCBs"), or by way of a composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for Equity Shares or any other eligible securities and/or any combination thereof (the "Securities") for an aggregate amount of up to Rs 500 Crore (Rupees Five Hundred Crore Only) including through qualified institutions placement (the "QIP") to qualified institutional buyers (the "QIBs") as defined in ICDR Regulations or private placement or preferential issue or public issue or through any other permissible mode and/or combination thereof as may be considered appropriate under the applicable laws. The issue of Securities may be consummated in one or more tranches at such time or times at such price as may be determined by the Board in its absolute discretion, taking into consideration prevailing market conditions and other relevant factors and wherever necessary in consultation with advisors, lead managers, underwriters and such other authority or authorities as may be necessary and subject, as applicable, to the ICDR Regulations, and other applicable guidelines, notifications, rules and regulations, each as amended.

The proposed Special Resolution seeks to confer upon the Board (including any Committee thereof) the absolute discretion to determine the terms of the aforementioned issuance of Securities, including the exact price, proportion and timing of such issuance, based on an analysis of the specific requirements. The detailed terms and conditions of such issuance will be determined by the Board or any Committee duly authorized by the Board, considering prevailing market conditions, practices and in accordance with the applicable laws. Accordingly, the Board (including a Committee thereof) may, in its discretion, adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the Members of the Company.

The Securities offered, issued, and allotted by the Company pursuant to the QIP in terms of the resolution would be subject to the provisions of the memorandum of association

and articles of association of the Company and any Equity Shares that may be created, offered, issued and allotted by the Company shall rank, in all respects, pari-passu with the existing Equity Shares of the Company.

The relevant date for the purpose of pricing the Securities shall be the date of meeting in which the Board or any Committee duly authorized by the Board decides to open the issue of such Securities, subsequent to receipt of Members' approval in terms of the applicable laws. In the event that convertible securities (as defined under the ICDR Regulations) are issued to QIBs by way of a QIP, the relevant date for the purpose of pricing of such Securities shall be either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as determined by the Board or any Committee duly authorized by the Board.

In the event of issuance of Securities by way of a QIP, as per the provisions of Chapter VI of the ICDR Regulations, an issue of Securities shall be made at a price not less than the floor price calculated in accordance with Chapter VI of the ICDR Regulations. The Board or any Committee duly authorized by the Board may offer a discount of not more than five percent on such price determined in accordance with the pricing formula provided under the said Chapter, in accordance with the applicable laws.

Further, in the event that such issuance of Securities is undertaken by way of a QIP, the allotment of Securities shall be completed within a period of 365 days from passing the Special Resolution by the Members.

The Securities shall not be eligible to be sold for a period of one year from the date of allotment, except on the recognized Stock Exchanges, or except as may be permitted under the ICDR Regulations from time to time.

The Securities that may be allotted as above would be listed on BSE Limited and/or National Stock Exchange of India Limited (the "Stock Exchanges"). The offer/issue/allotment would be subject to the regulatory approvals, if any. The conversion of Securities, if any, held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap, if any, and the applicable foreign exchange regulations. As and when the Board takes a decision on matters on which it has the discretion, necessary disclosures will be made to the Stock Exchanges as may be required under the applicable provisions of the Listing Regulations.



The Board recommends passing of the Special Resolution set out at item no. 6 of the accompanying Notice.

None of the Directors/Key Managerial Personnel of the Company, or their respective relatives is, in any way, concerned or interested, financially or otherwise, except to the extent of their shareholding, if any, in the Company in the Special Resolution set out in the accompanying Notice.

#### Item No 7:

The current Authorised Share Capital of the Company is Rs 20,00,00,000/- (Rupees Twenty crore Only) divided into 2,00,00,000 (Two crore only) equity shares of Rs 10/- (Rupees Ten only) each and paid up share capital of the Company is Rs 18,16,88,980 (Rupees Eighteen Crore Sixteen Lakhs Eighty Eight Thousand Nine Hundred and Eighty only) divided into 1,81,68,898 (One crore Eighty One lakhs Sixty Eight Thousand Eight Hundred and Ninety Eight only) ) equity shares of Rs 10/- (Rupees Ten only) each.

In order to enable the Company to raise fund and issue Equity Shares during any unforeseen exigencies, the Board of Directors in its Board Meeting held on September 5, 2020 proposed to increase the authorized share capital of the Company to Rs 25,00,00,000 (Rupees twenty five crores only) divided into 2,50,00,000 (Two crores and fifty lakhs only) Equity shares of Rs 10/- (Rupee ten each).

Members are requested to note that the aforesaid proposed increase in the Authorised Share Capital of the Company will also require alteration of Clause V(a) of the Memorandum of Association of the Company

Pursuant to section 61 of the Companies Act, 2013, the proposed increase in Authorised Capital and the consequential changes in Clause V of the Memorandum will require the approval of the Members of the Company.

Accordingly, the Board of Directors recommend the Ordinary Resolution as set out at Item No: 7 of the accompanying notice for approval of the Members to increase the authorised share capital of the Company and amend the authorised Share capital clause in the memorandum of Association as well, accordingly Members are requested to consider and pass this resolution.

The existing Memorandum of Association with proposed modification is available at the Registered Office of Company for inspection during business hours from dispatch of the notice of Annual General Meeting till the conclusion of the meeting.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this resolution.

The Board of Directors accordingly, recommends the Ordinary resolution as stated at Item No. 7 for approval of the Members.

By Order of the Board  
For V-Mart Retail Limited

**Megha Tandon**  
Company Secretary  
M. No. ACS 35532

Place: Gurugram  
Date: September 5, 2020

## Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting

(Pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015) & Secretarial Standard-2

Sr. No	Particulars	Mr. Madan Gopal Agarwal	Ms. Sonal Mattoo	Mr. Murli Ramachandran
1	DIN	02249947	00106795	00264018
2	Age	76	46	59
3	Qualification	Bachelor's Degree in Arts from the City College, the University of Calcutta	B.A., LL.B. (Hons) degree from the prestigious, National Law School of India University, Bangalore	BE (Hons) degree in Mech Engg, MMS degree from BITS Pilani; and MS in Industrial Engg from Columbia University, New York
4	Experience	He has more than four decades of experience in retail industry.	She has more than 19 years of experience as lawyer.	He has about 30 years of rich and varied experience in well known MNC's as well as Indian companies.
5	Term and condition of appointment	As per the resolution	As per the resolution	As per the resolution
6	Details of remuneration to be paid	As per the resolution	- Sitting fees - Commission as approved by the members	- Sitting fees - Commission as approved by the members
7	Remuneration last drawn (during the FY 2019-20)	Rs 55.98 lakhs	N.A.	N.A.
8	Date of appointment at Board	21/05/2012	22/01/2015	22/01/2015
9	Shareholding in the company as on March 31, 2020	Nil	NIL	NIL
10	Relationship with other Directors/KMP/Managers	Father of Mr. Lalit Agarwal, Chairman & Managing Director of the Company	N.A.	N.A.
11	No. of Board Meeting attended during the year (2019-20)	4	4	4
12	Other Directorship	Conquest Business Services Pvt. Ltd.	Ashiana Housing Limited OPG Realtors Limited Helping Hands	Junior Achievement India Services Lithium Urban Technologies Private Limited Whanau Technology Private Limited
13	Membership /chairmanship of committee of other Board	Nil	2	NIL



## DIRECTORS' REPORT

Dear Members,

Your Company's Directors are pleased to present the 18<sup>th</sup> Annual Report of the Company, along with Audited Accounts, for the financial year ended March 31, 2020.

### FINANCIAL RESULTS

The operating results of the Company for the year under review are as follows:

(Rs in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue	166,650	143,967
Profits/(Loss) before Depreciation & Tax	16,345	13,724
Less: Depreciation	9,392	2,763
Profit before exceptional item & tax	6,953	10,961
Exceptional Items	-	980
Less: Tax Expense	2,018	3,818
Prior period items-(income)/expenses	-	-
Net profit for the period	4,935	6,163
Less: Utilised for Dividend Issue including DDT	372	437
Other comprehensive income	-1	-36
Balance carried forward to Balance Sheet	4,561	5,690

## PERFORMANCE REVIEW

The Net Sales of the Company increased by 16% to Rs 166,159 lakhs in financial year 2019-20 from Rs 143,217 lakhs in F.Y. 18-19. The Company has posted Operating Profits (EBITDA) of Rs 21,376 lakhs in FY 19-20. The Company posted Profit after Tax (PAT) of Rs 4,935 lakhs in the current financial year as against a PAT of Rs 6,163 lakhs and EBITDA of Rs 13,293 lakhs in the previous financial year.

A detailed analysis of Company's operations in terms of performance in markets, business outlook, risks and concerns forms part of the Management Discussion and Analysis, a separate section of the Annual Report.

## OPERATIONS REVIEW

During the year under review your Company maintained its stable performance, sustaining it well into Q4 until the business disruption caused by the Covid-19 pandemic. With the late onset of winters and an early Holi, the last quarter had witnessed revenue growth of 29%, LTL growth of 8% and EBITDA growth of 60% until March 15, when store closures started due to the pandemic. Despite a challenging operating outlook in the near term, your Company is committed to and focused on its long-term strategic intent to create sustained value for all stakeholders, while being resilient and agile in adapting business execution to the changing environment.

Marking a new milestone in its retail footprint expansion, your Company opened 55 new stores in F.Y. 2019-20, its highest-ever tally in a single year, taking the total store count to 266. This surpassed yet another highest-ever achievement of 44 stores added last year, growing the total retail area by 23% y-o-y to 22 lakh sq. ft. at the end of F.Y. 2019-20. While the new store additions focused on penetrating deeper and wider in existing clusters, the Company also ventured into two new states, Arunachal Pradesh and Nagaland, both in the North East. During the year under review 3 stores were closed.

With the zonal structure that was introduced in quarter one of F.Y. 2019-20, your Company has embarked on large-scale coordinated initiatives at the store level to enhance inventory efficiency, improving people and space productivity, and visual merchandising and display standards.

The Company's product assortment underscores its continued commitment to identify and bring latest and differentiated fashion to its customers at highly affordable price points.

In the last month of F.Y. 2019-20, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to

enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees' customers and all stakeholders. The Company has also taken proactive steps to ensure the safety of our customers and employees — hygiene and social distancing SOPs formulated and implemented at stores and workplaces, early implementation of company-wide work-from-home measures, and person level daily 'roll call' and health monitoring of its 7,500+ employees. Starting from March 22 and until early May, stores remained closed for operations. During this time, the centralised warehouse in Haryana maintained a minimal level of operations during the lockdown, to support the very few functional stores selling essentials and the Company's CSR activities. The company's front-line store teams distributed food supplies to thousands of stranded migrants, slum dwellers and other needy segments daily.

## FY20 Performance Highlights

- Keeping product at the core of its value proposition, the Company is focusing on faster mind-to-market and more trendy collections e.g. its range of casual and street wear, denim jackets, sweat shirts, hoodies and ladies dresses, to meet the fashion aspirations of youth and young families. Also, with a steady growth in its private label contribution, which now nears 70%, the Company is undertaking product and vendor development programs to enhance product quality, design and fashion quotient across its men's, women's and kids wear portfolios
- Acknowledging that its customers are becoming more aspirational and fashion-aware, the Company has introduced an Integrated Go-To-Market (IGTM) mechanism, through better synchronisation and more real-time collaboration between buying, merchandising, planning and supply chain, and visual merchandising functions. This has enabled the Company to improve key internal metrics pertaining to on-time product availability, better sell through, faster replenishment, more attractive VM and product display and an overall enhanced customer experience
- On the people front, the retail zonal structure that was introduced in Q1, to enhance inventory efficiency, and people and space productivity, has started yielding results. Further, a more robust goal-setting and performance management framework introduced last year is driving the alignment between individual efforts and organisational objectives. In Dec 2019, the Company achieved the Great Place to Work (GPTW) certification, which is indicative of its thriving work culture and high employee trust



- The Company launched its omni channel platform in Oct, 2019 and has subsequently expanded it across its store network. In the wake of Covid-19, the Company is aiming to leverage the accelerated digital adoption by scaling up its Omni channel operations and also expanding its digital footprints across e-commerce marketplace platforms

## DIVIDENDS

The Board on the recommendations of the Audit Committee and considering the current pandemic situation and financial position of the Company including liquidity constraints and cash flow position, decided not to declare any dividend for the F.Y. 2019-20.

## RESERVES

The Company during the year transferred Rs 4,963.60 lakhs to the reserves. Post transfer, the reserves stood at Rs 44,077.64 lakhs for financial year 2019-20.

## CREDIT RATING

Investment Information and Credit Rating Agency of India Limited (ICRA) has reaffirmed the long-term rating of [ICRA] AA- (pronounced ICRA double A minus) assigned earlier to the Rs 110 crores Line of Credit of your Company, and also reaffirmed the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) assigned earlier to the Rs 15 crores Line of Credit of your Company.

Additionally, ICRA has assigned a long-term rating of [ICRA]AA- (pronounced ICRA double A minus) to the additional limit of Rs 25 crores. The outlook on the long-term rating is 'Stable'.

The credit rating of the Company is as under as on date:

Facilities	Existing Rating	Reaffirmed Rating
Long term bank limits	[ICRA] AA- (ICRA double A minus) (with stable outlook)	[ICRA] AA- (ICRA double A minus) (with stable outlook)
Short term bank limit	ICRA A1 + (ICRA A one plus)	ICRA A1 + (ICRA A one plus)

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis for the period under review as required under Schedule V read with Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 has been dealt with extensively in a separate section forming part of the Annual Report.

## AWARDS AND ACCOLADES

The performance of your Company has been widely recognised and honored through several awards and accolades. In particular, we have been appreciated for our best practices and business excellence, and have been honored for being an award-winning workplace.

- Most Admired Affordable Retailer in Visual Merchandising Concept at IFA- Images Fashion Awards
- V-Mart Certified as a 'Great Place to Work' by the Great Place to Work (GPTW) Institute, India
- Award from RSLDC (Rajasthan government) for Best Project Implementation Agency in the Skill Development Programme

## LISTING

The equity shares of your Company continue to be listed at BSE Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE)

Exchange	Scrip Code	ISIN
NSE	VMART	INE665J01013
BSE	534976	

The listing fees for fiscal 2020 have been paid for all of the above stock exchanges where the equity shares of the Company are listed.

## EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of Annual Return in prescribed form MGT - 9 is appended as Annexure-A to this Report.

## CORPORATE GOVERNANCE

Pursuant to the provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the detailed Report on Corporate Governance is appended as Annexure to this Report.

## NUMBER OF MEETINGS OF THE BOARD

Four times (4) Board meetings were held during the year under review, the details of which are given in Corporate Governance report forming part of this report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

## BOARD EVALUATION

The Board of Directors has carried out an annual evaluation its own performance, Board Committees and individual Directors in the manner prescribed in the provisions of the Companies Act, 2013 and as per the Corporate Governance requirements prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Board and the Nomination & Remuneration committee reviewed the performance of the Board, Committees and individual Directors on the basis of the criteria and framework adopted by the Board. The evaluation criteria included various aspects such as, functionality of Board, compositions, process & procedures including adequate & timely information, attendance, delegation of responsibility, decision making, roles & responsibility including monitoring, benchmarking, feedback relationship with the stakeholder's and as provided by the Guidance Note on Board Evaluation issued by SEBI on January 5, 2017. In a separate meeting of the Independent Directors, performance of the Non-Independent Directors, the Board as a whole and the chairman were also evaluated, basis a set out criterion.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consists of six members, of which four are Independent Directors. The Board also comprise of one-Woman Independent Director

In pursuance of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are – Mr. Lalit Agarwal, Chairman & Managing Director, Mr. Anand Agarwal, Chief Financial Officer and Ms. Megha Tandon, Company Secretary.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Madan Gopal Agarwal (DIN: 02249947) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board of Directors recommends his reappointment and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

During the year under review Mr. Govind Shridhar Shrikhande (DIN: 00029419) was appointed on the Board as an Independent Director of the Company at the Seventeenth Annual General Meeting (AGM) held on August 2, 2019 for a period of five years w.e.f. November 2, 2018.

Mr. Murli Ramachandran (DIN 00264018) & Ms. Sonal Mattoo (DIN 00106795), Independent Directors whose current period of offices are expiring on September 28,

2020 and who have submitted a declaration confirming the criteria of Independence under Section 149 of the Companies Act, 2013 read with the Listing regulations, as amended from time to time, and who are eligible for reappointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and the Listing Regulations. The Board of Directors recommends their re-appointment for a for a second term of of 5 years and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary disclosures from each of its four Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets all the criteria laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligation and Disclosures Requirement) Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than payments towards the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

## POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The policy of the company aims to have a mix of Independent and Executive Directors on its Board and to separate out its functions of governance and management.

The policy of the Company on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 is appended as Annexure-B to this report.

The appointment of Directors and remuneration paid during the financial year 2019-20 is as per the provisions of the Companies Act, 2013 and as per the terms laid down in the Nomination & Remuneration policy of the Company.

## TRAINING OF INDEPENDENT DIRECTORS

Every new Independent Director of the Board attends an induction program. Every Senior-Management Personnel makes a presentation to inductees about the Company's strategy, operations, product and market, finance, risk management etc.

The details of familiarisation programme have been provided under Corporate Governance Report forming part of this Report.

## RETIREMENT BY ROTATION

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Associations of the Company, Mr. Madan Gopal Agarwal, Director is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

## COMMITTEES OF THE BOARD

At present, there are five Board committees namely: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

A detailed note on the Board and its Committees is provided under the Corporate Governance report section which is forming part to this Annual Report.

## DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, Corporate Governance Report with auditors' certificate thereon and Management Discussion and Analysis are attached, which form part of this report. The Company has also complied with disclosing the required details on the website of the company on [www.vmart.co.in](http://www.vmart.co.in) which are as follows:

- Details of its business
- Composition of various Committees

## PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V, Clause E read with Regulation 34(3) and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Practising Company Secretary's certificate on Corporate Governance is enclosed as Annexure to the Board Report.

## SHARE CAPITAL

- Buy Back of Securities: The Company has not bought back any of its securities during the year under review.
- Issue of Sweat Equity: The Company has not issued any sweat equity shares during the year under review.
- Issue of Bonus Shares: The Company has not issued any bonus shares during the year under review.
- Employees Stock Option / Restricted stock units: The Company has adopted ESOP Scheme, 2012 as per the applicable SEBI regulations and approved by the members at Annual General Meeting.

- A certificate from the Statutory Auditor under share based payment regulations has been obtained and shall be available for inspection at the Annual General Meeting of the Company.

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated July 2, 2012 and July 10, 2012 respectively ('the V-Mart ESOP Scheme 2012'), consequent to which 300,000 equity shares of Rs 10 each were to be granted upon exercise as stock options (ESOPs) to eligible employees. Subsequently the shareholders in its meeting held on September 18, 2017 approved an amendment in the said ESOP scheme by increasing the total number of stock option from 300,000 to 600,000 options. The exercise price of these options will be determined by the Nomination & Remuneration Committee and the options will vest over a period of 12 months to 36 months of continued employment from the grant date. The grant details under the scheme during the year are as follows:

Grants	Vesting	Time Line
During the financial year 2019-20 – 2 grants have been made comprising total 14253 options	30% of the Total Grant 30% of the Total Grant 40% of the Total Grant	After 12 months from the date of grant After 24 months from the date of grant After 36 months from the date of grant

Details of equity shares allotted under ESOP during the year are as follows:

Sr. No	Date of Allotment	No. of shares Allotted
1	May 20, 2019	23,414
2	August 2, 2019	189
3	November 1, 2019	1,888
<b>Total</b>		<b>25,491</b>

Pursuant to the above allotment of shares, the paid-up capital of the Company stands increased to Rs 181,554, 840 as on March 31, 2020.

The information required to be disclosed under SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2020 are as follows:

Particulars	Details
Date of Shareholders Approval	July 10, 2012
Maximum Terms of options granted	Options to be exercised within 8 years of vesting
Options granted Options to be exercised within 8 years of vesting Sources of Shares	Primary Issuance
Variation of terms of options	NIL
Number of options outstanding at the beginning of the year	123,106
Number of options granted during the year	14,253
Number of options forfeited / lapsed during the year	8,091
Number of options vested during the year	43,773
Number of options exercised during the year	25,491
Number of shares arising as a result of exercise of Options	25,491
Money realised by exercise of options (Rs in lakhs)	133.55
Number of options outstanding at the end of the year	103,777
Number of options exercisable at the end of the year	44,689
Pricing Formula	The Nomination & Remuneration Committee is authorised to determine the exercise price of ESOPs.
Person-wise details of options granted during the Financial Year 2019-2020:	
i. Senior managerial personnel/key managerial personnel	Mr. Sandeep Kant Mittal
ii. No of options granted and its exercise price	
Name	Mr. Sandeep Kant Mittal
Number of shares	5,369
Exercise Price Per share	2,347
iii. Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year	Nil
iv. identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Fully-diluted EPS pursuant to issue of shares on exercise of options in accordance with relevant Accounting Standards	27
Lock-in	NIL
Impact of the difference on the profits of the Company and on the EPS	Impact on profit ; Rs 271.26 lakhs impact on EPS: 0.1
Difference, if any, between employee compensation cost (calculated according using the intrinsic value of stock options) and the employee compensation cost (calculated on the basis of fair value of stock options)	15.04 lakhs
Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	Exercise price exceeds market price: Not applicable Exercise price equals market price: Not applicable Exercise price is less than market price: As mentioned in Below table
Weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Exercise price exceeds market price: Not applicable Exercise price equals market price: Not applicable Exercise price is less than market price: As mentioned in below table
Method and significant assumptions used to estimate the fair value of options granted during the year	The fair market value has been calculated on the basis of the 'Black Scholes model'.



Particulars	ESOPs Grant I	ESOPs Grant II	ESOPs Grant III	ESOPs Grant IV	ESOPs Grant V	ESOPs Grant VI	ESOPs Grant VII	ESOPs Grant VIII	ESOPs Grant IX	ESOPs Grant X	ESOPs Grant XI
Price per option (In Rs)	150	450	573	470	900	1,260	2,047	2,044	2,286	2,347	1,683
Risk free return (In%)	8.42	8.32	8.16	7.93	7.80	7.64	7.45	7.42	7.37	7.33	7.26
Expected Life (In years)	4	4	4	4	4	4	3	3	3	3	3
Expected Volatility	25%	41%	38.74%	30.13%	42.48%	50.76%	40.30%	41.49%	22.23%	22.90	23.61
Dividend Yield	0.27%	0.20%	0.20%	0.24%	0.18%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Closing market price of share as on date of option grant	210 (IPO)	551.90 (NSE)	615.40 (NSE)	511.30 (NSE)	1,214.85 (NSE)	1,413.80 (NSE)	2,330.25 (NSE)	2,356.75 (NSE)	2,779.70 (NSE)	2,595.50 (NSE)	1,893.30 (NSE)
		551.95 (BSE)	614 (BSE)	510 (BSE)	1,220.45 (BSE)	1,419.8 (BSE)	2,327.20 (BSE)	2,367.05 (BSE)	2,781.05 (BSE)	2,544.20 (BSE)	1,911.40 (BSE)
Weighted average exercise price (In Rs)	150	450	573	470	900	1,260	2,047	2,044	2,286	2,595	1,871
Weighted average fair value of stock option (In Rs)	50.9	263	248	211	673	727	902	913	792	2,347	1,683

**EMPLOYEE STOCK OPTION DETAILS:**

Grant Date	Exercise Price	Options Granted	Options vested and exercisable	Options Unvested	Options Exercised	Options Forfeited	Options outstanding
July 20, 2012	150	153,252	153,252	-	123,264	29,988	-
January 5, 2015	450	22,350	22,350	-	18,700	3,650	-
December 28, 2015	573	13,645	13,645	-	13,645	-	-
January 30, 2017	470	76,225	58,812	-	34,501	17,413	24,311
July 12, 2017	900	6,395	3,837	2,558	3,806	-	2,589
November 9, 2017	1,260	9,300	4,392	2,136	2,790	2,772	3,738
May 24, 2018	2,047	18,527	5,558	12,969	-	-	18,527
July 23, 2018	2,044	40,764	12,160	28,370	-	234	40,530
November 2, 2018	2,286	3,426	1,028	2,398	-	-	3,426
May 10, 2019	2,347	8,228	-	8,228	-	-	8,228
August 2, 2019	1,683	6,025	-	2,428	-	3,597	2,428

**MOVEMENT OF STOCK OPTIONS DURING THE YEAR:**

Total for all grants	No. of Options	Weighted average exercise price (K)
Outstanding at the beginning of the year	123,106	1,320.27
Granted during the year	14,253	2,066.32
Forfeited/ Cancelled during the year	8,091	1,009.23
Expired during the year	-	-
Exercised during the year	25,491	523.91
Outstanding at the end of the year	103,777	1,642.59
Exercisable at the end of the year	44,689	1,164.78

**Weighted average remaining contractual life (in years)**

	As at March 31, 2020
Weighted average remaining contractual life (in years)	5.99

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There were no materially significant related party transactions made by the Company with the Promoters, Key Management Personnel or other designated persons and have no potential conflict with interest of the Company at large.

The Company has formulated a policy on Related Party Transaction which is available on the website of the Company at the link <http://www.vmart.co.in/corporate.html>. The details of related party transactions entered during the year are provided in the accompanying financial statements.

The particular of contract or arrangement with related parties referred in section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2, is annexed as Annexure - G to this report.

## DEPOSITS

During the FY 2019-20, your Company has not accepted any deposits from public and as such no amount of principal or interest was outstanding as on date of the Balance Sheet.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

Loan, guarantees & investment covered under the provisions of Section 186 of the Companies Act, 2013, if any, form part of the notes to the financial statement provided in this annual report

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN MARCH 31, 2020 AND THE DATE OF BOARD'S REPORT

There have been no such material changes and commitments affecting financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## SUBSIDIARY COMPANIES, JOINT VENTURES & ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or Associate Company.

