V MART

PRICE "LESS" FASHION

**Date: 18th September, 2017**

**Ref. No. : CS/S/L-204/ 2017-18**

**To,**

| | |
|---|---|
| To:<br>The Listing Department<br>**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**<br>"Exchange Plaza"<br>Bandra-Kurla Complex<br>Bandra (E), Mumbai-400 051<br>**Scrip Code: VMART**<br>Fax: 022-26598120<br>Email: cmlist@nse.co.in | To:<br>The Corporate Relationship Department<br>**THE BSE LTD**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai-400 001<br>**Scrip code: 534976**<br>Fax: 022-22723121<br>Email: corp.relations@bseindia.com |

**Sub: Annual Report for the Financial Year 2016-17**

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 2016-17 duly adopted and approved in the **15th Annual General Meeting** of the Company held on Monday i.e. September 18, 2017.

We request you to kindly take the same on record.

Thanking you,

**For V-Mart Retail Limited**

**Megha Tandon**
**Company Secretary**

**(Encl.- as above)**



# ALIGNED WITH CUSTOMERS, PREPARED FOR GROWTH

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# ADDRESSING THE OTHER INDIA

**The** financial year 2016-17 was one of the most challenging for retail-driven Indian companies.

**The** year was marked largely by the nervousness arising from India's landmark currency demonetization.

**Most** people struggled with inadequate currency. Buyers deferred purchases. Retail offtake was affected.

**And yet**, V-Mart reported one of its best years in existence in 2016-17.

**The** Company reported profitable growth – revenues increased 24 per cent; profit after tax strengthened 43 per cent.

**Validating** its long-standing focus in extending the benefits of organized retail to a non-metro India, under-consumed India and aspiring India.



FOR A TRUE PICTURE OF OUR COMPETITIVENESS, WE INVITE READERS TO EXTEND BEYOND OUR TOPLINE AND BOTTOMLINE.

## CFOA

461
CFOA in ₹ mn, (net of tax and working capital), 2015-16

687
CFOA in ₹ mn, (net of tax and working capital), 2016-17

This increase was in the face of economic sluggishness and margins declining all across in the country's consumer retail sector

## FREE CASH FLOWS

200
CFOA less capex (₹ mn), 2015-16

270
CFOA less capex (₹ mn), 2016-17

This increase testifies to the fact that even in a cash-intensive business, the company generated more cash than ever



## INVENTORY TURNS

3.96
Revenues divided by year-end inventory quantum, 2015-16

3.73
Revenues divided by year-end inventory quantum, 2016-17

At a time when consumer retail sentiment was considerably affected, the company accelerated offtake

## AGGREGATE VALUE

236
Cash, cash equivalents and current investments (₹ mn), 2015-16

648
Cash, cash equivalents and current investments (₹ mn), 2016-17

This substantial growth provides the company with resources to drive growth faster than ever, accelerating the virtuous cycle

## GEARING

0.12
Debt-equity ratio, 2015-16

0.13
Debt-equity ratio, 2016-17

In a business that warrants resources to build stocks and widen store rollout, the company remained virtually debt-free even in a particularly challenging year

# THE HEALTH OF OUR BUSINESS

106
Presence in Indian cities and town as on 31 March 2016

121
Presence in Indian cities and town as on 31 March 2017

10.14
Total retail space (lakh sq ft.), 2015-16

11.95
Total retail space (lakh sq ft.), 2016-17



20
Total footfalls (in million), 2015-16

25
Total footfalls (in million), 2016-17

64
Conversion rate (%), 2015-16

60
Conversion rate (%), 2016-17



195
Average selling price (₹), 2015-16

208
Average selling price (₹), 2016-17

663
Transaction size (₹), 2015-16

713
Transaction size (₹), 2016-17

0.4
Same store sales growth (apparel) %, 2015-16

13.3
Same store sales growth (apparel) %, 2016-17



756
Revenue per square feet (average in ₹), 2015-16

799
Revenue per square feet (average in ₹), 2016-17

88
Inventory (Days of Sales) , 2015-16

86
Inventory (Days of Sales), 2016-17



1.9
Shrinkage (% of sales), 2015-16

1.4
Shrinkage (% of sales), 2016-17



124
Working Capital cycle (COGS basis), 2015-16

123
Working capital cycle (COGS basis), 2016-17

4254
Total workforce as on 31st March 2016

4967
Total workforce as on 31st March 2017

# GROWING URBAN AND SEMI-URBAN PRESENCE

| Cities | FY 2016-17 | | | |
|---|---|---|---|---|
| | Number of Stores | Sales per square feet (per annum) | Growth from FY 2015-16 (%) | |
| | | | Store | Sales per sq. ft. |
| Metro and Tier-I | 19 | 763 | 6 | 10 |
| Tier-II | 40 | 750 | 10 | 9 |
| Tier-III | 82 | 834 | 16 | 2 |

# PRODUCT-WISE GROWTH

| Year | Fashion | | Kirana | |
|---|---|---|---|---|
| | Revenue (in million) | % of revenue | Revenue (in million) | % of revenue |
| 2011-12 | 2,133 | 76 | 677 | 24 |
| 2012-13 | 3,093 | 81 | 738 | 19 |
| 2013-14 | 5,043 | 88 | 698 | 12 |
| 2014-15 | 6557 | 91 | 648 | 9 |
| 2015-16 | 7454 | 92 | 640 | 8 |
| 2016-17 | 9323 | 93 | 694 | 7 |

# WHAT WE MARKET IN OUR STORES

## FASHION

- Apparels - Men's, Women's, Boys', Girls', Toddler's, Accessories
- General Merchandise - Footwear, Home furnishings, Kitchenware, Toys and games, Bags and luggage and Crockery

## KIRANA BAZAR

- FMCG products
- Packaged food items
- Beauty and personal - care
- Home care
- Staple products



THERE ARE TWO INDIAS WITHIN INDIA.

THE WELL-CONSUMED INDIA.
THE UNDER-CONSUMED INDIA.

AT V-MART, WE HAVE CONSCIOUSLY SELECTED TO EXTEND THE STANDARDS OF A WELL-CONSUMED INDIA TO AN UNDER-CONSUMED INDIA.

AN UNDER-CONSUMED INDIA EXTENDING ACROSS TIER II, III AND IV CITIES AND TOWNS.

THE RESULT IS THAT V-MART REPORTED A CAGR IN REVENUES OF 27 PER CENT AND A CAGR IN PROFIT AFTER TAX OF 22 PER CENT IN THE FIVE YEARS ENDING 2016-17.

MAKING THE COMPANY ONE OF THE MOST EXCITING PROXIES OF INDIA'S CONSUMER RETAIL INDUSTRY.

## OUR VISION

Create value and make our ecosystem proud

## OUR MISSION

- Care for customer aspirations
- Discover and nurture talent
- Sustain ethical growth
- Harness vendor relationships

## OUR BACKGROUND

V-Mart was incorporated in 2002 as Varin Commercial Private Limited (later renamed V-Mart Retail Limited).

V-Mart was among the first consumer retail companies to be positioned around the concept of family fashion offering value-for-money products for the fashion-conscious middle-class youth in Tier II, III and IV cities.

Over the last decade, the Company has evolved into a one-stop brand of choice, offering an extensive range of products around the concept of 'Price-less Fashion' in non-metro cities.

## OUR WORK

V-Mart's business is spread across the following segments: Fashion (Apparel, non-apparel and home mart) and Kirana bazar (FMCG and pack staple food).

The fashion segment was the Company's largest business segment, accounting for 93% of the Company's revenues in 2016-17.



## OUR STORES

**V-Mart Aspire:** Houses products for the youth in line with the latest trends.

**V-Mart Plus:** Addresses consumers across age groups; stocks clothes and discretionary products; located in densely populated areas.

**V-Mart Corporate:** Targets office-goers; product line is known as Gold Line Fashion; stores are located in areas comprising working professionals.

**V-Mart Values:** Value stores comprising cost-competitive products addressing all age groups.

## OUR LOCATIONS

V-Mart enjoys a growing presence in Tier II, III and IV Indian cities. As on 31st March 2017, V-Mart enjoyed a presence in the following locations:

| 82 stores | 40 stores | 19 stores |
|---|---|---|
| in Tier III and IV cities | in Tier II cities | in Metros and Tier I cities |

The company's 141 stores are spread across 121 cities in 14 States and Union Territories.

The Company's store coverage comprised 11.95 lac square feet at the close of FY 2016-17 compared to 10.14 lac square feet in FY 2015-16.

## OUR LISTING

The company's shares listed and actively traded on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

| 54.48% | 45.52% | 14899 |
|---|---|---|
| Promoters' holding (March 31, 2017) | Public holding (March 31, 2017) | Market capitalization, March 31, 2017 (₹ million) |



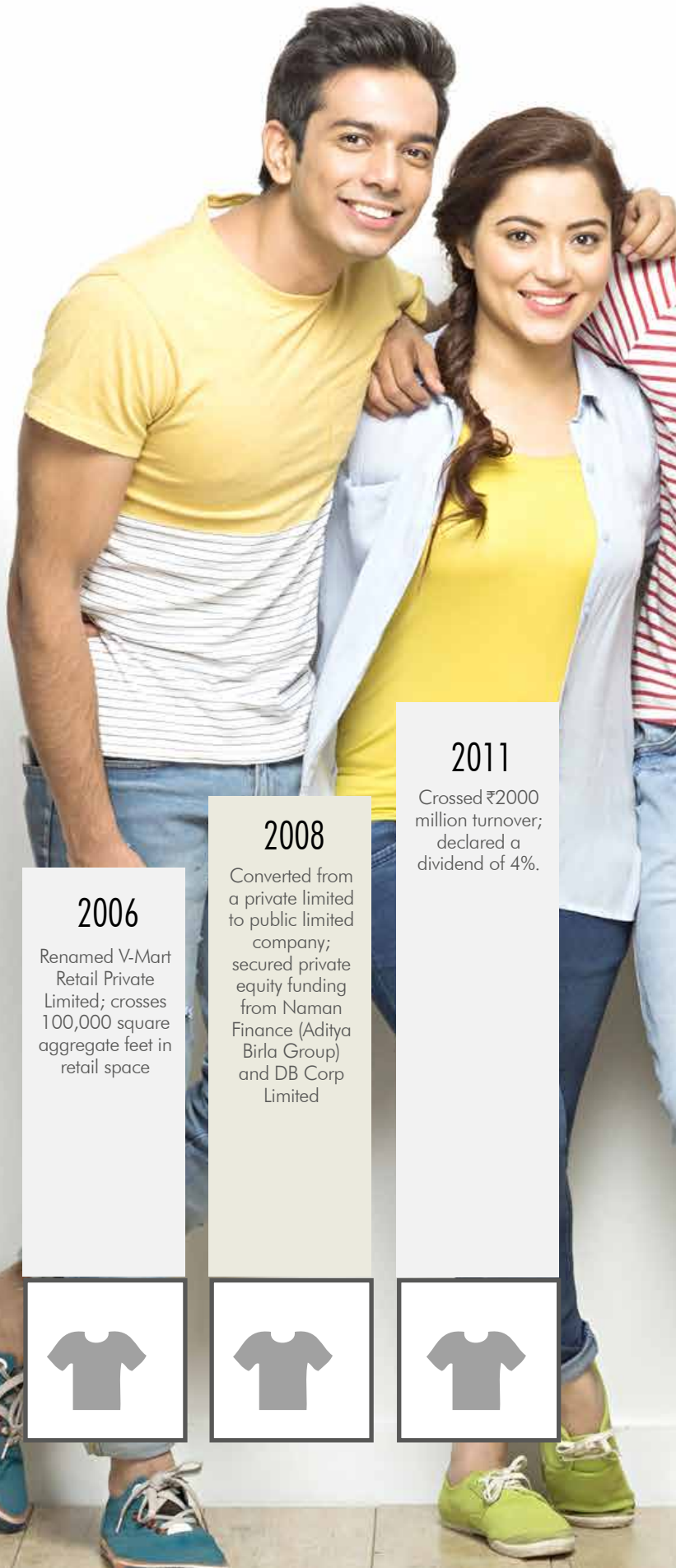
**SITA GEHLOT**, 32. She lives 2.5 kms from the V-Mart store where the environment is semi-urban. Her biggest convenience is that one trip to the V-Mart store makes it possible for her to aggregate all that she needs for the month without needing to commute from shop to shop. The result is that she estimates that she saves about 5 hours of shopping time a month by selecting to buy everything she needs at V-Mart. "V-Mart zindagi ka hissa sa ban gaya hai," is how she sums it up.

**PALLAB BHATTACHARYA, BERHAMPUR**. Shops only at V-Mart. The reason is price integrity. Each time he steps into an unorganized store, he needs to bargain extensively. The result is that at some stores he gets a fair price; in some stores, he realizes (later) that he might have paid more than the shop deserved. When he shops at V-Mart, he is comforted by the fact that nobody needs to haggle and everybody pays the same price; this price is prominently displayed. The result is that he finds shopping at V-Mart a breeze – no stress! "V-Mart pe khareedaari me samajhdaari hai!" he says.



**PINKY MOHAPATRA, BHADRAK.** College student. Buys the trendiest clothes with her pocket money. The one difference that she has noticed over the last few years is that there was a time when her clothes were typically Tier III standard; thanks to V-Mart's contemporary merchandise, she wears what college girls in metro cities wear – no difference. The result is that when she walks into college, heads turn! "V-Mart ne mujhe ek nayi pehchaan di hai!" she exclaims.

# HOW WE HAVE EVOLVED OVER THE YEARS



**2002**
Incorporated as Varin Commercial Private Limited

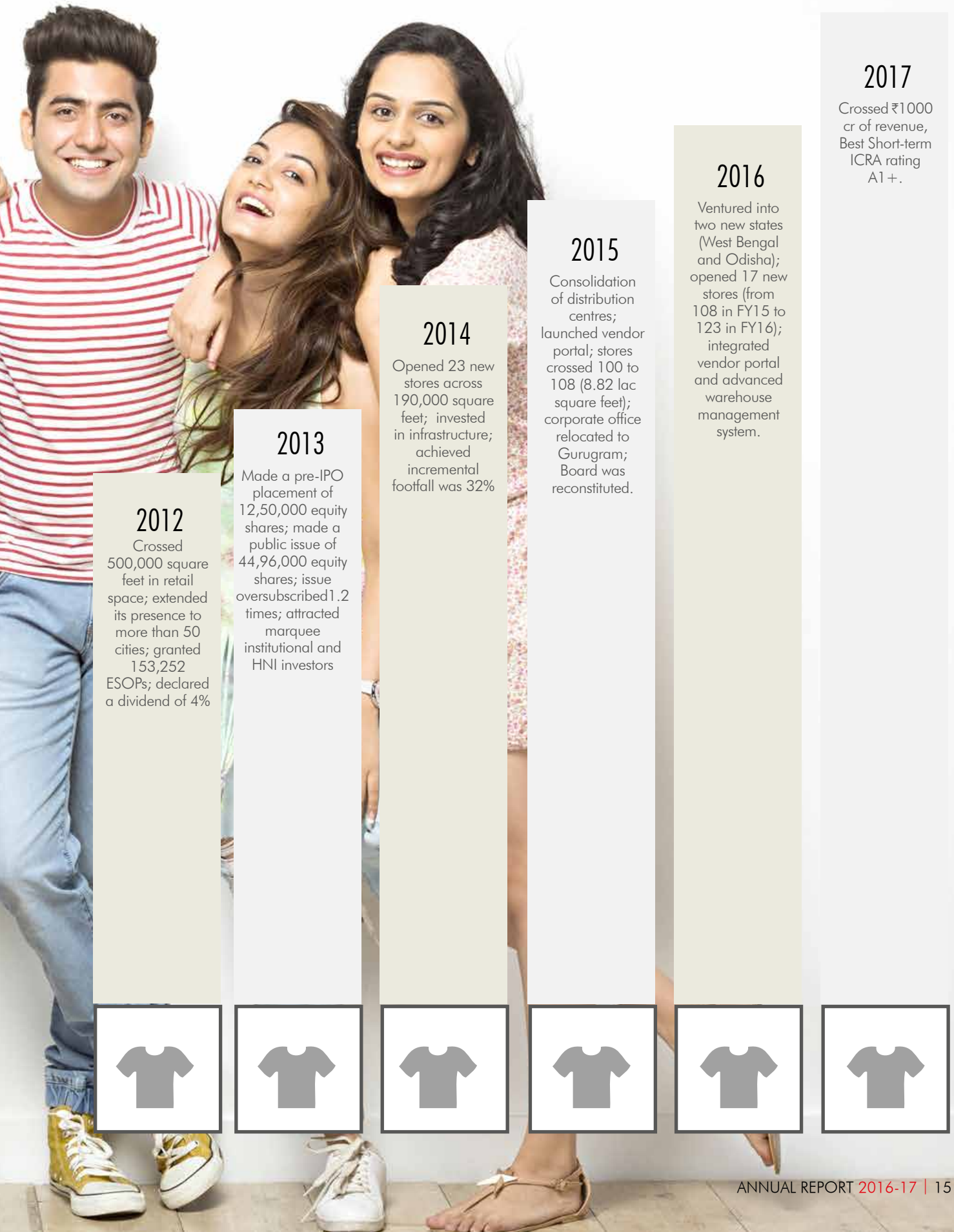
**2003**
Launched the maiden store in Gujrat

**2004**
Established its maiden store in New Delhi

**2006**
Renamed V-Mart Retail Private Limited; crosses 100,000 square aggregate feet in retail space

**2008**
Converted from a private limited to public limited company; secured private equity funding from Naman Finance (Aditya Birla Group) and DB Corp Limited

**2011**
Crossed ₹2000 million turnover; declared a dividend of 4%.



## 2012

Crossed 500,000 square feet in retail space; extended its presence to more than 50 cities; granted 153,252 ESOPs; declared a dividend of 4%

## 2013

Made a pre-IPO placement of 12,50,000 equity shares; made a public issue of 44,96,000 equity shares; issue oversubscribed1.2 times; attracted marquee institutional and HNI investors

## 2014

Opened 23 new stores across 190,000 square feet; invested in infrastructure; achieved incremental footfall was 32%

## 2015

Consolidation of distribution centres; launched vendor portal; stores crossed 100 to 108 (8.82 lac square feet); corporate office relocated to Gurugram; Board was reconstituted.

## 2016

Ventured into two new states (West Bengal and Odisha); opened 17 new stores (from 108 in FY15 to 123 in FY16); integrated vendor portal and advanced warehouse management system.

## 2017

Crossed ₹1000 cr of revenue, Best Short-term ICRA rating A1+.



# CHAIRMAN'S OVERVIEW

I am pleased to share with you the Annual Report of V-Mart for the financial year 2016-17. V-Mart went on to hone its consumer-centric inventive fashion portfolio underscored by its seamless integrated store model. The main element supporting the consistent development of this model are our employees: a varied sea of professionals who possess innovative flair, a penchant for fashion, the competence to work vigorously as a team, an entrepreneurial streak and a zest for innovation.

It has been 14 years since V-Mart began its operations. In 2003 the total population of India was 1.108 Bn, GDP being USD 599.6 Bn. A lot has changed since then and India is now a very different place with 1.324 Bn population & a GDP of USD 2.264 Tn. V-Mart also has grown considerably since 2003 and now employs over 5,500 people directly and indirectly supporting several more individuals and MSMEs across India.

Since my last communication through V-Mart's Annual Report 2015-16, the economic and business backdrop has witnessed major shifts. The global economy was fragile in FY 16-17 amidst slowdown in cross-border trade, protectionism, elevated levels of uncertainty; but the Indian economy consolidated the gains achieved in restoring macroeconomic stability, becoming a preferred destination for foreign investment. The robust policy support by the Government of India resulted in structural strength, increased efficiency and a renewed confidence by all stakeholders in India. This was also demonstrated by leading multi-lateral institutions such as the International Monetary Fund and the World Bank which endorsed India as a 'bright spot' in today's global economy amid 'profound' reforms. The Government of India continued its reform agenda with initiatives like the Smart Cities Mission, Digital India, Make in India, Jan Dhan Yojana and improving the Ease of Doing Business besides implementation of the Insolvency & Bankruptcy Code, creation of a Monetary Policy Committee, passage of GST, and last, but not the least, the policy thrust towards a cashless formal economy. The Government's commitment towards reforms, implementation of Seventh Pay Commission payout by State Governments, ongoing quality fiscal consolidation, and marginal improvement in the external demand are expected to boost GDP growth to 7.3% from 7.1%. These policy measures will serve as a strong platform to ensure India asserts its position globally and also bears fruit in the domestic economy over the next year or so. At V-Mart, we note these developments and gear our internal machinery to the evolving economy of India.

V-Mart has always believed that business excellence flows from effective Corporate Governance, the importance of which goes beyond following just rules and regulations. My colleagues in the Board of Directors are accomplished professionals with a proven track record and diverse backgrounds. The Board has maintained a strong ethical environment and always aspires to achieve best-in-class practices in the retail industry. During the period under review, the Board had various opportunities through its Board & Committee meetings to interact with our senior management to gauge their direction and to guide them towards long-term sustainable business strategies keeping the ever-evolving needs of the consumers in the center.

Each time I travel and come across people interested in the prospects of India's retail industry in general and our company's performance in particular, one of the questions that they ask me is how we

I HAVE EXPLAINED THIS BACKGROUND WITH SOME DETAIL BECAUSE THIS IS RELEVANT TO APPRECIATE THE QUALITY OF OUR PERFORMANCE. V-MART REPORTED A 24 PER CENT GROWTH IN REVENUE IN 2016-17 AND A 43 PER CENT INCREASE IN PROFIT AFTER TAX DURING THE YEAR UNDER REVIEW.

succeeded during a challenging FY 16-17. During the course of my conversation, I do concede that when currency demonetization was done in Q3 FY 16-17; it was perhaps one of the most challenging times in India's retail sector. It created a temporary shortage of high denomination currency notes within the economy, which cascaded into a crisis in consumption confidence; buyers backed off and retail sales declined. V-Mart introduced the 'Smart ATM concept' to help customers get cash, which saw us acquiring new customer streams as well, and drawing operating efficiencies by automation in our supply chain. During this Smart ATM drive at our stores, we started dispensing the collected cash to anyone who needed it by swiping cards on our stores' credit card swipe machines irrespective of whether the person was buying or not buying from our stores. This drive saw long queues outside all our stores across the country. Our store teams took the initiative to lead these people to explore our stores, often resulting in sales and new customer formation. This, along with better supply chain management, led to robust sales during a period, which saw almost all industries, including retail, witnessing a massive downfall in demand.

This is an example of how V-Mart converted a threat into an opportunity which is a core part of the way we do business and approach our external macro environment.

V-Mart has achieved past targets with a succession of strong leaders, mature and good employees and a readiness to take up, from time to time, bold measures for growth.

## THE YEAR UNDER REVIEW: FY 16-17

I have explained the above background with some detail because this is relevant to appreciate our performance. V-Mart reported a 24 per cent growth in revenue in 2016-17 and a 43 per cent increase in profit after tax during the year under review. It is a matter of pride that the company selected one of the challenging external situations in its existence to report profitable growth. We took various initiatives in across the last number of years, which began to mature and manifest during the year under review. For the sake of clarity and brevity, it would be necessary to summarize these initiatives across the following buckets:

**Building** people capabilities
**Technology** investments
**Targeted** merchandising

The interplay of these initiatives translated into superior value at our company just when it mattered during the year under review.

The company's growth was assisted during period under review by a substantial increase in the Same Store Sales growth (apparel) to 13.3% YoY, launching 20 new stores.

V-Mart performed well in the period under review and we have strong reasons to be confident about the future.

**Rs. 3–4 trillion**
Expected consumption expenditure in India in 2025

**3rd**
India's global ranking among consumer markets

## BUILDING PEOPLE CAPABILITIES

At V-Mart, we believe that all corporate growth essentially begins with people. During the last few years, even during periods of economic and retail sluggishness, the one investment that we continued to emphasize was our investment in human resources who are the true assets on our Balance Sheet. In addition to recruitment in line with growth in the number of retail stores, by training we enhanced the capabilities of our people to better manage consumer needs. The result is reflected in increased productivity: revenue per employee increased to ₹20.23 Lacs as on 31st March, 2017 from ₹19.05 Lacs as on 31st March, 2016. The fact that a number of our customers were willing to buy from us indicates a stronger connect between our employees and customers.

## TECHNOLOGY INVESTMENTS

At V-Mart, we recognize that in a country marked by extensive under-consumption in organized retail, there would always be a premium on the speed to expand across Tier II, III and IV cities. There was one investment that was critical to this aggressive growth: a robust and scalable technology foundation that would make it possible to locate inventory, analyze consumer trends and measure our performance in real time. In the last few years, we made proactive investments in advanced IT tools and software for informed decision-making. I am pleased to report that each time we scaled the business, this technology foundation made it possible to amortize costs better, providing our business with the room in which to enhance our competitiveness.

## TARGETED MERCHANDISING

V-Mart believes that there are a number of different countries within our own country, i.e. there are diverse regional markets with distinct consumer preferences that are completely different from each other at even a distance of even 100 kms. The success of any retail enterprise depends on



how well we map consumption patterns and address emerging demand in these different markets. Through a combination of consumer insight and technology, we believe that we are getting better at providing just what the market needs at right prices at the right time, the result of which is visible in our improved inventory turns.

## OPTIMISM

At V-Mart, we are optimistic of our prospects for a number of reasons. We have the largest presence in Uttar Pradesh with more than 60 stores, where the election of a new pro-business and investor-friendly government should translate into increased disposable incomes and consumer spending, strengthening our prospects. We believe that farm loan waivers should translate into increased income in the hands of farmers, strengthening rural offtake and benefiting consumer-facing companies like ours. We feel that Goods & Services Tax is the most decisive initiatives for the benefit of the value retail industry, wherein apparel with a sticker price of less than ₹1000 has begun to attract the lowest tax slab of 5 per cent. This augurs well for a company like ours where we derive around 85 per cent of our revenues from products priced at ₹1000 or lower, making it possible for the market to widen on the one hand and for a company like V-Mart to widen its industry share. We believe that as incomes and media exposure increases, consumers will consume more and of a larger breadth of products. At V-Mart, we are attractively placed to capitalize on this phenomenon; our technology investments will make it possible for our supply chain efficiencies to

WE BELIEVE THAT IN TIER 2 AND 3 LOCATIONS IN INDIA, CONSUMERS ARE DRIVEN BY TOUCH AND FEEL; THEY WOULD RATHER VISIT A STORE, APPRAISE ALTERNATIVE CHOICES BEFORE SELECTING TO BUY.

be leveraged better, making it possible to respond to the wider and larger needs of customers.

## V-MART'S GROWTH AGENDA

V-Mart intends to commission a larger number of stores in non-metro locations; widen our product categories and the merchandise within; we intend to service a larger number of customers. We will grow with speed but to the extent that our Balance Sheet permits without jeopardizing our financial integrity. We will seek synergic sectoral opportunities that make it possible to explore alternative revenues engines that sustain our corporate ambition.

I am proud to say that we have the resources to map our own journey; we know where we are headed and we have the right team of professionals in all areas of retail trade.

## OUTLOOK

The theme for FY 17-18 is 'Aligned with Customers, Prepared for Growth' which reflects our core belief of keeping the ever evolving needs and wants of our customers in the center and then aligning all our operations and growth strategies around that. Amongst several identified areas, V-Mart will focus on fashion forecasting, fashion designing, Quality assurance, data analytics & business intelligence across the entire value chain, investments in technology & customer experience, Big Data applications in Supply chain / Merchandising / Logistics / retail operations to ensure better cohesiveness and relevance of support functions to Retail operations to ensure better and more relevant / fresh bouquet of products to offer superior value to our customers.

V-Mart will robustly focus upon enhancing the customer shopping experience – making it stand out as a distinguishing feature. Our newly launched customer loyalty program- V-Mart Value Club – is being expanded to offer even better value to our customers.

For FY 17-18, V-Mart aspires to further the improvements in per square feet sales, plan

THE THEME FOR FY 17-18 IS 'ALIGNED WITH CUSTOMERS, PREPARED FOR GROWTH' WHICH REFLECTS OUR CORE BELIEF OF KEEPING THE EVER EVOLVING NEEDS AND WANTS OF OUR CUSTOMERS IN THE CENTER AND THEN ALIGNING ALL OUR OPERATIONS AND GROWTH STRATEGIES AROUND THAT.

in opening new stores, launch new festival collections, target even better marketing for primary customer segments in rural as well as urban areas and enhancing fashion offerings at superior price points – all part of the company's key drivers for growth. V-Mart will be offering a palette of colors for our customers during the upcoming wedding and festival season. We are planning to launch private labels across all divisions along with aligning and becoming stronger in basic 'Never out-of-stock' merchandise.

We have started to outline our strategy for omni-channel retail to future-proof our business and provide multiple modes to our customers to engage with us. Treating each day as a new avenue for more learning, we listen to our consumers, understand shifts in the market and consumer behavior, experiment and prototype to come up with new workable ideas.

In FY 17-18, V-Mart aspires to leverage its strengths, reduce internal weaknesses, mitigate the threats to business model to make the most of the opportunities in the markets that it operates in.

## RECOGNITION

It gives me great pleasure and delight in sharing that among 200+ fast growing companies with a clearly differentiated business model, V-Mart was chosen by Niti Aayog to be represented by me at a two-day conclave on 16th & 17th August 2017 attended by the Hon'ble Prime Minister of India, all Cabinet Ministers, Ministers of State, Secretaries to the Government of India and policy experts from the Niti Aayog. This conclave called as 'Champions of Change' had such private sector participants ideate and brainstorm innovative policy inputs around several thematic areas to the Government and present the same to a forum headed by the Hon'ble Prime Minister to transform India by 2022 by mitigating national challenges and meeting both social and economic goals. V-Mart being identified to give transformative policy inputs at such a high forum on matters of national interest is a matter of immense pride for all stakeholders associated directly & indirectly with the V-Mart family over the years.

During the period under review, V-Mart was awarded 'Excellence in Retail & Customer Service' in the Images North India Retail Awards by India Retail Forum.

## OVERVIEW

India offers innumerable opportunities to develop new businesses provided one is flexible and quick to the evolving business climate. The economy is poised to get more and more formalized and digitized and we believe we possess the capability to flourish in it.

I thank all stakeholders including our investors, employees and vendors for enabling us to hit INR 1000 crore of revenue within 14 years of operations. We have a sea of opportunities ahead to propel the company for long-term growth, while staying focused on operating discipline. We shall continue to create value and make our ecosystem proud.

Please accept my heartfelt thanks for being part of this journey and look forward to even better times ahead for us all!

**Lalit Agarwal,**
*Chairman & Managing Director*







# INDIA COMPLAINED OF A WASHOUT THIRD QUARTER FOLLOWING DEMONETISATION; V-MART REPORTED ITS BEST QUARTER INSTEAD

327
Revenues reported in Q3 of 2016-17 (₹ Cr)



When demonetisation was announced and retail confidence disappeared, most retail brands did the usual – they invested in patience and encouraged customers to pay in whichever form they wished - cash or plastic cards (debit or credit).

V-Mart went one step ahead; it converted its swipe machines into temporary ATMs within its premises.

The ATMs generated huge queues within our premises of those intending to withdraw cash; it also created a large proportion of first-time consumers who walked out having brought something from our stores.

So even as most consumer retail brands suffered a decline in footfalls, V-Mart experienced a surge.

Amazingly. Remarkably. Unusually.

The result is that what was the most disastrous quarter for most retail peers proved to be one of the best ever at V-Mart.

Sales evolved from approximately 90% in cash prior to the demonetization to approximately 60% by card immediately after. The company reported ₹327 cr in revenues, which was 23 per cent higher than the last year quarter; the profit after tax that we reported during this quarter was 81 per cent higher than our last year quarter.

*Passion. Made remarkable things happen at V-Mart.*





AT V-MART, WE RESOLVED TO MAINTAIN OR REDUCE STICKER PRICES WITH THE OBJECTIVE TO ENHANCE PROFITS.

We invested in one of the world's best warehouse management system (INFOR)



# AT A TIME WHEN EVERYBODY SAID THAT THE BEST WAY OF INCREASING PROFITS WAS BY INCREASING STICKER PRICES, WE SOUGHT TO REDUCE INSTEAD

In a competitive market where consumers shift brand loyalty because something is priced just a few rupees lower, the suggestion was that we raise sticker prices to increase profits.

At V-Mart, we resolved to maintain or reduce sticker prices with the objective to enhance profits instead.

We recognised that the only way to achieve this challenging objective was to question every paradigm, every practice, every process: with the singular objective to do things faster, better and at a lower cost.

To do this effectively, we ironically increased our spending – on information technology.

We invested in one of the world's best warehouse management system (INFOR); we wired our systems better; we connected our various stores; we standardized the warehousing processes; we documented every sale; we analysed our costs sheets; we studied sales data closely.

Most industry experts said that this was unlikely to yield significant benefits. The reality is that we reduced our overheads, made our pricing more affordable, widened sales, generated superior procurement economies and generated increased surpluses without charging the customers higher.

*Passion. Generated win-win benefits at V-Mart.*



# WHEN EVERYONE SAID WE NEEDED TO STRENGTHEN OUR BUSINESS, WE DISAGREED; WE REINVENTED INSTEAD.

24%

Sales growth in 2016-17



At V-Mart, we didn't just focus on making our business better in 2016-17; we focused on reinventing it instead.

Across every initiative, across every function, across every level, across every location.

These are some of the prominent initiatives that we embarked on during the year under review.

We rationalised vendors on the overall, promising a larger throughput to each in return for lower costs.

We merchandised precisely in line with emerging winter demand; we strengthened our supply chain that moderated inventories.

We didn't just productise; we focused on building sales of specific products around price points that promised the quickest offtake.

We bar-coded every single product, generating a complete insight into sales patterns

We strengthened our Quality Control and Quality Assurance

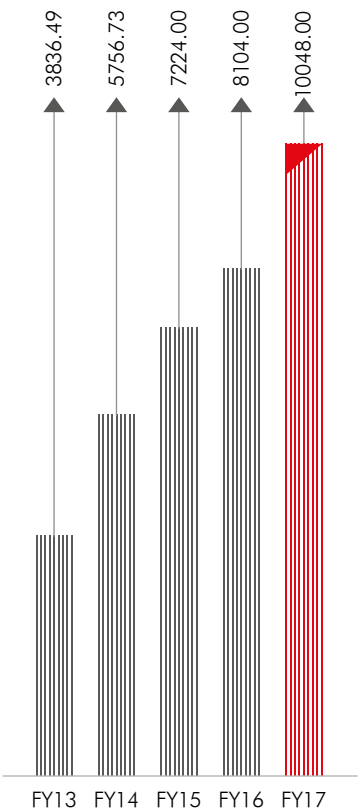
We transferred the responsibility of warehouse product delivery to vendors, strengthening on-time delivery to 90%.

The result is that in FY17, our sales growth almost doubled to 24% from 12% in FY16, EBITDA margin improved from 7.79% in FY16 to 8.55 in FY17 and inventory turnover ratio improved to 3.73 in FY17 from 3.96 x in FY16.

*Focus on the big picture even as God lies in the details.*

# HOW OUR DIFFERENTIATED MODEL HAS TRANSLATED INTO SECTORAL OUTPERFORMANCE

REVENUES (₹ MN)



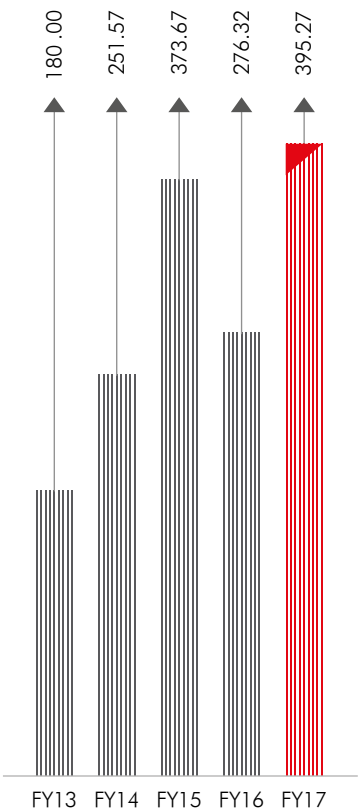

HIGHER REVENUES

**Definition:** Sales growth after deducting Sales Tax/VATexcise duties.

**Why we measure:**This measure reflects the Company's ability to understand market trends and service customers with relevant products and competent supply chain management.

**Performance:** Our aggregate sales increased 24 per cent to ₹10048 million FY 17.

NET PROFIT (₹ / MN)



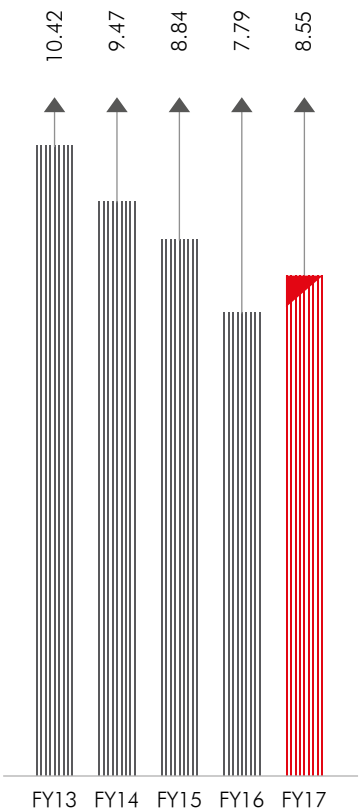

NET PROFIT

**Definition:** Profit earned during the year after deducting all expenses and provisions.

**Why we measure:**It highlights the strength in the business model in generating value for its shareholders.

**Performance:** The company reported a 43 per cent increase in its Net Profit in FY17 which reflects the resilience of its business model in growing shareholder value.

EBIDTA MARGIN (%)



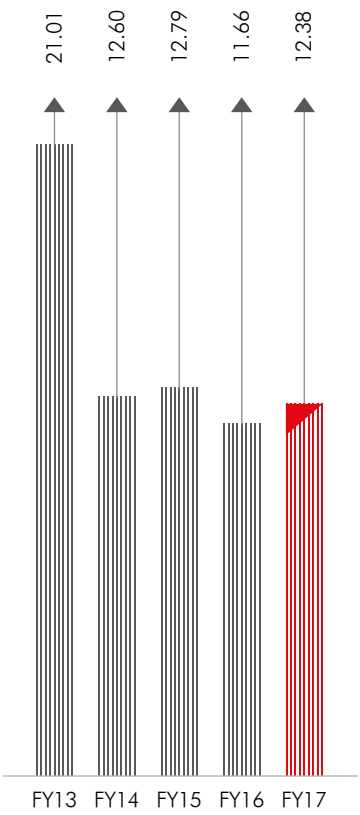

EBIDTA MARGIN

**Definition:** EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, better for the company.

**Why we measure:**The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

**Performance:** The company reported a 58 bps increase in EBIDTA margin in FY 17, a result of improved operating efficiency across the business.

## W. CAPITAL EFFICIENCY (%)



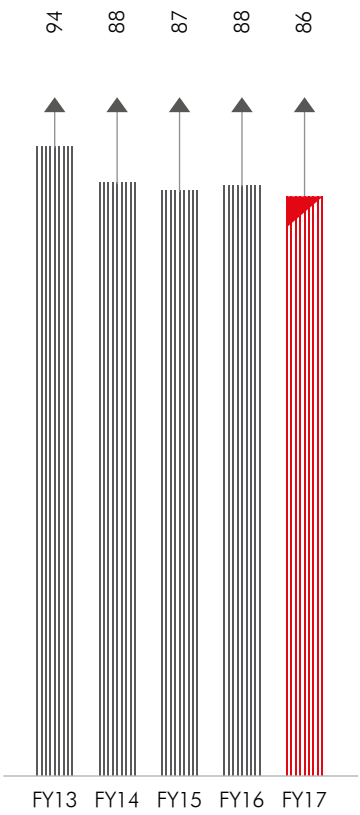

### WORKING CAPITAL (AS A% OF SALES)

**Definition:** Working capital is a measure of the operational liquidity of a company.

**Why we measure:** If working capital is viewed as a percentage of sales, it tells us how much of every rupee must go towards meeting operational expenses and short-term debt obligations.

**Performance:** The company reported a 0.72% increase in working capital (as a % of sales) in FY 17, thus maintaining enough working capital to pay operational expenses and address short-term debt obligations.

## INVENTORY (DAYS OF SALES)



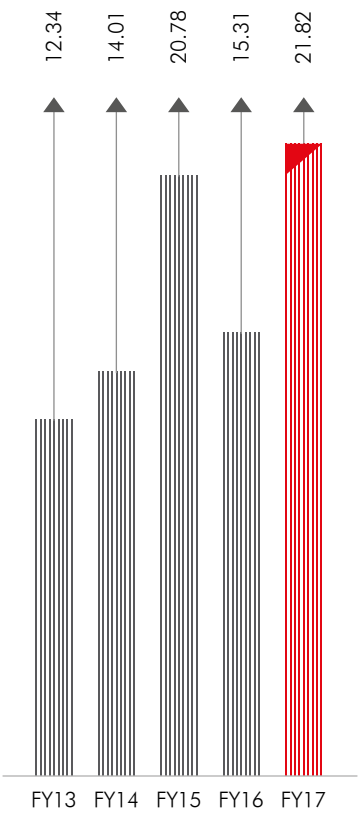

### INVENTORY

**Definition:** This parameter gives investors an idea about how long it takes a company to turn its inventory (including goods that are a work in progress, if applicable) into sales.

**Why we measure:**This is a measure of inventory effectiveness. Generally, lower days of sales are preferred as then a company's cash is tied up in inventory for lesser time.

**Performance:** The company bettered its inventory in terms of days of sales equivalent from 88 in FY16 to 86 in FY17.

## EPS (₹)




### EARNINGS PER SHARE

**Definition:** Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock.

**Why we measure:** Earnings per share serves as an indicator of a company's profitability.

**Performance:** The company's EPS has been consistently growing for the last 5 years, indicating improving profitability and growing shareholder value.

# HOW WE ARE STRUCTURED TO ENHANCE VALUE

## THE SECTORAL BACKGROUND

**Growing aspirations:** India is correcting decades of relative under-consumption with speed; this is being marked by aspirations for a better lifestyle

**Under-consumption:** Even as India is increasing the per capita consumption of a variety of products, a larger part of India living outside metro locations is still vastly under-consumed, representing a growth opportunity

**Increasing disposable incomes:** The average Indian is earning more than before: per capita income increased from around ₹93000 in FY16 to ₹103,000 in FY17

**Need for consumer convenience:** As cities and towns grow, urban commutes are getting longer, making it necessary for Indians to buy most products from a single stores

**Price-sensitivity:** Even as the average Indian earns more, she or he continues to be price-sensitive and seeking the best value for money



## THE PRIORITIES OF OUR BUSINESS STRATEGIES

**Low gearing:** V-Mart has selected to remain an under-borrowed company; gearing was around 0.13 at the close of 2016-17, indicating the virtual absence of external financing and a correspondingly high capacity of the company to weather sectoral shocks

**Fashion focus:** At V-Mart, we have continued to focus on fashion apparel, generating the highest returns. This segment contributed 93 per cent of the company's revenues in 2016-17.

**Grow to extent of Balance Sheet:** In a business where the prospects of growth appear large, the company has selected to grow to the extent that its Balance Sheet can permit – without compromising margins, inventory turns and overall profitability.

**Technology investments:** V-Mart has consistently invested in cutting-edge technologies to enhance operating efficiencies. The company invested in the 'put to light' sortation system to improve inventory management and reduced dependence on pre-packing materials. V-Mart automated priority-based inventory allocation, helping identify stores to be stocked with the fastest-moving products. In FY17, the company improved flexibility in stock packing and supply; it introduced 'Ginesys-Qlick view' facilitating retail analysis, strengthened Vinculum INFOR (warehousing management system) and introduced Safron (bio-metric for syncing daily store attendance) to reduce human dependence and related errors.

## HOW WE HAVE IMPLEMENTED OUR STRATEGY

**Vendor ecosystem:** At V-Mart, we have built enduring relationships with vendors to procure quality products at the right time and at the right cost. The Company implemented a stronger initiative to identify key vendors on a credible track record. The Company added vendors in new locations (Indore and Mani Majra); deliverance rate improved to 90% in FY17.

**Merchandising:** At V-Mart, we believe that success is derived from the ability to offer just what consumers need (in terms of product, colour, size, pattern etc.). This ability is derived from an understanding of what is selling fastest. This was facilitated by a robust ERP and sell-through model; the Company plans to invest in a merchandising planning tool; in FY17, it introduced a Quality Assurance team, aligned business menu assortment and extended bar-coding across all products.