## REGISTERED OFFICE

Registered Office of the company is situated at 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has constituted a Corporate Social Responsibility Committee of the Board comprising of five members, namely Mr. Lalit Agarwal (Chairman), Mr. Madan Gopal Agarwal, (Member) Mr. Aakash Moondhra, (Member) Ms. Sonal Mattoo (Member) and Mr. Govind Shridhar Shrikhande (Member). The Committee is responsible for formulating and monitoring the CSR policy of the Company. Details about the CSR policy of the Company and initiatives taken by the Company on CSR during the year are available on the company's website.

As per the Companies Act, 2013, every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during immediately preceding financial year shall spend in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial year, or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. Accordingly, our Company was required to spend Rs 186.28 lakhs on CSR activities during the year.

During the year under review your Company has spent amount Rs 108.77 lakhs towards Corporate Social Responsibility.

The annual report on CSR Activities is appended as Annexure-C to this Board Report.

Justification for not spending the prescribed amount on CSR activities:

Our CSR vision is to enhance the quality of life indicators of the local communities where we conduct our business. This is by way of various initiatives, e.g. in education, sports coaching, skill development and capacity building, social infrastructure upkeep and maintenance (school, parks, etc.) and livelihood programs.

In order to spend the average of 2% of Average Net profits of preceding three financial years, the CSR Steering Committee (CSR STECO) had regular review meetings during the year. Many potential funding avenues and initiatives were discussed and implemented, while several more proposals are continually evaluated. The Company has designed and put in place a rigorous project evaluation process, including onsite assessment through its store teams, to validate the authenticity and genuineness of potential CSR funding initiatives being considered. Much needed due diligence is involved in this process to ensure funds reach the real

beneficiaries and impact local communities. Only projects that pass through this due diligence process are considered by the CSR STECO for potential funding discussions. The Company couldn't spend the prescribed full CSR amount under Companies Act, 2013 as it did not have an adequate number of initiatives that could qualify through the due diligence process.

We are committed to spending the mandated CSR funds in line with our vision and objectives, and the project pipeline is being streamlined accordingly. We are committed to fulfill our CSR spending commitments on projects that are in the impact areas related to our CSR vision.

### CONSERVATION OF ENERGY

The operational activity of the Company does not involve large energy consumption. In any case, conservation of energy is considered to be a priority and therefore ensuring minimum consumption by way of better energy conservation programs, training/ awareness of the employees, layout of machines and prompt upkeep is a continuous exercise.

The Company has taken many energy initiatives such as:

- Installation of LED lights and power saving equipment's at all stores to conserve electricity usage
- Optimum use of air conditioner (AC) at the stores in order to reduce the electricity consumption
- Automation of processes to reduce use of paper
- Installation of glass doors, walls and windows at the stores to use daylight and reduce electricity consumption
- Plantation of trees for combating air pollution at warehouse
- Elimination of the use of single use plastic carry bags at the stores

The Company is in process of evaluating the usage of solar panel at the stores; feasibility study to implement the same is in process

### TECHNOLOGY ABSORPTION

With its sights firmly focused on accelerating long-term growth and sustained value creation for all stakeholders, your Company is steadily making its organisational structure, processes and capabilities more robust and future-ready.

Your Company is enriching its already existing organisation-wide data analytics architecture, to feed decision-enabling insights directly to store managers, regional heads and zonal heads. Technology adoption and up gradation across its planning, supply chain and logistics infrastructure.

During the year under review, several technological changes have been implemented at the company's Head-office, warehouse, as well as at the stores which includes:

- Installation of new business intelligence tool
- Setting up an organisation-wide data analytics platform
- Adding a new data center
- Digitalisation of product catalogue
- Up gradation of network backbone
- Investment for launching omni enable retail
- Up gradation in replenishment software and rule engine.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Sr. No	Particulars	Foreign Exchange Earning (Amount in Rs)	Foreign Exchange outgo (Amount in Rs)
	NIL	NIL	NIL

### CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviours of any form and the Board has laid down directives to counter such acts. The Code has also been posted on the Company's website.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy/ Vigil Mechanism to deal with instances of fraud and mismanagement, if any. The purpose of this mechanism is to provide a framework to report concern about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and provide adequate safeguards against victimisation of the person availing this mechanism. This Policy has been appropriately communicated within the organisation and is effectively operational. The policy provides mechanism whereby whistle blower may send protected disclosures directly to the Chairman of Audit Committee or Vigilance Officer. The Policy is available on the website of the Company i.e. [www.vmart.co.in](http://www.vmart.co.in).

### PREVENTION OF INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has in exercise of powers conferred under Securities and Exchange Board of India, Act, 1992 has made the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 to amend the Securities

and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

In view of the above the code of conduct to regulate, monitor & report trading by insider, has been approved by the Board of Directors at their duly convened meeting.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated person have confirmed compliance with the code.

### **RISK MANAGEMENT**

Enterprise risk management (ERM) is a key area of operation for every responsible organisation. In recent years, volatile external factors have increased the significance of ERM for organisation. Your Company is working in an open environment and hence faces various types of risk. Your Company has constituted a Risk Management Committee of the Board comprising of four members, namely Mr. Aakash Moondhra (Chairman), Mr. Murli Ramachandran (Member), Ms. Sonal Mattoo (Member) and Mr. Govind Shridhar Shrikhande (Member). The Committee is responsible for monitoring and reviewing the risk management plan & policy and ensuring its effectiveness.

The details in respect of risk management are included in the Management Discussion and Analysis, which is a part of this report.

### **HUMAN RESOURCE MANAGEMENT**

The focus for the year was on Capability Building, Employee Engagement and Key Talent Management. We are focused to attract and retain talented skills and make them motivated through various skill-development programmes. We provide quality workplace to our employees and provide platform to develop and to grow.

The statement containing the names and other particulars of employees in accordance with section 197 (12) of the Companies Act, 2013, read with rules 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as Annexure-D to the Board Report.

The details of the employees of the Company employed throughout the financial year was in receipt of a remuneration of Rs 1.02 crores or more, or employed for

the part of the year and in receipt of Rs 8.5 lakhs or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned in Annexure D to this report.

### **INTEGRATED REPORT**

Your Company has voluntarily provided Integrated Report, which encompasses both financial and non-financial information to enable the Members to take well informed decisions and have a better understanding of the Company's long term perspective.

The Report also touches upon aspects such as organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

### **STATUTORY AUDITORS**

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. 301003E/E300005) were appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the 16<sup>th</sup> Annual General Meeting held on June 29, 2018 until the conclusion of 21<sup>st</sup> Annual General Meeting of the Company to be held in the calendar year 2023, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided. However, Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of annual ratification has been omitted.

### **AUDITORS REPORT**

There was no observation or qualification in the Auditors Report for the financial year ended March 31, 2020. The Notes on Financial Statements referred to in the Auditors' report are self-explanatory and therefore do not require any further comments.

### **SECRETARIAL AUDITOR & REPORT**

M/s. VKC & Associate Company Secretaries, a partnership firm was appointed as Secretarial Auditors to conduct the Secretarial Audit of the Company for the FY 2019-20, pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit report in form MR- 3 is enclosed herewith as Annexure-E to the Board's Report.

The Secretarial Audit Report does not contain any observation or adverse remark.



## INTERNAL FINANCIAL CONTROL

The Board has adopted adequate policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

## SIGNIFICANT AND MATERIAL ORDERS

There was no such order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future during the year under review

## DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company laid down an Anti-Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any.

The disclosures for the period under review as per the Anti-Sexual Harassment Policy of the Company and applicable Act thereof are as follows:

- Number of complaints of sexual harassment received during the year: 1 (one)
- Number of complaints disposed-off during the year: 1 (one)
- Number of cases pending for more than ninety days: NIL
- Number of workshops on awareness program against sexual harassment carried out: 1 (one)
- Nature of action taken by the employer or district officer: Appropriate Action taken by the Company.

## INCIDENT OF FRAUD

No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit

## INVESTORS EDUCATION & PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer & Refund) Rules 2016 all unpaid or unclaimed dividend are required to be transferred by the Company to the IEPF established by Central Government after completion of seven years. Further details of unpaid or unclaimed dividend are provided on our website at [www.vmart.co.in](http://www.vmart.co.in).

## BUSINESS RESPONSIBILITY REPORT

As stipulated in term of the provisions of Regulation 34 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 the Business Responsibility Report describing the initiatives undertaken by the Company from environmental, social and governance perspective is presented in a separate section forming part of this Annual Report.

## COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activity carried out by the Company

## DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing obligations and Disclosures Requirements) Regulations 2015 ("the listing regulations"), the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters that will be taken into consideration by the Board of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is enclosed as Annexure-F to the Board's Report and is also available on the Company's website at the link <http://www.vmart.co.in/>

## SECRETARIAL STANDARDS

During the year under review, your Company has complied with all applicable secretarial standards issued by The Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 (10) of the Companies Act, 2013.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors hereby state and confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.

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

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-ordination extended by the employees, shareholders, customers, suppliers, bankers and all other business associates.

Your Directors gratefully acknowledges ongoing co-operation and support provided by Central Government and State Government and all regulatory authorities.

Your Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

Your Directors appreciate and value the contribution made by every member of the V-Mart family.

By the Order of the Board and  
On behalf of the Board

**Lalit Agarwal**

DIN: 00900900

Place: Gurugram

Date: May 29, 2020

Chairman & Managing Director

## ANNEXURE – A to Board Report

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

as on financial year ended on March 31, 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:

i	CIN	L51909DL2002PLC163727
ii	Registration Date	24/07/2002
iii	Name of the Company	V-MART RETAIL LIMITED
iv	Category/Sub-category of the Company	LIMITED BY SHARES/INDIAN NON- GOVERNMENT COMPANY
v	Address of the Registered office & contact details	610-611, GURU RAM DASS NAGAR, MAIN MARKET, OPP. SBI BANK, LAXMI NAGAR, NEW DELHI - 110092 TEL. NO.- 011-45580999, FAX NO. - 0124-4640046, E-mail - info@vmart.com
vi	Whether listed company	LISTED
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFIN TECHNOLOGIES PRIVATE LIMITED Kary Selenium, Tower - B, Plot No. 31&32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500032 Toll Free - 18003454001 E-mail - einward.ris@karvy.com website - www.kfintech.com

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY - RETAIL TRADE

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

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
i	RETAIL SALE VIA STALLS & MARKETS	478	100

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
i	NIL				

#### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the FY 19-20				No. of Shares held at the end of the FY 19-20				change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	No. of Shares	% change
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/HUF	2,118,037	0	2,118,037	11.68	1,948,029	0	1,948,029	10.73	-170,008	-0.95
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corporates	7,489,798	0	7,489,798	41.31	7,490,673	0	7,490,673	41.26	875	-0.05
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL:(A) (1)</b>	<b>9,607,835</b>	<b>-</b>	<b>9,607,835</b>	<b>52.99</b>	<b>9,438,702</b>	<b>-</b>	<b>9,438,702</b>	<b>51.99</b>	<b>-169,133</b>	<b>-1.01</b>

Category of Shareholders	No. of Shares held at the beginning of the FY 19-20				No. of Shares held at the end of the FY 19-20				change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	No. of Shares	% change
(2) Foreign										
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Any otherR	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>9,607,835</b>	<b>0</b>	<b>9,607,835</b>	<b>52.99</b>	<b>9,438,702</b>	<b>0</b>	<b>9,438,702</b>	<b>51.99</b>	<b>(169,133)</b>	<b>-1.01</b>
<b>B. PUBLIC SHAREHOLDING</b>										
(1) Institutions										
a) Mutual Funds including AIF	1,243,996	0	1,243,996	6.86	3,022,612	0	3,022,612	16.65	1,778,616	9.79
b) Banks/FI	1,063	0	1,063	0.01	872	0	872	0.00	(191)	0.00
c) Central govt	0	0	0	0.00	0	0	0	0.00	0	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0	0.00
g) FI's	5,601,670	0	5,601,670	30.90	4,265,395	0	4,265,395	23.49	(1,336,275)	-7.40
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0	0.00
<b>SUB TOTAL (B)(1):</b>	<b>6,846,729</b>	<b>0</b>	<b>6,846,729</b>	<b>37.76</b>	<b>7,288,879</b>	<b>0</b>	<b>7,288,879</b>	<b>40.15</b>	<b>442,150</b>	<b>2.38</b>
(2) Non Institutions										
a) Bodies corporates	148,812	0	148,812	0.82	159,858	0	159,858	0.88	11,046	0.06
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs 2 lakhs	677,367	168	677,535	3.74	880,501	102	880,603	4.85	203,068	1.11
ii) Individuals shareholders holding nominal share capital in excess of Rs 2 lakhs	770,825	0	770,825	4.25	203,281	0	203,281	1.12	(567,544)	-3.13
c) Others (specify)										0.00
Non- Resident Indians	32,671	0	32,671	0.18	49,116	0	49,116	0.27	16,445	0.09
Clearing Members	4,347	0	4,347	0.02	57,915	0	57,915	0.32	53,568	0.30
NRI Non Repatriable	19,478	0	19,478	0.11	33,463	0	33,463	0.18	13,985	0.08
Trusts	431	0	431	0.00	43,667	0	43,667	0.24	43,236	0.24
NBFC registered with RBI	21,330	0	21,330	0.12	0	0	0	0.00	(21,330)	(0.12)
<b>SUB TOTAL (B)(2)</b>	<b>1,675,261</b>	<b>168</b>	<b>1,675,429</b>	<b>9.24</b>	<b>1,427,801</b>	<b>102</b>	<b>1,427,903</b>	<b>7.86</b>	<b>(247,526)</b>	<b>(1.38)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,521,990</b>	<b>168</b>	<b>8,522,158</b>	<b>47.01</b>	<b>8,716,680</b>	<b>102</b>	<b>8,716,782</b>	<b>48.01</b>	<b>194,624</b>	<b>1.01</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>18,129,825</b>	<b>168</b>	<b>18,129,993</b>	<b>100.00</b>	<b>18,155,382</b>	<b>102</b>	<b>18,155,484</b>	<b>100.00</b>	<b>25,491</b>	<b>0.00</b>



## (ii) Share Holding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the FY 19-20			Shareholding at the end of the FY 19-20			% 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	
1	LALIT M AGARWAL HUF*	1,277,275	7.05	0	1,277,275	7.04	0	-0.01
2	SMITI AGARWAL	363,505	2.00	0	363,505	2.00	0	0.00
3	HEMANT KUMAR AGARWAL	140,008	0.77	0	0	0.00	0	-0.77
4	HEMANT AGARWAL (HUF)	337,249	1.86	0	307,249	1.69	0	-0.17
5	LALIT AGARWAL	-	0.00	0	-	0.00	0	0.00
6	SANGEETA LALJI AGARWAL	-	0.00	0	-	0.00	0	0.00
7	UMA DEVI AGARWAL	-	0.00	0	-	0.00	0	0.00
8	MADAN GOPAL AGARWAL HUF	-	0.00	0	-	0.00	0	0.00
9	SANGEETA AGRAWAL	-	0.00	0	-	0.00	0	0.00
10	MADAN GOPAL AGARWAL	-	0.00	0	-	0.00	0	0.00
11	MADAN GOPAL KANDOI	-	0.00	0	-	0.00	0	0.00
12	CONQUEST BUSINESS SERVICES PVT. LTD.	7,489,798	41.31	0	7,490,673	41.26	0	-0.05**
Total		9,607,835	52.99	0	9,438,702	51.99	0	-1.00

\* The change in % of total shares of the Company is due to allotment of shares, under ESOP.

\*\* % change in share holding during the year decrease; even though no. of share during the year increases, due to increase in paid up capital of V-Mart retail Ltd.

## (iii) Change in Promoters' Shareholding (Specify if there is change)

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
1	HEMANT KUMAR AGARWAL							
	At the beginning of the year (01.04.2019)	140,008	0.77					
	Change	-140,008	-0.77	6/14/2019	-85,000	sold	55,008	0.30
				9/13/2019	-55,008	sold	0	0.00
	At the end of the year	0	0.00					
2	HEMANT AGARWAL (HUF)							
	At the beginning of the year (01.04.2019)	337,249	1.86					
	Change	-30,000	-0.17	9/27/2019	-30,000	sold	307,249	1.69
	At the end of the year	307,249	1.69					
3	CONQUEST BUSINESS SERVICES PVT. LTD.							
	At the beginning of the year (01.04.2019)	7,489,798	41.31					
	Change			8/19/2019	100	Purchase	7,489,898	41.26
				8/22/2019	323	Purchase	7,490,221	41.26
				8/23/2019	385	Purchase	7,490,606	41.26
				8/26/2019	67	Purchase	7,490,673	41.26
		875	-0.05					
	At the end of the year	7,490,673	41.26					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>1</b>	<b>JWALAMUKHI INVESTMENT HOLDINGS</b>							
	At the beginning of the year	1,516,880	8.37					
	Change:			03/05/2019	-4,456	sold	1,512,424	8.34
				10/05/2019	-6,957	sold	1,505,467	8.30
				13/03/2020	-7,326	sold	1,498,141	8.25
		(18,739)	-0.12					
	At the end of the year (or on the date of separation, if separated during the year)	1,498,141	8.25					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>2</b>	<b>DSP EQUITY &amp; BOND FUND</b>							
	At the beginning of the year	490,848	2.71					
	Change			6/7/2019	-8,837	Sold	482,011	2.66
				8/9/2019	2,225	Purchase	484,236	2.67
				9/27/2019	42,510	Purchase	526,746	2.90
				10/4/2019	6,628	Purchase	533,374	2.94
				10/18/2019	5,040	Purchase	538,414	2.97
				10/25/2019	22,209	Purchase	560,623	3.09
				11/15/2019	87,287	Purchase	647,910	3.57
				11/22/2019	272	Purchase	648,182	3.58
				12/27/2019	59,878	Purchase	708,060	3.91
				12/31/2019	17,426	Purchase	725,486	4.00
				3/20/2020	78,467	Purchase	803,953	4.43
				3/31/2020	1,425	Purchase	805,378	4.44
		314,530	1.73					
	At the end of the year (or on the date of separation, if separated during the year)	805,378	4.44					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>3</b>	<b>FIL INVESTMENTS(MAURITIUS)LTD</b>							
	At the beginning of the year	299,812	1.65					
	Change	0						
	At the end of the year (or on the date of separation, if separated during the year)	299,812	1.65					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>4</b>	<b>WASATCH EMERGING INDIA FUND</b>							
	At the beginning of the year	386,245	2.13					
	Change			5/10/2019	-27,534	Sold	358,711	1.98
				8/23/2019	-198,825	Sold	159,886	0.88
				12/13/2019	-5,757	Sold	154,129	0.85
				12/20/2019	-17,129	Sold	137,000	0.76
				12/31/2019	-8,386	Sold	128,614	0.71
				1/3/2020	-3,213	Sold	125,401	0.69
				1/10/2020	-25,832	Sold	99,569	0.55
				1/17/2020	-99,569	Sold	-	0.00
		-386,245	-2.13					
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>5</b>	<b>STEADVIEW CAPITAL MAURITIUS LIMITED</b>							
	At the beginning of the year	392,816	2.17					
	Change			24/01/2020	-392,816	Sold	0	0.00
		-392,816	-2.17					
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>6</b>	<b>WASATCH MICRO CAP FUND</b>							
	At the beginning of the year	258,292	1.42					
	Change			6/7/2019	-35,952	Sold	222,340	1.23
				6/14/2019	-28,312	Sold	194,028	1.07
				7/5/2019	-5,351	Sold	188,677	1.04
				7/12/2019	-18,983	Sold	169,694	0.94
				7/19/2019	-20,026	Sold	149,668	0.83
				9/13/2019	-9,919	Sold	139,749	0.77
				9/20/2019	-4,596	Sold	135,153	0.75
				9/27/2019	-135,153	Sold	0	0.00
		-258,292	-1.42					
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>7</b>	<b>BOTTOM BILLION FUND</b>							
	At the beginning of the year	306,949	1.69					
	Change:			10/05/2019	32,076	Purchase	339,025	1.87
				9/6/2019	237	Purchase	339,262	1.87
				9/13/2019	40,435	Purchase	379,697	2.09
				11/8/2019	39,028	Purchase	418,725	2.31
				12/13/2019	(2,486)	Sold	416,239	2.30
				12/20/2019	(7,219)	Sold	409,020	2.26
				1/3/2020	(4,379)	Sold	404,641	2.23
				1/10/2020	(22,401)	Sold	382,240	2.11
				1/17/2020	(63,098)	Sold	319,142	1.76
		12,193	0.07					
	At the end of the year (or on the date of separation, if separated during the year)	319,142	1.76					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>8</b>	<b>MUKUL AGRAWAL</b>							
	At the beginning of the year	250,000	1.38					
	Change			11/15/2019	-250,000	Sold	0	0.00
		-250,000	-1.38					
	At the end of the year (or on the date of separation, if separated during the year)	0	0.00					

Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>9</b>	<b>ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C</b>							
	At the beginning of the year	216,637	1.19					
	Change			6/7/2019	-178	Sold	216,459	1.19
				7/12/2019	-345	Sold	216,114	1.19
				8/30/2019	-71,367	Sold	144,747	0.80
				11/1/2019	-1,627	Sold	143,120	0.79
				11/22/2019	-34,100	Sold	109,020	0.60
				11/29/2019	-30,297	Sold	78,723	0.43
				12/6/2019	-9,850	Sold	68,873	0.38
				12/13/2019	-13,100	Sold	55,773	0.31
				1/24/2020	203,140	Purchase	258,913	1.43
				2/14/2020	34,200	Purchase	293,113	1.61
		76,476	0.42					
	At the end of the year (or on the date of separation, if separated during the year)	293,113	1.61					



Sr. No.	Name of the Shareholder	Share holding at the beginning of the Year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company				No of shares	% of Shareholding
<b>10</b>	<b>MOTILAL OSWAL FOCUSED EMERGENCE FUND</b>							
	At the beginning of the year	221,000	1.22					
	Change			9/20/2019	221,000	Purchase	442,000	2.44
				9/20/2019	-221,000	Sold	221,000	1.22
				11/15/2019	-55,200	Sold	165,800	0.91
				11/22/2019	-15,000	Sold	150,800	1.49
				1/24/2020	-15,800	Sold	135,000	0.74
		-86,000	-0.48					
	At the end of the year (or on the date of separation, if separated during the year)	135,000	0.74					

## V. Shareholding of Directors & KMP

Sr. No.	For Each of the Directors & KMP	Shareholding at the end of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No of shares	% of total Shareholding
<b>1</b>	<b>Lalit Agarwal</b>							
	At the beginning of the year	0	0.00%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year	0	0					
<b>2</b>	<b>MADAN GOPAL AGARWAL</b>							
	At the beginning of the year	0	0.00%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year	0	0					
<b>3</b>	<b>AAKASH MOONDHRA</b>							
	At the beginning of the year	924	0.01					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year	924	0.01					
<b>4</b>	<b>MURLI RAMACHANDRAN</b>							
	At the beginning of the year	0	0					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year	0	0					

Sr. No.	For Each of the Directors & KMP	Shareholding at the end of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No of shares	% of total Shareholding
<b>5</b>	<b>SONAL MATTOO</b>							
	At the beginning of the year	0	0					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year	0	0					
<b>6</b>	<b>GOVIND SHRIDHAR SHRIKHANDE</b>							
	At the beginning of the year	0	0					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year	0	0					
<b>7</b>	<b>ANAND AGARWAL</b>							
	At the beginning of the year	3,520	0.02					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			11/1/2019	1,888	Exercise of ESOP	5,408	0.03
	At the end of the year	5,408	0.03					
<b>8</b>	<b>MEGHA TANDON</b>							
	At the beginning of the year	0	0					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) NIL							
	At the end of the year	0	0					

## V INDEBTEDNESS

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

(Rs in lakhs)

Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	32.2	-	-	32.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>32.2</b>	<b>-</b>	<b>-</b>	<b>32.2</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	29.6	-	-	29.6
<b>Net Change</b>	<b>29.6</b>	<b>-</b>	<b>-</b>	<b>29.6</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2.6	-	-	2.6
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2.6</b>	<b>0.0</b>	<b>0.0</b>	<b>2.6</b>

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs in lakhs)

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager		
		LALIT AGARWAL (MD)	MADAN GOPAL AGARWAL (WTD)	Total Amount
1	<b>Gross salary</b>	85.39	31.31	116.70
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	90.00	0.00	90.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
2	Stock option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission as % of profit	74.02	24.67	98.69
5	Others, please specify	0.00	0.00	0.00
	<b>Total (A)</b>	<b>249.41</b>	<b>55.98</b>	<b>305.39</b>
	Ceiling as per the Act	(10% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013)		

### B. Remuneration to other directors:

(Rs in lakhs)

Sr. No	Particulars of Remuneration	Name of the Directors			
		AAKASH MOONDHRA	MURLI RAMACHANDRAN	SONAL MATTOO	GOVIND SHRIDHAR SHRIKHANDE
1	<b>Independent Directors</b>				
	(a) Fee for attending board committee meetings	2	2	2	2
	(b) Commission*	12.33	12.33	12.33	12.33
	(c) Others, please specify	-	-	-	-
	<b>Total</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>
	<b>Total (1)</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>
2	<b>Other Non Executive Directors</b>	N.A			
	(a) Fee for attending board committee meetings				
	(b) Commission				
	(c) Others, please specify.				
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>
	Overall Ceiling as per the Act.	(1% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013)			

\* As per book of accounts (provisional)

### C. Remuneration to key Managerial Personnel other than MD/MANAGER/WTD

(Rs in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		ANAND AGARWAL	MEGHA TANDON
<b>1</b>	<b>Gross Salary</b>		
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	95.28	6.46
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
<b>2</b>	<b>Stock Option</b>	16.99	-
<b>3</b>	<b>Sweat Equity</b>	-	-
<b>4</b>	<b>Commission as % of profit</b>	-	-
<b>5</b>	<b>Others, please specify</b>	-	-
	<b>Total</b>	<b>118.51</b>	<b>6.46</b>

### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties / punishment/ compounding of offences for the year ending March 31, 2020



## ANNEXURE – B to Board Report

### NOMINATION & REMUNERATION POLICY FOR THE MEMBERS OF BOARD AND EXECUTIVE MANAGEMENT

#### 1. Preamble

- 1.1 The Nomination & Remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of the Company (collectively referred to as "Executives"). The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- 1.2 The policy would be reviewed every year by the Nomination and Remuneration Committee of the Board of Directors.