**Supply chain:** At V-Mart, we have invested in strengthening our supply chain with the objective to accelerate deliveries from vendors (making them responsible for on-time delivery); we invested in technologies that would provide an informed understanding of what product lay in which warehouse, minimizing mismatches between demand and stock. As a matter of prudence, we have selected to locate stores within 50-100 kms from each other, strengthening our supply chain on the one hand and capitalizing on economies arising out of visibility.



**Locations:** At V-Mart, our stores are located in Tier I, II, III and IV cities of India. The selection of these locations is usually based on competitive dynamics, the presence/absence of organised retail brands, the income profile of the location, the aspirational quotient of consumers, the affordability of rentals and the attractiveness of the location within the city/town.

**Warehousing capability:** V-Mart invested in warehouses with the objective of leveraging a hub and spoke delivery model. The company sourced about 95% of their products from these centralized warehouses. The company commissioned a centralized warehouse of 2.2 lakh square feet in Bilaspur, its geographic location helping moderate inward product movement from vendors and outward deliveries to stores. The company invested in a warehouse management system (INFOR, the world's leading such system) for improving warehousing and supply chain efficiencies. In FY17, the company implemented a warehouse stacking mechanism to optimize space utilization; it standardized processes that enhanced inventory visibility and management.

## THE OUTCOMES OF OUR BUSINESS STRATEGY

**Sectoral outperformance:** V-Mart has performed better than its sectoral average over the last few years: in 2016-17, even as the Indian retail sector grew by 12 per cent, V-Mart revenues grew 24 per cent, validating the robustness of is business model.

**Profitable growth:** V-Mart reported a profitable CAGR growth of 22% in the last five financial years ending 2016-17. The ability of the company to report profitable growth is due to its ability to moderate costs through stronger negotiation, cost cutting and effective amortization.

**Sales per sq ft:** V-Mart has consistently enhanced revenues per square feet, indicating its ability to maximize profitability starting from the lowest common denominator (store area). The company has increased revenue per sq ft – from ₹756 in 2015-16 to ₹799 in 2016-17, a result of superior branding, promotions, superior word of mouth and wider merchandise.

**Inventory turns:** V-Mart prides on its ability to increase profits and margins through enhanced operational efficiency, reflected in a lower inventory quantum on the one hand and quicker offtake on the other; the company improved inventory turns from 3.96 in 2015-16 to 3.73 in 2016-17; correspondingly, inventory (days of sale equivalent) declined from 88 days to 86 days thanks to prudent technology investments.



# FINANCIAL ANALYSIS

## ACCOUNTING POLICY

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.

## FINANCIAL PERFORMANCE 2016-17

### Profit & Loss statement

- **Gross profit margin:** The Company's gross profit margin has increased by 43 bps from 29.42% in 2015-16 to 29.84 % in 2016-17.
- **Total expenses:** The total expenses for 2016-17 stood at ₹ (in millions) 9191.44 as against ₹ (in millions) 7474.20 in 2015-16.
- **Depreciation and amortization:** The Company's depreciation and amortization stood at ₹ (in millions) 220.20 in FY 2016-17 against ₹ (in millions) 190.14 in FY 2015-16.
- **EBITDA:** EBITDA increased to ₹ (in millions) 856.71 in 2016-17 from ₹ (in millions) 630.04 in 2015-16.

### Balance Sheet

- Net worth: The net worth increased to ₹ (in millions) 2703.39 as on 31st March 2017 as compared to ₹ (in millions) 2,307.20 as on 31st March 2016.
- **Borrowings:** The total borrowings for 2016-17 was ₹ (in millions) 354.68 and for 2015-16 at ₹ (in millions) 269.11.
- **Total non-current assets:** The total non-current assets for 2016-17 stood at ₹ (in millions) 1616.55 as against ₹ (in millions) 1468.34 in 2015-16.

### Working capital management:

- **Current assets:** Current assets as on 31st March 2017 stood at ₹ (in millions) 3373.77 against ₹ (in millions) 2,363.64 as on 31st March 2016. Current Ratio was 1.58 as on 31st March 2017.
- **Inventories:** Inventory increased from ₹ (in millions) 2,044.27 as on 31st March 2016 to ₹ (in millions) 2691.75 as on 31st March 2017.
- **Short-term loans and advances:** The short-term loans and advances ₹ (in millions) 34.11 as compared to ₹ (in millions) 82.26 in 2015-16.
- **Current liabilities:** Current liabilities stood at 2133.36 as on 31st March 2017 to ₹ (in millions) 1419.63 as on 31st March 2016.
- **Cash and bank balances:** Cash and bank balance stood at ₹ (in millions) 29.20 as on 31st March 2017 from ₹ (in millions) 42.79 as on 31st March 2016.

# OUR FOCUSED FOOTPRINT



| | |
|---|---|
| Stores opened till FY16 | 123 |
| Stores opened during FY17 | 20 |
| Stores closed during FY17 | 2 |
| Total stores | 141 |

# MANAGEMENT DISCUSSION AND ANALYSIS



## GLOBAL ECONOMIC OVERVIEW

The pace of global economic activity was mixed in 2016 as a number of crosswinds affected re-acceleration. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Within advanced economies, comprising the US, Europe and Japan, a protracted monetary policy support and return to fiscal neutrality underpinned a generally-accelerating output. In countries outside the advanced economies, the sources of slower growth comprised commodity price declines, overhangs from erstwhile credit growth and political turmoil.

Global growth stood at 3.2% in 2016. Long-term prospects of emerging market economies improved following a decline in interest rates in advanced economies and firming of commodity prices. China and India demonstrated growth. The currencies of advanced commodity exporters strengthened, reflecting firming of commodity prices; however, several emerging market currencies depreciated.

## OUTLOOK

The global economy entered its sixth year of stagnation with growth estimates for 2017 trending the historical path. A projected stabilisation in energy and commodity prices could strengthen the case for resource-rich economies in 2017.

Global growth is expected to rise from 3.2 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018, driven by stronger economic activity, expectations of robust global demand, reduced deflationary pressures and optimistic financial markets. *(Source: IMF)*.

## INDIAN ECONOMIC OVERVIEW

The Indian economy slowed in FY 2016-17 to 7.1% from 8% in FY2015-16, largely owing to the currency demonetisation in the third quarter of the financial year under review. However, the general undercurrent continued to be optimistic; India's consumer confidence index stood at 136 in Q4 2016, the highest in the world.

India retained its position as the fastest-growing major economy in the world catalysed by strong consumption growth and enhanced government spending. Inflation declined on account of a decline in food inflation. This facilitated a 50 - basis point rate cut by the RBI in 2016-17. A declining vulnerability on the external and fiscal front and fiscal consolidation by the government enhanced investor confidence that translated into record net foreign exchange inflows.

The year under review was also marked by the government's demonetisation initiative and the preparatory work related to the introduction of the Goods and Services Tax (GST). While the first initiative focused on eliminating the parallel economy, the second is expected to transform the country's taxation structure.

## OUTLOOK

India's outlook remains positive with economic growth expected to rebound in the range of 6.75-7.5% in FY2017-18. The adoption of the Goods and Service Tax promises to create a unified taxation regime. This could enhance the efficiency of production and movement of goods and services across India. This critical fiscal policy could make an important contribution to raise India's medium-term GDP growth to >8%. The Union Budget 2017-18 has laid a keen emphasis on rural infrastructural development which is supposed to have a cascading multi-sectoral impact. Finally, the Central Government's policies towards achieving fiscal consolidation, reforming the agricultural sector and the labour market and moderating inflation are expected to accelerate India's economic growth over the medium-term. *(Source: IMF)*

## INDIAN RETAIL INDUSTRY OVERVIEW

The Indian retail industry is one of the fastest- growing industries following the entry of new players. It accounts for >10% of the country's GDP and ~8% of the country's workforce. India is the world's fifth-largest retail destination. The optimism with regard to the country's retail sectors is derived from these insights:

- India's retail market is expected to nearly double to US$ 1 trillion by 2020 from US$ 600 billion in 2015, driven by income growth, urbanisation and attitudinal shifts.
- While the overall retail market is expected to grow at 12% per annum, modern trade could expand twice as fast at 20% per annum even as traditional trade could continue to grow at 10%.
- Consumer spending in India is expected to touch $3.6 trillion (about ₹240 trillion) by 2020, increasing India's share in global consumption to 5.8%—more than twice prevailing levels.
- Average household income in India could triple to $18,500 in 2020, from $6,400 in 2010, catalysing retail growth and the creation of new consumer segments *(Source: Shaping Consumer Trends)*.

## OUTLOOK

The future of the Indian retail industry looks promising with the growing of the market, with governmental policies becoming more favourable and emerging technologies facilitating operations. Online retail is another format which has high potential for growth in the near future. The online retail segment in India is growing at an annual rate of 35%. Consequently, India's retail market is expected to expand and reach a market cap of $1.3 trillion by 2020. *(Source: Times of India, FICCI)*

## GOVERNMENTAL INITIATIVES

The Government of India has taken various initiatives to improve the retail industry in India.

GST: From an indirect tax stand-point, Goods and Service Tax ('GST') is a long - awaited reform, which could play an important role in removing various inter-state trade barriers, simplify the indirect tax structure and reduce the cascading effect of multiple taxes. Currently, retailers pay a significant amount of service tax on various items such as rent, maintenance charges among others, as well as other Central duties like Excise duty on direct procurement of goods from manufacturers, additional customs duties on imports, among others, which cannot be adjusted with output tax charged on the sale of goods in most cases. Hence, the input tax credit could be lost. It is expected that under the GST scenario, a seamless flow of credit could help moderate costs and ensure a seamless flow of goods between states.

Reduced tax slabs: One of the most important factors for the growth of the Indian retail sector is purchasing power. The Government reduced the personal income tax rate for those in the tax slab of ₹2.5 lakh to ₹5 lakh to 5% from 10%, resulting in a saving of ₹12,500 (without including cess) for everyone. This could in-turn lead to increased disposable incomes.

Digital India: The Digital India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. 'Faceless, Paperless, Cashless' is one of the professed claims of Digital India. Digital payments in India are not limited to being an urban and affluent phenomenon. Trends show that future

## GROWTH

| | 2016 | 2017 | 2018 |
|---|---|---|---|
| Global economy | 3.2% | 3.5% | 3.6% |
| Advanced economies | 1.7% | 2.0% | 1.9% |
| Emerging market and developing economies | 4.3% | 4.6% | 4.8% |

adoption and growth of such services will be driven by the next generation of low income users. Currently, users of digital payments lie across a wide spectrum of incomes, consumption profiles, attitudes, challenges and motivations. India has a unique opportunity to leverage the Jan Dhan, Aadhaar and Mobile (JAM) trinity to rapidly enable ordinary Indians to participate in digital payments. In addition to the Aadhaar and mobile penetration, 65% of India's population is below 35 years of age. This population could find it easier to adapt to new ways of making payments. A BCG-Google report predicts that the digital payments industry in Asia's third-largest economy could grow 10 times to $500 billion by 2020, contributing 15% to its GDP.

Budgetary allocations: The Union Budget 2017-18 emerged as a game-changer for India's retail sector by turning around the fortunes of the agricultural and infrastructural sectors. The planned investment in these sectors will not only create much-needed jobs in the country but also spur consumer spending, boost economic growth and contain fiscal deficit. The continued focus on improving ease-of-doing-business with several measures such as the abolition of the FIPB, implementation of the 'Model Law on Contract Farming', simplification of labour laws under four areas (wages, industrial relations, social security and welfare and safety) augur well for the economy.

The income tax relief for individuals in the lowest bracket should bring back consumer confidence and boost domestic consumption. The measures announced to boost the manufacturing sector are commendable. These include rewarding MSMEs by reducing income tax rates, setting up a dairy processing fund and allocating increased sums of money to schemes such as MSIPS. The rural sector too got a boost with increased allocation towards MNREGA. Focused initiatives for rural growth through infrastructure investments, housing and financial assistance to farmers will boost agricultural growth and bolster the farm-to-market chain. *(Source: Economic Times, Wal-Mart)*



## DEMAND DRIVERS

- Growing consumerism: India is forecast to become the fifth-largest consumer market by 2025 on the back of increasing disposable incomes, changing lifestyles and growth in organised and modern retail channels. The Central Government has incentivised consumption growth in the economy through several farsighted initiatives. The result: private consumption now accounts for 56% of India's GDP. 49 metropolitan clusters are likely to account for 77% of India's incremental GDP till 2025. By 2025, these clusters are expected to be home to 72% of the consuming class and 73% of the income pool. *(Source: Economic Times, McKinsey)*

- Organised retail: Organised retail penetration is expected to increase from ~7.5% in 2013 to 10% in 2018, growing at a robust CAGR of 19-20% during the period. This growth is expected to be derived from increasing purchasing powers, skewed youth demographics, rapid urbanisation, growing number of working women and availability of quality products.

- Urbanisation: By 2025, 38% of India will be urbanised, up from 31% in 2011. Of the eight high performing states, four are likely to be more than 50% urbanised by this time. India's population will reach 1.47 billion with ~590 million living in cities. Currently, 69% of India's population lives in rural areas and account for 54% of the total retail consumption. *(Source: McKinsey)*

- Rural market: Rising rural incomes, improved education and greater accessibility to governmental services thanks to increased investment in rural

THE CONTINUED FOCUS ON IMPROVING EASE-OF-DOING-BUSINESS WITH SEVERAL MEASURES SUCH AS THE ABOLITION OF THE FIPB, IMPLEMENTATION OF THE 'MODEL LAW ON CONTRACT FARMING', SIMPLIFICATION OF LABOUR LAWS UNDER FOUR AREAS (WAGES, INDUSTRIAL RELATIONS, SOCIAL SECURITY AND WELFARE AND SAFETY) AUGUR WELL FOR THE ECONOMY

infrastructure are driving consumer demand across a range of categories. Increasingly tetch- savvy and informed rural consumers are aspiring to own branded products and services preferred by their urban counterparts. India's big cities will also play a crucial role in reshaping the consumer landscape – mega cities of 10 million people or more are growing by 57% compared to average urban growth of 27%. Inter-connectivity between smaller cities will also improve creating larger corridors of connected urban agglomerations. *(Source: www.campaignindia.in)*

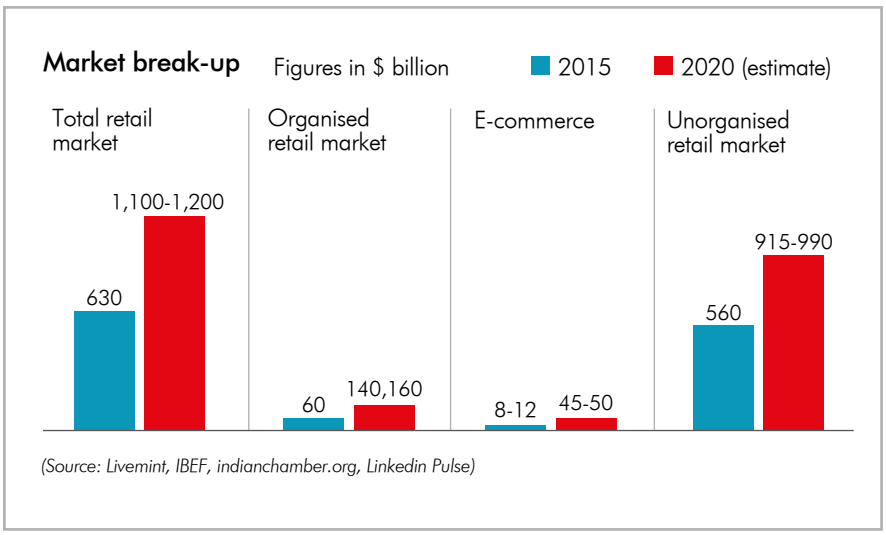
- **Technological impact:** The introduction of computerised billing systems, electronic media and marketing techniques, have improved retailing, providing products and servicing of customers. Many brick-and-mortar retailers have been testing a number of new digital technologies aimed at extending the connected experience into stores. These technologies include fitting rooms, beacons, interactive storefront displays, mobile devices for store associates and heat mapping. Retailers are also incorporating business intelligence tools for tracking consumer demand at stores to ensure better inventory management.

- **Increasing incomes:** Per capita incomes in India is expected to cross ₹1 lac in FY2016-17, a 7.5% increase over FY2015-16 (~Rs. 93,000). Consumer expenditures in emerging cities of India are rising by ~14% and in the larger cities by ~12% a year because of rising affluence and changing lifestyles. *(Source: Economic Times)*

- **Youth aspirations:** 65% of the Indian population is aged less than 30 years. Meanwhile, connectivity is burgeoning and it is estimated there will be more than 700 million smartphones in India by 2020. Young Indians have become increasingly fashion-conscious and their spending power has grown hand-in-hand.

- **Value-added apparel:** Though the Indian apparel export trade is expected to see some moderation, the country is in a favourable position to boost its share due to the weakening competitiveness of China. With the Central Government initiating efforts to support the industry, India is in a sweet spot to increase its market share. *(Source: Hindu Business Line, CARE)*

- **Affluent classes and growing number of double-income households:** Rising affluence is the biggest driver of increasing consumption. Of India's five household income categories–elite, affluent, aspirers, next billion and strugglers - the top-two income classes are the fastest growing. But along with rising affluence among the elite class, the share of strugglers is expected to fall from 31% in 2016 to 18% by 2025. As per the census in 2011, 45% of the households across India were double-income households, having risen by ~10% over the decade. *(Source: BCG)*




*(Source: Livemint, IBEF, indianchamber.org, Linkedin Pulse)*

**Organized retail in 2015**

| Segments | Total value (in $ bn) | Growth rate between 2005-15 (in %) |
|---|---|---|
| Food and grocery | 396 | 12 |
| Clothing and accessories | 56 | 13 |
| Jewellery | 37 | 20 |
| Consumer durables and mobile | 36 | 13 |
| Food services | 35 | 12 |
| Healthcare | 18 | 13 |
| Personal accessories | 18 | 15 |
| Home and interior | 18 | 12 |
| Beauty and personal care | 12 | 15 |

## RETAILERS SHOULD LOOK AT SEVEN KEY LEVERS TO DRIVE MARGIN IMPROVEMENT

Given lower profitability versus developed markets, it is imperative that retailers drive COGS reduction and create a stronger negotiating rationale with suppliers through seven initiatives:

| | |
|---|---|
|  | Driving private brand profitability and share in line with the overall banner proposition |
|  | Indexing margins to share and space across categories, products & suppliers |
|  | Optimize portfolio for profitability in line with the overall strategic role of the category |
|  | Win with a few suppliers – strategic partnerships with suppliers for preferential treatment |
|  | Leveraging scale for increased efficiency, and price negotiations |
|  | Discovering a wider base of suppliers closer to source |
|  | Maintaining parity across markets and zones |

## FACTORS AFFECTING THE FLOWS OF OPERATION IN INDIA'S RETAIL INDUSTRY:

| | |
|---|---|
| Customer demand | • Willingness to pay for offers<br>• Expectations regarding lead time<br>• Importance of store network<br>• Assortment per channel |
| Channel economics | • Delivery cost<br>• Inventory cost<br>• Picking and handling cost<br>• Level of investment<br>• Absolute gross margin per item |
| Competitor offer | Channels and pricing |
| Reatiler current position | • Capabilities<br>• Scale<br>• Competitive position |

## BRICK AND MORTAR: OFFERING A SEAMLESS CONSUMER EXPERIENCE:

Touch and feel: Traditional stores have a natural advantage of having closer understanding of customer behavior, meeting the needs of "touch and feel" and instant gratification. A brick and mortar store which has inbuilt capabilities often are better positioned than some of the of consumer wallets. e-commerce players and get a higher share.

Smooth execution: The Brick and Mortar stores leverage most out of the platform by integrating different processes that promise the customer a consistently smooth experience and seamless execution of their needs by purchasing directly from physical stores post inspection.

In-store experience: Most companies following the Brick and Mortar model offer the full suite of offerings in their flagship stores for experience delivery. Digital capabilities ranging from basic to sophisticated, across stores are widening the spectrum of business for the traditional stores.

Word of mouth: Traditional stores follow the conventional marketing wisdom that strong word of mouth is ultimately driven by the consumer's experience in-store. Thus stores are enhancing their internal capabilities for creating a worthwhile experience for the consumers.

Speeding purchase: There is an interesting relationship between age and instant gratification. Compared with older shoppers, a higher percentage of younger shoppers opt for shopping in stores to take immediate possession of items. Returning products purchased also becomes much more hassle free through brick and mortar stores. The convenience and immediacy of this type of shopping experience simply can't be delivered by e-commerce pure plays.

Impulse purchase: Traditional stores are often backed by a strong merchandising. Strategic positioning of the products within the stores often pushes customers for purchasing stuffs they did not plan to. Store fulfillment also enables Brick-and-Mortar retailers to increase sales, as a large proportion of shoppers are likely to buy additional items when they purchases in-store.

| | |
|---|---|
| Ensuring the right merchandize | Customised assortment to catchment, credible width of assortment, role of non-core portfolio |
| Efficient supply chain | Ensure in store availability for depth of assortment on time for season |
| Focus on the right products | Optimal space allocation, virtual merchandizing, right zoning of 'hot spots' |
| Delivering the banner experience | In store experience (store design, layout, staff etc.) in line with brand experience |
| Driving consumer engagement | Localized activation & campaign management, and omni-channel experience |



## GST: KEY AREAS OF FOCUS FROM A STRATEGIC DECISION-MAKING PERSPECTIVE

| | |
|---|---|
| Impact on retail margins | • Retailers should consider the following while determining impact on margins:<br>• The four-tier GST rate structure may vary the tax burden compared to taxes levied under current regime.<br>• Retailers will see an increase in input tax credit of taxes paid on procurement of goods and services as taxes such as excise duty, CST, octroi, LBT, service tax, which were non-recoverable in VAT regime, will be subsumed in GST and whole of the GST paid on procurement of goods and services will be available as input credit for adjustment against GST liability on sale of goods.<br>• Retailers will have to negotiate margins based on consideration of output tax liability and increase of input tax credit. |
| Sourcing of goods | • GST brings elimination of tax barriers for procurement of goods on an inter-state basis. Similarly, GST will also reduce non-recoverable import duties on procurement of goods from outside India.<br>• Retailers have an opportunity to re-evaluate sourcing pattern of goods and may try to benefit from tax neutrality and economies of scale by centralizing procurement from best vendors, irrespective of their locations.<br>• Also, Retailers may have to negotiate/ discuss the pricing policy of its suppliers in view of enhanced credits that may be available to suppliers in GST regime. |

# BIG NUMBERS



**Rs. 3–4 trillion**
Expected consumption expenditure in India in 2025

**3rd**
India's global ranking among consumer markets

**12%**
India's y-o-y expenditure growth

**5%**
Global y-o-y expenditure growth

**8%**
Share of elite and affluent households, 2016

**16%**
Expected share of elite and affluent households, 2025

**31%**
Share of strugglers, 2016

**18%**
Expected share of strugglers, 2025





| | |
|---|---|
| **31%**<br>Population living in urban areas, 2011 | **41%**<br>Expected population living in urban areas, 2021 |
| **267 million**<br>Middle class population, 2016 | **547 million**<br>Expected middle class population, 2026 |
| **27**<br>Cities with >1million population, 2011 | **39**<br>Cities with >1million population, 2017 |
| **442 mrillion**<br>Urban population, 2017 | **590 million**<br>Expected urban population, 2030 |



# SWOT ANALYSIS



THE INTRODUCTION OF GST WILL ACT AS A BENEFIT AT DIFFERENT STAGES OF THE VALUE CHAIN. TO BEGIN WITH, THE PROCUREMENT OF RAW MATERIALS, MOVEMENT OF GOODS WOULD BECOME LESS CUMBERSOME, WHICH OPENS GATES FOR MORE SUPPLIERS /VENDORS TO MERGE.