#### 2. Aims & Objectives

- 2.1 The aims and objectives of this Nomination & Remuneration policy may be summarised as follows:
  - 2.1.1 The Nomination & Remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and Executive level.
  - 2.1.2 The Nomination & Remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
  - 2.1.3 The Nomination & Remuneration policy will ensure that the interests of Board members & Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
  - 2.1.4 The Nomination & Remuneration policy will ensure that remuneration to Directors and Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### 3. Principles of remuneration

- 3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 **Internal equity:** The Company shall remunerate the board members and the Executives in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 **External equity:** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore, the Company will remain logically mindful of the ongoing need to attract and retain high quality people and the influence of external remuneration pressures.
- 3.5 **Flexibility:** Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 3.6 **Performance-Driven Remuneration:** The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 **Affordability and Sustainability:** The Company shall ensure that remuneration is affordable on a sustainable basis.

#### 4. Nomination and Remuneration Committee

- 4.1 The Board of Directors has constituted the Nomination & Remuneration Committee by renaming the existing Remuneration Committee. The members of the Committee comprises of three independent directors.

#### 4.2 The Committee is responsible for:

- 4.2.1 Formulating framework and/or policy for remuneration, terms of employment including service contracts, policy for and scope of pension arrangements, etc. for Executives and reviewing it on a periodic basis;
- 4.2.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Director.
- 4.2.3 Identifying persons who are qualified to become directors and whom may be appointed as Executives in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out their evaluation.
- 4.2.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 4.3 The Committee shall:
  - 4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;
  - 4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions; are fulfilled;
  - 4.3.3 obtain reliable, up-to-date information about remuneration in other companies;
  - 4.3.4 ensure that no director or Executive is involved in any decisions as to their own remuneration.
- 4.4 Without prejudice to the generality of the terms of reference to the Nomination and Remuneration Committee set out above, the Committee shall:
  - 4.4.1 Operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);

4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors and Director should possess the highest personal and professional ethics, integrity;

4.4.3 review the terms of executive Directors' service contracts from time to time; and

4.4.4 perform such other acts, things and take such other decisions as provided and authorised by the Board of Directors of the Company to the Committee in terms of the provisions of Companies Act, 2013 and other applicable laws.

## 5. Procedure for selection and appointment of the Board Members

### 5.1 Board membership criteria

The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.

In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements.

In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.

### 5.2 Selection of Board Members/ extending invitation to a potential director to join the Board

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid

above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board.

## 6. Procedure for selection and appointment of Executives other than Board Members

- 6.1 The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- 6.2 The Committee may conduct a wide-ranging search for candidates for the positions of Employees within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, if any, and on the human resources market;
- 6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- 6.4 A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of the Employees;
- 6.5 Before the selection of Employee, the recommendations and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- 6.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

## 7. Compensation Structure

### (a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors is Rs 50,000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company may also be paid other remuneration or profits-based commission, subject to requirements of applicable laws.

The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board in due compliance of the provisions of Companies Act, 2013.

### (b) Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel (s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The remuneration determined for MD/WTDs, KMPs and SMPs are subjected to the approval of the Board of Directors in due compliance of the provisions of Companies Act, 2013. The remuneration for the KMP and the SMP at the time of the appointment has to be approved by the Board but any subsequent increments shall be approved by the Managing Director of the Company as per the HR policy of the Company.

The Executive Directors of the Company are also entitled for commission on the profits of the Company as approved by the Board of Directors and Shareholders of the Company in Annual General Meeting.

## 8. Role of Independent Directors

- 8.1 The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval.
- 8.2 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors and Employees and have a prime role in appointing and where necessary recommends removal of executive directors and Employees.
- 8.3 The Independent Directors shall submit its recommendations/ proposals/decisions to the Committee which the Committee shall consult and take to the Board of Directors.

## 9. Approval and publication

- 9.1 This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 This policy shall be hosted on the Company's website.

- 9.3 The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013.

## 10. Supplementary provisions

- 10.1 This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 10.2 Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- 10.3 The right to interpret this Policy vests in the Board of Directors of the Company.



## ANNEXURE – C to Board Report

### ANNUAL REPORT ON CSR ACTIVITIES

Pursuant to Section 135 of the Companies Act, 2015

The Company focus on sustainable business practices encompassing economic, environmental, and social imperatives that not only cover business, but also to that of communities around us. Our Corporate Social Responsibility, thus is not limited to philanthropy, but also includes various initiatives, that lead to social development & welfare.

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

We have a CSR Committee that provides oversight of CSR Policy execution to ensure that the CSR objectives of the Company are met. Our CSR Committee comprises:

- Mr. Lalit Agarwal, Chairman
- Mr. Madan Gopal Agarwal, Member
- Mr. Aakash Moondhra, Member
- Ms. Sonal Mattoo, Member
- Mr. Govind S. Shrikhande

#### FINANCIAL DETAILS

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribes that every company having a Net Worth of Rs 500 crores or more, or Turnover of Rs 1000 crores or more or, Net Profit of Rs 5 crores or more made during any financial year shall ensure that the company

spends, in every financial year, at least 2% of the Average Net Profits made during the immediately preceding three Financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to Corporate Social Responsibility as prescribed under the Companies Act, 2013 are applicable to V- Mart Retail Limited. The financial details as sought by the Companies Act, 2013 are as follows:

Particulars	(Rs in lakhs)
Average net profit of the company for last three financial years	9313.81
Prescribed CSR Expenditure (Two percent of the average net profit as computed above)	186.27
Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year:	186.27
(b) Amount spent	108.77
(c) Amount unspent, if any ;	77.51

#### THE MANNER OF THE AMOUNT SPENT DURING THE FINANCIAL YEAR IS GIVEN:

CSR project or activity identified	Sector in which the project is covered	Location of the Project or Programs	Amount outlay (budget) Project or Programs	Amount spent on the projects or program	Cumulative expenditure upto the reporting period	Amount spent direct/ implementing agency (IA)
Project Readvantage	Education-Building English language proficiency in underprivileged students	Uttar Pradesh and Delhi	-	2,259,000	2,259,000	(i)-Amount spent through IA- Aura Education Trust
Ujjwal Bhavishya	Education-scholarship for 10 <sup>th</sup> passed students.	Pan-India	-	(i) 2,510,000 (ii) 300,000 Total- 2,810,000	5,069,000	(i)-Amount spent Direct (ii)-Amount spent through IA- Buddy4study
Community School	Education and Welfare of underprivileged children	West Bengal	-	679,500	5,748,500	Amount spent through IA- Lotus Rescue Peace Education Culture Creativity Society
Project Koshish	Sports Education and Welfare of underprivileged children	Haryana and Delhi	-	375,000	6,123,500	Amount spent through IA- Diana Jones Foundation

CSR project or activity identified	Sector in which the project is covered	Location of the Project or Programs	Amount outlay (budget) Project or Programs	Amount spent on the projects or program	Cumulative expenditure upto the reporting period	Amount spent direct/ implementing agency (IA)
Ekal Vidyalaya-One Village, One Teacher	Providing functional literacy to underprivileged children in villages and remote locations	Uttar Pradesh and UttaraKhand	-	352,000	6,475,500	Amount spent through IA- Bharat Lok Siksha Parishad
Project Taal	Music Education and daily meals for the Visually Impaired children	Jharkhand	-	606,855	7,082,355	Amount spent through IA- Ekastha Foundation
Plaksha-Reimagining Higher Education	Philanthropy effort to build a new model of Engineering Education and Research.	Pan India	-	2,500,000	9,582,355	Amount spent through IA- Reimagining Higher Education Foundation
PM Care Fund	To support relief activity against COVID-19 pandemic	Pan India	-	1,000,000	10,582,355	Amount spent Direct
Miscellaneous	CSR Donations	Pan India	-	(i)279,664 (ii)18,704 Total- 298,368	10,880,723	(i)-Amount spent Direct (ii)-Amount spent Through IA- Harmony House, Tamana
<b>Total</b>						

### JUSTIFICATION FOR NOT SPENDING THE PRESCRIBED AMOUNT ON CSR ACTIVITIES

Our CSR vision is to enhance the quality of life indicators of the local communities where we conduct our business. This is by way of various initiatives, e.g. in education, sports coaching, skill development and capacity building, social infrastructure upkeep and maintenance (school, parks, etc.) and livelihood programs.

In order to spend the average of 2% of Average Net profits of preceding three financial years, the CSR Steering Committee (CSR SteCo) had regular review meetings during the year. Many potential funding avenues and initiatives were discussed and implemented, while several more proposals are continually evaluated. The Company has designed and put in place a rigorous project evaluation process, including onsite assessment through its store teams, to validate the authenticity and genuineness of potential CSR funding initiatives being considered. Much needed due diligence is involved in this process to ensure funds reach the real beneficiaries and impact local communities. Only projects that pass through this due diligence process are considered by the CSR SteCo for potential funding discussions. The Company couldn't spend the prescribed full CSR amount

under Companies Act, 2013 as it did not have an adequate number of initiatives that could qualify through the due diligence process.

We are committed to spending the mandated CSR funds in line with our vision and objectives, and the project pipeline is being streamlined accordingly. We are committed to fulfill our CSR spending commitments on projects that are in the impact areas related to our CSR vision.

### Our CSR Responsibilities

We hereby affirm that the CSR Policy, as approved, by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR Projects and activities in compliance with our CSR Objectives.

**Lalit Agarwal**  
Chairperson CSR Committee  
& CMD  
DIN: 00900900

Place: Gurugram  
Date: May 29, 2020

**Ranjan Kumar**  
Member  
CSR Steering Committee  
VP - Strategy & Corporate Communication

## ANNEXURE – D to Board Report

### DISCLOSURES IN BOARD REPORT AS PER SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The information as per Rule 5(1) are as follows:

- 1 & 2. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the FY 19-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 19-20 are as under:

Sr. No	Name of Director, KMP & Designation	% increase/decrease in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each director/to median remuneration of employees
1.	Mr. Lalit Agarwal Chairman & Managing Director	11.67% Increase	357.92
2.	Mr. Madan Gopal Agarwal, Whole-time Director	11.07% Decrease	80.02
3.	Mr. Aakash Moondhra, Independent Director	27% Decrease	17.68
4.	Mr. Murli Ramachandran, Independent Director	27% Decrease	17.68
5.	Ms. Sonal Mattoo, Independent Director	27% Decrease	17.68
6.	Mr. Govind Shridhar Shrikhande, Independent Director	88% Increase	17.68
7.	Mr. Anand Agarwal, Chief Financial Officer	5% Decrease	172.83
8.	Ms. Megha Tandon, Company Secretary	12% Increase	9.53

3. The median remuneration of employees of the Company during the FY 18-19 was Rs 68,901. Whereas in FY 19-20 it is Rs 69,750. Therefore in the FY 19-20, there is an increase of 1% in the median remuneration of employees.
6. It is hereby affirmed that the remuneration paid is as per the Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other Employees

4. Number of Permanent Employees on the rolls of Company as on March 31, 2020: 7,987 (Exclude employees resigned in March-20)
5. The Average percentile increase/decrease in the salaries of the employees (other than Managerial Personnel) for FY 19-20 is 6% whereas the average percentile increase/ decrease in the managerial remuneration for the FY 19-20 is 3%. The Company's variable compensation philosophy for its managerial personnel is to ensure its competitiveness in the markets in which it operates for attracting & retaining the best talent.

#### The information as per Rule 5 (2) are as follows:

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

The details of Employees who were employed throughout the FY 19-20 and were in receipt of minimum aggregate Remuneration of Rs 1.02 crores:

Employee Name	Designation	Educational Qualification	Nature of Employment	Experience (in years)	Age	Date of joining	Remuneration in Fiscal 2020 (in lakhs)	% of Equity shares held by the Employee in the Company	If relative of Director, Name of such director	Previous employment and designation
Mr. Lalit Agarwal	Chairman & Managing Director	B.Com	Permanent	16	48	01/10/03	249.65	0%*	NA	Vishal Retail
Mr. M Srinivasan	Vice President	B.Tech	Permanent	20	43	02/03/15	131.07	0.03%	NA	Resurgent India
Mr. Rajan Sharma	President	B.Com	Permanent	15	50	08/07/16	143.73	0.03%	NA	TPG Wholesale Pvt. Ltd.
Mr. Anand Agarwal	CFO	CA/CS	Permanent	23	46	01/06/17	118.51	0.03%	NA	HT Media Ltd.

\* Percentage (%) of equity shares held by Mr. Lalit Agarwal does not include HUF holding.

The details of Employees who were employed for the part of FY 19-20 and for that part they received minimum aggregate remuneration of Rs 8.5 lakhs per month: NIL

The details of Employees who were employed during FY 19-20 (whether for full year or part thereof) and were drawing remuneration [i.e. either rs 1.02 crores or 8.5 lakhs per month] which is in excess of the remuneration drawn by MD or WTD or Manager and along with this, he is holding minimum 2% of the equity shares of the company together with his wife & dependent children: NIL



## ANNEXURE – E to Board Report

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To,  
The Members,  
**V-MART RETAIL LIMITED**  
CIN L51909DL2002PLC163727  
610-611, Guru Ram Dass Nagar, Main Market,  
Opp. SBI Bank, Laxmi Nagar, New Delhi (East Delhi) -110092, India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by V-MART RETAIL LIMITED (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - Not Applicable
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not Applicable
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; - Not Applicable
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; - Not Applicable

(vi) The Company has identified following laws applicable specifically to its business operations:

1. The Shop & Establishment Act, 1954;
2. The Legal Metrology Act, 2009;
3. The Food Safety & Standard Act, 2006.

We have also examined compliance with the applicable provisions of the following: -

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

#### **We further report that**

The Board of Directors of the Company has been 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 in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out with requisite majority of the members of the Board or committees as the case may be. Further there is no case of views of the dissenting members as per the recordings in the minutes of the meetings of the Board or Committee(s) thereof.

We further report that there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has the following specific event/action having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines, if any, as may be referred to above:

#### **During the year:**

- i) the Company has issued 25,491 equity shares to its employees pursuant to V-Mart ESOP Scheme, 2012. Further, the Company has granted 14,253 equity shares to its Employees under aforesaid scheme.
- ii) the Company has passed following special resolutions respectively in its Annual General Meeting held on August 2, 2019 under the provisions of Section 180(1) (c) & Section 186 of the Companies Act, 2013;
  - a) to increase Borrowing limits over and above the paid-up capital and free reserves of the Company but shall not exceed Rs 75,000 lakhs [including the money already borrowed by the Company] and,
  - b) to increase limits applicable for making investment / extending loans and giving guarantees or providing securities in connection with loans to persons / Bodies Corporates which shall not exceed a sum of Rs 150,000 lakhs (Rupees One lakhs Fifty Thousand lakhs only),
- iii) Pursuant to concurrent orders of National Disaster Management Authority (1-29/2020-PP) and Ministry of Home Affairs (No.40-3/2020-DM-I (A) dt. March 24, 2020 to call upon a nationwide Lockdown to fight COVID-19. The operation of the Company got disrupted and required disclosure under Regulation 30 (4) read with Schedule III Part-A, Para (b) of SEBI Listing Obligation and Disclosures Requirements, Regulations.

As informed by the management, pursuant to Company's Policy on determining the materiality of events, the nationwide lockdown was a publicly known fact and a global or macro level factor which affected all the Companies in the retail segment and not a micro or Company specific event, an intimation to Stock Exchanges has been made on April 13, 2020 after evaluating the impact of lockdown on operations and identification of stores providing essential commodities.

**FOR VKC & ASSOCIATES**  
(Company Secretaries)

**CS Mohit K Dixit**  
Partner  
ACS No. 49021

Date: May 29, 2020

Place: New Delhi

C P No. 17827

UDIN: A049021B000287930

*Note: 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.*

To,  
The Members,  
**V-MART RETAIL LIMITED**  
CIN L51909DL2002PLC163727  
610-611, Guru Ram Dass Nagar, Main Market,  
Opp. Sbi Bank, Laxmi Nagar,  
New Delhi (East Delhi) -110092, India

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to nationwide lockdown to fight COVID-19, some of the documents and records mentioned above have been received via electronic means and as such, could not be verified from the original's thereof. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the company for certain areas which otherwise requires physical verification.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. 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.

**FOR VKC & ASSOCIATES**  
(Company Secretaries)

**CS Mohit K Dixit**  
Partner

ACS No. 49021

C P No. 17827

UDIN: A049021B000287930

Date: May 29, 2020

Place: New Delhi

## ANNEXURE – F to Board Report

### DIVIDEND DISTRIBUTION POLICY

#### 1. Background and Applicability

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), which requires top 500 listed entities (based on market capitalisation of every financial year) to formulate a Dividend Distribution Policy which shall be disclosed in its Annual Report and on its website.

V-Mart Retail Limited being one of the top 500 listed entities as per market capitalisation as on the last day of immediately preceding financial year, has framed this Dividend Distribution Policy in compliance with this regulation.

#### 2. Dividend distribution philosophy

The Company is deeply committed to driving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for both medium term and longer-term value creation. Accordingly, the Board would continue to adopt a progressive and dynamic dividend policy, ensuring the immediate as well as long term needs of the business.

#### 3. Circumstances Under Which The Shareholders Of The Company May Or May Not Expect Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth.

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors (as mentioned elsewhere in this policy) and declare Dividend in any financial year.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act,

2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

The shareholders of the Company may not expect dividend in the following circumstances, subject to discretion of the Board of Directors:

- i. Proposed expansion plans requiring higher capital allocation
- ii. Decision to undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Proposal for buy-back of securities
- v. In the event of loss or inadequacy of profit

#### 4. Parameters/Factors considered by the Company while declaring dividend

The Board of Directors of the Company shall consider the following parameters before declaring or recommending dividend to shareholders:

##### A) Financial Parameters / Internal Factors:

- (a) Financial performance including profits earned (standalone), available distributable reserves etc;
- (b) Impact of dividend payout on Company's return on equity, while simultaneously maintaining prudent and reasonably conservative leveraging in every respect viz. interest coverage, DSCR (Debt Service Coverage Ratio) Net Debt: EBITDA and Net debt: Equity, including maintaining a targeted rating – domestically and internationally;
- (c) Alternate usage of cash viz. acquisition/ Investment opportunities or capital expenditures and resources to fund such opportunities/expenditures, in order to generate significantly higher returns for shareholders;



- (d) Debt repayment schedules;
- (e) Fund requirement for contingencies and unforeseen events with financial implications;
- (f) Past Dividend trend including Interim dividend paid, if any; and
- (g) Any other factor as deemed fit by the Board.

#### B) External Factors:

- (a) Macroeconomic environment
- (b) Capital markets
- (c) Global Conditions
- (d) Statutory provisions and guidelines
- (e) Dividend payout ratio of competitors

### 5. Utilisation of The Retained Earning

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may be used in any of the following ways:

- i. Funding organic growth needs including working capital, capital expenditure, repayment of debt, etc.

- ii. Investment in new business(es) and/or additional investment in existing business(es),
- iii. Declaration of dividend,
- iv. Buy back of shares,
- v. General corporate purposes, including contingencies,
- vi. Any other permissible purpose.

### 6. Parameters with regard to various classes of shares

Presently, the Company has issued only one class of equity shares with equal voting rights. Accordingly, all the shareholders of the Company are entitled to receive the same amount of dividend per share. In case, the Company issues other kind of shares, the Board may suitably amend this Policy.

### 7. Policy Review And Amendments

This Policy would be subject to modification in accordance with the guidelines / clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add, delete or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved by the Board of Directors.

## ANNEXURE – G to Board Report

### FORM NO. AOC.2

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 arms length transactions under third proviso thereto

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

<b>1. Details of contracts or arrangements or transactions not at arm's length basis</b>		NIL
<b>2. Details of material contracts or arrangement or transactions at arm's length basis</b>		
Name(s) of the related party and nature of relationship	Snehal Shah, Son-in-law of Mr. Madan Gopal Agarwal (Whole Time Director)	
Nature of contracts/arrangements/transactions	Employment	
Duration of the contracts/arrangements/transactions	NA	
Salient terms of the contracts or arrangements or transactions including the value, if any	In the Normal Course of Business	
Date(s) of approval by the Board, if any:	May 24, 2018	
Amount paid as advances, if any:	NIL	

For and on behalf of the Company

**Lalit Agarwal**  
Managing Director  
DIN: 00900900

# BUSINESS RESPONSIBILITY REPORT

## ABOUT THIS REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Guidelines on Responsible Business Conduct (NGRBC) as issued and revised by Ministry of Corporate Affairs (MCA), Government of India, the “Business Responsibility Report” (BRR) of the Company for the financial year 2019-20 forming part of this Annual Report is as follows:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number of the Company	<b>L51909DL2002PLC163727</b>
2. Name of the Company	<b>V-Mart Retail Limited</b>
3. Registered address	<b>610-611 Guru Ram Dass Ngar, Main Market, Opp. SBI Bank, Laxmi Nagar New Delhi-110092</b>
4. Website	<b><a href="http://www.vmart.co.in">www.vmart.co.in</a></b>
5. E-mail id	<b><a href="mailto:info@vmartretail.com">info@vmartretail.com</a></b>
6. Financial Year reported	<b>2019-20</b>
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	<b>478</b>
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<b>Retail</b>
9. Total number of locations where business activity is undertaken by the Company	A) Number of International Locations – NIL B) Number of National Locations - The Company has 266 V-Mart stores + warehouse + corporate office
10. Markets served by the Company	National

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR):	<b>181,554,840</b>
2. Total Turnover (INR Lakhs):	<b>166159</b>
3. Total profit after taxes (INR Lakhs):	<b>4934.53</b>
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<b>₹ 108.77 Lakhs, 2.2% of profit after tax for FY 2019-20</b>
5. List of activities in which expenditure in 4 above has been incurred:-	<b>Refer the Annexure C to the Board's Report</b>

## SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	<b>No</b>
2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)	<b>NA</b>
3. Do any other entity/entities (e.g. Suppliers, distributors etc.) That the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	<b>No</b>

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

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

1. DIN Number:	<b>00900900</b>
2. Name	<b>Lalit Agarwal</b>
3. Designation	<b>Chairman &amp; Managing Director</b>

(b) Details of the BR head

Sr. No	Particulars	Details
1.	DIN Number (if applicable)	00900900
2.	Name	Lalit Agarwal
3.	Designation	Chairman & Managing Director
4.	Telephone number	0124-4640030
5.	e-mail id	<a href="mailto:info@vmart.co.in">info@vmart.co.in</a>

2. Principle-wise (as per NVGs) BR Policy/policies :

The National Guidelines on Responsible Business Conduct (NGRBC) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

- Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.(P1)
- Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.(P2)
- Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chain.(P3)
- Principle 4: Businesses should respect the interests of, and be responsive to all its stakeholders.(P4)
- Principle 5: Businesses should respect and promote human rights.(P5)
- Principle 6: Businesses should respect and make efforts to protect and restore the environment.(P6)
- Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.(P7)
- Principle 8: Businesses should support inclusive growth and equitable development. (P8)
- Principle 9: Businesses should engage with and provide value to their customers in a responsible manner. (P9)

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

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policy for;	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated? in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any? national / international standards? If yes, specify (50 words)	The policies has been drafted on the basis of applicable law, code of conduct & applicable standards.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies mandated under the Companies Act, 2013 (the Act) and the SEBI (listing obligations and disclosures requirements) Regulation, 2015 are approved by the Board and other policies are approved by the Managing Director / functional heads of the Company as appropriate from time to time.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	N	Y	Y	Y	Y	N	Y	Y
6.	Indicate the link for the policy to be viewed online?	Policies mandated to be displayed on website the Company as per the Act and LODR are displayed at the <a href="http://www.vmart.co.in/investor">http://www.vmart.co.in/investor</a> and all other policies are displayed on our intranet								



Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

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

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)									

### 3. Governance related to BR

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

**The BR performance is assessed annually by the Management/ Board of Directors and its Committees.**

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

**It is available on the website of the Company at [www.vmart.co.in](http://www.vmart.co.in) as part of annual report.**

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1 Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Company has formulated Code of Conduct, to conduct the business in an ethical manner as well as to create a work environment that is conducive to all stakeholders.

Further, the Company has adopted a Whistle Blower Policy through which its directors and employees can report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. It also provides adequate safeguards against victimisation of persons who use such mechanism.

The Company has an established Code of Conduct and Business Ethics, Whistle Blower Policy, and Supplier Code of Conduct. The Code, policies and standards communicate our zero-tolerance approach to ethical violations, and communicate our commitment and requirement for legal compliance and ethical good practice.

To ensure that all employees are well-versed with the Code, a mandatory training is provided for new recruits, and refresher workshops on anti-corruption policies and procedures are conducted for all the employees at various levels.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has in place different mechanisms for receiving and dealing with complaints from different stakeholder's viz. shareholders, customers, employees etc. There are dedicated resources to respond to the complaints within a time bound manner.

The company has stakeholder relationship committee (SRC) which reviews the shareholders complaint and their resolution. During the year ended March 31, 2020 opening balance of the complaints was NIL and NIL\_ (no of complaints) complaints were received from the shareholders during the year under review.

Further, Customer complaints are addressed in the normal course of business by Customer Care Department of the Company

### Principle 2 Product Responsibility

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The company has increased the use of natural fibres like cotton.

The company has strictly forbidden hire or use of child force at work place and expects its vendors to follow the same.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Considering the nature of business of the Company the said questions are not applicable to the Company.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has a stated Environment Policy and Health & Safety Policy. The Company continually works with its vendors and suppliers to reduce the environmental impacts of sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

The Company is contributing to the society at large by procuring goods & services from small scale industries and small producers including from communities surrounding its place of work.

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We have encouraged MSMED vendors and work with them to improve their capabilities & capacity. We have shorter payment cycle for MSMED vendors. We provide early payment facility so that they are able to manage their finance without any difficulties.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

The Company is not into manufacturing, thus there is not much waste generation in the Company, the waste generated at its offices and stores are managed as per the applicable laws & internal waste disposal process.