## STRENGTHS

**Growing purchasing powers:** A sizeable number of Indian consumers still earn modest incomes between US$1.70 and US$5 per capita, per day. However, in the coming decade these consumers will collectively have around US$6 trillion worth of purchasing power annually. The emerging middle class is set to grow from, ~470 million in 2010 to 570 million by 2021 and will call the shots when it comes to organised retail product consumption. (Source: PwC)

**Burgeoning workforce:** The skills and employability of the 250 million young people joining the workforce over the next decade will be crucial. With globalisation, innovation and digitalisation driving global competition and exorbitant consumer expectations, goods and services will have to constantly evolve to remain relevant, as will the skills required to deliver them.

**Low retail penetration:** The penetration of organised retail in India is still very low at 6 to 8%, especially when compared to developed nations such as the US and the UK which have retail penetration of 85% and 80%, respectively. With organised retail

having potential to be close to 12-15% of the retail opportunity

## WEAKNESSES

Political uncertainties: The Indian political scenario supports frequent changes in business policies and regulatory framework which temporarily keeps affecting the retail sector.

Lack of trained personnel: There is an urgent requirement of qualified and talented manpower to look after day to day operations and cater to the wide spectrum of customer desires. As there is a dearth of formal vocational institutes where students can be trained, most of retailers in India depend on in-house training drills or small institutes.

## OPPORTUNITIES

Use of data analytics: Big data allows retailers to mine customers to derive insights into customer realities based on recency, frequency and monetary purchase value that could lead to customer retention and satisfaction.

Rising expenditure: India's robust economic growth and rising household incomes are expected to increase consumer spending to US$ 4 trillion by 2025. Discretionary spending is expected to rise to more than two-thirds of total private consumption expenditure. Food and clothing account for 70% of the total retail expenditure in the country.

Sectoral opportunity: In India, 85% of the consumption class lives in urban areas. Urban population the country, unlike China, is spread across a large number of cities. Only 1/3rd of the urban population lives in metropolitan (top 7) cities; the remaining 2/3rd of the urban population lives in 400+ Tier-II & beyond cities. Non metropolitan cities could play an important role in India's consumption story.

GST: The introduction of GST will act as a benefit at different stages of the value chain. To begin with, the procurement of raw materials, movement of goods would become less cumbersome, which opens gates for more suppliers /vendors to merge. Following this, a wider base of distributors would be available as state boundary paperwork will not be a hurdle, resulting to better access and low transportation costs. A favourable supply chain environment would reduce transit inventory and working capital requirement. Simplified taxes and availability of input tax credits can help fetch better margins. GST will also avoid the red tape and documentation on collection and submission of various forms.

Under the current indirect tax regime, wholesalers and retailers usually escape the tax liability as there is no mechanism by which their actual purchase and sale can be traced. Most of their transactions are done in the unaccounted - no invoice is issued to the buyer and no entry is posted in the books for such sales.

These taxpayers usually leverage the tax liability evaded and undercut the market to gain in volume. Their margin of profit remains as low as 1 percent. Since under the GST regime, every invoice pertaining to taxable supply has to be uploaded on GSTN's common portal and has to be accepted by the buyer, wholesalers and retailers will now be unable to escape their tax liability. This may also result in a change in the modus operandi of the businesses working on thin margins. Also, we may observe a steep rise in demand for goods as a result of re-stocking by retailers.

The road ahead for GST implementation could be critical but not onerous. The retail sector companies would be required to evaluate significant steps in GST implementation including product re-pricing based on market expectations, efficient supply chain design and procurement pattern.

## THREATS

Unorganised sector: Traditional retailers have a better cost structure versus organised retailers. Despite having lower gross margins than organised retail, local players report higher profitability. In addition, last mile access gives them several structural advantages ability to manage credit, provide quick delivery with lower drop sizes. Traditional unorganised retailers are also reinventing themselves to stay competitive in line with changing consumer expectations.

Massive competition: The FDI policy has eased the entry of global retail giants to organised retail sector in India. This is a challenge being faced by the Indian organised retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organised retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading.

Escalating rental costs: Retail space and rentals are key considerations in multi-brand retail and getting adequate property at an affordable cost in a desired location is increasingly challenging.

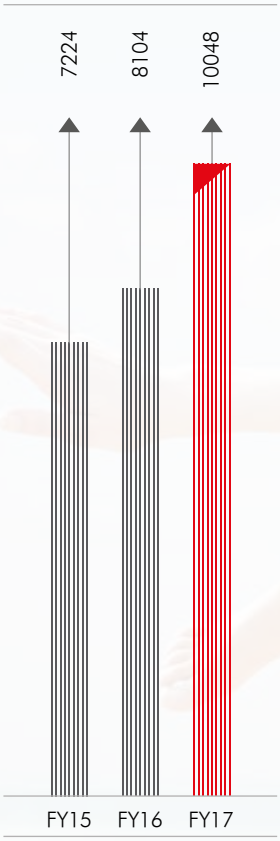
Price wars: Increased competition from industry peers results in price wars and simultaneously drives the cost for the companies to remain competitive in the market. Huge amount is spent over advertising and marketing which erodes profitability to a great extent.

**24%**
Sales growth in 2016-17

# RISK MITIGATION

## MERCHANDISING RISK

An improper understanding of market trends can result in lowered sales




Revenues (Rs. Mn)

**Risk mitigation**

The Company's longstanding presence in Tier-II, III and IV cities has resulted in an in-depth understanding of consumer preferences and thereby allowed it to come up with retrofitted products.

## INVENTORY RISK

Unsold inventory can result in working capital crunch and affect long-term sustainability



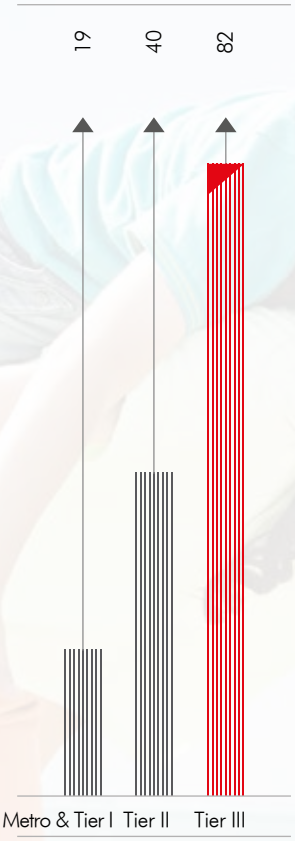

Inventory turns (x)

**Risk mitigation**

The Company has initiated processes like automation of warehouse, Close to Just in time inventory

## LOCATIONAL RISK

Entering a city with inadequate demand could result in a lost opportunity




Number of V-Mart outlets

**Risk mitigation**

The Company every time do on ground primary survey for calculating the potential demand in that area &the Company's growing market visibility and its inherent ability to offer quality products at pocket-friendly prices has ensured that it has not yet faced a serious demand crunch in the geographies of its presence through value retailing that fulfills aspiration of people.

## BRAND RISK

An ineffective branding strategy can cause the Company to lose its ground to stronger competitors




Revenue growth: GDP multiplier (x)

**Risk mitigation**

The Company's positioning and penetration pricing strategy along with its marketing strengths has enabled it to become a preferred brand and earn higher revenues at par with the overall economic growth in the country.

## MARGINS RISK

In a low-margin business a weak business model can result in operationally unviable



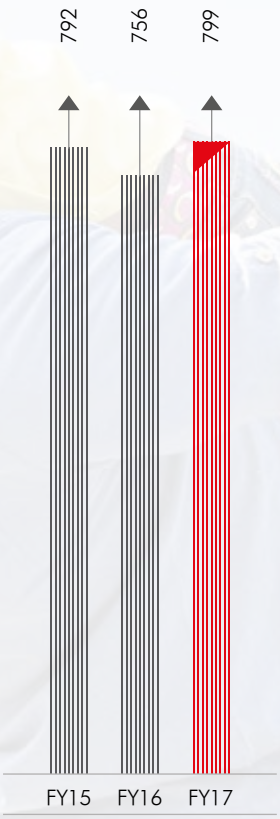

EBITDA margin (%)

### Risk mitigation

The Company's efficient business model and wide market reach supported by growing consumerism and better sourcing and optimizing of costs on a larger base.

## GROWTH RISK

In a business where it is imperative to keep growing sustainably, any slowdown can affect profitability




Revenue per square foot (%)

### Risk mitigation

The Company's innovative way of thinking has been a growth enabler for the company and helped it bank on growing market opportunities by upgrading the internal function points.

## RENTAL RISK

High urban rentals can erode profitability



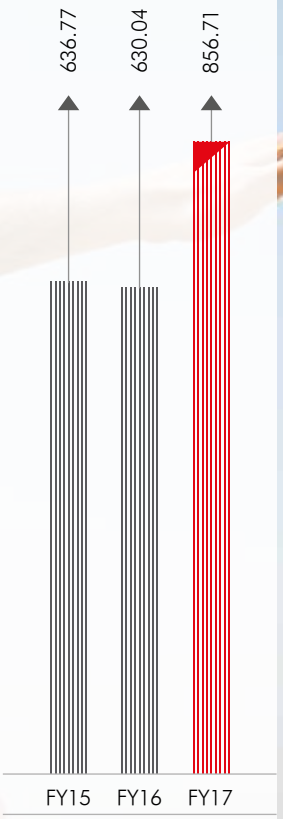

Lease and rental cost as a % of revenues

### Risk mitigation

The Company's strategic presence in Tier-II, III and IV cities has helped reduce lease and rental costs significantly.

## INFORMATION RISK

Inadequate investment in people, processes and technology can be detrimental for the Company




EBITDA (Rs. Mn)

### Risk mitigation

The Company's desire to adequately invest in there three important parameters (people, processes and technology ) has helped it precisely analyse the market and not repeat past mistakes.

# INTERNAL CONSISTENCY AND

The Company has an effective internal control system in place that ensures the internal processes comply with regulated business policies and procedures. The Board has adopted appropriate measures ensuring orderly and efficient conduct of its business. These controls have been designed to provide reasonable assurance with regard to 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 Company has an efficient 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 that ensures that the financial reporting process and the disclosure of its financial information are correct, sufficient and credible. These are reviewed by the management and recommendations are made prior to the finalization of financial statements.

THE COMPANY HAS AN EFFECTIVE INTERNAL CONTROL SYSTEM IN PLACE THAT ENSURES THE INTERNAL PROCESSES COMPLY WITH REGULATED BUSINESS POLICIES AND PROCEDURES.

# HUMAN RESOURCES

- The Company believes that employees are the most valuable resources that contribute whole heartedly towards the success of the business and its stakeholders. 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 organization and the modest, respectful and caring attitude shared among the employees reflects through the way they interact with the customers on the end. Some of the HR initiatives of V-mart are:

- The Company has a fully automated HR department and is committed towards offering appropriate tools; adequate training and required motivation to the employees helping them perform at their best.

- The Company offers different employee engagement programs at different levels like campaigns, health camps, monthly games and quizzes encouraging the employees to practice, learn and grow through better interaction.

- V-mart morally supports the employees in conflict resolution and protection of rights following company policies and employment and labour laws.

- The Company has an open door policy that ensures employees freely approach their respective authority in case of any major issues and all complaints are resolved within 24 hours, otherwise escalated to the higher level.

- The Company focuses on building capability and creating an eco-system where development is at the fore-front of leadership.

- V-mart communicates compensation related and other benefits to employees from time to time through a transparent compensation framework. Employees are forwarded financial support along with medical checkups and related benefits.

- The company has implemented a reward and recognition policy for the employees and promotions are offered at various levels based on performance. V-mart celebrates each success of the employees as a family.

# CORPORATE SOCIAL RESPONSIBILITY

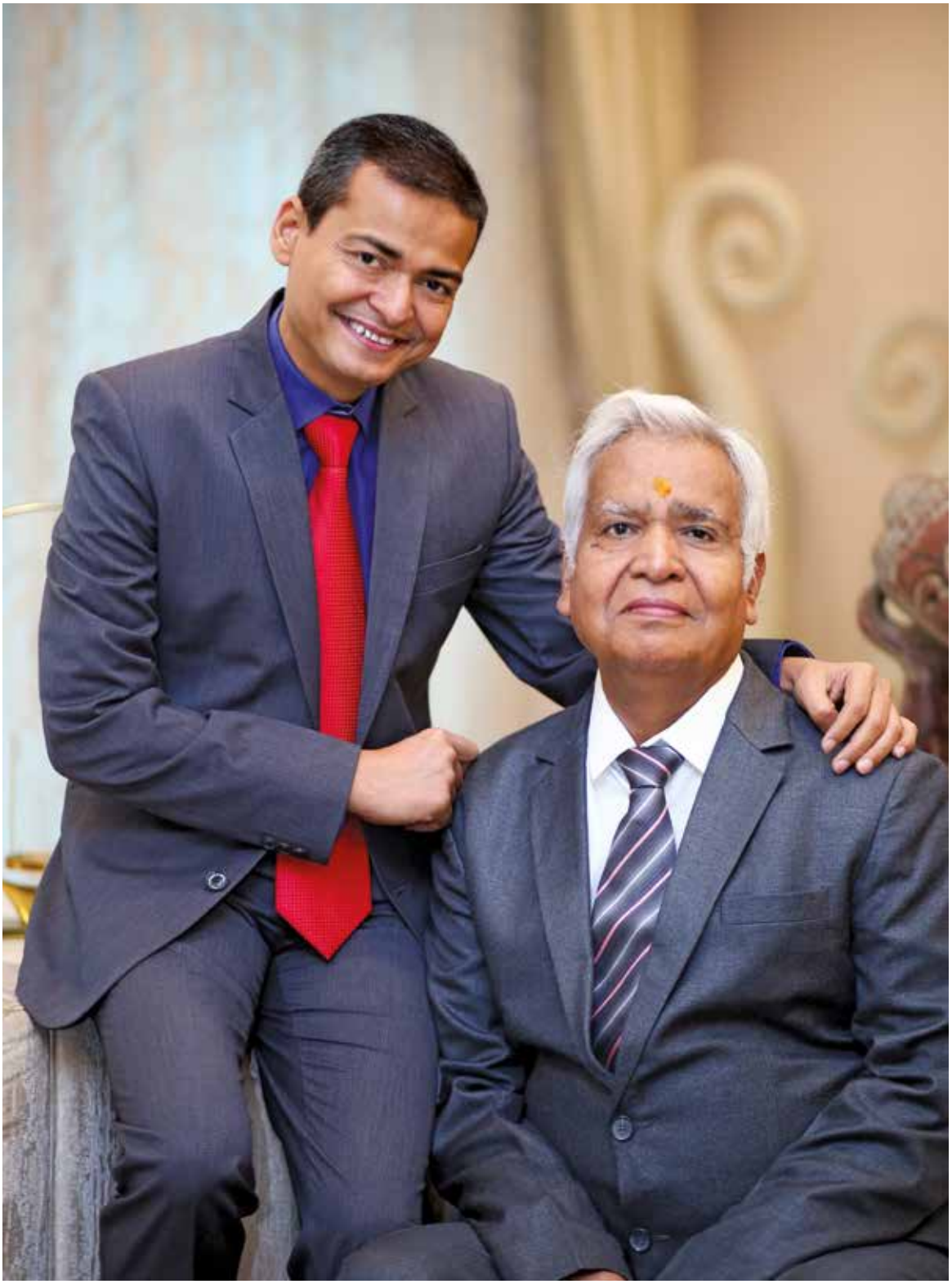
## TOUCHING LIVES, SHARING VALUES



In today's world, consumers are not only looking at products or services that companies have to offer but also expect corporates to operate responsibly and give back to the environment and the society. Realizing how important CSR is, V-Mart has always been actively involved in CSR activities. For V-Mart, CSR is integrated in the Company's business model and aid the Company's mission. Few of the activities undertaken in FY17 are:

- Donation of apparel: V-Mart has conducted apparel donation for underprivileged children drives across the nation in the year under review and donated over 1000 pieces of apparel.
- Sewing centers: The Company also has sewing centers that train underprivileged women in stitching to help them find employment. Currently V-Mart has 40 sewing machines and 15 professional tailors to train these women.
- Adoption of schools: V-Mart has adopted around 12 schools in various towns across the nation where they fund repair work, construction of sanitation facilities such as hand pumps, water-tanks and taps and construction of water facilities and washrooms for children.
- Project Koshish: This is a special initiative started by the Company in January 2017 where a group of 50 underprivileged children would be trained into professional footballers in the next five years. Training is provided thrice in a week under this program and V-Mart funds all the the infrastructural needs, football equipment, kit, shoes and refreshments.

# OUR EXECUTIVE DIRECTORS



From left to right: Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal.

# SENIOR MANAGEMENT PERSONNEL



**Mr. Anand Agarwal**
Chief Financial Officer
(w.e.f. 6th June 2017)



**Mr. Deepak Sharma**
Chief Financial Officer
(till 5th May 2017)



**Mr. Rajan Sharma**
President (Procurement & Sourcing)



**Mr. Snehal Shah**
Sr. Vice President
(Operations & Marketing)



**Mr. Venugopal Konchada**
Vice President
(Retail Store Operations)



**Mr. Ramesh Agarwal**
Vice President - (SCM)



**Mr. M. Srinivasan**
Vice President (SCM & Planning)



**Ms. Anjali Goel**
Assistant Vice President
(Human Resource)



**Mr. Dinesh Srivastav**
Assistant Vice President
(Information Technology)

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

1. Mr. Lalit Agarwal (Chairman & Managing Director)
2. Mr. Madan Gopal Agarwal (Whole-time Director)
3. Mr. Aakash Moondhra (Non-Executive, Independent)
4. Mr. Murli Ramachandran (Non-Executive, Independent)
5. Ms. Sonal Mattoo (Non-Executive, Independent)

## BOARD COMMITTEES

### AUDIT COMMITTEE

1. Mr. Aakash Moondhra, Chairman
2. Mr. Murli Ramachandran, Member
3. Ms. Sonal Mattoo, Member

### NOMINATION & REMUNERATION COMMITTEE

1. Mr. Murli Ramachandran, Chairman
2. Mr. Aakash Moondhra, Member
3. Ms. Sonal Mattoo, Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Ms. Sonal Mattoo, Chairperson
2. Mr. Lalit Agarwal, Member
3. Mr. Madan Gopal Agarwal, Member

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

1. Mr. Lalit Agarwal, Chairman
2. Mr. Madan Gopal Agarwal, Member
3. Mr. Aakash Moondhra, Member
4. Ms. Sonal Mattoo, Member

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Megha Tandon

### STATUTORY AUDITORS

Walker Chandiok & Co. LLP
Chartered Accountants
L 41, Connaught Circus, New Delhi – 110001
Tel: +91 11 4278 7070, Fax: +91 11 4278 7071
Website: www.grantthornton.in
Contact Person: Anupam Kumar, Partner
Membership No. 501531
Firm registration No: 001076N/N500013

### SECRETARIAL AUDITOR

M/s. VKC & Associates
Company Secretaries
C-140, Sector-51, Noida-201303, U.P.
Tel:+ 91-120-4131444
Website: www.vkcindia.com
Contact Person: Mohit K Dixit, Partner
Membership No.:49021
CP No-17827

### INTERNAL AUDITOR

KPMG(Registered)
Building No. 10, 8th Floor,
Tower-C, DLF Cyber City,
Phase-II, Gurugram-122002
Tel.:+91-124-3074000
Website: www.kpmg.com/in

### BANKERS

State Bank of India
ICICI Bank
Deutsche Bank
HDFC Bank
Axis Bank

### REGISTERED OFFICE

V-Mart Retail Limited
610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank,
Laxmi Nagar, New Delhi – 110092

### CORPORATE OFFICE

Plot No. 862, Udyog Vihar, Industrial Area, Phase – V, Gurugram,
Haryana, 122016 , 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 Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32
Financial District, Nanakramguda, Gachibowli
Hyderabad, Telangana – 500 032
Phone No.:040 67162222 Toll Free: 180 0345 4001
Fax No.: 040 23420814
Email: support@karvy.com
Website: www.karvy.com

### SENIOR MANAGEMENT PERSONNEL

Mr. Anand Agarwal, Chief Financial Officer
(w.e.f. 6th June, 2017)

Mr. Deepak Sharma, Chief Financial Officer
(till 5th May, 2017)

Mr. Rajan Sharma, President (Procurement & Sourcing)

Mr. Snehal Shah, Sr. Vice President (Operations & Marketing)

Mr. Venugopal Konchada, Vice President (Retail Store Operations)

Mr. Ramesh Agarwal, Vice President (Warehouse Operations)

Mr. M. Srinivasan –Vice President (Planning & Analysis)

Ms. Anjali Goel, Assistant Vice President (Human Resource)

Mr. Dinesh Srivastava, Assistant Vice President
(Information Technology)

# V-MART RETAIL LIMITED

(CIN - L51909DL2002PLC163727)
Regd. Office: 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi – 110092
Corp office: - Plot No.862, UdyogVihar, 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 Fifteenth Annual General Meeting of the Members of the Company will be held on Monday, 18th September, 2017 at 9:30 AM at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi - 110022 to transact the following Business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 along with the reports of the Auditors and the Board thereon.