### Principle 3 Wellbeing of Employees

- Please indicate the Total number of employees: 7,987 (Exclude employees resigned in March-20)
- Please indicate the Total number of employees hired on temporary/contractual/casual basis. 16
- Please indicate the Number of permanent women employees: 1750
- Please indicate the Number of permanent employees with disabilities: 18
- Do you have an employee association that is recognised by management: N.A.
- What percentage of your permanent employees is members of this recognised employee association: N.A.
- Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	1 (one)	NIL
3	Discriminatory employment	NIL	NIL

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - Permanent Employees: 80%
  - Permanent Women Employees: 79%
  - Casual/Temporary/Contractual Employees: N.A
  - Employees with Disabilities: N.A.

### Principle 4 Responsiveness to Stakeholders

- Has the company mapped its internal and external stakeholders?

Yes, company has mapped all its stakeholders across value chain.

- Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

Yes. The Company recognises the vital role played by the Society at large in its growth and development. Details of CSR initiatives executed by the Company during the year under review are given in Annexure C of the Board Report.

### Principle 5 Human Rights:

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Human Rights policy is aligned to internationally recognised Human rights norms as established in the Universal Declaration on Human rights and is a mandate to the Company, the facilities that we own, or manage. The Company also expects all its employees, consultants, independent contractors and suppliers to observe these principles.

- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaints relating to human rights during the year.

### Principle 6 Environmental Responsibility:

- Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company's Environmental, health & safety policy extends to all units, employees and contractors in service to the business and the Company

- Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc

The Company has taken many energy initiatives such as:

- Installation of LED lights & power saving equipment at all stores to reduce the electricity consumption
- optimum use of air conditioner (AC) at the stores in order to reduce the electricity consumption
- Automation of processes to reduce the use of paper
- Installation of glass doors, walls and windows at the stores to use the daylight and reduce electricity consumption
- Plantation of trees for combating air pollution at warehouse
- Eliminate the use of plastic carry bags at the stores
- Re-use of carton boxes

3. Does the company identify and assess potential environmental risks?

No significant aforementioned potential risk is foreseen as of now as the Company is not involved in Manufacturing of any product

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No such project has been undertaken yet, however the initiative undertaken by the company for energy conservation are mentioned in point no. 2 of this principle.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The initiatives taken by the Company towards energy conservation during the year under review are given in the Board Report

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable, since the Company is in the business of Retail

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

#### Principle 7 Public Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company generally conveys its policy positions through its membership with Retailers Association of India (RAI) & Confederation of Indian Industries (CII).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders.

#### Principle 8 Inclusive Growth and Equitable Development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Corporate Social Responsibility (CSR) is a strategy of a Company to integrate social, environmental and economic concerns in its values and operations to improve the welfare of society and stakeholders

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

The Company's CSR initiatives are implemented through internal team as well as in partnership with Non- Governmental Organisations (NGOs).

3. Have you done any impact assessment of your initiative?

Periodic review of all the CSR initiatives is being done by CSR committee



4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

An amount of ₹ 108.77 Lakhs was spent towards CSR initiatives during the financial year 2019-20. The details thereof are given in Annexure- C of the Board Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, the CSR initiative undertaken by the Company does focus on community participation, empowerment and community development

#### Principle 9 Engagement with Customers

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer Satisfaction is of utmost important for the Company. The Company has a dedicated customer care representative/cell to handle the day to day complaints of the customers. As at the end of financial year, there were no ongoing consumer cases.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

The requisite information as mandated as per the local laws is mentioned on all the product labels of the Company.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anticompetitive behaviour. There are a few consumer product complaints pending in the normal course of business, which the Company defends appropriately.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, the Company regularly conducts consumer surveys.

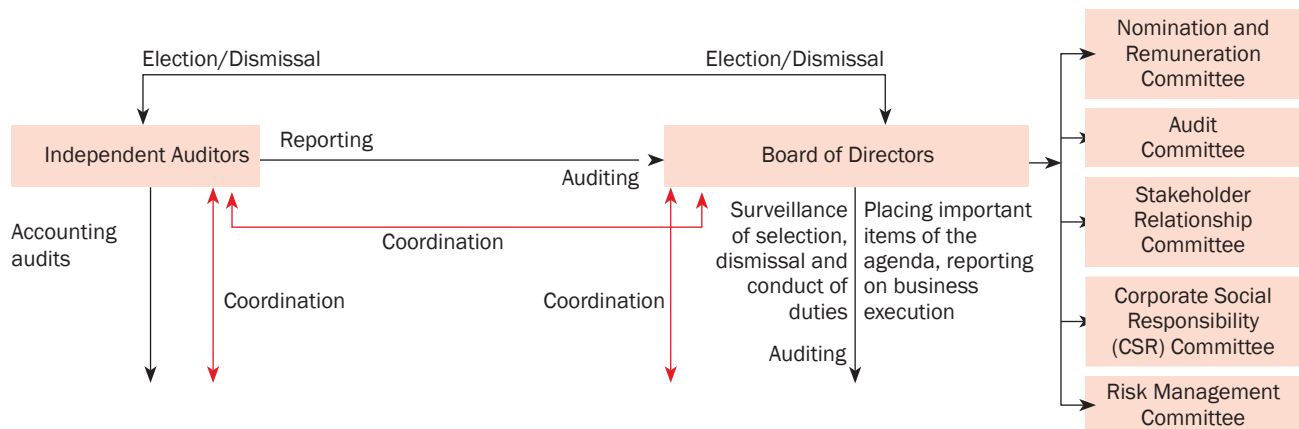


# CORPORATE GOVERNANCE REPORT

Corporate Governance indicates transparency, accountability and reliability of any organisation.

## THE CORPORATE GOVERNANCE FRAMEWORK

### GENERAL MEETING OF SHAREHOLDERS



### INTERNAL AUDITING DIVISION

### FRAMEWORK FOR EXECUTIVE OF BUSINESS

Your company believes that good Corporate Governance practices not only ensure ethical and efficient conduct of the affairs of the company in a transparent manner but also help in maximising value for all its stakeholders like shareholders, customers, employees, contractors, vendors and society at large. Good Corporate Governance practices help in building an environment of trust and confidence among all the constituents.

Your Company make conscious efforts to institutionalise good Corporate Governance practices and believe that it shall go beyond adherence to the regulatory framework. Your

Company is committed to continuously adopt and adhere the best practices, in order to enhance stakeholder's value

The Corporate Governance Report of the Company for the period of 12 months ended March 31, 2020 is as follows:

### BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. It provides strategic direction, leadership and guidance to the Company's management as also monitors the performance of the Company with the objectives of creating long term value for the Company's stakeholders.

## Composition of Board of Directors

The composition of the Board of Directors ("the Board") is in compliance with the requirement of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31, 2020, the Board comprises of 6 (Six) Directors including 1 (One) Independent Women Directors. The composition of the Board as on March 31, 2020 is as follows:

- 1) Executive Promoter Directors - 2
- 2) Non-Executive Directors, Independent Directors (including Women Director) – 4

The Company has received necessary disclosures from each of its four Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets all the criteria laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligation and Disclosures Requirement) Regulations, 2015 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

## Skills/expertise/competence of the Board of Directors

As per SEBI listing Regulation, the "required" as well as "the actually available" skills/expertise/competence of the Board of Directors:

Board of Directors: Mapping Skills/Expertise/Competence

Skills/Expertise/ Competence Required	Lalit Agarwal	Madan Agarwal	Aakash Moondhra	Govind S. Shrikhande	Murli Ramachandran	Sonal Mattoo
	Chairman & Managing Director	Whole time Director	Independent Director	Independent Director	Independent Director	Independent Director
Buying & Procurement	✓	✓				
Supply Chain & Logistics	✓			✓		
Planning & Allocation	✓	✓		✓		
Retail Operations	✓			✓		
Visual Merchandising	✓	✓		✓		
CRM & Analytics			✓	✓		
Digital Technology			✓	✓		
Labour Relations & Compliance	✓					✓
Financial Planning & Analysis	✓		✓	✓	✓	
Leadership Development	✓			✓	✓	
Talent Management	✓			✓	✓	✓
Change Management				✓		
Diversity & Inclusion						✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Investor Relations	✓		✓	✓		
Strategic Planning			✓	✓	✓	
Scalability & Expansion	✓		✓	✓	✓	
Project Management			✓	✓	✓	

## Names of the listed entities where he/she is a director

	Name of Director	Indian Listed Companies	Relationship with Directors
<b>Executive Directors</b>			
	Mr. Lalit Agarwal	V-Mart Retail Limited	Son of Mr. Madan Gopal Agarwal
	Mr. Madan Gopal Agarwal	V-Mart Retail Limited	Father of Mr. Lalit Agarwal
<b>Non-Executive, Independent Directors</b>			
	Mr. Aakash Moondhra	V-Mart Retail Limited	-
	Mr. Murli Ramachandran	V-Mart Retail Limited	-
	Ms. Sonal Mattoo	V-Mart Retail Limited Ashiana Housing Limited	-
	Mr. Govind S. Shrikhande	V-Mart Retail Limited Donear Industries Limited	-

## Board Procedures

Detailed agenda with explanatory notes and all other related information is circulated to the members of the Board in advance of each meeting. Detailed presentations are made to the Board covering all major functions and activities. The requisite strategic and material information is made available to the Board to ensure transparent decision making by the Board.

## Number of Board Meetings

During the financial year 2019-20, four Board Meetings were held. The time gap between any two Board Meetings did not exceed 120 (One Hundred and Twenty) days as prescribed in the Act and SEBI Listing Regulations. These meetings were held on 10/05/2019, 02/08/2019, 1/11/2019 and 05/02/2020.

The necessary quorum was present for all the meetings.

The Composition of the Board of Directors, their attendance in the Board Meetings and other particulars are as follows:

Name of Director	Category	No. of Board Meeting attended during financial year 2019-20	No. of other directorships in public companies* as on 31/03/2020	Attendance in the last AGM	No. of Committee** positions held in other public companies as on 31/03/2020	
					Chairman	Member
Mr. Lalit Agarwal (Chairman & Managing Director)	Promoter Executive	4	-	Yes	-	-
Mr. Madan Gopal Agarwal (Whole-time Director)	Promoter Executive	4	-	Yes	-	-
Mr. Aakash Moondhra	Independent Non-Executive Director	4	-	Yes	-	-
Ms. Sonal Mattoo	Independent Non-Executive Director	4	2	Yes	-	2
Mr. Murli Ramachandran	Independent Non-Executive Director	4	-	No	-	-
Mr. Govind S. Shrikhande	Independent Non-Executive Director	4	1	Yes	-	-

\* Alternate directorships and directorships in private companies, foreign companies and Section 8 companies are excluded.

\*\*Includes chairmanships/memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.



During the financial year 2019-20, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

The number of Directorship, Committee Membership and Chairmanship of all the Directors of the Company are within the respective limits prescribed under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements Regulations, 2015).

### Information provided to the Board

The information being provided to the Board inter-alia includes:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board of Directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant Labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Details of Equity shares held by the Directors in the Company as on March 31, 2020 are as follows:

Name of Director*	No. of Equity Shares held
Mr. Lalit Agarwal	Nil
Mr. Madan Gopal Agarwal	Nil
Mr. Aakash Moondhra	924
Mr. Murli Ramachandran	Nil
Ms. Sonal Mattoo	Nil
Mr. Govind S. Shrikhande	Nil

\*includes only as Director not include shares held by spouse and HUF.

### INDEPENDENT DIRECTORS

All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 ("Act") and the Rules framed thereunder.

The Board of the Company has confirmed that in the opinion of the Board, the Independent directors fulfils the conditions specified in the SEBI LODR, Companies ACT, 2013 and are independent of the Management.

An Independent Director shall possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

The Company Board has adopted a Familiarisation Program for Independent Directors, ("The Familiarisation Program"). The Program lays down, in detail, the Familiarisation procedure of Independent Directors with the company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

A copy of the Program has been posted on the Company's website [www.vmart.co.in](http://www.vmart.co.in) (<http://www.vmart.co.in/investor/5/corporate-governance>)

### Meeting

During the year, 1 Meeting of Independent Directors was held on Feb 05, 2020 the attendance whereat is as follows:

Name of Independent Director	Meeting attended
Mr. Aakash Moondhra	Yes
Ms. Sonal Mattoo	Yes
Mr. Murli Ramachandran	Yes
Mr. Govind S. Shrikhande	Yes

The Independent Directors meeting in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations was convened on Feb 05, 2020, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman, taking into account the views of Executive and Non-Executive Directors. The quality, quality and timeliness of flow of information between the management and the Board is also assessed.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

The Company has constituted an Audit Committee in line with the provisions of Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

#### Brief description of terms

The terms of reference of the Audit Committee include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees/remuneration.
3. Review and monitor the auditor's independence, performance and effectiveness of audit process;
4. Examination of the financial statement and the auditors' report thereon.
5. Approval or any subsequent modification of transaction(s) of the Company with related party/(ies);
6. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
7. Scrutiny of inter-corporate loans and investments;
8. Valuation of undertaking or assets of the Company, wherever it is necessary;
9. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to;
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
- c. Major accounting entries involving estimates based on the exercise of judgment by management;
- d. Significant adjustments made in the financial statements arising out of audit findings;
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Modified opinion/Qualifications in the draft audit report and Limited Review Reports.
10. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
11. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. Discussion with internal auditors any significant findings and follow up there on.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Whistle Blower/Vigil mechanism.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
22. The Audit Committee may call for the comments of the auditors about internal control system, the scope of the audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and management of the Company.
23. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
24. The Audit Committee shall also perform other functions/ roles as may be specified/prescribed/applicable under Companies Act, 2013, rules made thereunder, including any amendment and Listing Agreement with the stock exchanges from time to time.

The Audit Committee shall mandatorily review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
- (4) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(5) Statement of deviations, if any:

- a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be recorded in the Board minutes and the same has to be communicated to the Shareholders. The Chairman of the Committee is required to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

#### Meetings of the Committee:

During the financial year 2019-20, four Audit Committee Meetings were held. The meetings were held on 10/05/2019, 02/08/2019, 01/11/2019 and 05/02/2020. The time gap between any two meetings was not more than 120 days.

The composition of the Committee and details of attendance at the Meetings are as follows:

Name of Members	Category	Status	No. of meeting attended
Mr. Aakash Moondhra	Independent	Chairman	4
Mr. Murli Ramachandran	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

The Chief Financial Officer, Statutory Auditors and the Internal Auditors are permanent invitees to the Committee Meetings.

The Company Secretary acts as the Secretary to the Audit Committee.

#### NOMINATION & REMUNERATION COMMITTEE

The Company has constituted Nomination & Remuneration Committee in accordance with provisions of Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

## Brief description of terms

The role of the Nomination and Remuneration Committee inter-alia includes the following

1. The Nomination & Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
2. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
3. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance
4. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and
5. Recommend to the Board a policy, relating to the remuneration for directors, key managerial personnel and other employee including ESOP, pension rights and any other compensation payment.
6. The Nomination & Remuneration Committee shall also formulate the criteria for evaluation of Independent Directors and the Board and also laid down the policy on Board's diversity.
7. The Nomination & Remuneration shall recommend to the board, all remuneration, in whatever form, payable to senior management, Managerial person and Directors of the Company.
8. Framing the Employees Share Purchase Scheme / Employees Stock Option Scheme and recommending the same to the Board/ shareholders for their approval and implementation/administration & monitoring of the scheme approved by the shareholders.
9. Suggesting to Board/ shareholders changes in the ESPS/ ESOS.
10. The Nomination & Remuneration shall also perform other functions/roles as may be specified/prescribed/ applicable under the Companies Act, 2013, rules made thereunder, including any amendment and Listing regulations with the stock exchanges from time to time.

The Nomination & Remuneration Committee coordinates and oversees the annual self-evaluation of the Board and of individual Directors. It also reviews the performance of all the executive Directors on such intervals as may be necessary on the basis of the detailed performance parameters set for each executive Director. The Nomination & Remuneration Committee may also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

## Meetings of the Committee:

The Nomination & Remuneration Committee met four times on 10/05/2019, 02/08/2019, 01/11/2019 and 05/02/2020 during the financial year 2019-20.

The composition of the Committee and details of attendance at the Meetings are as follows:

Name of Member	Category	Status	No. of meeting attended
Mr. Murli Ramachandran	Independent	Chairman	4
Mr. Aakash Moondhra	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

The Company Secretary acts as the Secretary to the Nomination & Remuneration Committee.

## BOARD EVALUATION

The annual evaluation process of the Board of Directors ("Board"), Committees and individual Directors was carried out in the manner prescribed in the provisions of the Companies Act, 2013 and as per the Corporate Governance requirements prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The Board and the Nomination & Remuneration committee reviewed the performance of the Board, Committees and individual Directors on the basis of the criteria and framework adopted by the Board.

The evaluation criteria included various aspects such as, functionality of Board, compositions, process & procedures including adequate & timely information, attendance, delegation of responsibility, decision making, roles & responsibility including monitoring, benchmarking, feedback relationship with the stakeholder's and as



provided by the Guidance Note on Board Evaluation issued by SEBI on January 5, 2017.

In a separate meeting of the Independent Directors, performance of the Non-Independent Directors, the Board as a whole and the chairman were also evaluated, basis a set out criterion.

### Remuneration to Directors

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and of committees of which they may be members) and commission on profits of the Company within regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required. Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Committee and approved by the Board.

The Chairman & Managing Director and other Executive Directors of the Company are paid remuneration by way of salary, benefits perquisites (fixed component) and commission (variable component) on the net profits of the Company as approved by the Shareholders & Board

of Directors of the Company and as recommend by the Nomination & Remuneration Committee.

The Non-Executive Directors (Including Independent Directors) are paid sitting fees of ₹ 50,000/- per meeting for attending the meetings of the Board.

Further, shareholders at the Annual General Meeting held on September 29, 2015 approved a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, to be paid and distributed among some or all of the Directors of the Company (other than the Managing Director and Whole-time Directors) in a manner decided by the Board of Directors & its Committee and this payment will be made with respect to the profits of the Company for each year. The criteria for the above-mentioned commission to be paid to Non – Executive Directors has been considered based on the following factors:

- Revenue achieved by the Company during the year;
- Profits for the year;
- Performance/contribution of each Director;
- Any other, if applicable.

Further, we have paid ₹ 49.32 lakhs to our Independent Directors as commission for the financial year ended March 31, 2020.

The details of remuneration paid (including commission due as on 31/03/2020 but not paid) to the Directors (including Independent Directors) for the period of 12 months ended on March 31, 2020 are given below:

(Amount in ₹ lakhs)

Name of Member	Salary	Commission	Value of perquisites u/s 17(2) of the Income tax Act, 1961	Sitting Fee	Total
Mr. Lalit Agarwal	85.39	74.26	90	-	249.65
Mr. Madan Gopal Agarwal	31.31	24.5	-	-	55.81
Mr. Aakash Moondhra	-	12.33	-	2	14.33
Mr. Murli Ramachandran	-	12.33	-	2	14.33
Ms. Sonal Mattoo	-	12.33	-	2	14.33
Mr. Govind S. Shrikhande	-	12.33	-	2	14.33

Above mentioned commission is provisional as on March, 2020 and the actual commission are as follows:

- Mr. Aakash Moondhra ₹ 11.90 lakhs
- Mr. Murli Ramachandran ₹ 9.54 lakhs
- Mr. Govind S. Shrikhande ₹ 9.23 lakhs
- Mr. Sonal Mattoo ₹ 9.18 lakhs

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted Stakeholders Relationship Committee in accordance with provisions of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee has been constituted to specifically look into the Redressal of Shareholders and Investors complaints and other Shareholder related issues. The role of Stakeholders Relationship Committee inter-alia includes the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee also approves transfer, transmission of shares and issues like split, sub-division, consolidation of securities, issue of duplicate share certificates, dematerialisation/ re-materialisation of shares etc.

The Stakeholders Relationship Committee comprises of one Independent Director and two Executive Directors.

#### Meeting of the Committee

The meeting of the Committee was held on and 10/05/2019 during the financial year 2019-20. The composition and attendance of the Stakeholders Relationship Committee is as under:

Name of Member	Category	Status	No. of Meetings attended
Ms. Sonal Mattoo	Independent	Chairperson	1
Mr. Lalit Agarwal	Promoter Executive	Member	1
Mr. Madan Gopal Agarwal	Promoter Executive	Member	1

#### Investors' Grievance Redressal

Details of investor complaints received and resolved during the year under review are as follows:

Particulars	Complaints
Received during the year	-
Disposed-off during the year	-
Remaining unresolved as on March 31, 2020	Nil

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with Section 135 of the Companies Act, 2013 read with (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce), the Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formally look into the CSR activities of the Company in line with requirements of the Companies Act, 2013.

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

1. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. Ensure the activities included by a company in its CSR policy are related to the activities of Schedule VII of companies act 2013
3. recommend the amount of expenditure to be incurred on the activities;
4. Develop internal operating structure and transparent monitoring mechanism; and
5. Periodically monitor the implementation of CSR Policy of the Company

The disclosures as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is appended to the Directors' Report forming part of this Annual Report.

#### Meeting of the Committee

The committee met four times on 10/05/2019, 02/08/2019, 01/11/2019 and 05/02/2020 during the financial year 2019-20. The composition and attendance of Corporate Social Responsibility Committee are as under:

Name of Member	Category	Status	No. of Meetings attended
Mr. Lalit Agarwal	Promoter Executive	Chairman	4
Mr. Madan Gopal Agarwal	Promoter Executive	Member	4
Mr. Aakash Moondhra	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

## RISK MANAGEMENT COMMITTEE

During the year the Company has constituted Risk Management Committee in accordance with provisions of Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 134 of the Companies Act, 2013.

The Risk Management Committee has been constituted to specifically to ensure that a risk management system is established, implemented and maintained. The Committee shall be responsible for framing, implementing and monitoring the risk management plan, Assign the roles and responsibilities in relation to enterprise risk management, ensuring that the chosen risk approach is aligned to the organisational vision, mission, strategy, goals and objectives etc. The role of the Committee inter-alia includes the following:

- Ensure that a risk management system is established, implemented and maintained in accordance with this policy;
- Be responsible for framing, implementing and monitoring the risk management plan;
- Assign the roles and responsibilities in relation to enterprise risk management;
- Ensuring the chosen risk approach is aligned to the organisational vision, mission, strategy, goals and objectives.
- Nominate a Risk Management Steering Committee (RM-STECCO) for identifying, analysing, evaluating,

consulting, treating, monitoring, reviewing and communicating the strategic, operational, regulatory, compliance and cyber-security risks (RM-STECCO shall comprise of Chief Financial Officer (CFO), Chief Operating Officer (COO).The RMC is authorised to nominate any other member in the RM-STECCO.); and

- Be responsible for regular overview of risk management activities in the organisation and meet at least once a year to review the risks identified by the RM-STECCO.

### Meeting of the Committee

The committee met four times on 10/05/2019, 02/08/2019, 01/11/2019 and 05/02/2020 during the financial year 2019-20. The composition and attendance of Risk Management Committee are as under:

Name of Members	Category	Status	No. of meeting attended
Mr. Aakash Moondhra	Independent	Chairman	4
Mr. Murli Ramachandran	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

### COMPLIANCE OFFICER

In terms of Regulation 7 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Ms. Megha Tandon, Company Secretary, was designated as the Compliance Officer for complying with the requirements of Securities Laws and Listing Regulations with the Stock Exchanges in India.

## GENERAL BODY MEETINGS

The details of Annual General Meetings held during the last three years are as follows:

Financial Year	Day & Date	Time	Location of the Meeting	Special Resolution Passed
2018-19	Friday, August 2, 2019	9.30 a.m.	India Islamic Cultural Centre, 87-88 Lodhi Road, Near Lodhi Gardens, New Delhi - 110003	Yes
2017-18	Friday, June 29, 2018	9.30 a.m.	Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Purim, New Delhi - 110022	Yes
2016-17	Monday, September 18, 2017	9.30 a.m.	Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Purim, New Delhi - 110022	Yes

During the period of last four years, no Extra-Ordinary General Meeting of the members was held.

## POSTAL BALLOT

During the year under review, no special resolution has been passed through the exercise of postal ballot.

## CODE OF CONDUCT

The Company Board has adopted a Code of Conduct for members of the Board and Senior Management ("Code"). The Code lays down, in detail, the standards of business conduct, ethics and governance.

A copy of the Code has been posted on the Company's website [www.vmart.co.in](http://www.vmart.co.in).

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director to this effect is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code in the financial year 2019-20.

**Lalit Agarwal**  
Chairman & Managing Director

## INFORMATION TO SHAREHOLDERS

1. **Date, time and Venue of the 18<sup>th</sup> Annual General Meeting**  
Wednesday, September 30, 2020 at 11.00 a.m.  
(IST) through Video Conferencing/Other Audio Visual Means.
2. **Financial Year**  
April 1 to March 31
3. **Date of book closure**  
From Thursday, September 24, 2020 to Wednesday, September 30, 2020 (both days inclusive).
4. **Dividend**  
The Board on the recommendations of the Audit Committee and considering the current pandemic situation and financial position of the Company including liquidity constraints and cash flow position, decided not to declare any dividend for the FY 2019-20.

## 5. Registered Office

610-611, Guru Ram Dass Nagar,  
Main Market, Opp. SBI Bank,  
Laxmi Nagar, New Delhi - 110092.

## 6. Corporate Office

Plot No. 862, Udyog Vihar, Industrial Area, Phase V,  
Gurgaon-122016 (Haryana)

## LISTING IN STOCK EXCHANGES

The Equity Shares of the Company are listed in the following Stock Exchanges:

### NATIONAL STOCK EXCHANGE OF INDIA LIMITED

#### Exchange Plaza

Bandra-Kurla Complex

Bandra (E), Mumbai-400 051

**Scrip Code: VMART**

AND

#### BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai-400 001

Scrip code: 534976

ISIN No. INE665J01013

## LISTING FEES

Listing fees, as prescribed for the financial year 2020-21, has been paid to all Stock Exchanges where the shares of the Company are listed.

## SHAREHOLDER'S ISSUE

The Shareholder's may send their queries to the e-mail address – [info@vmart.co.in](mailto:info@vmart.co.in), proactively managed by the Company under the For Investor section of Company's website.

## ANALYST

Analyst may schedule their conference calls and meeting with:

- 1) Mr. Anand Agarwal, Chief Financial Officer and
- 2) Mr. Girish Garg; Treasury Head

Through the e-mail addresses [info@vmart.co.in](mailto:info@vmart.co.in) under the Investor section of Company's website.

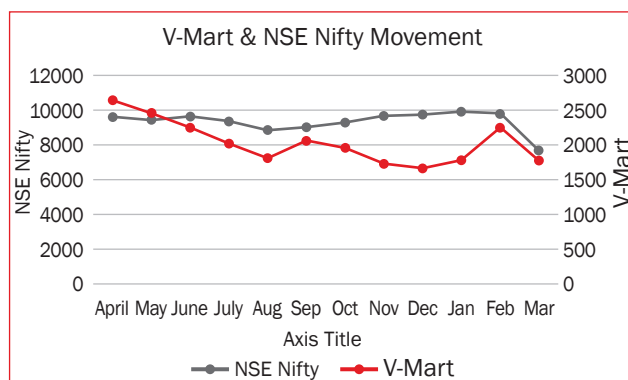
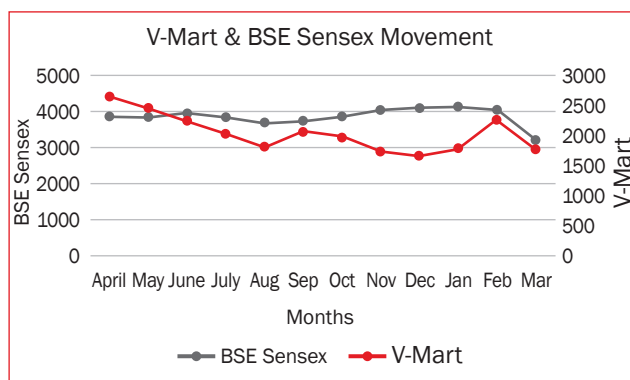


## STOCK MARKET DATA

Monthl High and Low Share Price of V-Mart Retail Ltd. for the FY 2019-20 at BSE and NSE

Month	Bombay Stock Exchange(BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-19	2,798.00	2,526.10	2,799.00	2,530.00
May-19	2,840.00	2,211.50	2,823.95	2,210.05
Jun-19	2,466.45	2,129.00	2,466.45	2,119.10
Jul-19	2,219.00	1,842.80	2,237.90	1,832.15
Aug-19	2,020.00	1,698.30	1,999.00	1,676.00
Sep-19	2,250.00	1,861.80	2,250.00	1,865.00
Oct-19	2,128.80	1,863.40	2,143.00	1,875.00
Nov-19	2,000.00	1,659.90	2,007.90	1,660.00
Dec-19	1,745.00	1,604.00	1,770.00	1,603.65
Jan-20	2,025.00	1,641.00	2,025.00	1,640.00
Feb-20	2,545.00	1,950.00	2,545.00	1,943.00
Mar-20	2,319.55	1,293.70	2,325.00	1,200.00

## PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX & NSE- NIFTY 500

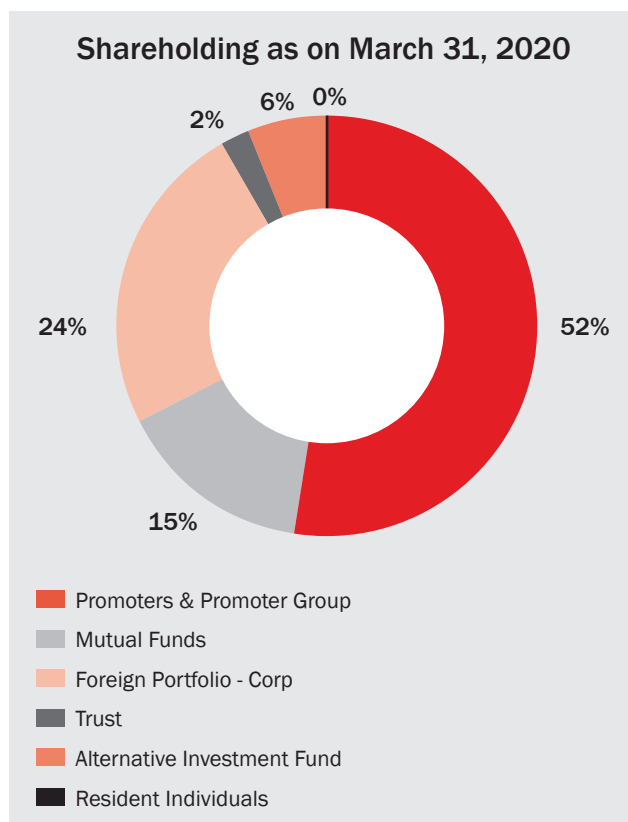


The performance comparison is based on the average closing price of the month.

## SHAREHOLDING PATTERN AS ON MARCH 31, 2020

Sl. No	Description	No. of cases*	Total Shares	% Equity
1	PROMOTERS & PROMOTER GROUP	4	94,38,702	51.99
2	MUTUAL FUNDS	16	27,42,253	15.10
3	FOREIGN PORTFOLIO - CORP	81	42,64,395	23.49
4	TRUSTS	8	43,667	0.24
5	ALTERNATIVE INVESTMENT FUND	5	2,80,359	1.54
6	RESIDENT INDIVIDUALS	20,244	10,07,819	5.55
7	EMPLOYEES	24	56,638	0.31
8	NON RESIDENT INDIANS	616	49,116	0.27
9	CLEARING MEMBERS	64	57,915	0.32
10	INDIAN FINANCIAL INSTITUTIONS	1	872	0.005
11	FOREIGN PORTFOLIO INVESTORS	1	1,000	0.005
12	NON RESIDENT INDIAN NON REPATRIABLE	248	33,463	0.18
13	BODIES CORPORATES	432	1,59,858	0.88
14	H U F	196	19,427	0.11
<b>Total:</b>		<b>21,940</b>	<b>1,81,55,484</b>	<b>100.00</b>

\* PAN Based data.



## DISTRIBUTION SCHEDULE AS ON MARCH 31, 2020

Sl. No	Category	No. of Cases*	% of Cases	Amount	% of Amount
1	1-5000	21,918	97.75	4,88,0850.00	2.69
2	5001- 10000	175	0.78	12,52,660.00	0.69
3	10001- 20000	130	0.58	18,09,730.00	1.00
4	20001- 30000	35	0.16	9,01,310.00	0.50
5	30001- 40000	20	0.09	7,36,960.00	0.41
6	40001- 50000	13	0.06	5,98,510.00	0.33
7	50001- 100000	36	0.16	26,05,810.00	1.44
8	100001& Above	95	0.42	16,87,69,010.00	92.96
<b>Total:</b>		<b>22,422</b>	<b>100.00</b>	<b>18,15,54,840.00</b>	<b>100.00</b>

\*without grouping

## UNCLAIMED SHARES

Disclosure in regard to the provisions of Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V (F) are given below:

- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil
- Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Nil
- Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Nil
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

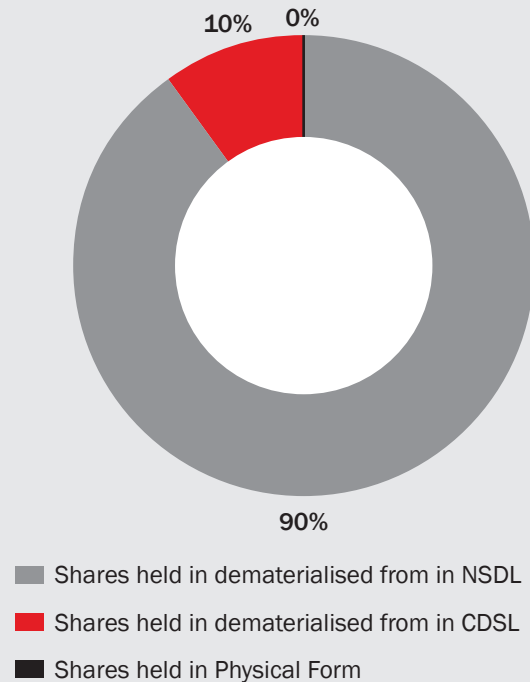
## DEMATERIALIZATION OF SHARES

The shares of the Company are in the compulsory demat segment. The Reconciliation of the Share Capital Audit Report of the Company obtained from the Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time period. The below mentioned table contains detail break – up of share capital, held in dematerialised or physical mode, of the Company as on March 31, 2020:

No. of shares held in dematerialised and physical mode:

Sr. No.	Particulars	Number of Shares	% of Total issued Capital
1	Shares held in dematerialised form in CDSL	18,49,083	10.19%
2	Shares held in dematerialised form in NSDL	1,63,06,299	89.81%
3	Shares held in physical form	102	00.00%
<b>Total</b>		<b>1,81,55,484</b>	<b>100%</b>

## Dematerialised and Physical Shareholding as on March 31, 2020



## Outstanding GDRs / ADRs / Warrants / Options

The Company has not issued any GDRs or ADRs or Warrants or Convertible instruments.

## REGISTRAR AND SHARE TRANSFER AGENT

The Company in compliance with SEBI guidelines has appointed a common Share Transfer Agent for both the physical and electronic form of Shareholding. The Company's Registrar and Share Transfer Agent (RTA) namely, **KFin Technologies Private Limited** can be contacted at the following address:

**KFin Technologies Private Limited**

Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad, Telangana - 500 032,

**Tel No.:** +91 40-67162222

**Toll Free:** 1800 0345 4001

**Fax No.:** 040 23420814

**Email:** support@karvy.com

**Website:** www.kfintech.com

**SHARE TRANSFER SYSTEM**

The Company's shares held in the dematerialised form are electronically traded in the Depository. In the case of transfers in physical form which are lodged at the above offices of the Registrar and Share Transfer Agent, such transfers are processed with the stipulated time period. All share transfers are approved by the officials authorised by the Board and thereafter ratified by the Stakeholders Relationship Committee.

**UPDATE E-MAILS FOR RECEIVING NOTICE/ DOCUMENTS IN E-MODE**

The Ministry of Corporate Affairs (MCA) has through its circulars issued in 2011, allowed service of documents by Companies including Notice calling General Meeting(s), Annual Report etc. to their shareholders through electronic mode. This green initiative was taken by MCA to reduce paper consumption and contribute towards a green environment. As a responsible corporate citizen, your Company fully supports the MCA's endeavor

In accordance of the same, your company will send Notice calling General Meetings, Annual Report and other documents in electronic mode to all the shareholders on their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report along with Notice will be sent to the shareholders in electronic mode at their email addresses. Physical copy will be sent to only those shareholders whose e-mail addresses are not registered with the Company or RTA.

The shareholders who have not registered their email addresses with the Company are requested to kindly register their e-mail addresses with the RTA of the Company i.e. **KFin Technologies Private Limited** to better service shareholder correspondence through e-mode.

**COMMUNICATION****Financial Results**

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors.

The results are normally published in "Financial Express, Business Standard, Jansatta" Newspapers within 48 hours after the approval by the Board.

The details of the publications of the financial results in the year under review are as under:

Description	Result Declaration Date	Date of Publication
Unaudited financial results for the first quarter ended June 30, 2019	August 2, 2019	August 3, 2019
Unaudited financial results for the second quarter and the half year ended September 30, 2019	November 1, 2019	November, 2 2019
Unaudited financial results for the third quarter and the nine months ended December 31, 2019	February 5, 2020	February 6, 2020
Audited financial results for the fourth quarter and the year ended March 31, 2020	May 29, 2020	NA*

*\*SEBI vide its circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12-05-2020 had exempted the publications of advertisement in the newspaper as required under reg. 52(8) of LODR regulations.*

The details of the financial results and shareholding pattern are hosted on the Company's website: www.vmart.co.in. All other official news, press releases and presentation made to the Institutional Investors or Analysts and their transcripts are published on the same website.

The Annual Report, Quarterly Results and Shareholding Pattern of the Company are also posted by the BSE and NSE on their websites.

**SUBSIDIARY COMPANIES**

The Company does not have any subsidiary hence, no such provision applicable.

**PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance as mandated in Regulation 34(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The certificate is annexed as **annexure-I** to this Annual Report.

## STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. 301003E/E300005) were appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the 16<sup>th</sup> Annual General Meeting held on June 29, 2018 until the conclusion of 21<sup>st</sup> Annual General Meeting of the Company to be held in the calendar year 2023, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided. However, vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of annual ratification has been omitted.

## DETAILS OF THE TOTAL FEES PAID TO THE STATUTORY AUDITORS

The details of the total fees for all the services paid by the Company to statutory auditors are as follow:

Type of service	Fees paid in FY 2019-20 (Amount in lakhs)
Audit Fees (Including Limited Review)	34
Tax Audit Fees	2
Reimbursement of expenses	5.27
<b>Total</b>	<b>41.27</b>

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has in exercise of powers conferred under Securities and Exchange Board of India, Act, 1992 has made the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 to amend the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

In view of the above the amended the code of conduct to regulate monitor & report trading by insider, has been approved by the Board of Directors at their duly convened meeting. The code prohibits purchase /sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The V-Mart Insider code is available on the Company's corporate website.

## DISCLOSURES

**Disclosures of related party transactions:** There have been no significant material related party transactions. The related party transactions are disclosed in the Notes to the Accounts in this Annual Report. All details relating to

business transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussions nor do they vote on such matters

**Details of non-compliance by the Company:** During the last three years there has been no instance of non-compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

**CEO/CFO Certification:** Managing Director and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters as required under Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

There was no pecuniary relationship or transactions of Non-executive Directors with the Company.

The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned.

The Company has also adopted Policy on Determination of Materiality for Disclosures, Policy on Archival of Documents and Policy for Preservation of Documents as per the requirements of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 which has been disclosed on the website of the company on the following link- (<http://www.vmart.co.in/corporate.html>).

## Certificate from Company Secretary in practice

A per the requirements of the listing regulations, a certificate from practicing Company Secretary, confirming that none of the Directs of Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as **Annexure-II**.

## WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a Vigil Mechanism / Whistleblower Policy. The purpose of this mechanism is to provide framework to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethic's policy and provide adequate safe guards against victimisation of the person availing this mechanism. This policy has been appropriately communicated within the organisation and is effectively operational. This policy provides mechanism whereby Whistle Blower may send protected disclosure directly to the Chairman of Audit Committee.



The said policy has been also put up on the website of the Company at the following link: - (<http://www.vmart.co.in/corporate.html>)

### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company laid down an Anti-Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints regarding sexual harassment, if any

The disclosures for the period under review as per the Anti Sexual Harassment Policy of the Company and applicable Act thereof are as follows:

- a) Number of complaints of sexual harassment received during the year: 1 (one)
- b) Number of complaints disposed-off during the year: 1 (one)
- c) Number of cases pending for more than ninety days: NIL
- d) Number of workshops on awareness program against sexual harassment carried out: 1 (one)

- e) Nature of action taken by the employer or district officer: Appropriate Action taken by the Company.

#### **Non-mandatory requirements:**

- **Chairman of the Board:** The Board of Directors of the Company had appointed Mr. Lalit Agarwal as Chairman and Managing Director of the Company. As there is no separate office of the Chairman being maintained, no reimbursement of expenses is being made for maintenance of separate Chairman's office.

**Shareholders' Rights/Information:** Information like financial results, official news releases, press releases, presentation to analyst etc. is displayed on the Company's website. i.e. [www.vmart.co.in](http://www.vmart.co.in).

- **Unmodified audit opinions / reporting:** The Company follows a regime wherein the opinion whether modified or unmodified is reported to the members of the Board and its committee formed for this purpose.
- **Internal Auditor Reporting:** The Internal auditor presents reports on the audit being done for the time period directly to the audit committee wherein the detailed discussion takes place.

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
**The Members of V-MART RETAIL LIMITED**

We have examined the compliance of conditions of Corporate Governance by **V-Mart Retail Limited** ("the Company") for the year ended on March 31, 2020, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period ended March 31, 2020.

**Managements' Responsibility**

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and the representations made by directors and the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 of SEBI Listing Regulations, as applicable.

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

**For Vashist M & Associates**

**Mayank Vashist**

ACS No. 48820

COP No. 19885

UDIN: A048820B000220081

Date: May 9, 2020

Place: Delhi

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**V-MART RETAIL LIMITED**  
610-611, Guru Ram Dass Nagar, Main Market,  
Opp. SBI Bank, Laxmi Nagar, New Delhi 110092

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of V-Mart Retail Limited having CIN L51909DL2002PLC163727 and having registered office at 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi 110092 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Govind Shridhar Shrikhande	00029419	02/11/2018
2.	Sonal Mattoo	00106795	22/01/2015
3.	Murli Ramachandran	00264018	22/01/2015
4.	Lalit Madangopal Agarwal	00900900	24/07/2002
5.	Madan Gopal Agarwal	02249947	24/07/2002
6.	Aakash Moondhra	02654599	18/03/2010

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

**For Vashist M & Associates**

**Mayank Vashist**

ACS No. 48820

COP No. 19885

UDIN: A048820B000220081

Date: May 3, 2020

Place: Delhi

## CERTIFICATION BY MD AND CFO

To,  
The Board of Directors,  
V-MART RETAIL LIMITED  
Plot No. 862, Udyog Vihar,  
Industrial Area Phase – V,  
Gurgaon – 122016 (Haryana)

Dear Sirs,

We hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement for the financial year ended March 31, 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the quarter which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over the financial reporting during the quarter;
  - ii. significant changes in accounting policies during the quarter and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For V-Mart Retail Ltd.

Date: May 29, 2020  
Place: Gurugram

Sd/-  
**Lalit Agarwal**  
Chairman and Managing Director

Sd/-  
**Anand Agarwal**  
Chief Financial Officer



# INDEPENDENT AUDITOR'S REPORT

To the Members of V-Mart Retail Limited

## Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of V-Mart Retail Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities

in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Emphasis of Matter

We draw attention to note no. 49 to the Ind AS financial statement, which describes the uncertainties and impact of COVID-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Assessment of impact of Corona Virus Disease (COVID-19) on existence and valuation of inventory with respect to estimated markdown due to slow moving and obsolete inventories (including shrinkage) (as described in note 33, 45 and 49 of the Ind AS financial statements)	
As at March 31, 2020, the carrying value of inventories (including packing and accessories) amounted to Rs. 47,792.24 lakhs, after considering markdown on account of slow moving and obsolete inventory and shrinkage of Rs. 2,053.00 lakhs.	As a part of our audit we have, carried out the following procedures:  We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over receipts, sorting and tagging and dispatch of inventories to various stores, maintenance of stock records and assessment of carrying value of inventory including markdown.

# INDEPENDENT AUDITOR'S REPORT

To the Members of V-Mart Retail Limited

## Key audit matters

The prevalent financial, economic and health crises caused due to global pandemic – COVID-19, which has impacted the business operations of the Company has a further impact on the assessment of existence and valuation of inventory.

Accordingly, the Company has assessed inventory levels at warehouse and stores and re-evaluated the process of determining the markdown to be made to the inventory including shrinkage. It involves significant estimates of anticipated future recoverability of such inventory items, the estimated costs to sell (if any) and after taking into consideration the potential impact of COVID 19.

Further, due to restrictions caused by lockdown imposed by Central and State Governments effective March 23, 2020 resulting in restrictions on movement of people from one State to another, we have performed alternate additional procedures in respect of observation of inventories at the warehouse and few stores when restrictions were partially eased and local client personnel were able to conduct stock counts.

Since, it involves significant management's judgement and estimate and significant event occurred during the year, this area has been treated as a Key Audit Matter.

## How our audit addressed the key audit matter

We obtained ageing of inventory and tested on a sample basis the ageing of inventories and have further obtained calculation for inventory markdown from the Company.

We have re-performed the calculation of the inventory markdown as per the policy of the Company basis the historic and anticipated sales trend.

We have assessed the evaluation of markdown and estimated loss on account of inventory shrinkage based on various factors such as historical and anticipated sales performance of the products and average value of inventory loss from last inventory count as a % of sales respectively.

We assessed the adequacy of the disclosures concerning this in Note 33 on significant accounting estimates and judgements and Note 45 to the financial statements.

We have obtained an understanding of the process and reviewed the management documentation and controls over the physical count of inventories at stores and warehouse.

We have observed physical verification of inventory carried out by the management at some of the stores selected on random basis covered by the perpetual count prior to lockdown.

We have obtained the stock count report conducted by the stock auditor and have traced their report to the shrinkage actualized during the year.

Additional procedures performed wherein we could not attend stock count due to lockdown includes

engagement of an independent auditor (chartered accountant) to observe the stock count under our supervision.

Issued instructions for stock count and obtained responses

Traced the samples tested and adjustments made to the inventory records of the Company.

Rolled back the stock as on date of stock count to March 31, 2020.

Performed analytical procedures on stock as on March 31, 2020 and March 31, 2019.

We have obtained management representation in respect of control over inventory count procedures and appropriateness of management assessment for estimated markdown due to slow moving and obsolete inventories (including shrinkage).

Key audit matters	How our audit addressed the key audit matter
Impact of Ind AS 116 effective from April 1, 2019 (Refer note 2.3 and 47 of the Ind AS financial statements)	2.3 and 47 of the Ind AS financial statements)
<p>The Company has adopted modified retrospective approach as per para C8(c)(ii) of IND AS 116 - "Leases" for its store, warehouse, office premises and other assets taken on leases, effective from the annual reporting period beginning April 1, 2019.</p> <p>We considered the first-time application of the standard as a key audit matter, on leases (including the corresponding tax treatment), due to significant judgement required in the assumptions and estimates used to determine the ROU asset and lease liability, viz assessment of lease term (including modification terms) and determination of appropriate incremental borrowing rate.</p> <p>The first-time adoption of the standard resulted in the recognition, as at April 1, 2019 has resulted in recognizing a right to use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of Rs.39,859.07 lakhs.</p> <p>As at March 31, 2020, the carrying value of right to use assets and lease liability leased amounts to Rs. 49,221.06 lakhs and Rs. 51,566.45 lakhs respectively.</p> <p>In the statement of profit and loss for the current year, the nature of expenses for operating leases has changed from lease rental in previous year to depreciation cost on right to use assets and finance cost on leased liabilities.</p> <p>The net impact due to first time adoption of Ind AS 116 is adequately disclosed in the notes to accounts.</p>	<p>As a part of our audit we have, carried out the following procedures:</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over evaluation of lease agreement and preparation of working of Ind AS 116 including judgement involved (if any).</p> <p>We have obtained working of Ind AS 116, test checked the lease terms with the underlying lease agreements.</p> <p>We have evaluated management assessment with respect to lease bucketing, discount rate, leases under renewal process and value of assets considered for Ind AS 116, etc.</p> <p>We have performed testing of mathematical accuracy of the working of Ind AS 116.</p> <p>We have assessed that accounting has been made as per Ind AS-116 in line with para C8(c)(ii) of IND AS 116.</p> <p>We have assessed the adequacy of the disclosures made in the financial statements.</p> <p>We have obtained management representation with respect to various estimates and judgements involved.</p>

### Other Information

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are

required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities;

# INDEPENDENT AUDITOR'S REPORT

To the Members of V-Mart Retail Limited

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020



and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) 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 Ind AS financial statements – Refer Note 35 (ii) to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Per **Vikas Mehra**  
Partner  
Membership Number: 094421  
UDIN: 20094421AAAABS9041

Place of Signature: New Delhi  
Date: May 29, 2020

# ANNEXURE 1

referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report

## Re: V-Mart Retail Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for location of few assets which are transferred from one store to another.
- (b) All fixed assets have not been physically verified by the management during the year but there is regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals. Discrepancies noted on physical verification were material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans,

investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company. Accordingly, the provision of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provision relating to duty of custom and duty of excise is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision relating to duty of custom and duty of excise is not applicable to the Company.