2. To declare a dividend at the rate of ₹1.25/- per equity share for the financial year 2016-17.

3. To appoint a Director in place of Mr. Lalit Agarwal (DIN 00900900) who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint M/s Walker Chandiok & Co. LLP, Chartered Accountants (FRN 001076N/N500013) as the Statutory Auditors of the Company (who were appointed for 3 years by the Members in its meeting held on 23rd September, 2014 till the conclusion of this Annual General Meeting) to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and at a remuneration to be decided by the Board of Director (including Committee of Board) in consultation with the Auditors.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following resolution as **Special Resolution**:

   "**RESOLVED THAT** in pursuance of Sections 196, 197, 198, 203 of the Companies Act, 2013 and the Rules made thereunder, read with Schedule- V of the Companies Act, 2013 and Article 191 of Articles of Association of the Company and other applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013, and any other laws, regulations prevailing for the time being in force, the Company do hereby approves the re-appointment of Mr. Lalit Agarwal (DIN 00900900) as Chairman & Managing Director of the Company for a period of five years with effect from 31st May, 2017 at a remuneration and on such terms and conditions as set out below with liberty and authority to the Board of Directors (hereinafter referred the "Board" and shall include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013 or any amendments thereto or any re-enactment thereof as may be agreed to between the Board and Mr. Lalit Agarwal.

   "**RESOLVED FURTHER THAT** in accordance with provisions of Section 197 read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013 and any other laws, regulations prevailing for the time being in force and other statutory approvals, as may be required, the Company do hereby approves the revision/ variation in the remuneration of Mr. Lalit Agarwal with effect from 1st April, 2017 till his tenure as Chairman & Managing Director of the Company,

as recommended by the Nomination & Remuneration Committee and noted hereunder:

A. **Salary :**
Basic salary of ₹85,38,750/- per annum.

B. **Commission :**
One per cent commission on the net profits of the Company in each financial year, subject to the overall limit as stipulated in Section 197 of the Companies Act, 2013.

C. **Perquisites :**
In addition to salary and commission, the Managing Director shall be entitled to perquisites and allowances, Company provided residential facility/house, in terms and accordance with the Management Regulations of the Company, as applicable and in force from time to time and as per employment agreement dated 30th May, 2012.

D. **Other terms and conditions :**
In the event of absence or inadequacy of profits in any financial year, the Managing Director shall be entitled to the minimum remuneration as mentioned herein above without any variation except that no commission shall be payable.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to alter or vary the above terms and conditions so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 in case the Company has inadequate profits or within the limits approved by the Central Government, if required, as the case may be.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Lalit Agarwal as Chairman & Managing Director duly approved by the Board and Members of the Company in their meetings held on 21st May, 2012 and 22nd May, 2012, respectively shall remain same.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Lalit Agarwal as Chairman & Managing Director, as recorded in the employment agreement dated 30th May, 2012 executed between the Company and Mr. Lalit Agarwal shall remain same.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Company Secretary of the Company be are hereby severally/jointly authorized to do all such acts, deeds, matters, things as may be necessary in this regard".

6. To consider and if thought fit, to pass with or without modification the following resolution as **Special Resolution**:

"**RESOLVED THAT** in pursuance of Sections 196, 197, 198, 203 of the Companies Act, 2013 and the Rules made thereunder, read with Schedule- V of the Companies Act, 2013 and Article 191 of Articles of Association of the Company and other applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013, and any other laws, regulations prevailing for the time being in force, the Company do hereby approves the re-appointment of Mr. Madan Gopal Agarwal (DIN 02249947) who has attained the age of 70 years as Whole time Director of the Company for a period of five years with effect from 31st May, 2017 at a remuneration and on such terms and conditions as set out below with liberty and authority to the Board to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013 or any amendments thereto or any re-enactment thereof as may be agreed to between the Board and Mr. Madan Gopal Agarwal.

"**RESOLVED FURTHER THAT** in accordance with provisions of Section 197 read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013 and any other laws, regulations prevailing for the time being in force and other statutory approvals, as may be required, the Company do hereby approves the revision/ variation in the remuneration of Mr. Madan Gopal Agarwal with effect from 1st April, 2017 till his tenure as Whole-time Director of the Company, as recommended by the Nomination & Remuneration Committee and noted hereunder:

A. **Salary :**
Basic salary of ₹28,46,250/- per annum.

B. **Commission :**
0.33 per cent commission on the net profits of the Company in each financial year, subject to the overall limit as stipulated in Section 197 of the Companies Act, 2013.

C. **Perquisites :**
In addition to salary and commission, the Whole - time

Director shall be entitled to perquisites and allowances in terms and accordance with the Management Regulations of the Company, as applicable and in force from time to time and as per employment agreement dated 30th May, 2012.

D. **Other terms and conditions :**

In the event of absence or inadequacy of profits in any financial year, the Whole-time Director shall be entitled to the minimum remuneration as mentioned herein above without any variation except that no commission shall be payable.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to alter or vary the above terms and conditions so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 in case the Company has inadequate profits or within the limits approved by the Central Government, if required, as the case may be.

**RESOLVED FURTHER THAT** the other terms and conditions of re-appointment of Mr. Madan Gopal Agarwal as Whole-time Director duly approved by the Board and Members of the Company in their meetings held on 21st May, 2012 and 22nd May, 2012, respectively shall remain same.

**RESOLVED FURTHER THAT** the other terms and conditions of re-appointment of Mr. Madan Gopal Agarwal as Whole-time Director, as recorded in the employment agreement dated 30th May, 2012 executed between the Company and Mr. Madan Gopal Agarwal shall remain same.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and Company Secretary of the Company be and are hereby severally/jointly authorized to do all such acts, deeds, matters, things as may be necessary in this regard".

7. To consider and if thought fit, to pass with or without modification the following resolution as **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013, if any, read with Rules made thereunder and pursuant to the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014 ("the Regulation") (including any Statutory amendment, modification or re-enactment to the Act or the Guidelines, for the time being in force), the Articles of Association of the Company, approval of Members at their general meeting and subject to all other applicable rules, regulations and guidelines of the Securities and Exchange Board of India, the listing agreement entered into with the stock exchanges where the securities of the company are listed and / or such other approvals, consents, permissions and sanctions as may be necessary and subject to such other approvals, permissions, sanctions, conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including the Nomination & Remuneration Committee which the Board may, at its discretion authorize to exercise certain or all of its powers, including the powers, conferred by this resolution), the consent of the Members be and is hereby accorded to the amendment of the "V-Mart Employee Stock Option Plan- 2012" (Referred as "the Scheme") of the Company by increasing the total number of Stock Options from Three Lakhs Options to Six Lakhs Options at such price and on such terms and conditions as may be fixed or determined by the Board and/or Nomination & Remuneration Committee in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time and the existing clause 14.3 of the Scheme shall be substituted accordingly.

**RESOLVED FURTHER THAT** the other terms and conditions of V- Mart Employee Stock Option Plan- 2012 of the Company as approved and time to time amended by the Board and Members of the Company shall remain same.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted by the Company under the Scheme / Plan upon exercise of the stock options shall rank pari-passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board and/or the Nominations & Remuneration Committee of the Board be and are hereby authorized to take necessary steps for in-principle and final listing of the Equity Shares to be allotted upon exercise of the Stock Options, on the Stock Exchanges where the Company's Shares are proposed to be listed as per the terms and conditions of the SEBI(LODR) Regulations, 2015 with the concerned Stock Exchange and the applicable Guidelines, Rules and Regulations."

By order of the Board
For **V-Mart Retail Limited**

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

Place : Gurugram
Date : 18th August, 2017

## NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 5 to 7of the Notice, 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 Item No. 3, 5 & 6 of the Notice are also annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Duly completed, signed and stamped Proxy Form should be deposited to the Registered Office of the Company, not less than FORTY EIGHT (48) HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organization.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Each member present at meeting shall be entitled to one vote for every equity share held.

4. The Company has notified closure of Register of Members and Share Transfer Books from Tuesday, 12th September, 2017 to Wednesday, 20th September, 2017(both days inclusive) in connection with Annual General Meeting and for the purpose of Dividend.

5. The Board of Directors of the Company at their Meeting held on 3rd May, 2017 has recommended a dividend at the rate of ₹1.25/- per Equity Share as dividend for the financial year 2016-17. The dividend, if approved by the Shareholders at the Annual General Meeting, shall be paid to those Members/Beneficial Owners whose names appear in the Register of Members/depository records as on, Monday, 11th September, 2017 as under :

   (i) to all shareholders in respect of equity shares held in electronic form, as per the data made available by the National Securities Depository Limited and Central Depository Services (India) Limited, as the close of business hours on Monday, 11th September, 2017; and

   (ii) to all shareholders in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the Close of business hours on Monday, 11th September, 2017.

6. 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:

   Karvy Computershare Private Limited
   "Karvy Selenium Tower- B", Plot No. 31 & 32,
   Gachibowli, Financial District, Nanakramguda,
   Serilingampally Hyderabad – 500 032
   Phone No. +91-40-67162222, 33211000
   Toll Free: 1800345 4001
   Fax No. ++91-40-2331-1968
   E-mail: support@karvy.com
   Website: www.karvy.com

8. Members/Proxies are requested to bring their attendance slip duly filled in to the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

9. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to remote e- voting are given in this Notice. The Company will also send communication relating to remote e- voting which inter alia would contain details about User ID and Password along with a copy of this Notice to the members, separately.

10. 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 authorizing their representative to attend and vote on their behalf at the Meeting.

11. In terms of Section 152 of the Companies Act, 2013, Mr. Lalit Agarwal (DIN: 00900900), 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.

12. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days, (except Saturdays and Sundays), during business hours up to the date of the Meeting.

13. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of

dividend. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.

14. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.

15. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agents.

16. Members holdings Shares in Physical form may write to Company's Share Transfer Agents / the Company for any change in their address and bank mandates; members having shares in Electronic Form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.

17. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting.

18. Members desirous of getting any information on the accounts of the Company are requested to forward their queries to the Company at least seven working days prior to the Meeting, so that the required information can be made available at the Meeting.

19. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the Member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all rights in the shares shall vest in the event of death of sole holder or all joint holders. Member(s) holding shares in demat form may contact their respective DP for availing this facility.

20. Electronic copy of the Annual Report for the financial year 2016-17 along with Notice for 15th Annual General Meeting is being sent to all those members who have opted to receive electronic communication or who have registered their email addresses with the Company/ depository participants. The Annual Report is also available on the website of the Company, i.e. www.vmart.co.in. For members who have not registered their email address, physical copies of the Annual Report and Notice for the Annual General Meeting is being sent in the permitted mode.

21. Electronic copy of the Notice for 15th Annual General Meeting of the Company inter-alia indicating the process and the manner of remote e- voting along with Attendance Slip and Proxy Form is being sent to all those members who have opted to receive electronic communication or who have registered their email addresses with the Company/ depository participants. The Notice of the 15th Annual General Meeting of the Company is also available on the website of the Company, i.e. www.vmart.co.in. For members who have not registered their email address, physical copies of the Notice for the 15th Annual General Meeting of the Company inter alia indicating the process and the manner of remote e- voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

22. In terms of the Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 issued by the Securities and Exchange Board of India, Listed Companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS)/ RECS (Regional ECS) / NECS (National ECS)/ NEFT etc. for making cash payments like dividend etc. to the members.

23. Members are requested:

    (a) To bring Attendance slip duly completed and signed at the meeting and not to carry brief case or bag inside the meeting venue for security reasons; and

    (b) To quote their Folio No. / DP-ID – Client ID in all correspondence.

    Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. In case of members holding securities in physical form are requested to send a request to Karvy Computershare Private Limited or the Company Secretary of the Company at Plot No.862, UdyogVihar, Industrial Area, Phase – V, Gurugram – 122016.

24. 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 form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.

25. Members who hold shares in physical form in multiple folios

in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

26. Non-Resident Indian Members are requested to inform Karvy, immediately of:

    (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.

27. Members who have not registered their e-mail addresses so far, are requested to register their-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

28. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7th September, 2016 ('IEPF Rules 2016'). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the Shareholders on such shares during the last seven years to the designated Suspense Account as prescribed by the IEPF Authority.

    As per the requirement of Rule 6 of the IEPF Rules 2016, the Company had sent information to all the shareholders who had not claimed/encashed dividends in the last seven years intimating, amongst other things, the requirements of the IEPF Rules, 2016 with regard to transfer of shares and that in the event those shareholders do not claim any unclaimed/ unpaid dividends for the past seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016. The Company also simultaneously uploaded on the "Investors Section" of the Website of the Company viz. www.vmart.co.in in giving details of such shareholders whose dividend is unclaimed or unpaid.

    Voting through electronic means

    In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of Companies Act, 2013 and pursuant to the provisions of Regulation 44 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 15th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote-voting Services provided by Karvy Computershare Private Limited.

    The Company has appointed Mr. Jitender Singh, Practicing Company Secretary as the Scrutinizer for conducting the remote e- voting process in a fair and transparent manner. E-voting is optional.

    The E- voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on 11th September, 2017 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.The members as on the cut-off date viz 11th September, 2017, shall only be eligible to vote on the resolution mentioned in Notice of AGM through e- voting as well as at the AGM.

The instructions for remote e-voting are as under:

1. Use the following URL for e-voting from KARVY website: http://evoting.karvy.com
2. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
3. Enter the login credentials [i.e., user id and password mentioned in the e-voting sheet]. Your Folio No/DP ID/Client ID will be your user ID. However, if you are already registered with KARVY for e-voting, you can use your existing User ID and password for casting your vote.
4. After entering the details appropriately, click on LOGIN.
5. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update any contact details like mobile, email 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. On successful login, the system will prompt you to select the EVENT i.e. V-Mart.
8. On the voting page, enter the number of shares as on the cutoff date under "FOR/AGAINST" or alternately you may enter partially any number in "FOR" and partially in

"AGAINST", but the total number in "FOR/AGAINST" taken together should not exceed the total shareholding. You may also choose the option "ABSTAIN" and the shares will not be counted under either head.

9. Institutional Shareholders (i.e. Members other than individuals, HUF, NRIs etc.) are required to send a scanned copy of the Board Resolution/authority letter to the Scrutinizer via email at scrutinizer.vmart@gmail.com with copy marked to evoting@karvy.com.

10. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

11. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.

12. Once the vote on the Resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members shall be available at the download section of http://evoting.karvy.com or contact KARVY at Tel No.1800 345 4001 (toll free).

14. The Portal will remain open for voting from: 9.00 a.m. on 15th September, 2017 to 5.00 p.m. on 17th September 2017 (both days inclusive).

15. The Scrutinizer shall immediately after the conclusion of the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairperson of the Company. The Chairperson or any other person authorised by the Chairperson, shall declare the result of the voting forthwith.

16. 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 and on the website of KARVY https://evoting.karvy.com within three days of passing of the Resolutions at the AGM of the Company 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 Karvy Computershare Pvt. Ltd. (Registrar and Share Transfer Agent).

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

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

**Item No. 5&6**

The Board and Members of the Company in their respective meetings held on 21st May, 2012 & 22nd May, 2012, had approved the appointment of Mr. Lalit Agarwal (DIN 00900900), as Managing Director, (designated as Chairman & Managing Director) and Mr. Madan Gopal Agarwal (DIN 02249947), as Whole-time Director of the Company for a period of five years effective from 1st June, 2012.

Futher, on the recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 203, 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 (Act) and other laws, regulations, the Board in its meeting held on 3rd May, 2017, had approved the appointment of Mr. Lalit Agarwal (DIN 00900900) as Managing Director, (designated as Chairman & Managing Director) and Mr. Madan Gopal Agarwal (DIN 02249947) as Whole-time Director of the Company for the period of five years with effect from 31st May, 2017. Mr. Madan Gopal Agarwal has attained the age of 70 years.

In the light of enhanced responsibilities of the top management and having regard to valuable contribution in growth of the Company made by Mr. Lalit Agarwal (DIN 00900900), Chairman and Managing Director and Mr. Madan Gopal Agarwal (DIN 02249947), Whole-time Director of the Company, and considering the recommendation made by the Nomination & Remuneration Committee, the Board of Directors of the Company at its meeting held on 18th August, 2017 approved the revision/variation in the remuneration to Mr. Lalit Agarwal (DIN 00900900) as Managing Director, (designated as Chairman & Managing Director) and Mr. Madan Gopal Agarwal (DIN 02249947) as Whole-time Director of the Company with effect from 1st April, 2017 till their tenure the details of revised remuneration are mentioned in the resolution for item no's. 5 & 6.

Thus, in view of the above your Directors proposed to seek the approval of Members as special resolution for item nos. 5 & 6 with regard to re-appointment and revision/alteration of remuneration to Mr. Lalit Agarwal (DIN 00900900), Managing Director, Mr. Madan Gopal Agarwal (DIN - 02249947), Whole-time Director of the Company. The relevant disclosures pursuant to Companies Act, 2013 and Rules made thereunder, SEBI (LODR) Regulations, 2015 and Secretarial Standard-2 are given below.

None of the Directors and Key Managerial Personnel of the Company (except Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal) or their relatives is in any way concerned or interested, financially or otherwise, in the said Resolution.

**Item No. 7**

V-Mart Retail Limited ("Company") had introduced the V-Mart Employee Stock Option Plan/ Scheme ("Scheme"), with effect from June, 2012. The objective of the Scheme was to unify the interests of the company personnel and shareholders in such manner that the employee would be motivated to take decisions in the interest of the shareholders (to integrate the personnel into the cadre of the company) and to provide the employee with a productivity and performance related incentive, thus raising the level of his capabilities and skills.

The Nomination and Remuneration Committee and the Board at its Meeting held on August 18, 2017, has recommended to increase the total number of Stock Options under ESOP Scheme 2012 of the Company from existing 3,00,000 (three lakh) Options to 6,00,000 (six lakh) Options. The modifications do not specifically benefit any of the option holders but are being carried out to bring the Scheme in line with the applicable provisions of the Act. The Board of Directors of the Company are of the view that the amendments to the Scheme are not prejudicial to the interests of the option holders.

A copy of the existing Scheme, would also be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day (except Saturday and Sunday). The approval of the Members on Item No. 7 in the Notice is being sought by way of a Special Resolution for the amendment of the existing Scheme. The Directors (excluding Independent Directors) or Key Managerial Persons of the Company and their relatives may be deemed to be concerned or interested in the Resolution to the extent of the employee stock options granted / may be granted to them.

**Inspection**

All documents referred to in the Notice shall be open for inspection at the registered office of the Company during normal business hours on all working days, up to and including the date of the Annual General Meeting.

By Order of the Board
For **V-Mart Retail Limited**

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

Place : Gurugram
Date : 18th August, 2017

## Details of Directors seeking Appointment / Re-appointment/Revision – Variation in remuneration at the Annual General Meeting

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

| Sr. No | Particulars | Mr. Madan Gopal Agarwal | Mr. Lalit Agarwal |
|---|---|---|---|
| 1 | DIN | 2249947 | 00900900 |
| 2 | Age | 74 | 47 |
| 3 | Qualification | Bachelor's Degree in Arts from the City College, the University of Calcutta | Bachelor's Degree in Commerce from Bombay University and a Diploma in Finance Institute of Management Studies, Mumbai |
| 4 | Experience | He has more than 3 decades of experience in retail industry. | He has more than 17 years of rich experience in retail industry |
| 5 | Term and condition of appointment | As per the resolution | As per the resolution |
| 6 | Details of remuneration to be paid | As per the resolution | As per the resolution |
| 7 | Remuneration last drawn (during the F.Y 2016-17) | Rs. 43.17 lacs | Rs. 162.86 lacs |
| 8 | Date of appointment at Board | 21/05/2012 | 21/05/2012 |
| 9 | Shareholding in the company as on 31st March, 2017. | 3.80% | 12.36% |
| 10 | Relationship with other Directors/ KMP/Managers | Father of Mr. Lalit Agarwal, Chairman & Managing Director of the Company | Son of Mr. Madan Gopal Agarwal, Whole-time Director of the Company |
| 11 | No. of Board Meeting attended during the year (2016-17) | 5 | 5 |
| 12 | Other Directorship | Nil | Nil |
| 13 | Membership /chairmanship of committee of other Board | Nil | Nil |

## Route Map/Directions for the venue of AGM from Nearest Metro station

### Route Map for the venue of AGM from AIIMS Metro Station



# Director's Report

Dear Members,

Your Company's Directors are pleased to present the 15th Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2017.

## FINANCIAL RESULTS

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

(₹ in Lacs)

| Particulars | For the year ended 31.3.2017 | For the year ended 31.3.2016 |
|---|---|---|
| **Revenue** | 100481.54 | 81042.54 |
| **Profits/(Loss) before Depreciation & Tax** | 8214.76 | 6132.64 |
| Less: Depreciation | 2202.02 | 1901.44 |
| Less: Tax Expense | 2060.04 | 1467.95 |
| Prior period items-(income)/expenses | - | 19.46 |
| **Net profit for the period** | 3952.70 | 2763.25 |
| Less: Utilized for Dividend Issue | - | 226.42 |
| **Balance carried forward to Balance Sheet** | **3952.70** | **2536.83** |

## V-MART IPO

Your Company has successfully concluded the pubic issue of equity shares during the year 2012-13 aggregating to ₹36,435 million.

The means of finance for the objects of IPO and status of utilization of proceeds raised through the IPO by the Company as on 31st March, 2017 as referred above are as follows:

Means of finance for the objects of IPO are as under:

| Particulars | (₹ in lac) |
|---|---|
| Proceeds from the fresh issue (A) | 57,98.10 |
| Proceeds from Pre-IPO placement (B) | 26,25.00 |
| Internal accruals (C) | 717.60 |
| **Total** | **9,140.70** |

The utilization of the afore-mentioned means of finance as on 31st March 2017 is as under:

(₹ in Lacs)

| Particulars | Utilization planned as per prospectus | Utilization of IPO proceeds as on 30th September, 2015 | Adjustments (utilization of surplus towards other objects) | Balance amount to be utilized as on 31st March, 2017 |
|---|---|---|---|---|
| To open new stores | 6970.40 | (7044.67) | 74.27 | - |
| Expansion of distribution centre | 438.70 | (371.03) | (67.67) | - |
| Working capital | 1000.00 | (1,000.00) | - | - |
| Share issue expenses | 731.60 | (725.00) | (6.60) | - |
| **Total** | **9140.70** | **(9140.70)** | **-** | **Nil** |

## PERFORMANCE REVIEW

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 percent of the employment. India is the world's fifth-largest global destination in the retail space.

As per recent studies, the India's retail market is expected to nearly double to US$ 1 trillion by 2020 from US$ 600 billion in 2015, driven by income growth, urbanization and attitudinal shifts. While the overall retail market is expected to grow at 12 per cent per annum, modern trade may expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent.

Resonating the trend, the Net Sales of the Company increased by 23.82 % to ₹1000.62 crores in FINANCIAL YEAR 2016-17 from ₹808.16 crores in F.Y. 15-16. The Company has posted Operating Profits (EBITDA) of ₹85.67 crores in F.Y. 16-17. The Company posted Profit after Tax (PAT) of ₹39.52 crores in the current financial year as against a PAT of ₹27.63 crores in the previous financial year; an increase of 11.89%.

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 this Annual Report.

## OPERATIONS REVIEW

During the year, the Company continued with its existing approach to endeavor to establish its growth pattern in the Retail Industry with a chain of stores under the "V-Mart" brand in the north and eastern part of India.

During the year, the Company opened 20 (Twenty) new stores under the brand V-Mart which were spread over an area of 1.80 lacs sq. ft. The Company closed two stores during the year.

During the year under review, the Company continued to focus on enhancing the capability of the organization and towards the achievement of this goal, the Company has been taking a number of initiatives.

## AWARDS & ACHIEVEMENTS

During the year under review your Company received the following award and recognitions:

"India's No. 1 Brand Awards 2016 in India's Best Retail Fashion Store Chain category.

## OPERATING RESULTS AND BUSINESS

Your Company completes its fifteenth year in the field of fashion retailing. The existing business model of the Company with a focus on the consumption story based on the growing aspiration for fashion in the Tier-II and Tier-III cities continues to provide better outcome/results.

## DIVIDENDS

The Board in its meeting held on 3rd May, 2017, recommended a dividend of ₹1.25/- per share (@12.50%) excluding the dividend distribution tax, for the financial year ended 31st March, 2017 on equity shares of the Company. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting.

## RESERVES

The Company during the year transferred ₹39.53 crores to the general reserves. Post transfer, the general reserves stood at ₹252.27 crores for financial year 2016-17.

## 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 Disclosure Requirements) Regulations, 2015 has been dealt with extensively in a separate section forming part of this Annual Report.

## LISTING

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

The Company has paid the requisite listing fee to the Stock Exchanges for the financial year 2017-18.

## 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

The Board met five times (5) during the financial year 16-17, the details of which are given in Corporate Governance report that forms 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 has carried out an annual evaluation of its own performance, Board Committees and the Directors individually pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as 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 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 5th, 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 five members, of which three are Independent Directors. The Board also comprise of one Woman 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. Deepak Sharma*, Chief Financial Officer and Ms. Megha Tandon, Company Secretary.

Further, during the year, Mr. Sudhir Kumar, Company Secretary of the Company resigned from the Company w.e.f. 13th January, 2017. The Company has appreciated his efforts in delivering valuable contribution towards the Company and appointed Ms. Megha Tandon, as Company Secretary of the Company w.e.f. 30th January, 2017.

*Further to inform that Mr. Deepak Sharma has resigned from the position of CFO of the Company w.e.f. 6th May, 2017 and in his place Mr. Anand Agarwal has been appointed as the new CFO of the Company w.e.f. 5th June, 2017. The Company has also appreciated the efforts made by Mr. Deepak Sharma in delivering valuable contribution towards the growth of the Company.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary disclosures from each of its three 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 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 current policy 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 2016-17 is as per the provisions of the Companies Act, 2013 and as per the terms laid down in policy of 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.

The details of familiarization 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. Lalit 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 four Board committees namely: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 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) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Practicing Company Secretary's certificate on Corporate Governance is enclosed as Annexure to the Board Report.

## SHARE CAPITAL

a) Buy Back Of Securities: The Company has not bought back any of its securities during the year under review.

b) Issue of Sweat Equity: The Company has not issued any sweat equity shares during the year under review.

c) Issue of Bonus Shares: The Company has not issued any bonus shares during the year under review.

d) 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.

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the Shareholders vide resolution dated 2 July 2012 and 10 July 2012 respectively ('the V-Mart ESOP Scheme 2012'), consequent to which 300,000 equity shares of ₹10 each will be granted upon exercise of as stock options (ESOPs) to eligible employees. 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 |
|---|---|---|
| As on March 31,2017 – 4 grants have been made comprising total 265,472 options | 30% of the Total Grant | After 12 months from the date of grant |
| | 30% of the Total Grant | After 24 months from the date of grant |
| | 40% of the Total 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 | 05th August 2016 | 1464 |

Pursuant to the above allotment of shares, the paid up capital of the Company stands increased to ₹180,681,600/- as on 31st March, 2017.

The information required to be disclosed under SEBI (Share Based Employee Benefits) Regulations, 2014 as on 31st March, 2017 are as follows:

| Particulars | Details |
|---|---|
| Date of Shareholders Approval | 10th July, 2012 |
| Maximum Terms of 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 | 51341 |
| Number of options granted during the year | 76225 |
| Number of options forfeited / lapsed during the year | 3650 |
| Number of options vested during the year | 10153 |
| Number of options exercised during the year | 1464 |
| Number of shares arising as a result of exercise of options | 1464 |
| Money realized by exercise of options (INR) | ₹219600 |
| Number of options outstanding at the end of the year | 122452 |
| Number of options exercisable at the end of the year | 29196 |
| Pricing Formula | The Nomination & Remuneration Committee has been authorized to determine the exercise price of ESOPs. |

Person-wise details of options granted during the Financial Year 2016-17:

| Particulars | Details |
|---|---|
| i) Senior managerial personnel/key managerial personnel | Mr. Deepak Sharma,<br>Mr. Venugopal,<br>Mr. Rajan Sharma<br>Mr. Ramesh K Agarwal<br>Mr. M Srnivasan<br>Mrs. Anjali Goel<br>Mr. Snehal Shah<br>Mr. Dinesh Srivastava |
| No of options granted and its exercise price | Mr. Rajan Sharma – 8540<br>Mr. Deepak Sharma – 7230<br>Mr. Snehal Shah – 5430<br>Mr. Venugopal – 2940<br>Mr. Ramesh K Agarwal – 2050<br>Mrs. Anjali Goel – 1930<br>Mr. M Srnivasan – 1470<br>Mr. Dinesh Srivastava – 2340 |
| ii) Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year | Nil |
| iii) 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 |

| Particulars | Details |
|---|---|
| Fully-diluted EPS pursuant to issue of shares on exercise of options in accordance with relevant Accounting Standards | |
| Lock-in | Nil |
| Impact of the difference on the profits of the Company and on the EPS | Impact on profit: ₹7.02 lacs /-Impact on EPS: ₹0.06 |
| 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) | ₹ (31.69) lacs |
| 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<br>Exercise price equals market price : Not applicable<br>Exercise price is less than market price: 150 |
| 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<br>Exercise price equals market price : Not applicable<br>Exercise price is less than market price : 150 |
| 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 |
|---|---|---|---|---|
| Price per option (In ₹) | 150 | 450 | 573 | 470 |
| Risk free return (In%) | 8.42 | 8.32 | 8.16 | 7.93 |
| Expected Life (In years) | 4 | 4 | 4 | 4 |
| Expected Volatility | 25% | 41% | 38.74% | 30.13% |
| Dividend Yield | 0.27% | 0.20% | 0.20% | 0.24% |
| Closing market price of share on date of option grant | 210 (IPO) | 539.30 | 615.40 (NSE) (BSE) 614.00 | 511.30 (NSE) (BSE) 510.00 |

## EMPLOYEE STOCK OPTION DETAILS

| Grant Date | Exercise price | Options granted | Options vested and exercisable | Options unvested | Options exercised | Options cancelled | Options outstanding |
|---|---|---|---|---|---|---|---|
| 20th July, 2012 | 150 | 1,53,252 | 1,53,252 | - | 1,09,382 | 29,988 | 13,882 |
| 5th January, 2015 | 450 | 22,350 | 13,410 | 8,940 | - | 3,650 | 18,700 |
| 28th December, 2015 | 573 | 13,645 | 4,094 | 9,551 | - | - | 13,645 |
| 30th January, 2017 | 470 | 76225 | - | - | - | - | 76,225 |
| **Total** | | **265472** | **1,70,756** | **18,491** | **1,09,382** | **33,638** | **1,22,452** |

## MOVEMENT OF STOCK OPTIONS DURING THE YEAR:

| Total for all grants | No. of options | Range of exercise prices (K) | Weighted average exercise price (K) | Weighted average remaining contractual life (Years) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 51,341 | 150-573 | 393 | NIL |
| Granted during the year | 76,225 | 470 | 470 | 4 |
| Forfeited/ Cancelled during the year | 3,650 | 450 | 450 | 4 |
| Expired during the year | NIL | NIL | NIL | NIL |
| Exercised during the year | 1,464 | 150 | 150 | NIL |
| Outstanding at the end of the year | 1,22,452 | 150-573 | 442 | NIL |
| Exercisable at the end of the year | 29,196 | 150-573 | 440 | NIL |

## 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 which fall under scope of Section 188 (1) of the Companies Act, 2013 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.

## DEPOSITS

During the F.Y.2016-17, your Company has not accepted any deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable laws 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.

The Company has not given any loan or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN 31ST MARCH, 2017 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 and Associate Company.

## REGISTERED OFFICE

Registered Office at 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi – 110092 w.e.f. May 7, 2015.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has constituted a Corporate Social Responsibility Committee of the Board comprising of four members, namely Mr. Lalit Agarwal (Chairman), Mr. Madan Gopal Agarwal, Mr. Aakash Moondhra, Ms. Sonal Mattoo (Members). 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 our 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 any 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, in pursuance of its Corporate Social Responsibility Policy. Accordingly our Company was requires to spend ₹88.92 lac on CSR activities during the year.

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

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

In order to spend the average of 2% of Average Net profits of preceding three financial years, the CSR committee had number of meetings to meet these criteria so that our society will get maximum benefit out of it. Many suggestions were discussed and implemented and many more proposals are on the table to discuss and will be implemented soon. Our objective is to reach large number of people and to provide a much needed support to the needy section of our society particularly in the area of education, women empowerment. Capacity building of disabled persons, enhance vocational skills, enhance heritage, to improve livelihood of rural families.

For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

Hence, all efforts are being made to ensure that the entire amount which is required to be spent under CSR is spent for such activities.

## 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.

## TECHNOLOGY ABSORPTION

The Company is taking care of latest development and advancements in technology and all steps are being taken to adopt the same.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

(Amount in ₹)

| Particulars | Foreign Exchange Earning | Foreign Exchange outgo |
|---|---|---|
| Purchase of Capital Goods | NIL | NIL |
| Total | 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 / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has 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 behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and provide adequate safeguards against victimization of the person availing this mechanism. This Policy has been appropriately communicated within the organization 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.

## PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate dealing in securities by the Directors and designated employees of the Company. 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 employees 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 employees have confirmed compliance with the code.

## RISK MANAGEMENT

Your Company is working in an open environment and hence faces various types of risk. Company has analyzed all the possible types of risk and has taken steps to cover as much as possible if the tools of risk management are reasonably priced and available. Company has a clear policy and management to cover the various risks.

## HUMAN RESOURCE 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.

No employee of the Company employed throughout the financial year was in receipt of remuneration of ₹1.02 Cr or more, or employed for the part of the year and in receipt of ₹8.5 lakhs or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## AUDITORS

At the Annual General Meeting held on 23rd September, 2014, M/s Walker Chandiok & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of first proviso to Section 139 of the Companies Act, 2013 the appointment of the auditors shall be placed for appointment at fifteenth (15th) ensuing AGM, accordingly the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants, Chartered Accountants, as Statutory Auditors of the Company, shall be placed for re-appointment by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Sections 141 of the Companies Act, 2013.

## AUDITORS REPORT

There was no observation or qualification in the Auditors Report for the financial year ended 31st March 2017. 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 2016-17, 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.

Further, we wish to inform you that during the year the Company has appointed M/s. V.K. Chaudhary & Co as Secretarial Auditor of the Company, but due to internal restructuring of M/s. V.K. Chaudhary & Co, all the business and assignment of M/s. V.K. Chaudhary & Co carried out by M/s VKC & Associates (Company Secretaries) a partnership firm registered with the ICSI with effect from 1st April 2017. Consequent to this, M/s V.K. Chaudhary & Co had tendered their resignation as the Secretarial Auditor and in their place M/s VKC & Associates has been appointed to undertake the Secretarial Audit of the Company for the FY 2016-17.

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, the 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.

## 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:

(a) Number of complaints of sexual harassment received during the year: 03

(b) Number of complaints disposed off during the year: 03

(c) Number of cases pending for more than ninety days: NIL

(d) Number of workshops on awareness program against sexual harassment carried out: 01

(e) Nature of action taken by the employer or district officer: Appropriate Action taken by the Company.

## INCIDENT OF FRAUD

No significant 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, except for certain cases of misappropriation of Inventory at certain stores by employees of the Company, identified by the management as stated. In Note 48 to the financial statements, impact of which is not

ascertainable separately, and is included in 'Stocks written off 'disclosed under 'Purchase of stock-in-trade' under Note 26 to the financial statements. Further, out of such write offs, an amount of ₹17.33 lacs (approx.) has been specifically identified pertaining to misappropriation of inventory by certain employees of the Company at certain stores, who have since left the Company and the management has initiated necessary legal action against such erstwhile employees.

## 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

## DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

## ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-ordination extend by the shareholders, customers, suppliers, bankers and 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 also place on records their appreciation for the contribution made by employees at all levels.

By the order of Board
For and on behalf of Board of Directors

**Lalit Agarwal**
Chairman & Managing Director
DIN: 00900900

Place: Gurugram
Date: 3rd May, 2017

# Annexure - A to Board Report

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

as on financial year ended on 31st March, 2017
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. | KARVY COMPUTERSHARE PRIVATE LIMITED Kary Selenium, Tower - B, Plot No. 31&32, Financial District, Nanakramguda, Gachibowli, Telangana 500032 TEL NO.- +91-40-67162222, 33211000, Toll Free - 18003454001 E-mail - support@karvy.com, website - www.karvy.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 |
|---|---|---|---|
| | 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 |
|---|---|---|---|---|---|
| | NIL | | | | |

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

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the FY 15-16 | | | | No. of Shares held at the end of the FY 16-17 | | | | %change during the year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | No. of Shares | in % |
| **A. Promoters** | | | | | | | | | | |
| **(1) Indian** | | | | | | | | | | |
| a) Individual/HUF | 1,02,19,063 | - | 1,02,19,063 | 56.56% | 98,44,063 | - | 98,44,063 | 54.48% | (3,75,000) | (3.67%) |
| b) Central Govt.or State Govt. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corporates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bank/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **SUB TOTAL:(A) (1)** | **1,02,19,063** | **-** | **1,02,19,063** | **56.56%** | **98,44,063** | **-** | **98,44,063** | **54.48%** | **(3,75,000)** | **(3.67%)** |
| **(2) Foreign** | | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any otheR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **SUB TOTAL (A) (2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total Shareholding of Promoter (A)= (A)(1)+(A)(2)** | **1,02,19,063** | **-** | **1,02,19,063** | **56.56%** | **98,44,063** | **0** | **98,44,063** | **54.48%** | **(3,75,000)** | **(3.67%)** |
| **B. PUBLIC SHAREHOLDING** | | | | | | | | | | |
| **(1) Institutions** | | | | | | | | | | |
| a) Mutual Funds | 9,19,911 | 0 | 9,19,911 | 5.09% | 5,72,579 | 0 | 5,72,579 | 3.17% | (3,47,332) | (37.76%) |
| b) Banks/FI | 1,554 | 0 | 1,554 | 0.01% | 2,228 | 0 | 2,228 | 0.01% | 674 | 43.37% |
| C) Central govt | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| d) State Govt. | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| e) Venture Capital Fund | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| f) Insurance Companies | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| g) FII's | 52,44,277 | 0 | 52,44,277 | 29.03% | 50,43,616 | 0 | 50,43,616 | 27.91% | (2,00,661) | (3.83%) |
| h) Foreign Venture Capital Funds | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| i) Others (specify) | - | 0 | - | 0 | - | 0 | - | 0.00% | - | 0 |
| **SUB TOTAL (B)(1):** | **61,65,742** | **0** | **61,65,742** | **34.13%** | **56,18,423** | **0** | **56,18,423** | **31%** | **(5,47,319)** | **(8.88%)** |
| **(2) Non Institutions** | | | | | | | | | | |
| **a) Bodies corporates** | 8,93,253 | 0 | 8,93,253 | 4.94% | 4,07,183 | 0 | 4,07,183 | 2.25% | (4,86,070) | (54.42%) |
| **b) Individuals** | | | | | | | - | | | |
| i) Individual shareholders holding nominal share capital upto ₹2 lakhs | 4,84,673 | 68 | 4,84,741 | 2.35% | 6,62,003 | 68 | 6,62,071 | 3.66% | 1,77,330 | 36.58% |
| ii) Individuals shareholders holding nominal share capital in excess of ₹2 lakhs | 2,65,199 | 0 | 2,65,199 | 1.80% | 14,81,699 | 0 | 14,81,699 | 8.20% | 12,16,500 | 458.71% |
| **c) Others (specify)** | | | | | | | | | | |
| Non- Resident Indians | 34,931 | 0 | 34,931 | 0.19% | 35,995 | 0 | 35,995 | 0.20% | 1,064 | 3.05% |
| Clearing Members | 2,767 | 0 | 2,767 | 0.02% | 17,126 | 0 | 17,126 | 0.09% | 14,359 | 518.94% |
| NBFC | 1,000 | 0 | 1,000 | 0.01% | 1,600 | 0 | 1,600 | 0.01% | 600 | 60.00% |
| **SUB TOTAL (B)(2)** | **16,81,823** | **68** | **16,81,891** | **9.31%** | **26,05,606** | **68** | **26,05,674** | **14.42%** | **9,23,783** | **54.93%** |
| **Total Public Shareholding (B)= (B)(1)+(B)(2)** | **78,47,565** | **68** | **78,47,633** | **41.89%** | **82,24,029** | **68** | **82,24,097** | **45.52%** | **3,76,464** | **4.80%** |
| **C. Shares held by Custodian for GDRs & ADRs** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Grand Total (A+B+C)** | **1,80,66,628** | **68** | **1,80,66,696** | **100%** | **1,80,68,092** | **68** | **1,80,68,160** | **100%** | **1,464** | **0.01%** |

### ii) Share Holding of Promoters

| Sr. No. | Shareholders Name | Shareholding at the beginning of the FY 15-16 | | | Shareholding at the end of the FY 16-17 | | | % change in shareholding 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 AGARWAL | 22,34,113 | 12.37 | 0 | 22,34,113 | 12.36 | 0 | 0.00% |
| 2 | SANGEETA LALJI AGARWAL | 14,69,878 | 8.14 | 0 | 14,69,878 | 8.14 | 0 | 0.00% |
| 3 | UMA DEVI AGARWAL | 13,55,460 | 7.50 | 0 | 13,55,460 | 7.50 | 0 | 0.00% |
| 4 | LALIT M AGARWAL (HUF) | 12,77,275 | 7.07 | 0 | 12,77,275 | 7.07 | 0 | 0.00% |
| 5 | MADAN GOPAL AGARWAL (HUF) | 10,41,675 | 5.77 | 0 | 10,41,675 | 5.77 | 0 | 0.00% |
| 6 | SANGEETA AGRAWAL | 7,02,297 | 3.89 | 0 | 7,02,297 | 3.89 | 0 | 0.00% |
| 7 | SMITI AGARWAL | 4,48,505 | 2.48 | 0 | 4,48,505 | 2.48 | 0 | 0.00% |
| 8 | HEMANT AGARWAL | 5,79,500 | 3.21 | 0 | 2,04,500 | 1.13 | 0 | -64.71% |
| 9 | HEMANT AGARWAL (HUF) | 4,23,985 | 2.35 | 0 | 4,23,985 | 2.35 | 0 | 0.00% |
| 10 | MADAN GOPAL AGARWAL | 3,80,361 | 2.11 | 0 | 3,80,361 | 2.11 | 0 | 0.00% |
| 11 | MADAN GOPAL KANDOI | 3,06,014 | 1.69 | 0 | 3,06,014 | 1.69 | 0 | 0.00% |
| | **Total** | **1,02,19,063** | **56.56** | **0** | **98,44,063** | **54.48** | **0** | |

### 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 total shares of the company |
| 1 | **HEMANT AGARWAL** | | | | | | | |
| | At the beginning of the year (01.04.2016) | 5,79,500 | 3.21 | | | | | |
| | Change | (2,00,000) | | 06/05/16 | Decrease | Sold | 3,79,500 | 2.10 |
| | | (1,75,000) | | 17/02/17 | Decrease | Sold | 2,04,500 | 1.13 |
| | | | | 31/03/17 | | | | |
| | At the end of the year | | | | | | 2,04,500 | 1.13 |