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (in Rs. lakhs)	Amount paid under protest (in Rs. lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax	68.86	37.72	June 1, 2007 to March 31, 2010	The Hon'ble Supreme Court of India
The Income Tax Act, 1961	Income tax	14.59	-	FY 2012-13 & FY 2015-16	Commissioner Income Tax, Kolkata
The Income Tax Act, 1961	Income tax	80.20	-	FY 2016-17	Commissioner Income Tax, Kolkata
The Income Tax Act, 1961	Income tax	74.97	-	FY 2011-12	Commissioner Income Tax, Kolkata
The Bihar Value Added Tax 2005	Value added tax	402.79	80.56	FY 2012-13 & FY 2013-14	Joint Commissioner of Commercial tax Patna
The Uttar Pradesh, 2008	Value added tax	6.14	6.14	FY 2012-13	Assistant Commissioner Tax, Ghaziabad
The Uttar Pradesh, 2008	Value added tax	8.76	8.76	FY 2013-14	Mobile Squad Unit -1 Muzaffarnagar
The Uttar Pradesh, 2008	Value added tax	12.55	12.55	FY 2015-16	Assistant commissioner (Mobile Squad) Tax, Ghaziabad
The Uttar Pradesh, 2008	Value added tax	8.60	0.61	FY 2016-17	Sales Tax Department, U.P.
The Uttarakhand Value Added Tax Act, 2005	Value added tax	1.90	1.90	FY 2016-17	Additional Commissioner Tax - Uttarakhand
Haryana Value Added Tax Act, 2003	Value added tax	5.00	5.00	FY 2015-16	Haryana High Court
The Uttar Pradesh, 2008	Value added tax	2.96	-	FY 2016-17	Additional Commissioner Grade -2 Appeal, Muzaffarnagar
Punjab Value Added Tax Act, 2005	Value added tax	0.12	-	FY 2012-13	Deputy Excise & Taxation Commissioner, Jalandhar Division
The Uttarakhand Value Added Tax Act, 2005	Value added tax	0.71	-	FY 2016-17	Joint Commissioner (Appeal), Dehradun
<b>Total</b>		<b>688.15</b>	<b>153.24</b>		

# ANNEXURE 1

referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report

- (vii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any loans or borrowings from government or dues to debenture holders.
- (viii) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (ix) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (x) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xi) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiii) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon
- (xiv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xv) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

Per **Vikas Mehra**  
Partner  
Membership Number: 094421  
UDIN: 20094421AAAABS9041

Place of Signature: New Delhi  
Date: May 29, 2020



and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) 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 Ind AS financial statements – Refer Note 35 (ii) to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per **Vikas Mehra**

Partner

Membership Number: 094421

UDIN: 20094421AAAABS9041

Place of Signature: New Delhi

Date: May 29, 2020

## ANNEXURE 2

to The Independent Auditor's Report of Even Date On The Financial Statements Of V-Mart Retail Limited

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

We have audited the internal financial controls over financial reporting of V-Mart Retail limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating

effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per **Vikas Mehra**

Partner

Membership Number: 094421

UDIN: 20094421AAAABS9041

Place of Signature: New Delhi

Date: May 29, 2020

# BALANCE SHEET

as at March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	17,127.15	16,220.79
Right-of-use assets	47	49,211.06	-
Capital work in progress	3	246.69	400.98
Intangible assets	4	365.87	328.67
<b>Financial assets</b>			
Investments	5	331.54	982.48
Loans	7	1,188.50	960.17
Other financial assets	8	125.22	117.65
Deferred tax assets (net)	9	1,601.23	1,182.99
Other non-current assets	10	408.62	832.12
		<b>70,605.88</b>	<b>21,025.85</b>
<b>Current assets</b>			
Inventories	11	47,792.24	32,898.41
<b>Financial assets</b>			
Investments	6	457.47	5,085.29
Loans	7	3.44	5.61
Cash and cash equivalents	12	489.59	1,488.69
Other bank balances	13	9.26	426.88
Other current assets	10	3,006.90	2,253.22
		<b>51,758.90</b>	<b>42,158.10</b>
		<b>122,364.78</b>	<b>63,183.95</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	1,815.55	1,813.00
Other equity	15	44,077.64	39,114.04
		<b>45,893.19</b>	<b>40,927.04</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	-	2.60
Lease liabilities	47	43,783.81	-
Other financial liabilities	19	-	599.51
Employee benefit obligations	20	612.26	510.77
		<b>44,396.07</b>	<b>1,112.88</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	104.65	-
Lease liabilities	47	7,782.64	-
Trade payables			
a) total outstanding dues of micro enterprises and small enterprises	18	5,043.66	2,362.61
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	14,635.31	12,463.39
Other financial liabilities	19	2,608.14	4,233.95
Employee benefit obligations	20	254.92	211.64
Liabilities for current tax (net)	20	967.05	971.75
Other current liabilities	21	679.15	900.69
		<b>32,075.52</b>	<b>21,144.03</b>
		<b>122,364.78</b>	<b>63,183.95</b>
<b>Summary of significant accounting policies</b>	2.2		

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

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
 Firm Registration No.: 301003E/E300005  
 Chartered Accountants  
 per **Vikas Mehra**  
 Partner  
 Membership Number: 094421

**Place:** New Delhi  
**Date:** May 29, 2020

**For and on behalf of the board of directors of  
 V-Mart Retail Limited**

**Madan Gopal Agarwal**  
 Director  
 DIN No. 02249947  
**Anand Agarwal**  
 Chief Financial Officer  
 PAN: ADDPA0633P

**Lalit Agarwal**  
 Managing Director  
 DIN No. 00900900  
**Megha Tandon**  
 Company Secretary  
 Mem. No. A35532



# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>REVENUE</b>			
Revenue from contracts with customers	22	166,202.33	143,374.48
Other income	23	347.22	411.79
Finance income	24	100.74	180.51
<b>Total Revenues (I)</b>		<b>166,650.29</b>	<b>143,966.78</b>
<b>EXPENSES</b>			
Purchase of traded goods	25	127,520.03	99,216.07
(Increase) in inventories	26	(14,893.83)	(2,187.21)
Employee benefits expense	27	15,362.51	12,572.51
Finance costs	30	5,478.39	161.27
Depreciation and amortization expense	31	9,392.28	2,762.57
Other expenses	28	16,837.89	20,480.53
<b>Total Expenses (II)</b>		<b>159,697.27</b>	<b>133,005.74</b>
<b>Profit before exceptional items and tax (I)-(II)</b>		<b>6,953.02</b>	<b>10,961.04</b>
Exceptional items	29	-	979.94
<b>Profit before tax</b>		<b>6,953.02</b>	<b>9,981.10</b>
<b>Tax expense</b>			
Current tax	32	2,436.35	4,062.21
Deferred tax	32	(417.86)	(243.73)
<b>Total tax expense</b>		<b>2,018.49</b>	<b>3,818.48</b>
<b>Profit for the year</b>		<b>4,934.53</b>	<b>6,162.62</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post employment benefit obligations		(1.52)	(54.83)
Income tax on above		0.38	19.16
<b>Total other comprehensive income</b>		<b>(1.14)</b>	<b>(35.67)</b>
<b>Total comprehensive income for the year</b>		<b>4,933.39</b>	<b>6,126.95</b>
<b>Earnings per share [nominal value of share ₹ 10 (March 31, 2019: ₹ 10)]</b>			
Basic		27.18	34.01
Diluted		27.17	33.90
<b>Summary of significant accounting policies</b>	2.2		

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

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
 Firm Registration No.: 301003E/E300005  
 Chartered Accountants  
 per **Vikas Mehra**  
 Partner  
 Membership Number: 094421

**Place:** New Delhi  
**Date:** May 29, 2020

**For and on behalf of the board of directors of  
 V-Mart Retail Limited**

**Madan Gopal Agarwal**  
 Director  
 DIN No. 02249947  
**Anand Agarwal**  
 Chief Financial Officer  
 PAN: ADDPA0633P

**Lalit Agarwal**  
 Managing Director  
 DIN No. 00900900  
**Megha Tandon**  
 Company Secretary  
 Mem. No. A35532

# STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## A. Equity share capital

	No.	Amount
Balance as on April 1, 2018	18,097,355	1,809.74
Issue of equity share capital under Employee Stock Option Scheme	32,638	3.26
Balance as on March 31, 2019	18,129,993	1,813.00
Issue of equity share capital under Employee Stock Option Scheme	25,491	2.55
<b>Balance as on March 31, 2020</b>	<b>18,155,484</b>	<b>1,815.55</b>

## B. Other Equity

Particulars	Securities premium reserve	Amalgamation reserve	Retained earnings	Shares option outstanding account	Total
Balance as on April 1, 2018	9,068.06	154.76	23,550.56	161.02	32,934.40
Profit for the year	-	-	6,162.62	-	6,162.62
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(35.67)	-	(35.67)
Payment of dividend on equity shares <sup>#</sup>	-	-	(362.47)	-	(362.47)
Payment of dividend distribution tax	-	-	(74.51)	-	(74.51)
Recognition of share based payment expenses	-	-	-	306.53	306.53
Transfer from share option outstanding account on exercise of options	93.93	-	-	(93.93)	-
Received during the year against issue of shares to employees under ESOP scheme	183.14	-	-	-	183.14
<b>Balance as on March 31, 2019</b>	<b>9,345.13</b>	<b>154.76</b>	<b>29,240.53</b>	<b>373.62</b>	<b>39,114.04</b>
Profit for the year	-	-	4,934.53	-	4,934.53
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(1.14)	-	(1.14)
Payment of dividend on equity shares #	-	-	(308.61)	-	(308.61)
Payment of dividend distribution tax	-	-	(63.44)	-	(63.44)
Recognition of share based payment expenses	-	-	-	271.26	271.26
Transfer from share option outstanding account on exercise of options	68.07	-	-	(68.07)	-
Received during the year against issue of shares to employees under ESOP scheme	131.00	-	-	-	131.00
<b>Balance as on March 31, 2020</b>	<b>9,544.20</b>	<b>154.76</b>	<b>33,801.87</b>	<b>576.81</b>	<b>44,077.64</b>

<sup>#</sup>Transactions with owners in their capacity as owners

Summary of significant accounting policies 2.2

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

### For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: May 29, 2020

### For and on behalf of the board of directors of V-Mart Retail Limited

**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. A35532

# CASH FLOW STATEMENT

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Operating activities</b>			
Profit before Income tax		6,953.02	9,981.10
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization expense		9,392.28	2,675.76
Loss on sale / write-off of fixed assets		118.08	69.74
Employee stock option expense		271.26	306.53
Provision against doubtful advances		142.50	19.87
Balances written off		18.15	17.25
Impairment in value of investments		-	979.94
Finance costs		5,478.39	161.27
Expense on fair valuation of security deposits		-	76.63
Interest income		(100.74)	(180.51)
Profit on sale of investments (net)		(184.86)	(184.12)
Income on investment designated at FVTPL		(32.51)	(66.97)
Liabilities written back		(98.06)	(148.48)
<b>Operating profit before working capital changes</b>		<b>21,957.51</b>	<b>13,708.01</b>
<b>Changes in working capital :</b>			
Decrease / (increase) in financial assets		627.40	(315.52)
(Increase) in other assets		(850.16)	(883.14)
(Increase) in inventories		(14,893.83)	(2,187.21)
Increase / (decrease) in trade payables		4,951.03	(1,852.20)
(Decrease) / increase in other financial liabilities		(1,072.10)	2,233.82
Increase in other liabilities		180.46	4.58
Increase in provisions		143.25	247.43
<b>Cash flow from operations</b>		<b>11,043.56</b>	<b>10,955.77</b>
Taxes paid (net of refunds)		(2,413.72)	(3,321.47)
<b>Net cash flow from operating activities</b>		<b>8,629.84</b>	<b>7,634.30</b>
<b>B. Investing activities</b>			
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances		(6,141.59)	(4,068.99)
Purchase of investments		(23,793.91)	(47,027.65)
Proceeds from sale of investments		29,290.04	43,634.34
Proceeds from sale of fixed assets		679.08	3.83
Interest received		6.68	107.93
Movement in pledged fixed deposits (including earmarked balances with bank net of liabilities)		10.98	13.37
<b>Net cash from / (used in) investing activities</b>		<b>51.28</b>	<b>(7,337.17)</b>

# CASH FLOW STATEMENT

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>C. Financing activities</b>			
Proceeds from issue of equity shares including securities premium		133.55	186.40
Repayment of long term borrowings		(29.65)	(27.28)
Proceeds from short term borrowings (net)		104.65	-
Equity dividend paid		(308.61)	(362.47)
Corporate dividend tax paid		(63.44)	(74.51)
Lease payment made (net of sublease income)		(3,789.89)	-
Finance charges paid		(5,478.61)	(161.27)
<b>Net cash (used in) financing activities</b>		<b>(9,432.00)</b>	<b>(439.13)</b>
<b>D. Net decrease in cash and cash equivalents (A+B+C)</b>		<b>(750.88)</b>	<b>(142.00)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>		<b>1,231.71</b>	<b>1,373.71</b>
<b>F. Cash and cash equivalents at the end of the year (D+E)</b>		<b>480.83</b>	<b>1,231.71</b>
(Refer note 12).			
<b>Components of cash and cash equivalents</b>			
Balances with banks			
- on current account		1.95	94.34
- on cash credit account		394.93	131.33
Cash on hand		83.95	1,006.04
		<b>480.83</b>	<b>1,231.71</b>
Summary of significant accounting policies	2.2		

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

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

**Place:** New Delhi

**Date:** May 29, 2020

**For and on behalf of the board of directors of  
V-Mart Retail Limited**

**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. A35532

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 1 Corporate Information

V-Mart Retail Limited (the 'Company'), incorporated on July 24, 2002, is a public limited company with its equity shares listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company retails readymade garments, accessories, etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various cities in India. The Company is domiciled in India with registered office situated at 610-611, Guru Ram Dass Nagar, Main Market, Opposite SBI Bank, Laxmi Nagar, New Delhi and corporate office situated at Plot No-862, Udyog Vihar Industrial Area, Phase V, Gurugram.

The financial statements of the Company for the year ended March 31, 2020 are authorised for issue on May 29, 2020 in accordance with a resolution of the Board of Directors.

## 2 Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the FS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities measured at fair value;
- Defined benefit plans – plan assets measured at fair value;
- Share based payments;

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 100,000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

#### An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle.

Held primarily for the purpose of trading.

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### b. Foreign Currencies

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information is presented in "lakhs", except where otherwise stated.



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Transactions in foreign currencies are initially recorded by the Company's at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses rate at the beginning of each month which is approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## c. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would

use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosure for valuation method, significant estimates and assumption (note 34)
- Quantitative disclosures of fair value measurement hierarchy (note 44)
- Financial instruments (including those carried at amortized cost) (note 44 and 43)

## d. Revenue from contract with customer

Revenue from contract with customer is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from contract with customer is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

### Sale of goods:

Revenue from sale of goods is recognised on delivery of merchandise to the customer, when the property in the goods is transferred for a price, and significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. It is the Company's policy to sell its products to the end customers with a right of return within 7 days. Historical experience is used to estimate and provide for such returns at the time of sales. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

### Loyalty points programme:

The Company has a loyalty points programme, which allows customers to accumulate points

that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The Company during the year has discontinued the customer loyalty program.

### Interest Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Interest income is included in finance income in the Statement of Profit and Loss.

## e. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability In a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss

(either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## f. **Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## g. **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## h. Depreciation on Property, plant and equipment

Depreciation on PPE is provided on the straight-line method computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013 ('Schedule II') on a pro-rata basis from the date the asset is ready to put to use. Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets- the Company has assessed the useful lives (as mentioned in the table below) lower than as prescribed in Schedule II, based on the technical assessment.

Asset Category	Useful life estimated by the management based on technical assessment (years)	Useful life as per Schedule II (years)
Plant and equipment	6-9 years	15 years
Office equipment	5 years	5 years
Computers	3-6 years	3-6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

## i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, 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:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

- (iii) the Company has the right to direct the use of the asset"

## Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## Right-of-use assets

The Company has adopted modified retrospective approach as per para C8(c)(ii) of IND AS 116 - "Leases" for its store, warehouse, office premises and other assets taken on leases, effective from the annual reporting period beginning April 1, 2019. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Stores, ware house and office premises  
9 to 15 years
- Plant and Machinery/ Office equipments  
3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (I) Impairment of non-financial assets.

## Lease Liabilities

The Company recognises lease liabilities at the present value of lease payments to be made over the remaining lease term effective April 1, 2019. The lease payments include fixed payments

less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. In calculating the present value of lease payments, the Company uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset."

## Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of rented premises, Plant and machinery and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## k. Inventories

**Inventories are valued as follows:**

- a) **Packing and accessories:** At lower of cost and net realisable value. Cost represents purchase price and other direct costs and is determined on a "first in, first out" basis.
- b) **Traded goods:** At lower of cost and net realisable value. Cost of inventories comprises all costs of purchase price and



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

other incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

## I. Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth

rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life (including right of use assets).

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses are recognized in the statement of profit and loss.

## m. Provisions

Provision are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

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 recognized as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligations, the provision is reversed.

## n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is defined benefit plan and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each year. Actuarial gain and loss for defined plan benefit plan is recognized in full in the year in which occur in the statement of profit and loss.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Accumulated leave, which are expected to be utilized within the next twelve months are treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of unused entitlement that has accumulated at that reporting period.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- (a) The date of the plan amendment or curtailment, and
- (b) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (b) Net interest expense or income

## o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

## Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share Option Outstanding Account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified,

if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

## p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

## Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

through profit or loss) or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

## Debt instruments at amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. C a s h flow characteristics test: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

## Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified

from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

## Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## Investments

Investments in mutual fund are measured at FVTPL.

## Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- (i) The rights to receive cash flows from the assets have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company 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 recognized to the extent of continuing involvement in the financial asset.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## **Offsetting of financial instruments:**

Financials assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## **q. Segment reporting**

Identification of segments:

### **Business segment:**

The company operates in single segment of retails of readymade garments, accessories, etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various cities in India..

### **Geographical segment:**

The analysis of geographical segments is based on the geographical location of the customers. The company operates in single geographical segment i.e. India.

## **r. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and

short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of Company's cash management.

## **s. Cash dividend and non-cash distribution to equity holders**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## **t. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.3 Changes in accounting policies and disclosures

### New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

#### (i) Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the right of use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application.. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The Company has adopted modified retrospective approach as per para C8(c)(ii) of IND AS 116 - "Leases" for its store, warehouse, office premises and other assets taken on leases, effective from the annual reporting period beginning April 1, 2019. This has resulted in recognizing a right of use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of ₹ 39,859.07 lakhs as at April 1, 2019. In the statement of profit and loss for the current year, operating lease expenses has been changed from rent to depreciation charge for the right of use assets and finance cost for interest accrued on lease liability.

The effect of adoption of Ind AS 116 is as follows;

Impact on balance sheet [increase / (decrease)] as at April 1, 2019:

Particulars	(₹ Lakhs)
<b>Assets</b>	
Right-of-use assets	41,073.63
Property, plant and equipments	(670.45)
Capital work-in-progress	(25.58)
Other assets	
Prepaid lease rent	(518.53)
<b>Total Assets</b>	<b>39,859.07</b>
<b>Liabilities</b>	
Lease liabilities	40,555.10
Other financial liabilities	
Lease related payables	(696.03)
	<b>39,859.07</b>

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The Company has recognised a right of use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent).

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
- For leases which are expired and under discussion for renewal, the Company considers such leases as short term leases since, the Company is not certain that option to extend the lease will be exercised as lessor has right to terminate the lease.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to Deduction / allowance with respect to 80JJAA, allowance of education cess as tax deductible expenditure, etc. The Company, based on prudent basis has made provision for tax in respect to these un-certain tax treatments.

## Based on the above, as at April 1, 2019:

Right-of -use assets of ₹ 41,073.63 lakhs were recognised and presented separately in the balance sheet. This includes the rent free period capitalised previously under leasehold improvements of ₹ 670.45 lakhs that were reclassified from Property, plant and equipment, ₹ 25.58 lakhs from capital work-in-progress and prepaid portion of security deposits of ₹ 518.53 lakhs re-classified from other assets.

Additional lease liabilities of ₹ 40,555.10 lakhs were recognised. This includes lease related payable in respect of rent free period.

**Refer note 47 for impact of Ind AS 116 on balance sheet for year ended March 31, 2020 and statement of profit and loss for the year.**

## (ii) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately

**Further refer note 20 for details.**

## (iii) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments have no impact on the financial statements of the Company.

## (iv) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- (a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- (b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

(v) **Amendments to Ind AS 28: Long-term interests in associates and joint ventures**

The Company does not have any investment in associate or have joint venture and hence, these amendments had no impact on the financial statements as the Company is in compliance with the said amendment.

**Annual Improvements to Ind AS 2018**

(i) **Ind AS 103 Business Combinations**

There is no transaction on which Ind AS 103 on business combination is applicable, hence these amendments had no impact on the standalone financial statements of the Company as there is no transaction where joint control is obtained.

(ii) **Ind AS 111 Joint Arrangements**

"An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a

business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 April 2019."

These amendments had no impact on the financial statements of the company as there is no transaction where a joint control is obtained.

(iii) **Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

(iv) **Ind AS 23 Borrowing Costs**

"The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company."

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 3. Property, plant and equipment

Particulars	Plant and machinery	Office Equipment	Leasehold Improvement	Computers	Furniture and fixtures	Vehicles	Total
<b>Cost or valuation</b>							
As at April 1, 2018	7,516.44	483.38	747.93	729.98	8,312.08	223.23	18,013.04
Additions during the year	1,787.73	136.93	418.73	328.17	2,143.84	20.64	4,836.04
Disposals	(193.84)	(27.60)	(3.22)	(63.46)	(118.38)	(41.93)	(448.43)
As at March 31, 2019	9,110.33	592.71	1,163.44	994.69	10,337.54	201.94	22,400.65
Additions during the year	2,105.09	126.67	167.55	340.57	2,034.49	65.38	4,839.75
Disposals/ adjustments*	(146.71)	(9.16)	(902.47)	(7.22)	(137.99)	-	(1,203.55)
<b>As at March 31, 2020</b>	<b>11,068.71</b>	<b>710.22</b>	<b>428.52</b>	<b>1,328.04</b>	<b>12,234.04</b>	<b>267.32</b>	<b>26,036.85</b>
<b>Depreciation</b>							
As at April 1, 2018	1,889.69	195.91	162.16	301.38	1,307.74	33.47	3,890.35
Depreciation charged for the year	1,237.50	102.20	101.71	197.74	989.35	33.40	2,661.90
Disposals	(157.12)	(26.04)	(0.72)	(62.31)	(86.37)	(39.83)	(372.39)
As at March 31, 2019	2,970.07	272.07	263.15	436.81	2,210.72	27.04	6,179.86
Depreciation charged for the year	1,451.13	115.46	29.80	257.42	1,245.05	37.47	3,136.33
Disposals/adjustments*	(105.36)	(7.33)	(229.04)	(6.32)	(58.44)	-	(406.49)
<b>As at March 31, 2020</b>	<b>4,315.84</b>	<b>380.20</b>	<b>63.91</b>	<b>687.91</b>	<b>3,397.33</b>	<b>64.51</b>	<b>8,909.70</b>
<b>Net book value</b>							
As at March 31, 2019	6,140.26	320.64	900.29	557.88	8,126.82	174.90	16,220.79
<b>As at March 31, 2020</b>	<b>6,752.87</b>	<b>330.02</b>	<b>364.61</b>	<b>640.13</b>	<b>8,836.71</b>	<b>202.81</b>	<b>17,127.15</b>

## Capital work-in-progress

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work in progress*	246.69	400.98

## 4. Intangible assets

Particulars	Computer software	Total
<b>Cost</b>		
As at April 1, 2018	481.71	481.71
Additions during the year	77.31	77.31
Disposals/ Write-off	(3.10)	(3.10)
As at March 31, 2019	555.92	555.92
Additions during the year	147.97	147.97
Disposals/adjustments	(0.27)	(0.27)
<b>As at March 31, 2020</b>	<b>703.62</b>	<b>703.62</b>
<b>Amortization</b>		
As at April 1, 2018	129.68	129.68
Charge for the year	100.67	100.67
Disposals/ Write-off	(3.10)	(3.10)
As at March 31, 2019	227.25	227.25
Charge for the year	110.67	110.67
Disposals/adjustments	(0.17)	(0.17)
<b>As at March 31, 2020</b>	<b>337.75</b>	<b>337.75</b>
<b>Net Block</b>		
As at March 31, 2019	328.67	328.67
<b>As at March 31, 2020</b>	<b>365.87</b>	<b>365.87</b>

\*Disposal / adjustment in the current year includes transfer of rent free period capitalised as per Appendix A of Ind AS 17 from lease hold Improvement to Right-of-use assets on account of adoption of Ind AS 116 on leases w.e.f. April 1, 2019 having a gross block of ₹ 897.29 lakhs and accumulated depreciation of ₹ 226.84 lakhs. Further, ₹ 25.58 has been reclassified from capital work-in-progress to Right-of-use assets.