### iv) Shareholding Pattern of top ten Shareholders (other than Direcors, 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 total shares of the company |
| 1 | **JWALAMUKHI INVESTMENT HOLDINGS** | | | | | | | |
| | At the beginning of the year | 17,88,102 | 9.90 | | | | | |
| | Change: NIL | | | | | | | |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 17,88,102 | 9.90 |

| 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 total shares of the company |
| 2 | KOTAK MAHINDRA (INTERNATIONAL) LIMITED | | | | | | | |
| | At the beginning of the year | 17,09,002 | 9.46 | | | | | |
| | Change | (4,071) | | 13/05/2016 | Decrease | sold | 17,04,931 | 9.44 |
| | | (10,02,213) | | 20/05/2016 | Decrease | sold | 7,02,718 | 3.89 |
| | | (5,35,000) | | 27/05/2016 | Decrease | sold | 1,67,718 | 0.93 |
| | | (24,435) | | 03/06/2016 | Decrease | sold | 1,43,283 | 0.79 |
| | | (36,626) | | 10/06/2016 | Decrease | sold | 1,06,657 | 0.59 |
| | | (13,440) | | 17/06/2016 | Decrease | sold | 93,217 | 0.52 |
| | | (65,043) | | 24/06/2016 | Decrease | sold | 28,174 | 0.16 |
| | | (28,174) | | 30/06/2016 | Decrease | | 0 | 0.00 |
| | 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 total shares of the company |
| 3 | NAMAN FINANCE & INVESTMENT PRIVATE LIMITED | | | | | | | |
| | At the beginning of the year | 5,64,482 | 3.12 | | | | | |
| | Change | (13,256) | | 29/04/2016 | Decrease | sold | 5,51,226 | 3.05 |
| | | (5,51,226) | | 24/06/2016 | Decrease | sold | 0 | 0.00 |
| | At the end of the year (or on the date of separation, if separated during the year) | 0 | | | | | 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 total shares of the company |
| 4 | FIL INVESTMENTS(MAURITIUS)LTD | | | | | | | |
| | At the beginning of the year | 5,00,000 | 2.77 | | | | | |
| | Change | 33,142 | | 20/01/2017 | Increase | Purchased | 5,33,142 | 2.95 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 5,33,142 | 2.95 |

| 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 total shares of the company |
| 5 | FIDELITY ASIAN VALUES PLC | | | | | | | |
| | At the beginning of the year | 3,70,487 | 2.05 | | | | | |
| | Change | 2,553 | | 20/05/2016 | Increase | Purchased | 3,73,040 | 2.06 |
| | | (35,823) | | 10/03/2017 | Decrease | sold | 3,37,217 | 1.87 |
| | | (52,764) | | 17/03/2017 | Decrease | sold | 2,84,453 | 1.57 |
| | | (15,599) | | 24/03/2017 | Decrease | sold | 2,68,854 | 1.49 |
| | | (7,501) | | 31/03/2017 | Decrease | sold | 2,61,353 | 1.45 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 2,61,353 | 1.45 |

| 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 total shares of the company |
| 6 | IDFC STERLING EQUITY FUND | | | | | | | |
| | At the beginning of the year | 3,18,414 | 1.76 | | | | | |
| | Change | 2,581 | | 30/06/2016 | Increase | Purchased | 3,20,995 | 1.78 |
| | | 5,344 | | 01/07/2016 | Increase | Purchased | 3,26,339 | 1.81 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 3,26,339 | 1.81 |

| 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 total shares of the company |
| 7 | WASATCH MICRO CAP FUND | | | | | | | |
| | At the beginning of the year | 3,17,634 | 1.76 | | | | | |
| | Change:NIL | | | | | | | |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 3,17,634 | 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 total shares of the company |
| 8 | BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C | | | | | | | |
| | At the beginning of the year | 2,55,006 | 1.41 | | | | | |
| | Change | (955) | | 08/04/2016 | Decrease | sold | 2,54,051 | 1.41 |
| | | (5,576) | | 10/06/2016 | Decrease | sold | 2,48,475 | 1.38 |
| | | (52,374) | | 24/06/2016 | Decrease | sold | 1,96,101 | 1.09 |
| | | (600) | | 16/09/2016 | Decrease | sold | 1,95,501 | 1.08 |
| | | 30,000 | | 02/12/2016 | Decrease | sold | 2,25,501 | 1.25 |
| | | (23,088) | | 02/12/2016 | Decrease | sold | 2,02,413 | 1.12 |
| | | (79,300) | | 31/03/2017 | Decrease | sold | 1,23,113 | 0.68 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 1,23,113 | 0.68 |

| 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 total shares of the company |
| 9 | TATA DUAL ADVANTAGE FUND SCHEME B | | | | | | | |
| | At the beginning of the year | 1,81,194 | 1.00 | | | | | |
| | Change | (99,078) | | 03/02/2017 | Decrease | sold | 82,116 | 0.45 |
| | | (50,922) | | 10/02/2017 | Decrease | sold | 31,194 | 0.17 |
| | | (10,594) | | 17/02/2017 | Decrease | sold | 20,600 | 0.11 |
| | | (20,600) | | 24/02/2017 | Decrease | sold | 0 | 0.00 |
| | 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 total shares of the company |
| 10 | ROHINTON SOLI SCREWVALA | | | | | | | |
| | At the beginning of the year | 1,74,609 | 0.97 | | | | | |
| | Change | (28,085) | | 10/03/2017 | Decrease | sold | 1,74,609 | 0.97 |
| | | (35,064) | | 31/03/2017 | Decrease | sold | 1,46,524 | 0.81 |
| | At the end of the year (or on the date of separation, if separated during the year) | | | | | | 1,11,460 | 0.62 |

v) Shareholding of Directors & KMP

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 1 | **Lalit Agarwal** | | | | | | | |
| | At the beginning of the year | 22,34,113 | 12.37 | | | | | |
| | 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 | | | | | | 22,34,113 | 12.36 |

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

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 2 | **MADAN GOPAL AGARWAL** | | | | | | | |
| | At the beginning of the year | 6,86,375 | 3.80 | | | | | |
| | 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 | | | | | | 6,86,375 | 3.80 |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 3 | **AAKASH MOONDHRA** | | | | | | | |
| | 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 |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 4 | MURLI RAMACHANDRAN | | | | | | | |
| | At the beginning of the year | NIL | NIL | | | | | |
| | 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 | | | | | | NIL | NIL |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 5 | SONAL MATTOO | | | | | | | |
| | At the beginning of the year | NIL | NIL | | | | | |
| | 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 | | | | | | NIL | NIL |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 6 | DEEPAK SHARMA | | | | | | | |
| | At the beginning of the year | 34,517 | 0.19 | | | | | |
| | 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 | | | | | | 34,517 | 0.19 |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 7 | SUDHIR KUMAR* | | | | | | | |
| | At the beginning of the year | NIL | NIL | | | | | |
| | 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) | | | | | | | |
| | At the end of the year | | | | | | NIL | NIL |

| Sr. No. | For Each of the Directors & KMP | 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 total shares of the company |
| 8 | MEGHA TANDON** | | | | | | | |
| | At the beginning of the year | NIL | NIL | | | | | |
| | 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) | | | | | | | |
| | At the end of the year | | | | | | NIL | NIL |

*Mr. Sudhir Kumar, Company Secretary has resigned w.e.f 13th January 2017.

** Ms. Megha Tandon is appointed as Company Secretary of the Company w.e.f 30th January, 2017.

## V) INDEBTEDNESS

**Indebtedness of the Company including interest outstanding/accrued but not due for payment** (Amount in ₹)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtness at the beginning of the financial year** | | | | |
| i) Principal Amount | 26,91,13,278 | NA | NA | 26,91,13,278 |
| ii) Interest due but not paid | NA | NA | NA | NA |
| iii) Interest accrued but not due | NA | NA | NA | NA |
| **Total (i+ii+iii)** | **26,91,13,278** | **-** | **-** | **26,91,13,278** |
| **Change in Indebtedness during the financial year** | | | | |
| Additions | 18,80,58,68,217 | NA | NA | 18,80,58,68,217 |
| Reduction | 18,72,62,77,970 | NA | NA | 18,72,62,77,970 |
| **Net Change** | **7,95,90,247** | **-** | **-** | **7,95,90,247** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 34,87,03,526 | NA | NA | 34,87,03,526 |
| ii) Interest due but not paid | NA | NA | NA | NA |
| iii) Interest accrued but not due | NA | NA | NA | NA |
| **Total (i+ii+iii)** | **34,87,03,526** | **0.00** | **0.00** | **34,87,03,526** |

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

**A. Remuneration to Managing Director, Whole time director and/or Manager:** (₹ In Lacs)

| Sr. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | |
|---|---|---|---|---|
| | | LALIT AGARWAL (MD) | MADAN GOPAL AGARWAL (WTD) | Total Amount |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 68.31 | 22.77 | 91.08 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 32.72 | 0 | 32.72 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock option | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission as % of profit | 61.83 | 20.4 | 82.23 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | **Total (A)** | **162.86** | **43.17** | **206.03** |
| | Ceiling as per the Act | (being 10% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013) | | |

**B. Remuneration to other directors:** (₹ In Lacs)

| Sr. No. | Particulars of Remuneration | Name of the Directors | | |
|---|---|---|---|---|
| 1 | **Independent Directors** | AAKASH MOONDHRA | MURLI RAMACHANDRAN | SONAL MATTOO |
| | (a) Fee for attending board committee meetings | 2 | 2 | 2 |
| | (b) Commission | 13.17 | 10.85 | 10.64 |
| | (c) Others, please specify | | | |
| | Total | | | |
| | Total (1) | 15.17 | 12.85 | 12.64 |
| 2 | **Other Non Executive Directors** | N.A | | |
| | (a) Fee for attending board committee meetings | | | |
| | (b) Commission | | | |
| | (c) Others, please specify. | | | |
| | **Total (2)** | | | |
| | **Total (B)=(1+2)** | | | |
| | Overall Cieling as per the Act. | (being 1% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013) | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Amount in ₹)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | DEEPAK SHARMA | SUDHIR KUMAR | MEGHA TANDON |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 3,808,800 | 689,456 | 73,017 |
| | (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 | - | - | - |
| 2 | Stock option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission as % of profit | - | - | - |
| 5 | Others, please specify | - | - | - |
| | **Total (A)** | **3,808,800** | **689,456** | **73,017** |

*Mr. Sudhir Kumar, Company Secretary has resigned w.e.f 13th January 2017.

** Ms. Megha Tandon is appointed as Company Secretary of the Company w.e.f 30th January, 2017.

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties / punishment/ compounding of offences for the year ending 31st March, 2017

# 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 toas "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 summarized 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 shortand 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 organization. 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 who 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 recognized;

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 (withthe 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 authorized by the Board of Directors of the Companyto 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 ₹50000/- 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

### FINANCIAL DETAILS

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribes that every company having a Net Worth of ₹500 Crores or more, or Turnover of ₹1000 Crores or more or, Net Profit of ₹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 | (₹ in lac) |
|---|---|
| Average net profit of the company for last three financial years | 4,446 |
| Prescribed CSR Expenditure (Two percent of the average net profit as computed above) | 88.92 |
| Details of CSR spent during the financial year. | |
| (a) Total amount to be spent for the financial year : | 88.92 |
| (b) Amount spent | 53.05 |
| (c) Amount unspent, if any ; | 35.87 |

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

(₹ in lac)

| 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 programs | Cumulative expenditure upto the reporting period | Amount spent direct/ implementing agency |
|---|---|---|---|---|---|---|
| Saksham | Physically Handicapped | Uttar Pradesh | | 17.55 | 17.55 | Directly |
| Sai Swayam Society | For hearing impaired | NCR | | 3.50 | 21.05 | Directly |
| Radha Education Foundation Pvt Ltd | Water facility in schools | Bihar & West Bengal | | 10.00 | 31.05 | Directly |
| Giriraj Seva Sadan | Old age home | NCR | | 20.00 | 51.05 | Directly |
| All India Marwari Yuva Manch | Skill and Entreprenureship Development | NCR | | 2.00 | 53.05 | Directly |
| **Total** | | | | **53.05** | | |

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

In order to spend the average of 2% of Average Net profits of preceding three financial years, the CSR committee had number of meetings to meet these criteria so that our society will get maximum benefit out of it. Many suggestions were discussed and implemented and many more proposals are on the table to discuss and will be implemented soon. Our objective to reach large number of people and to provide a much needed support to the needy section of our society particularly in the area of education, women empowerment. Capacity building of disabled persons, enhance vocational skills, enhance heritage, to improve livelihood of rural families.

For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

Hence, all efforts are being made to ensure that the entire amount which si required to be spent under CSR is actually spent for such activities.

## 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: 3rd May, 2017

# 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 16-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 16-17 are as under:

| Sr. No. | Name of Director, KMP & Designation | % increase/decrease in Remuneration in the Financial Year 2016-17 | Ratio of remuneration of each Director/ to median remuneration of employees |
|---|---|---|---|
| 1 | Mr. Lalit Agarwal<br>Chairman & Managing Director | 10% | 2256 |
| 2 | Mr. Madan Gopal Agarwal<br>Whole-time Director | 10% | 598 |
| 3 | Mr. Aakash Moondhra<br>Independent Director | No Remuneration, only sitting Fees | N.A |
| 4 | Mr. Murli Ramachandran<br>Independent Director | No Remuneration, only sitting Fees | N.A |
| 5 | Ms. Sonal Mattoo<br>Independent Director | No Remuneration, only sitting Fees | N.A |
| 6 | Mr. Deepak Sharma<br>Chief Financial Officer | 15% | N.A |
| 7 | Mr. Sudhir Kumar*<br>Company Secretary | 12% | N.A |
| 8 | Ms. Megha Tandon**<br>Company Secretary | N.A | N.A |

*Resigned w.e.f. 13th January, 2017

**Appointed w.e.f. 30th January,2017

3. The median remuneration of employees of the Company during the financial year 15-16 was ₹6,820/-. Whereas in FY 16-17 it is ₹7,220/-. Therefore in the FY 16-17, there is an increase of 6% in the median remuneration of employees.

4. Number of Permanent Employees on the rolls of Company as on 31st March, 2017: 4,967

5. The Average percentile increase/decrease in the salaries of the employees (other than Managerial Personnel) for FY 16-17 is 8% whereas the average percentile increase/decrease in the managerial remuneration for the FY 16-17 is 10%. 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.

6. It is hereby affirmed that the remuneration paid is as per the Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

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

1. The details of employees who were employed throughout the FY 16-17 and were in receipt of minimum aggregate Remuneration of ₹1.02 cr.: NIL
2. The details of employees who were employed for the part of FY 16-17 and for that part they received minimum aggregate remuneration of ₹8.5 lacs per month.: NIL
3. The details of employees who were employed during FY 16-17 (whether for full year or part thereof) and were drawing remuneration [i.e. either ₹1.02Crs or 8.5 lacs 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 2016-17

[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
Registered Address: 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-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, 2017 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;- Not Applicable

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

(a) The Securities and Exchange Board of India (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, 2009; - 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, 1998; - Not Applicable

(vi) The Company has identified following laws applicable specifically to the Company:

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, with due consent from the Directors have been obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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 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 ,etc.

On January 30, 2017, the Company has granted 76,225 Equity Shares of 10/- each at a price of 470/- per share aggregating to Rs. 35,825,750/- pursuant to V-Mart ESOP Scheme, 2012.

**For VKC & Associates**
(Company Secretaries)

**CS Mohit K Dixit**
Partner
ACS No.49021
C P No.17827

Date: May 3, 2017
Place: Noida

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

## 'Annexure - A'

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 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to 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)

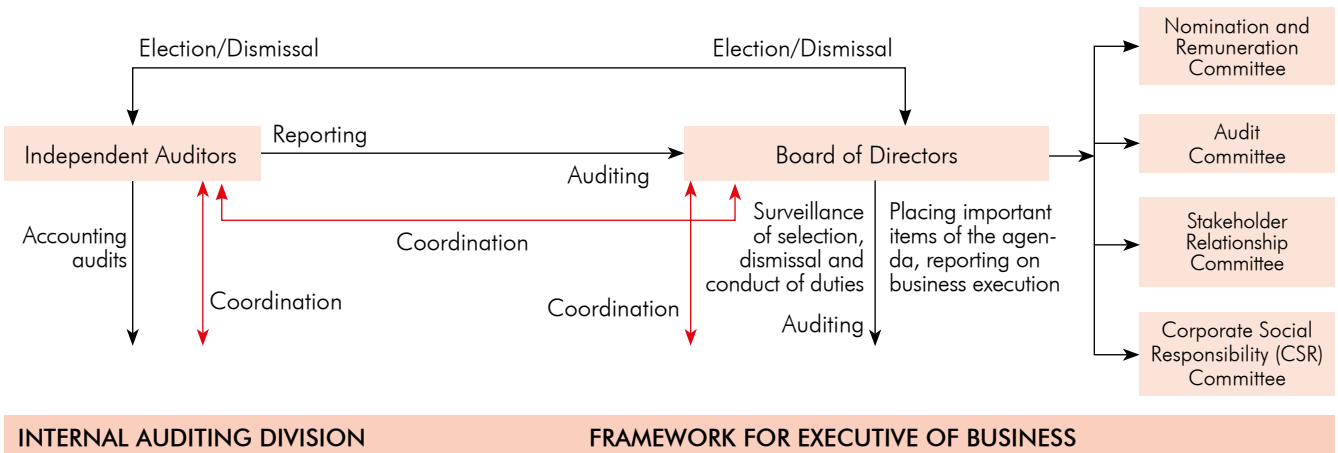
**CS Mohit K Dixit**
Partner
ACS No.49021
C P No.17827

Date: May 3, 2017
Place: Noida

# Corporate Governance Report

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

## THE CORPORATE GOVERNANCE FRAMEWORK




One of the core missions of your organization is to achieve excellence in all spheres, be it profitability, growth in market share, superior quality of products and services to the satisfaction of the stakeholders through an efficient and effective code of governance.

We aim at providing fairness, clarity and transparency in all our dealings and increasing the value of all stakeholders of the Company.

The Corporate Governance Report of the Company for the period of 12 months ended March 31, 2017 is as follows:

## BOARD OF DIRECTORS

### Composition of Board

The composition of the Board as on March 31, 2017 is as follows:

1) Executive Promoter Directors - 2

2) Independent Directors - 3

The composition of the Board is in conformity with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 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 2016-17, five Board Meetings were held. The maximum time gap between any two Board Meetings was not more than four months. These meetings were held on 27/05/2016, 05/08/2016, 21/09/2016, 12/11/2016 and 30/01/2017.

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 year2016-17 | No. of other directorships in public companies* as on 31/03/2017 | Attendance in the last AGM | No. of Committee** positions held in other public companies as on 31/03/2017 | |
|---|---|---|---|---|---|---|
| | | | | | Chairman | Member |
| Mr. Lalit Agarwal (Chairman & Managing Director) | Promoter Executive | 5 | - | Yes | - | - |
| Mr. Madan Gopal Agarwal (Whole-time Director) | Promoter Executive | 5 | - | Yes | - | - |
| Mr. Aakash Moondhra | Independent Non-Executive Director | 4 | 1 | No | - | - |
| Ms. Sonal Mattoo | Independent Non-Executive Director | 5 | 3 | Yes | 1 | 1 |
| Mr. Murli Ramachandran | Independent Non-Executive Director | 4 | 1 | Yes | - | - |

* Alternate directorships and directorships in private companies, foreign companies and Section 25 companies are excluded.
**Includes chairmanships/memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.

During the financial year 2016-17, 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).

## INDEPENDENT DIRECTORS

The Independence of a Director is determined by the criteria stipulated under Regulation 16 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per provisions of Section 149(6) of the Companies Act, 2013 for which requisite disclosures have been made.

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 Familiarization Programme for Independent Directors, ("The Familiarization Programme"). The Programme lays down, in detail, the Familiarization 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 Programme has been posted on the Company's website **www.vmart.co.in** (http://www.vmart.co.in/corporate.html).

### Meeting

The Independent Directors met on 30th January, 2017 during the year, The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

### Information provided to the Board

The information being provided to the Board 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, 2017 are as follows:

| Name of Director* | No. of Equity Shares held |
|---|---|
| Mr. Lalit Agarwal | 22,34,113 |
| Mr. Madan Gopal Agarwal | 6,86,375 |
| Mr. Aakash Moondhra | 924 |
| Mr. Murli Ramachandran | Nil |
| Ms. Sonal Mattoo | Nil |

*Includes only as Director not include HUF and spouse shares

## 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. 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 statement is correct, sufficient and credible;

(2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) Reviewing, with the management, the annual financial statements and auditor's report thereon 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 in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(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) Observation/Qualification in the draft audit report;

(5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

(6) 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 utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(7) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) Approval or any subsequent modification of transactions of the listed entity with related parties;

(9) Scrutiny of inter-corporate loans and investments;

(10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) Evaluation of Internal Financial Controls and Risk Management Systems;

(12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems, discussion on any significant findings of them and further follow up;

(13) Reviewing the 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;

(14) To look into the reasons for substantial defaults in the payment shareholders (in case of non-payment of declared dividends) and creditors;

(15) To review the functioning of the whistle blower mechanism;

(16) Approval of appointment of CFO after assessing the qualification, experience and background of the candidate.

(17) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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.

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 2016-17, four Audit Committee Meetings were held. The meetings were held on 27/05/2016, 05/08/2016, 12/11/2016, and 30/01/2017. 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 |

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.

### AUDIT COMMITTEE REPORT

*Dear Shareholders,*

During the year, the Committee has continued to play a key role within the V- Mart governance framework to support the Board in matters relating to Internal control, Risk management and Financial reporting and other Retail Operations Management of the Company. During this period, the remit of the Audit Committee has been expanded to reflect its greater focus on the following areas:

- Development & Enhancement of the risk management process, and Internal Controls Framework;
- Review of the Company's potential in its Operations;
- Assessment and reporting of the Company's viability in view of amended regulatory requirements.

The Committee also conducted review of the Company's compliance mechanism during the year. The Committee continues to focus on the various future prospects considering the potential and growth aspects.

**Aakash Moondhra**
Chairman - 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 purpose of the Committee is to screen and to review

individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors, consistent with criteria approved by the Board and to recommend, for approval by the Board, nominees for election at the AGM. It also designs, benchmarks and continuously reviews the compensation program for our Chairman & Managing Director, Senior Executives and the Board against the achievement of measurable performance goals, and structures of senior executive compensation to ensure it is competitive in the markets in which we operate to attract and retain the best talent.

The Committee makes recommendations to the Board on candidates for (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled. It may act on its own identifying potential candidates, inside or outside the Company or may act upon proposals submitted by the Chairman of the Board. The Nomination & Remuneration Committee annually reviews and approves for the Chairman & Managing Director, the executive Directors and executive officers : (a) the annual base salary; (b) the annual incentive bonus, including the specific performance based goals and amount; (c) equity compensation; (d) employment agreements, severance arrangements and change in control agreements/ provisions; and (e) any other benefits, compensation or arrangements. It reviews and discusses all matters pertaining to candidates and evaluates the candidates. 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 27/05/2016, 05/08/2016, 12/11/2016 and 30/01/2017 during the financial year 2016-17.

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. Murli Ramachandran | Independent | Chairman | 4 |
| Mr. Aakash Moondhra | Independent | Member | 4 |
| Ms. Sonal Mattoo | Independent | Member | 4 |

The Company Secretary acts as the Secretary to the Nomination & Remuneration Committee.

### 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 29th September, 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 the each Director;
- Any other, if applicable.

Further, we have paid ₹34.66 Lacs to our Independent Directors as commission for the financial year ended 31st March, 2017.