Refer note no. 35(i) for contractual commitments for acquisition of property, plant and equipments

Refer note no. 46 for assets under pledge



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 5. Investments - Non-Current

	Non-Current	
	As at March 31, 2020	As at March 31, 2019
<b>Investment in mutual funds (fully paid-up) - Un-quoted (Measured at fair value through profit or loss)</b>		
SBI Debt Fund Series C-48 (1177 days) - Direct Growth 3,000,000 (March 31, 2019: 3,000,000) units of ₹ 10 (March 31, 2019: ₹ 10) each	331.54	301.81
Reliance Fixed Horizon Fund XXXII S4-Regular PL- Growth Nil (March 31, 2019 : 5,691,217.) units of ₹ Nil (March 31, 2019: ₹ 10) each	-	680.67
<b>Total</b>	<b>331.54</b>	<b>982.48</b>
<b>Aggregate amount of book value of un-quoted investments</b>	<b>331.54</b>	<b>982.48</b>
<b>Aggregate amount of market value of un-quoted investments</b>	<b>331.54</b>	<b>982.48</b>

## 6. Investments - Current

	Current	
	As at March 31, 2020	As at March 31, 2019
<b>Investment in mutual funds (fully paid-up) - Un-quoted (Measured at fair value through profit or loss)</b>		
Aditya Birla Sun Life Money Manager Fund - Growth Regular Plan Nil (March 31, 2019 : 150,346.64) units of ₹ Nil (March 31, 2019: ₹ 100) each	-	376.42
Aditya Birla Sun Life Liquid Fund - Growth- Regular Plan Nil (March 31, 2019 : 281,032.24) units of ₹ Nil (March 31, 2019: ₹ 100) each	-	840.31
Aditya Birla Sun Life Liquid Fund - Growth- Direct Plan Nil (March 31, 2019 : 100,101.67) units of ₹ Nil (March 31, 2019: ₹ 100) each	-	300.74
HDFC Money Market Fund - Direct Plan-Growth Option Nil (March 31, 2019 : 9,603.9) units of ₹ Nil (March 31, 2019: ₹ 1,000) each	-	376.41
HDFC Liquid Fund- Direct Plan- Growth Option Nil (March 31, 2019 : 6,359.84) units of ₹ Nil (March 31, 2019: ₹ 1,000) each	-	233.93
ICICI Prudential Liquid Fund- Growth Nil (March 31, 2019 : 222,289.78) units of ₹ Nil (March 31, 2019: ₹ 100) each	-	612.23
ICICI Prudential Liquid Fund- Direct Plan- Growth Nil (March 31, 2019 : 442,495.6) units of ₹ Nil (March 31, 2019: ₹ 100) each	-	1,223.13
Kotak Liquid Direct Plan Growth Nil (March 31, 2019 : 28,810.35) units of ₹ Nil (March 31, 2019: ₹ 1,000) each	-	1,090.27
ICICI Overnight Fund Direct Plan 385,385 (March 31, 2019 : Nil) units of ₹ 100 (March 31, 2019: Nil) each	415.24	-

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Current	
	As at March 31, 2020	As at March 31, 2019
SBI Magnum Ultra Short Duration Fund-Direct Growth	42.23	31.85
942.74 (March 31, 2019 : 764.19) units of ₹ 1,000 (March 31, 2019: ₹ 1,000) each		
<b>Total (I)</b>	<b>457.47</b>	<b>5,085.29</b>
<b>Investment in bonds (fully paid-up) - Un-quoted (Measured at amortised cost)</b>		
Infrastructure Leasing & Financial Services Commercial Paper	-	-
100,000 (March 31, 2019: 100,000) units [At cost less Impairment of investment of ₹ 979.94 lacs (March 31, 2019: ₹ 979.94)] - Refer note 29		
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total (I+II)</b>	<b>457.47</b>	<b>5,085.29</b>
<b>Aggregate amount of book value of un-quoted investments (net of Impairment loss)</b>	<b>457.47</b>	<b>5,085.29</b>
<b>Aggregate amount of market value of un-quoted investments (net of Impairment loss)</b>	<b>457.47</b>	<b>5,085.29</b>
<b>Aggregate Impairment in value of investments (refer note 29)</b>	<b>979.94</b>	<b>979.94</b>

## 7. Loans

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Unsecured considered good unless otherwise stated (Measured at amortised cost)</b>				
Security deposits				
Considered good	1,188.50	960.17	-	-
Doubtful	4.32	-	-	-
	<b>1,192.82</b>	<b>960.17</b>	<b>-</b>	<b>-</b>
Less: Impairment Allowance for security deposits	(4.32)	-	-	-
	<b>1,188.50</b>	<b>960.17</b>	<b>-</b>	<b>-</b>
Loan to employees	-	-	3.44	5.61
	<b>1,188.50</b>	<b>960.17</b>	<b>3.44</b>	<b>5.61</b>

## 8. Other financial assets

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>(Measured at amortised cost)</b>				
Margin money deposits*	117.42	112.78	-	-
Interest accrued on margin money deposits	7.80	4.87	-	-
	<b>125.22</b>	<b>117.65</b>	<b>-</b>	<b>-</b>

\*Margin money deposits of ₹ 117.42 Lakhs (March 31, 2019 : ₹ 112.78 Lakhs) are pledged as bank guarantees issued to various tax authorities, Skill Development Authority (for Deen Dayal Upadhyaya Grameen Kaushalya Yojana) and for cash credit facilities with banks.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 9. Deferred tax assets (net)

	As at March 31, 2020	As at March 31, 2019
<b>Tax effect of items constituting deferred tax liabilities</b>		
Right-of-use assets	12,385.44	-
Fair valuation of interest free security deposits	22.94	
Measurement of financial assets at fair value through profit or loss	8.18	23.40
<b>(A)</b>	<b>12,416.56</b>	<b>23.40</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Lease liability	12,978.24	-
Difference between accounting base and tax base of property, plant and equipment	780.80	911.87
Employee benefits	218.25	252.44
Provision for doubtful advances	40.50	6.94
Fair valuation of interest free security deposits	-	2.91
Others	-	32.23
<b>(B)</b>	<b>14,017.79</b>	<b>1,206.39</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>1,601.23</b>	<b>1,182.99</b>

### Movement in deferred tax assets/(liabilities) for year ended March 31, 2020

Particulars	As at March 31, 2019	Recognised in statement profit or loss	Recognized in other comprehensive income	As at March 31, 2020
<b>Tax effect of items constituting deferred tax liabilities</b>				
Right-of-use assets	-	12,385.44	-	12,385.44
Fair valuation of interest free security deposits	(2.91)	25.85	-	22.94
Measurement of financial assets at fair value through profit or loss	23.40	(15.22)	-	8.18
<b>Deferred tax liabilities (A)</b>	<b>20.49</b>	<b>12,396.07</b>	<b>-</b>	<b>12,416.56</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Lease liability	-	12,978.24	-	12,978.24
Difference between accounting base and tax base of property, plant and equipment	911.87	(131.07)	-	780.80
Employee benefits	252.44	(34.57)	0.38	218.25
Provision for doubtful advances	6.94	33.56	-	40.50
Others	32.23	(32.23)	-	-
<b>Deferred tax assets (B)</b>	<b>1,203.48</b>	<b>12,813.93</b>	<b>0.38</b>	<b>14,017.79</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>1,182.99</b>	<b>417.86</b>	<b>0.38</b>	<b>1,601.23</b>

### Movement in deferred tax assets/(liabilities) for year ended March 31, 2019

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Particulars	As at March 31, 2018	Recognised in statement profit or loss	Recognized in other comprehensive income	As at March 31, 2019
<b>Tax effect of items constituting deferred tax liabilities</b>				
Measurement of financial assets at fair value through profit or loss	(17.53)	40.93	-	23.40
<b>Deferred tax liabilities (A)</b>	<b>(17.53)</b>	<b>40.93</b>	-	<b>23.40</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Difference between accounting base and tax base of property, plant and equipment	743.49	168.38	-	911.87
Employee benefits	145.40	87.88	19.16	252.44
Provision for doubtful advances	-	6.94	-	6.94
Fair valuation of interest free security deposits	13.68	(10.77)	-	2.91
Others	-	32.23	-	32.23
<b>Deferred tax assets (B)</b>	<b>902.57</b>	<b>284.66</b>	<b>19.16</b>	<b>1,206.39</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>920.10</b>	<b>243.73</b>	<b>19.16</b>	<b>1,182.99</b>

## 10. Other assets

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Unsecured considered good unless otherwise stated</b>				
<b>Capital advances</b>				
Unsecured considered good	160.39	9.98	-	-
Doubtful	30.34	-	-	-
	<b>190.73</b>	<b>9.98</b>	-	-
Less: Impairment Allowance for capital advances	(30.34)			
<b>(A)</b>	<b>160.39</b>	<b>9.98</b>	-	-
<b>Advances against material and services</b>				
Unsecured considered good	-	-	1,473.10	980.41
Doubtful	-	-	126.25	19.87
	-	-	<b>1,599.35</b>	<b>1,000.28</b>
Less: Impairment Allowance for advances against material and services			(126.25)	(19.87)
<b>(B)</b>	-	-	<b>1,473.10</b>	<b>980.41</b>
Prepaid lease rent*	-	435.32	-	83.21
Prepaid expenses	46.70	66.67	188.48	234.96
Advance income tax (net of provisions for tax)	40.67	68.00	-	-
Deposits paid under protest**	160.86	252.15	-	-
Balance with government authority	-	-	1,345.32	954.64
<b>(C)</b>	<b>248.23</b>	<b>822.14</b>	<b>1,533.80</b>	<b>1,272.81</b>
<b>(A)+(B)+(C)</b>	<b>408.62</b>	<b>832.12</b>	<b>3,006.90</b>	<b>2,253.22</b>

\*Refer note 47

\*\*Deposit paid under protest includes following

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Value added tax	120.26	120.26	-	-
Service Tax	37.69	37.69	-	-
Others	2.91	94.20	-	-

## 11. Inventories (valued at lower of cost or net realizable value)\*

	As at March 31, 2020	As at March 31, 2019
Traded goods [including stock-in-transit: ₹ Nil (March 31, 2019: ₹ 1,012 lakhs)]	47,556.44	32,664.52
Packing and accessories	235.80	233.89
	<b>47,792.24</b>	<b>32,898.41</b>

\*Refer note 45 for details of markdown of inventory. These were recognized as an expense during the year and included in 'changes in inventories of stock-in-trade in Statement of Profit and Loss.

## 12. Cash and cash equivalents

	Current As at March 31, 2020	As at March 31, 2019
Balances with banks		
- on current account	1.95	94.34
- on cash credit account	394.93	131.33
Other receivables^	8.76	256.98
Cash on hand	83.95	1,006.04
	<b>489.59</b>	<b>1,488.69</b>

^ Other receivables includes amount receivable with respect to credit card receivable, electronic wallet, UPI, etc, which is normally received T+1 days.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- on current account	1.95	94.34
- on cash credit account	394.93	131.33
Cash on hand	83.95	1,006.04
	<b>480.83</b>	<b>1,231.71</b>

## 13. Other bank balances

	Current As at March 31, 2020	As at March 31, 2019
Earmarked balances with Bank		
- Government grant under skill development project#	8.66	426.28
- unclaimed dividend account	0.60	0.60
	<b>9.26</b>	<b>426.88</b>

#The Company was awarded projects under the 'Deen Dayal Upadhyaya - Grameen Kaushalya Yojana' ("the Grant") from various state Government for encouraging youth employment. The Company, has received ₹ 826.07 lakhs (March 31, 2019: ₹ 826.07 lakhs) so far under such scheme. The Company has spent ₹ 1,360.89 lakhs (March 31, 2019: ₹ 406.89) on the activities as agreed in the terms of such grant and certificate has been obtained by the Company from an independent auditor.

The Company shows excess amount spend in other current assets as amount recoverable from government authorities.



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 14. Equity Share capital

	No. of shares	Amount
<b>Authorised Share Capital</b>		
As at April 1, 2018	20,000,000.00	2,000.00
Increase/(decrease) during the year	-	-
As at March 31, 2019	20,000,000.00	2,000.00
Increase/(decrease) during the year	-	-
<b>As at March 31, 2020</b>	<b>20,000,000.00</b>	<b>2,000.00</b>

### a. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

### b. Issued equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

	No. of shares	Amount
As at April 1, 2018	18,097,355	1,809.74
Changes during the year	32,638	3.26
As at March 31, 2019	18,129,993	1,813.00
Changes during the year	25,491	2.55
<b>As at March 31, 2020</b>	<b>18,155,484</b>	<b>1,815.55</b>

c. No shares was issued as bonus shares, shares issued for consideration other than cash and shares buy back during the five years immediately preceding the reporting date except 6,606,842 bonus shares issued by capitalization of free reserves in the year ended March 31, 2013.

### d. Details of equity shareholders holding more than 5% shares in the Company as at March 31, 2020

Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	Nos.	% holding	Nos.	% holding
Conquest Business Services Private Limited*	7,490,673	41.26%	7,489,798	41.38%
Jwalamukhi Investment Holding	1,498,141	8.25%	1,788,102	9.90%
Lalit M Agarwal (HUF)	1,277,275	7.04%	1,277,275	7.07%

\*Conquest Business Services Private Limited ("Conquest"), a Promoter Company, has acquired 7,489,798 (41.38%) equity shares of the Company from the Promoter/Promoter group of the Company on March 27, 2018. The aforementioned equity shares acquired by Conquest were held with IIFL Wealth Management Limited and were credited into its demat account on April 3, 2018.

### e. Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 38.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 15. Other equity

### (i) Securities premium reserve

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	9,345.13	9,068.06
Add: premium received during the year	199.07	277.07
	<b>9,544.20</b>	<b>9,345.13</b>

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### (ii) Amalgamation reserve

	As at March 31, 2020	As at March 31, 2019
Amalgamation reserve	154.76	154.76
	<b>154.76</b>	<b>154.76</b>

Amalgamation reserve pertain to business combinations which materialised prior to transition date to Ind AS.

### (iii) Other reserves

	As at March 31, 2020	As at March 31, 2019
Retained earnings	33,801.87	29,240.53
Shares option outstanding account	576.81	373.62
	<b>34,378.68</b>	<b>29,614.15</b>
<b>Total (i)+(ii)+(iii)</b>	<b>44,077.64</b>	<b>39,114.04</b>

### Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

### Share option outstanding account

The reserve is used to recognize the grant date fair value of options issued to employees under employee stock option schemes and is adjusted on exercise/ forfeiture of options.

For movements of respective heads, refer to the Statement of Changes in Equity.

## 16. Long term borrowings

	Non-current portion		Current maturities	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Term loan</b>				
Vehicle loans from banks (secured)	-	2.60	2.60	29.65
	-	<b>2.60</b>	<b>2.60</b>	<b>29.65</b>
Amount disclosed under the head "other financial liabilities" (refer note 18)	-	-	(2.60)	(29.65)
	-	-	<b>(2.60)</b>	<b>(29.65)</b>
	-	<b>2.60</b>	-	-

Vehicle loan secured against hypothecation of vehicle obtained from HDFC Bank, repayable in 36 instalment and carrying an interest rate of 8%. The loan was obtained on March 31, 2017.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 17. Short term borrowings

	Current	
	As at March 31, 2020	As at March 31, 2019
Short term loans	104.65	-
	<b>104.65</b>	<b>-</b>

Short term loans of Rs. 104.65 lakhs (March 31, 2019: Rs NIL) was unsecured and carrying a rate of interest ranging from 7.50% to 8.30%.

## 18. Trade payables

	Current	
	As at March 31, 2020	As at March 31, 2019
(Measured at amortised cost)		
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 40 for details of dues to micro and small enterprises)	5,043.66	2,362.61
Others	14,635.31	12,463.39
	<b>19,678.97</b>	<b>14,826.00</b>

## 19. Other financial liabilities

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Financial liabilities carried at amortised cost</b>				
Current maturities of long term debts (refer note 16)	-	-	2.60	29.65
Interest accrued but not due	-	-	0.14	0.36
Bank overdraft	-	-	-	2,160.35
Creditors for fixed assets <sup>#</sup>	-	-	981.34	1,411.26
<b>Others</b>				
Lease related payables*	-	599.51	-	96.52
Employee related payables	-	-	1,624.06	503.62
Other liabilities	-	-	-	32.19
	<b>-</b>	<b>599.51</b>	<b>2,608.14</b>	<b>4,233.95</b>

<sup>#</sup> includes payable in respect of MSMED parties amounting to ₹ 63.25 lakhs (March 31, 2019: 1,069.32 lakhs) [refer note 40].

\*Refer note 47

## 20. Provisions

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Employee benefit obligations</b>				
Provision for gratuity obligation (refer note 37)	612.26	510.77	104.97	77.71
Provision for compensated absences (refer note 37)	-	-	149.95	133.93
	<b>612.26</b>	<b>510.77</b>	<b>254.92</b>	<b>211.64</b>
<b>Others</b>				
Provision for income tax (net of prepaid taxes) <sup>^</sup>	-	-	967.05	971.75
	<b>-</b>	<b>-</b>	<b>967.05</b>	<b>971.75</b>
	<b>612.26</b>	<b>510.77</b>	<b>1,221.97</b>	<b>1,183.39</b>

<sup>^</sup>The Company carries a tax contingency provision created as a matter of abundant caution of ₹ 519.16 lakhs (March 31, 2019: ₹ 171.19 lakhs) in respect of claims made by the Company in its return of income for section 80JJAA and education cess on income tax as allowable expense. The management is confident that it will be eligible for deduction.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 21. Other liabilities

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Contract liabilities	-	-	226.29	93.58
Unclaimed dividend*	-	-	0.60	0.60
Deferred government grant in respect of skill development project (refer note 13)	-	-	-	402.00
Statutory dues payable	-	-	452.26	404.51
	-	-	679.15	900.69

\* Not due for deposit with Investor Education and Protection Fund

## 22. Revenue from contracts with customers

	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of traded goods	166,159.03	143,217.07
Other operating revenue	43.30	157.41
	166,202.33	143,374.48

## 23. Other income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Liabilities written back	98.06	148.48
Profit on sale of investments (net)	184.86	184.12
Income on investment designated at FVTPL	32.51	66.97
Miscellaneous income	31.79	12.22
	347.22	411.79

## 24. Finance income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income on items at amortised cost		
Bank deposits	8.42	9.35
Interest on fair valuation of security deposits	91.13	68.31
Others	1.19	102.85
	100.74	180.51

## 25. Purchase of traded goods

	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of traded goods	127,520.03	99,216.07
	127,520.03	99,216.07

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 26. (Increase) in inventories

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Inventories at the end of the period</b>		
Traded goods (including stock in transit)	47,556.44	32,664.52
Packing material and accessories	235.80	233.89
	<b>47,792.24</b>	<b>32,898.41</b>
<b>Inventories at the beginning of the period</b>		
Traded goods (including stock in transit)	32,664.52	30,550.33
Packing material and accessories	233.89	160.87
	<b>32,898.41</b>	<b>30,711.20</b>
	<b>(14,893.83)</b>	<b>(2,187.21)</b>

## 27. Employee benefits expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	12,854.56	10,369.58
Gratuity Expenses (refer note 37)	197.46	174.44
Employee stock option scheme (refer note 38)	271.26	306.53
Contribution to provident and other funds	943.92	757.71
Staff welfare	1,095.31	964.25
	<b>15,362.51</b>	<b>12,572.51</b>

## 28. Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	1,188.38	6,717.05
Expense on fair valuation of security deposits	-	76.63
Power and fuel	4,877.66	4,223.79
Advertisement and sales promotion	3,536.81	3,393.12
Packing materials and expenses	1,147.66	862.18
Repairs and maintenance		
- Building	230.04	186.87
- Others	1,441.55	1,188.23
Commission	109.41	173.30
Security expenses	1,429.53	1,330.56
Communication	164.79	120.74
Travelling and conveyance	537.07	461.34
Credit card and cash collection charges	501.46	393.55
Rates and taxes	71.91	49.36
Vehicle running expenses	182.33	143.15
Legal and professional	569.14	574.74
Printing and stationery	83.22	107.80
Payment to auditors (refer details below "A")	41.27	33.93
Insurance	88.84	65.04
Loss on sale / write-off of fixed assets	118.08	69.74
Provision for doubtful advances	142.50	19.87
Balances written off	18.15	17.25
Expenses on CSR activities (refer details below "B")	108.77	66.48
Donations	26.85	0.73
Commission to independent directors	49.32	57.22
Directors' sitting fees	8.00	6.50
Miscellaneous expenses	165.15	141.36
	<b>16,837.89</b>	<b>20,480.53</b>



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## A. Payment to Auditors

	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditor:		
Audit fee (including limited reviews)	34.00	30.00
Tax audit fee	2.00	2.00
Reimbursement of expense	5.27	1.93
	<b>41.27</b>	<b>33.93</b>

## B. Details of CSR expenditure

	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spent by the Company during the period	186.28	148.39
(b) Amount spent during the period ended March 31, 2020		
i) <b>Construction/ acquisition of any assets</b>		
Paid during the period	-	-
Yet to be paid	-	-
ii) <b>on purchase other than (i) above</b>		
Paid during the period	108.77	66.48
Yet to be paid	77.51	81.91

## 29. Exceptional items

	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment in value of investments	-	979.94
	<b>-</b>	<b>979.94</b>

During the previous year, the Company had made investment in commercial papers of Infrastructure Leasing & Financial Services (IL&FS) amounting to ₹ 979.94 lakhs, which were due for redemption on September 18, 2018. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there is significant uncertainty on recovery of the entire amount, the management has made a provision of full amount ₹ 979.94 lakhs as at March 31, 2019. The Company, however, continues to monitor developments on this matter and is committed to take steps including further legal actions that may be necessary to ensure full recoverability.

## 30. Finance costs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest		
- on lease liability	5,141.80	-
- on cash credit facilities	308.72	114.43
Other borrowing costs	27.87	46.84
	<b>5,478.39</b>	<b>161.27</b>

## 31. Depreciation and amortisation expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of tangible assets	3,136.33	2,661.90
Depreciation of right-of-use assets	6,145.28	-
Amortisation of intangible assets	110.67	100.67
	<b>9,392.28</b>	<b>2,762.57</b>

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 32. Tax expense and tax reconciliation

The major components of income tax expense for the periods ended March 31, 2020 and March 31, 2019 are:

### (a) Tax expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
Current income tax charge	2,507.00	3,891.02
Adjustments in respect of current income tax of previous period	(70.65)	171.19
	<b>2,436.35</b>	<b>4,062.21</b>
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	(12,834.80)	(286.29)
(Decrease)/increase in deferred tax liabilities	12,416.56	23.40
	<b>(418.24)</b>	<b>(262.89)</b>
<b>Income tax expense reported in the statement of profit or loss</b>	<b>2,018.11</b>	<b>3,799.32</b>
<b>Comprises of :-</b>		
Total tax expense as per Statement of profit and loss	2,018.49	3,818.48
Deferred tax related to items recognised in OCI on remeasurements of defined benefit plans	(0.38)	(19.16)

### (b) Income tax expense for the period reconciled to the accounting profit

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Profit before tax</b>	<b>6,953.02</b>	<b>9,981.10</b>
Income tax expense calculated @ 25.168% (March 31, 2019: 34.944%) plus interest under Section 234C of Income Tax Act, 1961	1,763.81	3,522.42
<b>Tax effect of amounts that are not deductible in calculating taxable expense:</b>		
Permanent differences	26.59	354.93
Deduction claimed on employee benefits	(263.38)	(295.36)
Impact of change in tax rate	330.96	(8.94)
Others	230.78	55.08
<b>Total</b>	<b>2,088.76</b>	<b>3,628.13</b>
Adjustment in respect of current income tax of previous period	(70.65)	171.19
<b>Income tax expense recognised in statement of profit and loss</b>	<b>2,018.11</b>	<b>3,799.32</b>

## 33. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of Equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued under ESOP Scheme to employees.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Profit after tax</b>	<b>4,934.53</b>	6,162.62
Nominal value per share (in ₹ )	10.00	10.00
Weighted average number of Equity shares for basic EPS	181.52	181.23
Effect of dilution:		
- Issuance of shares under ESOP	0.11	0.54
Weighted average number of Equity shares adjusted for the effect of dilution	181.63	181.77
<b>Earnings per share (in ₹ )</b>		
Basic earnings per share	27.18	34.01
Diluted earnings per share	27.17	33.90

## 34. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### a) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease, and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that it reflects the current economic circumstances.

For leases which are expired and under discussion for renewal, the Company Considers such leases as short term leases since, the Company is not certain that option to extend the lease will be exercised as lessor has right to terminate the lease.

Further, the Company has exercised its judgement in using a single discount rate to a portfolio of leases with reasonably similar characteristics.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

## c) Recognition of deferred tax

The extent to which deferred tax asset to be recognized is based on the assessment of the probability of the future taxable income against which the deferred tax asset can be utilized.

## Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### (i) Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

### (ii) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future trends salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### (iii) Impairment of assets

In assessing impairment, the Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### (iv) Share based payments

The Company initially measures the cost of equity-settled transactions with employees using a black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability is recognised at the vesting date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 38.

### (v) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## (vi) Assessment of potential markdown inventory

The Company at each reporting date makes an assessment of potential markdown due to aged inventory. In doing so, it estimates the net reliable value of aged inventory based on historic trend of sale of such/ similar aged inventory. Further, it also estimate the provision for shrink based on past trends which it believes is more than or near to actual shrink to be booked as and when stores are counted annually.

## (vii) Incremental borrowing rate for leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 35. Commitments and Contingencies

### i) Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account not provided in books	33.86	105.28
	<b>33.86</b>	<b>105.28</b>

### ii) Contingent liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax <sup>1</sup>	74.97	-
Value added tax <sup>2</sup>	450.30	451.60
Service tax <sup>3</sup>	30.33	30.33
Payment of Bonus (Amendment) Act, 2015 <sup>4</sup>	107.61	107.61
Minimum Wages Act, 1948 <sup>5</sup>	94.45	63.98
	<b>757.66</b>	<b>653.52</b>

#### Income Tax<sup>1</sup>

Demand amounting to ₹ 17.38 lakhs (March 31, 2019 : ₹ 17.38 lakhs) was raised by the income tax department for AY 13-14 and AY 16-17 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and other non deductible expenses. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal before CIT (A) for assessment year 13-14 and has also filed a rectification application for assessment year 16-17.

Demand amounting to ₹ 80.20 lakhs (March 31, 2019 : ₹ Nil) was raised by the income tax department for AY 17-18 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961, allowance of education cess, delay in payment of PF and disallowance of interest on delayed payment of Income Tax. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal an appeal before CIT (A).

Demand amounting to ₹ 74.97 lakhs (March 31, 2019 : ₹ Nil) was raised by the income tax department for AY 12-13 in respect of addition made on disallowance of certain purchases based on inadvertent assumption. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal an appeal before CIT (A). The Company does not believe any liability devolving against the Company.

#### Value added tax<sup>2</sup>

₹ 450.30 lakhs (March 31, 2019: ₹ 451.60 lakhs) represents demand relating to the appropriateness of forms/ declaration made by the Company under relevant sales tax legislations which were primarily procedural and on interstate movement of goods. Pending final decisions, the Company has deposited amounts under protest with statutory authorities for certain cases amounting to ₹ 120.26 (March 31, 2019: ₹ 120.26).



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Service tax<sup>3</sup>

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the Retailer Association of India (the Company being a member of such Association) has challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has issued an interim order dated October 14, 2011, directing to deposit 50% of the arrears of service tax due upto September 30, 2011 and the balance, if any, at the time of final disposal of the appeal. The amount of service tax on rent in respect of rented stores from June 1, 2007 till September 30, 2011 amounted to ₹ 108.26 lacs of which ₹ 77.93 lacs has been provided for in the Statement of Profit and Loss till March 31, 2017 and the balance ₹ 30.33 lacs has been disclosed as contingent liability in current and previous year. As per directions of the Hon'ble Supreme Court, the Company, has deposited ₹ 37.69 lacs under protest with the concerned authorities and has disclosed this balance as "Service tax deposit" under other non-current assets.

## Payment of Bonus (Amendment) Act, 2015<sup>4</sup>

The Payment of Bonus (Amendment) Act, 2015 dated December 31, 2015 (which was made effective from April 1, 2014) revised the thresholds for coverage of employees eligible for bonus and also enhanced the ceiling limits for computation of bonus. However, taking cognizance of the stay granted by Hon'ble High Courts of Kerala (Ernakulam), Karnataka (Bengaluru), Uttar Pradesh (Allahabad) and Madhya Pradesh (Indore) and pending disposal of such matter, the Company, in accordance with the Payment of Bonus (Amendment) Act, 2015, has only recognized an additional expense of ₹ 213.81 lakhs for the period April 1, 2015 to March 31, 2016 during previous year ended March 31, 2016 and has not recognised the differential amount of bonus of ₹ 107.61 lakhs for the period April 1, 2014 to March 31, 2015.

## Minimum Wages Act, 1948<sup>5</sup>

₹ 94.45 lakhs (March 31, 2019 : ₹ 63.98 lakhs) represents demand under imposed by the labour enforcement officer under The Minimum Wages Act, 1948 mainly on classification of employees into skilled, semi-skilled and un-skilled. The Company has contested the demand and does not anticipate any material liability devolving on the Company.

Further there are various labour, legal metrology, food adulteration and cases under other acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

## 36. Related party disclosures

### (a) Names of related parties and related party relationship

#### Names of related parties where control exists

Conquest Business Services Private Limited	Entity along with promotor holding having control
<b>Key managerial personnel</b>	
Mr. Lalit Agarwal	Managing Director
Mr. Madan Gopal Agarwal	Whole-time Director
Mr. Akash Moondra	Independent Director
Mr. Murli Ramachandran	Independent Director
Ms. Sonal Matoo	Independent Director
Mr. Govind Shridhar Shrikhande	Independent Director
Mr. Anand Agarwal	Chief Financial Officer
Mrs. Megha Tandon	Company Secretary
<b>Relative of Key managerial personnel</b>	
Mrs. Sangeeta Agarwal	Wife of Mr. Lalit Agarwal
Mrs. Uma Devi Agarwal	Wife of Mr. Madan Gopal Agarwal and Mother of Mr. Lalit Agarwal
Mr. Snehal Shah	Son-in-law of Mr. Madan Gopal Agarwal
Mr. Hemant Agarwal	Son of Mr. Madan Gopal Agarwal and Brother of Mr. Lalit Agarwal
Mrs. Smiti Agarwal	Daughter -in-law of Mr. Madan Gopal Agarwal
<b>Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel*</b>	
Lalit M Agarwal (HUF)	HUF in which Mr. Lalit Agarwal is Karta
Hemant Agarwal (HUF)	HUF in which Mr. Hemant Agarwal is Karta
V-Mart Foundation	Trust in which Mr. Lalit Agarwal and Mrs. Sangeeta Agarwal are trustee

\*Where transactions have occurred.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

(b) The following transactions were carried out with related parties in the ordinary course of business:

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Managerial remuneration*</b>						
Mr. Lalit Agarwal	249.65	223.56	-	-	-	-
Mr. Madan Gopal Agarwal	55.81	62.76	-	-	-	-
<b>Post employment benefits - Gratuity</b>						
Mr. Lalit Agarwal	14.28	13.08	-	-	-	-
Mr. Madan Gopal Agarwal	18.93	18.69	-	-	-	-
<b>Independent directors' commission</b>						
Mr. Aakash Moondhra	12.33	16.89	-	-	-	-
Mr. Murli Ramachandran	12.33	16.89	-	-	-	-
Ms. Sonal Mattoo	12.33	16.89	-	-	-	-
Mr. Govind Sridhar Shrikhande	12.33	6.55	-	-	-	-
<b>Director sitting fees</b>						
Mr. Aakash Moondhra	2.00	2.00	-	-	-	-
Mr. Murli Ramachandran	2.00	2.00	-	-	-	-
Ms. Sonal Mattoo	2.00	1.50	-	-	-	-
Mr. Govind Sridhar Shrikhande	2.00	1.00	-	-	-	-

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
<b>Salaries, wages and bonus #</b>						
Mr. Anand Agarwal	101.52	87.08	-	-	-	-
Mr. Snehal Shah	-	-	62.53	56.29	-	-
Mrs. Megha Tandon	6.99	6.25	-	-	-	-
<b>ESOP issued</b>						
Mr. Anand Agarwal	16.99	37.45	-	-	-	-
Mr. Snehal Shah	-	-	7.66	7.65	-	-
<b>Dividend paid</b>						
Mr. Hemant Agarwal	-	-	0.94	4.09	-	-
Lalit Agarwal (HUF)	-	-	-	-	21.71	25.55
Hemant Agarwal (HUF)	-	-	-	-	5.73	7.51
Mrs. Smriti Agarwal	-	-	6.18	8.97	-	-
Conquest Business Services Pvt. Ltd.	-	-	-	-	127.33	149.80
<b>Contribution to CSR</b>						
V-Mart Foundation	-	-	-	-	-	41.80

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

\*Managerial remuneration comprises of the following:-

	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration (excluding post employment benefits)	242.20	244.63
Commission	98.76	138.24
Perquisites	90.00	34.23
	<b>430.96</b>	<b>417.10</b>

#Gross salary as per pay sheet including bonus, contribution to PF and LWF. It does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the company as a whole. Further, it does not include perquisites on ESOP considered for income tax purposes on the date of exercise of option.

(c) Balance at the end of year

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration/salary payable (net of TDS)						
Mr. Lalit Agarwal	27.12	56.35	-	-	-	-
Mr. Madan Gopal Agarwal	18.39	18.65	-	-	-	-
Independent directors' commission payable (net of TDS)						
Mr. Aakash Moondhra	8.21	11.39	-	-	-	-
Mr. Murli Ramachandran	8.21	11.39	-	-	-	-
Mr. Govind Sridhar Shrikhande	11.65	5.56	-	-	-	-
Ms. Sonal Mattoo	11.65	15.09	-	-	-	-

## 37. Employee benefits

Employee benefits obligation

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Employer's Contribution to provided fund	-	-	66.41	44.60
Gratuity	612.26	510.77	104.97	77.71
Compensated absences	-	-	149.95	133.93
	<b>612.26</b>	<b>510.77</b>	<b>321.33</b>	<b>256.24</b>

### Gratuity an other post-employment benefit plans

The Company has a defined benefit gratuity plan which is not funded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2020	As at March 31, 2019
Change in benefit obligation		
Opening defined benefit obligation	588.48	385.01
Service cost	156.17	144.43
Past service cost	-	-
Interest expenses	41.29	30.01
Benefits paid	(70.23)	(25.80)
Actuarial changes arising from changes in demographic assumptions	(0.23)	3.63
Actuarial changes arising from changes in financial assumptions	(41.11)	70.96
Experience adjustments	42.86	(19.76)
<b>Closing defined Benefit obligation</b>	<b>717.23</b>	<b>588.48</b>

Balance sheet - Benefit Asset / (Liability)

	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	717.23	588.48
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	<b>717.23</b>	<b>588.48</b>

Statement of profit and loss

Net employee benefit expense recognized in employee cost (recognised in statement of profit and loss)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	156.17	144.43
Past service cost	-	-
Interest cost on benefit obligation	41.29	30.01
<b>Net benefit expense</b>	<b>197.46</b>	<b>174.44</b>

Remeasurement (gain)/loss recognised in other comprehensive income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial changes arising from changes in demographic assumptions	(0.23)	3.63
Actuarial changes arising from changes in financial assumptions	(41.11)	70.96
Experience adjustments	42.86	(19.76)
	<b>1.52</b>	<b>54.83</b>

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

**Economic assumptions**

	As at March 31, 2020	As at March 31, 2019
Discount rate	5.65%	7.00%
Salary escalation rate:		
First year	0.00%	4.75%
Thereafter	3.00%	4.75%

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Demographic assumptions

	As at March 31, 2020	As at March 31, 2019
Retirement age	60	60
Withdrawal rate, based on period of service		
up to 5 years	40.00%	40.00%
5 years or more	10.00%	10.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2006-08

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	- / +1%	- / +1%	668.11	547.92	773.49	634.98
Salary growth rate	- / +1%	- / +1%	772.81	633.74	668.02	548.30
Attrition Rate	- / + 0.50%	- / + 0.50%	698.73	569.02	713.45	594.18
Mortality Rate	- / + 0.10%	- / + 0.10%	717.50	588.70	716.95	588.25

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to demographics are insignificant. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected credit unit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## Risk exposure

	As at March 31, 2020	As at March 31, 2019
Weighted average duration (based on discounted cashflows)	7 years	7 years

The following are defined benefit payments in future years:

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	104.97	77.71
More than 1 year but less than 5 years	290.20	257.55
5 years and more	788.61	803.73
	<b>1,183.78</b>	<b>1,138.99</b>



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## (i) Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

### Interest rate risk

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields falls, the defined benefit obligation will tend to increase.

### Salary Inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

### Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary Increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Detailed information to the extent provided by the actuary in the actuarial certificate has been included in the disclosure given above.

## 38. Share Based Payments

### Employee Stock Options (ESOP)

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated July 2, 2012 and July 10, 2012 respectively ('the V-Mart ESOP Scheme 2012' or the "Scheme"), consequent to which 300,000 equity shares with a nominal value of ₹ 10 each will be granted upon exercise of as stock options (ESOPs) to eligible employees. Further, the Members of the Company in its meeting held on September 18, 2017 had further approved the amendment in V-Mart ESOP scheme, 2012 by increasing the total number of options from 300,000 (Three Lakhs) to 600,000 (Six Lakhs) options. The exercise price of these options will be determined by the Remuneration Committee and the options will vest over a period of twelve months to thirty six months of continued employment from the grant date.

### (a) Below are the details in respect of ESOPs granted and outstanding as at March 31, 2020

Particulars	Grant date	ESOPs granted	Exercise price (in ₹)	Vesting option (in Nos.)			Market price of equity shares on the date of grant (in ₹)
				Completion of twelve months	Completion of twenty four months	Completion of thirty six months	
Grant IV	30-Jan-17	76,225	470	22,867	22,867	30,491	522.35
Grant V	12-Jul-17	6,395	900	1,918	1,919	2,558	1,243.90
Grant VI	9-Nov-17	9,300	1,260	2,790	2,790	3,720	1,412.60
Grant VII	24-May-18	18,527	2,047	5,558	5,558	7,411	2,274.05
Grant VIII	22-Jul-18	40,764	2,044	12,229	12,229	16,306	2,270.95
Grant IX	2-Nov-18	3,426	2,286	1,028	1,028	1,370	2,540.25
Grant X	10-May-19	8,228	2,347	2,468	2,468	3,291	2,594.85
Grant XI	2-Aug-19	6,025	1,683	1,808	1,808	2,410	1,871.00

The vesting of options is subject to the continued employment of the grantee over the vesting period. The options granted can be exercised after vesting at any time before the expiry of eight years from the grant date.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

(b) The relevant details in respect of V-Mart ESOP Scheme 2012 are summarized below:

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted average price in (₹)	Number of options	Weighted average price in (₹)
Outstanding at the beginning of the year	123,106	1,320.27	97,219	635.08
Granted during the year	14,253	2,066.32	62,717	2,058.11
Exercised during the year	25,491	523.91	32,638	571.13
Forfeited during the year	8,091	1,009.23	4,192	1,080.26
Expired during the year	-	-	-	-
Outstanding at the end of the year	103,777	1,642.59	123,106	1,320.27
Exercisable at the end of the year	44,689	1,164.78	25,629	491.94
No. of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	103,777	1,642.59	123,106	1,320.27

Weighted average remaining contractual life (in years)

	As at March 31, 2020	As at March 31, 2019
Weighted average remaining contractual life (in years)	5.99	6.56

(c) The fair value of the options was estimated on the date of grant using the Black-Scholes Model with the following significant assumptions

Particulars	Risk free interest rates (in %)	Expected life (in years)	Volatility (in %)	Dividend yield (in %)	Weighted average exercise price (in ₹)	Weighted average fair value of stock option (in ₹)
Grant III	8.16%	4 years	38.74%	0.20%	573	248
Grant IV	7.93%	4 years	30.13%	0.24%	470	211
Grant V	7.80%	4 years	42.48%	0.18%	900	673
Grant VI	7.64%	4 years	50.76%	0.10%	1,260	727
Grant VII	7.45%	3 years	40.30%	0.10%	2,047	902
Grant VIII	7.42%	3 years	41.49%	0.10%	2,044	913
Grant IX	7.37%	3 years	22.23%	0.10%	2,286	792
Grant X	7.33%	3 years	22.90%	0.10%	2,347	2,595
Grant XI	7.26%	3 years	23.61%	0.10%	1,683	1,871

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not also necessary be the actual outcome.

## 39. Segment information

Ind AS 108 establishes standards for the way that the Company report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations comprises of only one segment i.e. Retail sale business of various merchandise products. The Company operates primarily in India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment. In view of the same, separate segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments". The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

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

	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises (refer note 18 and 19)	5,106.91	2,565.55
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Interest paid to suppliers under MSMED Act	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

The management has obtained confirmation from majority of such vendors for principal and interest due to them.

## 41. Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Non-current borrowings	Current borrowings	Equity share capital (including premium)	Total
Net debt as at March 31, 2018	32.25	27.29	1,809.74	1,869.28
Proceeds from issue of equity share capital	-	-	186.40	186.40
Repayment of current borrowings (net)	-	(27.29)	-	(27.29)
Current maturities of long-term debts	(29.65)	29.65	-	-
Net debt as at March 31, 2019	2.60	29.65	1,996.14	2,028.39
Proceeds from issue of equity share capital	-	-	133.55	133.55
Working capital demand loan	-	104.65	-	104.65
Repayment of current borrowings (net)	-	(29.65)	-	(29.65)
Current maturities of long-term debts	(2.60)	2.60	-	-
Net debt as at March 31, 2020	-	107.25	2,129.69	2,236.94

## 42. Financial risk management

### A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores and technology. The Company's funding requirements are met through internal accruals and a combination of both long-term (Vehicle loans only) and short-term borrowings.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
Long term borrowings (including current maturities)	2.60	32.25
Working capital demand loan	104.65	-
Less: Cash and cash equivalents	(480.83)	(1,231.71)
<b>Total debt</b>	<b>(373.58)</b>	<b>(1,199.46)</b>
Equity share capital	1,815.55	1,813.00
Other equity	44,077.64	39,114.04
<b>Total equity</b>	<b>45,893.19</b>	<b>40,927.04</b>
<b>Gearing ratio</b>	<b>-0.81%</b>	<b>-2.93%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

## B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

### Market risk :

Market Risk is the risk that changes in market place could affect the future cash flows to the Company. The market risk for the Company arises primarily from interest rate risk and product price risk.

- Interest risk:** The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short term cash credits. The Company mitigates the same through efficient use of working capital limits and regular monitoring of Interest Coverage ratio. The Company is not exposed to significant interest rate risk as at the respective reporting dates.
- Product price risk:** In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The 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 the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

### Liquidity risk:

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Less than one year	Between one and five years	More than five years	Carrying amounts
<b>As at March 31, 2020</b>				
Borrowings (non current and current)	107.25	-	-	107.25
Interest payable	0.14	-	-	0.14
Lease Liabilities	7,782.64	14,762.54	29,021.27	51,566.45
Trade payables and other accruals	22,284.37	-	-	22,284.37
<b>As at March 31, 2019</b>				
Borrowings (non current and current)	29.65	2.60	-	32.25
Interest payable	0.36	-	-	0.36
Trade payables and other accruals	19,029.94	323.30	276.21	19,629.45

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

	As at March 31, 2020	As at March 31, 2019
<b>Secured working capital facilities</b>		
Amount used	104.65	-
Amount unused	18,395.35	10,000.00
<b>Total</b>	<b>18,500.00</b>	<b>10,000.00</b>
<b>Unsecured working capital facilities</b>		
Amount used	-	-
Amount unused	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are also set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information.

The Company provides for twelve month expected credit losses for the following financial assets

## As at March 31, 2020

Particulars	Estimated gross carrying amount	Expected credit loss	Carrying amount net of impairment provisions
Investments (refer note 28)	1,768.95	979.94	789.01
Loans	1,196.26	4.32	1,191.94
Cash and cash equivalents	480.83	-	480.83
Margin money deposits	125.22	-	125.22
Other receivables	8.76	-	8.76
Other bank balances	9.26	-	9.26
<b>Total financial assets</b>	<b>3,589.28</b>	<b>984.26</b>	<b>2,605.02</b>



# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## As at March 31, 2019

Particulars	Estimated gross carrying amount	Expected credit loss	Carrying amount net of impairment provisions
Investments	7,047.71	979.94	6,067.77
Loans	965.78	-	965.78
Cash and cash equivalents	1,231.71	-	1,231.71
Margin money deposits	117.65	-	117.65
Other receivables	256.98	-	256.98
Other bank balances	426.88	-	426.88
<b>Total financial assets</b>	<b>10,046.71</b>	<b>979.94</b>	<b>9,066.77</b>

## Concentration of financial assets

The Company's principal business activities are of retailing in consumer care and food products. All financial assets pertain to the retail business.

## 43. Fair value measurements

### Financial instruments by category

	March 31, 2020		March 31, 2019	
	Carrying value	Fair Value	Carrying value	Fair Value
<b>Financial assets</b>				
<b>Fair value through profit and loss</b>				
Investments				
- Mutual Funds	789.01	789.01	6,067.77	6,067.77
<b>Fair value through amortised cost</b>				
Investments				
- Bonds	-	-	-	-
Loans	1,191.94	1,191.94	965.78	965.78
Cash and cash equivalents	480.83	480.83	1,231.71	1,231.71
Other receivables	8.76	8.76	256.98	256.98
Margin money deposits	125.22	125.22	117.65	117.65
Other bank balances	9.26	9.26	426.88	426.88
<b>Total financial assets</b>	<b>2,605.02</b>	<b>2,605.02</b>	<b>9,066.77</b>	<b>9,066.77</b>
<b>Financial liabilities</b>				
<b>Fair value through amortised cost</b>				
Borrowings	2.60	2.60	32.25	32.25
Lease liabilities	51,566.45	51,566.45	-	-
Trade payables	19,678.97	19,678.97	14,826.00	14,826.00
Interest payable	0.14	0.14	0.36	0.36
Bank Overdraft	-	-	2,160.35	2,160.35
Employee related payables	1,624.06	1,624.06	503.62	503.62
Capital creditors	981.34	981.34	1,411.26	1,411.26
Other payables	-	-	728.22	728.22
<b>Total financial liabilities</b>	<b>73,853.56</b>	<b>73,853.56</b>	<b>19,662.06</b>	<b>19,662.06</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The following methods and assumptions were used to estimate the fair values:

The fair value of quoted investments are based on price quotations as on the reporting date.

The security deposits paid are evaluated by the company based on parameters such as interest rate, risk factors, risk characteristics, and individual credit worthiness of the counterparty. Based on this evaluation allowances are taken into account for the expected losses of the security deposits.

## 44. Fair hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Financial assets</b>					
Investments in mutual funds	March 31, 2020	789.01	789.01	-	-
	March 31, 2019	6,067.77	6,067.77	-	-
Investments in Bonds	March 31, 2020	-	-	-	-
	March 31, 2019	-	-	-	-
Loans	March 31, 2020	1,191.94	-	-	1,191.94
	March 31, 2019	965.78	-	-	965.78

There have been no transfers between Level 1 and Level 2 during the year.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed traded mutual funds that have quoted price. The mutual funds are reported using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

### Note :

The carrying amount of trade receivables, trade payables, capital creditors, borrowing, employee payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

45. The Company on a periodic basis assesses the markdown of its aged and obsolete inventories (including shrinkage due to various reasons). The exercise has been carried out throughout the year and also at the year end. The estimated markdown including shrinkage in consumption of stock-in-trade amounts to ₹ 3,502.15 lakhs including provision at year end of ₹ 2,053 lakhs [March 31, 2019: ₹ 2,343.13 lakhs including provision at year end of ₹ 795 lakhs]. The management is confident that above estimation is adequate both in line with the industry standards and as well as considering the current COVID-19 situation. Also refer note 49 below

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 46. Assets pledged as security

The carrying amounts of asset pledged as security for current and non-current borrowings are:

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
<b>Financial assets</b>		
Investments	457.47	5,085.29
Cash and cash equivalent	489.59	1,488.69
Other bank balances	9.26	426.88
<b>Non-financial assets</b>		
Inventories	47,792.24	32,898.41
<b>Total current assets pledged as security</b>	<b>48,748.56</b>	<b>39,899.27</b>
<b>Non-current</b>		
Property, plant and equipment**	17,074.28	16,158.19
Capital work in progress**	246.69	400.98
<b>Financial assets</b>		
Investments	331.54	982.48
Other financial assets	125.22	117.65
<b>Non-financial assets</b>		
Vehicles	52.87	62.60
<b>Total non-current assets pledged as security</b>	<b>17,830.60</b>	<b>17,721.90</b>
<b>Total assets pledged as security</b>	<b>66,579.16</b>	<b>57,621.17</b>

### \*Secured Loan

Vehicle loan secured against hypothecation of vehicle obtained from HDFC Bank, repayable in 36 instalment and carrying an interest rate of 8%. The loan was obtained on March 31, 2017.

### \*\*represents collateral security

#### Undrawn committed borrowing facilities

The Company has sanctioned working capital limits amounting to ₹ 15,000 lakhs (March 31, 2019: ₹ 11,500 lakhs) including non fund based limit of ₹ 1,500 lakhs from SBI, ICICI, Yes Bank, Axis Bank and HDFC Bank. An amount of ₹ 14,769.50 lakhs remains undrawn as at March 31, 2020 (March 31, 2019: ₹ 11,268.50 lakhs). Further, the limits available is secured by way of:

- Pari passu hypothecation charge with all the working capital lenders on entire current assets including stock and all the present and future book debts.
- Pari passu first hypothecation charge with all the working capital lenders on all the present and future fixed assets of the Company excluding vehicle and assets financed by other banks under the finance lease and term loan.
- Exclusive charge over personal property of Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal and Mrs. Sangeeta Agarwal to and their personal guarantee to SBI.
- Personal guarantee of Mr. Lalit Agarwal and Mr. Madan Gopal Agarwal is given to all multiple banking partners. Mrs. Sangeeta Agarwal personal guarantee is given to SBI.
- Exclusive charge over Mutual Funds of SBI DFS - C - 48 - 1177 Days - Direct - Growth and SBI Magnum Ultra Short Duration Fund - Direct - Growth to SBI.
- Exclusive charge over FDRs of ₹ 67 lakhs to SBI.

47. The lease terms for office premises, warehouse and store sites are for an period of nine years to fifteen years and having a lock-in period ranging from one to three years. The lease are further renewable on expiry of total lease term subject to mutual consent of both the parties. The Company also sub lease portion of retail stores. However, the sub-lease income is not material to the total lease outflows.

Further, the Company has also obtained some of the assets under operating lease from asset leasing company. Such lease agreement are cancellable by giving a three months notice and does not contain lock-in period.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Category of ROU assets		Total
	Building	Plant and Machinery / office equipments	
Right of use as at April 1, 2019			
Right to use assets on operating leases	39,640.12	218.95	39,859.07
Reclassification of rent free period capitalised earlier under head property, plant and equipment (refer note 3 and 4)	670.45	-	670.45
Reclassification of prepaid portion of security deposits account of adoption of Ind AS 116	518.53	-	518.53
Reclassification of rent free period capitalised earlier under CWIP (refer note 3 and 4)	25.58	-	25.58
Total right of use as at April 1, 2019	40,854.68	218.95	41,073.63
Additions during the year	14,165.90	116.81	14,282.71
Deletions during the year	-	-	-
Depreciation	(6,041.93)	(103.35)	(6,145.28)
Balance as at March 31, 2020	48,978.65	232.41	49,211.06

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows:

Particulars	As at March 31, 2020
<b>Lease liabilities</b>	
Current portion	7,782.64
Non-current portion	43,783.81
<b>Total</b>	<b>51,566.45</b>

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

Particulars	As at March 31, 2020
<b>Lease Liabilities as at April 1, 2019</b>	
Balance at the beginning	39,859.07
Reclassification of lease liability relating to rent free period	696.03
<b>Total lease liabilities as at April 1, 2019</b>	<b>40,555.10</b>
Additions	14,001.61
Finance cost accrued during the period	5,141.80
Deletions	-
Payment of lease liabilities (net of sub-lease Income)	(8,132.06)
<b>Balance as at March 31, 2020</b>	<b>51,566.45</b>

The effective interest rate for lease liabilities is 9.1% for leases ranging between 1 to 3 years and 11% for leases ranging from 3 to 15 years.

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

Particulars	As at March 31, 2020
Less than one year	7,782.64
One to five year	14,762.54
More than five year	29,021.27

The Company does not face a significant liquidity risk with regard to its lease liabilities as the company believes that it will able to generate sufficient cash to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases and the leases which are under the process of renewal was Rs.1,188 lakhs for the year ended March 31, 2020.

Rental income on assets given on operating lease to Rs.95.56 lakhs for the year ended March 31, 2020 which has been adjusted against lease liability during the year ended March 31, 2020

The effects of the transition on statement of profit and loss for the year ended March 31, 2020 is as follows:

Particulars	As at March 31, 2020
Other Expenses (- Decrease, + Increase)	(8,227.62)
Finance Costs (- Decrease, + Increase)	5,141.80
Depreciation and amortisation (- Decrease, + Increase)	6,050.41
Other Operating Income (+ Decrease, - Increase)	95.56
<b>Profit before tax (- Decrease, + Increase)</b>	<b>3,060.15</b>

48. The Company has opted reduced rates as per section 115BAA of the Income Tax Act, 1961 (introduced by the Taxation Laws Amendment Ordinance, 2019). Accordingly, the Company has recognised Provision for Income Tax for the year and re-measured deferred tax assets on the basis of rates prescribed in the said ordinance.
49. World Health Organization (WHO) declared outbreak of Corona virus disease (COVID-19) a global pandemic on March 24, 2020. Consequent to this, Government of India has declared lockdown w.e.f. March 24, 2020 which has temporarily impacted the business activities of the Company such as closure of stores and warehouse, disruption of supply chain, etc.

On account of this, the Company has prepared cash flow projections to assess the cash flow requirements and funds available from various sources including bank borrowings, etc for next 12 months. On the basis of its evaluation considering various internal and external information up to the date of approval of these financial statements / financial results and current indicators of future economic conditions, the Company believes that it has sufficient funds to operate for next 12 months. It has also assessed recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments and inventories. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2020

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Further, the Company has re-assessed valuation and recoverability of inventory. In its assessment the management has considered projected sales, purchase, discounts, promotion schemes, other logistic costs, etc. It has carried out sensitivity analysis and based on the same it is of the opinion that provision for markdown and shrink is sufficient and appropriate to cover any loss that may arise due to various un-certainties involved. Also refer note no. 45.

With respect to operating leases, the Company is under discussion with the landlords to waive the lease rentals for the lockdown period, re-negotiate rentals, waive off the future escalations, etc. Till the date of approval of these financial statements/ results, the conclusion is not arrived and hence lease accounting has been done on the basis of lease deeds/ MOU, etc. entered up to March 31, 2020. Consequent to this, right to use asset and lease liability will change and therefore impact the future finance cost on leased liabilities, depreciation on right to use and rental payments.

The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these financial statements / results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

## 50. Standards issued but not yet effective

There are no standards that are issued but not yet effective on March 31, 2020.

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
Firm Registration No.: 301003E/E300005  
Chartered Accountants

per **Vikas Mehra**  
Partner  
Membership Number: 094421

**Place:** New Delhi  
**Date:** May 29, 2020

**For and on behalf of the board of directors of  
V-Mart Retail Limited**

**Madan Gopal Agarwal**  
Director  
DIN No. 02249947

**Anand Agarwal**  
Chief Financial Officer  
PAN: ADDPA0633P

**Lalit Agarwal**  
Managing Director  
DIN No. 00900900

**Megha Tandon**  
Company Secretary  
Mem. No. A35532