The details of remuneration paid (including commission due as on 31/03/2017 but not paid) to the Directors (including Independent Directors) for the period of 12 months ended on March 31, 2017 are given below:

Amount in ₹ lacs

| Name of Member | Salary | Commission | Value of perquisites u/s 17(2) of the Income tax Act, 1961 | Sitting Fee | Total |
|---|---|---|---|---|---|
| Mr. Lalit Agarwal | 68.31 | 61.83 | 32.72 | - | 162.86 |
| Mr. Madan Gopal Agarwal | 22.77 | 20.40 | - | - | 43.17 |
| Mr. Aakash Moondhra | - | 13.17 | - | 2 | 15.17 |
| Mr. Murli Ramachandran | - | 10.85 | - | 2 | 12.85 |
| Ms. Sonal Mattoo | - | 10.64 | - | 2 | 12.64 |

## REPORT OF THE COMMITTEE

### NOMINATION & REMUNERATION COMMITTEE REPORT

*Dear Shareholders,*

During the financial year 2016-17, the Nomination & Remuneration Committee dealt with the following issues under consideration:

- Payment of commission to Non – Executive Directors; and
- Board evaluation

The Committee believes that recruitment, motivation and retention of outstanding senior leadership are crucial to promoting a robust future for the Company. Therefore, the Committee has adopted a detailed process to ensure that the Board selects, motivates, and retains the right candidates for senior leadership positions.

During the year, the Committee discussed the retirement of the Board according to statutory requirements. As per the provisions under the Companies Act, 2013, Independent Directors are not liable to retire by rotation. As such, none of the Independent Directors will retire at the ensuing AGM. Further, following the provisions of the Companies Act, 2013, Mr. Lalit Agarwal will retire in the ensuing AGM. The Committee considered his performance and recommended that the shareholders may consider the necessary resolutions for the re-appointment of Mr. Lalit Agarwal.

With the steps taken this year, we are confident that we have a strong Board and efficient working criteria to take the Company forward beyond the current turnaround period. Having said that, the Committee will continue to refresh and review succession plans. The Committee will also keep the timing of further Board effectiveness evaluations under consideration and assess whether going forward, internal or external reviews would be most appropriate.

**Murli Ramachandran**
Chairman - Nomination & Remuneration Committee

## 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 Committee approves transfer, transmission of shares and issues like split, sub-division, consolidation of securities, issue of duplicate share certificates, dematerialization/ re-materialization 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 27/05/2016 during the financial year 2016-17.The composition and attendance of the Stakeholders Relationship Committee is as under:

| Name of Members | Category | Status | No. of meeting attended |
|---|---|---|---|
| Ms. Sonal Mattoo | Independent | Chairperson | 1 |
| Mr. Lalit Agarwal | Promoter Executive | Member | 1 |
| Mr. Madan Gopal Agarwal | Promoter Executive | Member | 1 |

### STAKEHOLDERS RELATIONSHIP COMMITTEE REPORT

*Dear Shareholders,*

Under the purview of the Statutory requirements and other applicable provisions, the Committee has worked on the following details of Shareholders' queries/complaints received and resolved during the year under review:

| Particulars | Complaints |
|---|---|
| Received during the year | 3 |
| Disposed off during the year | 3 |
| Remaining unresolved as on 31st March, 2017 | Nil |

The Committee has successfully resolved the complaints/ queries received to serve its shareholders at its best.

**Sonal Mattoo**
Chairperson - Stakeholders Relationship Committee

## 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 composition and attendance of Corporate Social Responsibility Committee are as under:

| Name of Members | Category | Status | No. of meeting 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 |

### Meeting of the Committee

The committee met four times on 27/05/2016, 05/08/2016, 12/11/2016 and 30/01/2017 during the financial year 2016-17.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE REPORT

*Dear Shareholders,*

At V- Mart, we have been focusing 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.

With the increasing requirement and need, the Committee has played a key role in reviewing and challenging the Corporate Responsibility agenda of the Company and has received updates on a range of issues, more information on which is set out below under 'Corporate Responsibility Committee activities'.

With a view to strengthen the vision, the Committee has recognized to maximize the internal talent and intends to make a contribution on corporate responsibility issues

**Lalit Agarwal**
Chairman - Corporate Social Responsibility Committee

## COMPLIANCE OFFICER

In terms of Regulation 7 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Ms. Megha Tandon, Company Secretary, is designated as the Compliance Officer for complying with the requirements of Securities Laws and Listing Regulations with the Stock Exchanges in India.

Mr. Sudhir Kumar, Company Secretary and Compliance officer of the Company has resigned on 13th January 2017 and in pursuance of Section 203 of Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligation & Disclosures Requirements) Regulations, 2015, and in his place, Ms. Megha Tandon has been appointed as Company secretary and Compliance officer of the Company w.e.f. 30th January, 2017.

## 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 |
|---|---|---|---|---|
| 2015-16 | Wednesday, 28th September, 2016 | 9.30 a.m | Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022 | Yes |
| 2014-15 | Tuesday, 29th September, 2015 | 9.30 a.m | Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022 | Yes |
| 2013-14 | Tuesday, 23rd September, 2014 | 10:00 a.m. | YMCA Tourist Hostel, Jai Singh Road, New Delhi-110001 | 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**.

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 2016-17.

**Lalit Agarwal**
Chairman & Managing Director

## INFORMATION TO SHAREHOLDERS

1. **Date, time and Venue of the 15th Annual General Meeting**
   Monday 18th September, 2017 at 9:30 a.m.
   At Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022

2. **Financial Year**
   1st April to 31st March

3. **Date of Book Closure**
   From 12th September, 2017 to 20th September, 2017 (both days inclusive)

4. **Dividend**
   The Board of Directors of the Company has recommended a dividend of 1.25/- per equity share, subject to approval of shareholders at the ensuing Annual General Meeting. The dividend, if approved, at the ensuing Annual General Meeting, will be paid/credited to those members/beneficial owners whose names appear on the register of members/ depository records as on 11th September, 2017.(Record Date)

   The dividend, if approved, at the ensuing Annual General Meeting, shall be paid within stipulated time as prescribed under the applicable law.

5. **Registered Office**
610-611, Guru Ram Dass Nagar,
Main Market, Opp. SBI Bank,
Lama Nagar, New Delhi - 110092.

6. **Corporate Office**
Plot No. 862, Udyog Vihar, Industrial Area, Phase V,
Gurugram-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 F.Y. 2017-18, 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 – compliance@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, Finance Controller;

Through the e-mail addresses compliance@vmart.co.in under the Investor section of Company's website.

(*Mr. Anand Agarwal is appointed CFO w.e.f. 6th June, 2017)

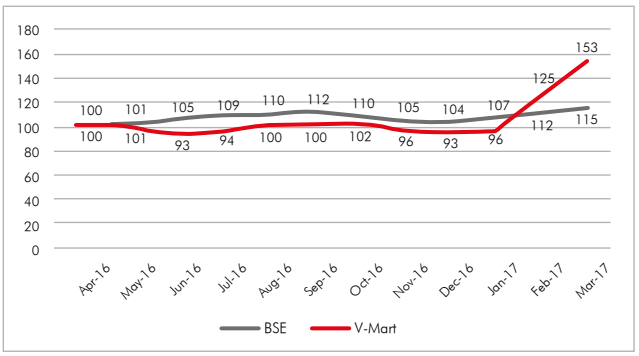
## STOCK MARKET DATA

Monthly High and Low Share Price of V-Mart Retail Ltd. for the FY 2016-17 at BSE and NSE

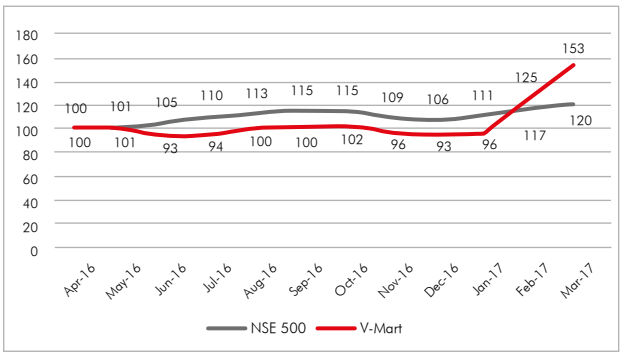
| Month | Bombay Stock Exchange (BSE) | | National Stock Exchange (NSE) | |
|---|---|---|---|---|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| Apr-16 | 547.1 | 461.6 | 551.4 | 467.4 |
| May-16 | 525 | 488 | 525.25 | 496.6 |
| Jun-16 | 500 | 445.95 | 498.7 | 448.35 |
| Jul-16 | 489.75 | 468.8 | 492.5 | 470.45 |
| Aug-16 | 528.45 | 484.3 | 524.55 | 474.6 |
| Sep-16 | 526.35 | 494.4 | 533.55 | 494.2 |
| Oct-16 | 535.5 | 497.35 | 532.4 | 500.15 |
| Nov-16 | 528.75 | 450 | 525.25 | 450.15 |
| Dec-16 | 485.25 | 465 | 481.05 | 463.45 |
| Jan-17 | 538.3 | 469.95 | 540.5 | 470.05 |
| Feb-17 | 720.45 | 528.9 | 720.9 | 529.2 |
| Mar-17 | 860.8 | 684.8 | 861 | 685.85 |

## PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX & NSE-NIFTY 500

V-MART Share price and BSE Sensex movement




V-MART Share price and NSE NIFTY500 movement




## SHAREHOLDING PATTERN AS ON 31ST MARCH, 2017

| Sr. No. | Category | Total Shares | % to Equity |
|---|---|---|---|
| 1 | PROMOTERS HOLDING (INCLUDING EMPLOYEES) | 9,881,854 | 54.69 |
| 2 | FOREIGN INSTITUTIONAL INVESTORS | 457,878 | 2.53 |
| 3 | BODIES CORPORATES | 407,183 | 2.25 |
| 4 | MUTUAL FUNDS | 572,579 | 3.17 |
| 5 | RESIDENT INDIVIDUALS | 2,056,637 | 11.38 |
| 6 | NON RESIDENT INDIANS | 35,995 | 0.20 |
| 7 | H U F | 49,342 | 0.27 |
| 8 | CLEARING MEMBERS | 17,126 | 0.09 |
| 9 | BANK | 1,957 | 0.01 |
| 10 | FOREIGN PORTFOLIO INVESTMENT | 4,585,738 | 25.38 |
| 11 | INDIAN FINANCIAL INSTITUTIONS | 271 | 0.00 |
| 12 | NBFC | 1,600 | 0.01 |
| | **TOTAL** | **18,068,160** | **100.00** |

## DISTRIBUTION SCHEDULE AS ON 31ST MARCH, 2017

| Sr. No. | Category | Cases | % of Cases | Amount | % Amount |
|---|---|---|---|---|---|
| 1 | 1 - 5000 | 3,671 | 91.02 | 2,436,710 | 1.35 |
| 2 | 5001 - 10000 | 139 | 3.45 | 1,090,600 | 0.60 |
| 3 | 10001 - 20000 | 78 | 1.93 | 1,178,080 | 0.65 |
| 4 | 20001 - 30000 | 28 | 0.69 | 718,160 | 0.40 |
| 5 | 30001 - 40000 | 15 | 0.37 | 545,510 | 0.30 |
| 6 | 40001 - 50000 | 20 | 0.50 | 911,270 | 0.50 |
| 7 | 50001 - 100000 | 20 | 0.50 | 1,471,270 | 0.81 |
| 8 | 100001 & ABOVE | 62 | 1.54 | 172,330,000 | 95.38 |
| | **Total** | **4,033** | **100.00** | **180,681,600** | **100.00** |

## 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

## DEMATERIALISATION 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 dematerialized or physical mode, of the Company as on 31st March, 2017.

No. of shares held in dematerialized and physical mode:

| Sr. No | Particulars | Number of Shares | % of Total issued Capital |
|---|---|---|---|
| 1 | Shares held in dematerialized form in CDSL | 7457090 | 41.27 |
| 2 | Shares held in dematerialized form in NSDL | 10611002 | 58.73 |
| 3 | Shares held in physical form | 68 | 00.00 |
| | **Total** | **18068160** | **100.00%** |

## 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, Karvy Computershare Private Limited can be contacted at the following address:

**Karvy Computershare Private Limited**
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad – 500 032.
Tel No.: +91 40-67162222 Toll Free: 1800 0345 4001
Fax No.: +91 40-2331-1968
Email: support@karvy.com
Website: www.karvy.com

## SHARE TRANSFER SYSTEM

The Company's shares held in the dematerialized 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 authorized by the Board and thereafter ratified by the Shareholders' / Investors' Grievance Committee at its next meeting.

## DIVIDEND INTIMATION THROUGH E-MAIL

As a "Go Green" Initiative and as per regulatory requirements, the Company has taken initiative of sending intimation of dividend for financial year 2016-17 by e-mail. Physical credit intimation will be sent to only those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail addresses with Karvy Computershare Private Limited (for shares held in physical form) and with their Depository Participant (for shares held in electronic form) for receiving dividend credit intimation on e-mail.

## 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 | Date |
|---|---|
| Unaudited financial results for the first quarter ended 30th June, 2016 | 06th August, 2016 |
| Unaudited financial results for the second quarter and the half year ended 30th September, 2016 | 14th November, 2016 |
| Unaudited financial results for the third quarter and the nine months ended 31st December, 2016 | 31st January, 2017 |
| Audited financial results for the fourth quarter and the year ended 31st March, 2017 | 04th May, 2017 |

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** to this Annual Report.

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the code of conduct to regulate, monitor and report trading by insiders as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 for prevention of Insider Trading. 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)**

## 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 victimization of the person availing this mechanism. This policy has been appropriately communicated within the organization 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)

### 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.
- **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 Certifcate

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, 2017, as per Regulation 15(2) of Securities and Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 as amended thereafter.

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.

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, we certify that the Company has complied with the conditions of Corporate Governance.

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

**For VKC & Associates;**
(Company Secretaries)

**CS Mohit K Dixit**
**Partner**
ACS No. 49021
CP No. 17827

Date: May 2nd, 2017
Place: Noida

# INDEPENDENT AUDITOR'S REPORT

To
The Members of
**V-MART RETAIL LIMITED**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of V-Mart Retail Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

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

10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the financial statements dealt with by this report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

    f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 03 May 2017 as per Annexure B expressed an unqualified opinion; and

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

        i. the Company, as detailed in Note 36 to the financial statements, has disclosed the impact of pending litigations on its financial position;

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

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

        iv. the Company has provided requisite disclosures in Note 49 to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, payments and amounts deposited in banks are in accordance with the books of account maintained by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Anupam Kumar**
Partner
Membership No.: 501531

Place: Gurugram
Date: 03 May 2017

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**Annexure A to the Independent Auditor's Report of even date to the members of V-Mart Retail Limited, on the financial statements for the year ended 31 March 2017**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets in the nature of property, plant and equipment, and intangible assets.

(b) The Company has a regular program of physical verification of its fixed assets (in the nature of property, plant and equipment and intangible assets) under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. Material discrepancies noticed on such verification have been properly dealt with in the books of account.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, 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) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions 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, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been slight delay in few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

| Name of the statute | Nature of dues | Amount (₹ in lacs) | Amount paid under Protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Finance Act, 1994 | Service tax | 68.86 | 37.69 | 1 June 2007 to 31 March 2010 | The Hon'ble Supreme Court of India |
| The Income Tax Act, 1961 | Income tax | 6.13 | - | Financial year 2011-12 | Commissioner Income Tax, Kolkata |

| Name of the statute | Nature of dues | Amount (₹ in lacs) | Amount paid under Protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 8.66 | 8.66 | Financial year 2011-12 | Trade Tax Tribunal, Lucknow |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 6.14 | 6.14 | Financial year 2012-13 | Assistant Commissioner Commercial Tax, Ghaziabad |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 8.76 | 8.76 | Financial year 2013-14 | Assistant Commissioner Comtax Mobile Squad Unit -1 Muzaffarnagar |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 3.42 | - | Financial Year 2013-14 | Additional Commissioner Appeal, Muzaffarnagar |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 12.55 | 12.55 | Financial Year 2015-16 | Commissioner Commercial Tax Uttar Pradesh, Lucknow |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value added tax | 8.60 | 8.60 | Financial Year 2016-17 | Sale Tax Department, Uttar Pradesh |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 1.90 | 1.90 | Financial Year 2016-17 | Joint Commissioner Appeals, Uttarakhand |
| The Uttarakhand Value Added Tax Act, 2005 | Value added tax | 4.13 | - | Financial Year 2016-17 | VAT Tribunal, Uttarakhand |
| The Bihar Value Added Tax Act, 2005 | Value added tax | 201.85 | 40.35 | Financial Year 2012-13 | Joint Commissioner Commercial Taxes officer Appeal, Patliputra |
| The Bihar Value Added Tax Act, 2005 | Value added tax | 200.94 | 40.19 | Financial Year 2013-14 | Joint Commissioner Commercial Taxes officer Appeal, Patliputra |
| The Haryana Value Added Tax Act, 2003 | Value added tax | 5.00 | - | Financial Year 2015-16 | **** |

****We have been informed by the management of the Company that Company shall be filing an appeal before the Haryana Tax Tribunal against the said demand.

viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any loans or borrowings from government or any outstanding debentures during the year.

(ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/further public offer (including debt instruments) during the year.

(x) 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, except for certain cases of misappropriation of inventory at certain stores by employees of the Company, identified by the management as stated in Note 48, the impact of which is not ascertainable separately, and is included in 'Stocks written off' disclosed under 'Purchase of stock-in-trade' under Note 26 to the financial statements. Further, out of such write offs, an amount of ₹17.33 lacs (approx.) has been specifically identified pertaining to misappropriation of inventory by certain employees of the Company at certain stores, who have since left the Company and the management has initiated necessary legal action against such erstwhile employees.

(xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Anupam Kumar**
Partner
Membership No.: 501531

**Place:** Gurugram
**Date:** 03 May 2017

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**Annexure B to the Independent Auditor's Report of even date to the members of V-Mart Retail Limited, on the financial statements for the year ended 31 March 2017**

## Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of V-Mart Retail Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

## Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co.)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Anupam Kumar**
Partner
Membership No.: 501531

**Place:** Gurugram
**Date:** 03 May 2017

# BALANCE SHEET as at 31 March 2017

(All amounts in ₹ lacs, unless stated otherwise)

| | Notes | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | |
| **Shareholder's funds** | | | |
| Share capital | 3 | 1,806.82 | 1,806.67 |
| Reserves and surplus | 4 | 25,227.06 | 21,265.30 |
| | | **27,033.88** | **23,071.97** |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | 59.71 | - |
| Other long-term liabilities | 7 | 1,183.84 | 838.68 |
| Long term provisions | 6 | 292.12 | 212.84 |
| | | **1,535.67** | **1,051.52** |
| **Current liabilities** | | | |
| Short-term borrowings | 8 | 3,487.04 | 2,691.13 |
| Trade payables | | | |
| - Total outstanding dues of Micro Enterprises and Small Enterprises | 9A | - | - |
| - Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 9B | 15,990.29 | 9,564.66 |
| Other current liabilities | 10 | 1,396.30 | 1,334.46 |
| Short-term provisions | 11 | 460.04 | 606.13 |
| | | **21,333.67** | **14,196.38** |
| | | **49,903.22** | **38,319.87** |
| **II. ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 12,750.83 | 10,755.33 |
| Capital work-in-progress | | 122.06 | 234.56 |
| Intangible assets | 13 | 274.19 | 274.78 |
| Non-current investments | 14 | 575.84 | 1,303.00 |
| Deferred tax assets | 15 | 704.25 | 422.05 |
| Long term loans and advances | 16 | 1,735.40 | 1,684.10 |
| Other non-current assets | 17 | 2.91 | 9.61 |
| | | **16,165.48** | **14,683.43** |
| **Current assets** | | | |
| Current investments | 18 | 6,185.87 | 1,933.70 |
| Inventories | 19 | 26,917.55 | 20,442.71 |
| Cash and bank balances | 20 | 292.02 | 427.92 |
| Short-term loans and advances | 21 | 341.14 | 822.66 |
| Other current assets | 22 | 1.16 | 9.45 |
| | | **33,737.74** | **23,636.44** |
| | | **49,903.22** | **38,319.87** |

**Notes 1 to 50 form an integral part of these financial statements.**

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anupam Kumar**
Partner

**Place:** Gurugram
**Date:** 03 May 2017

for and on behalf of the board of directors of
**V-Mart Retail Limited**

**Madan Gopal Agarwal**
Director
DIN No. 02249947

**Lalit Agarwal**
Managing Director
DIN No. 00900900

**Deepak Sharma**
Chief Financial Officer

**Megha Tandon**
Company Secretary
Membership No. A35532

# STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2017

(All amounts in ₹ lacs, unless stated otherwise)

| | Notes | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from operations | 23 | 1,00,172.55 | 80,925.41 |
| Other income | 24 | 308.99 | 117.13 |
| **Total Revenues** | | **1,00,481.54** | **81,042.54** |
| **EXPENSES:** | | | |
| Cost of materials consumed | 25 | 19.31 | 2.18 |
| Purchase of stock-in-trade | 26 | 76,732.40 | 59,242.89 |
| Changes in inventories of stock-in-trade | 27 | (6,474.84) | (2,124.62) |
| Employee benefits expense | 28 | 7,771.40 | 6,225.42 |
| Other expenses | 29 | 13,866.09 | 11,376.74 |
| Prior period items | 30 | - | 19.46 |
| **Total Expenses** | | **91,914.36** | **74,742.07** |
| **Earnings before interest, tax, depreciation and amortization (EBITDA)** | | **8,567.18** | **6,300.47** |
| Depreciation and amortization expense | 31 | 2,202.02 | 1,901.44 |
| Finance costs | 32 | 352.42 | 311.48 |
| **Profit before extra-ordinary items and tax** | | **6,012.74** | **4,087.55** |
| Extra-ordinary items | 33 | - | 143.65 |
| **Profit after extra-ordinary items and before tax** | | **6,012.74** | **4,231.20** |
| Tax expense | | | |
| - Current tax | | 2,369.68 | 1,817.34 |
| - Income tax - earlier years | | (27.44) | 8.38 |
| - Deferred tax credit | | (282.20) | (357.77) |
| **Total tax expense** | | **2,060.04** | **1,467.95** |
| **Profit for the year** | | **3,952.70** | **2,763.25** |
| Earnings per share (before extra-ordinary items) (in ₹) | 34 | | |
| -Basic | | 21.88 | 14.79 |
| -Diluted | | 21.82 | 14.79 |
| Earnings per share (after extra-ordinary items) (in ₹) | | | |
| -Basic | | 21.88 | 15.31 |
| -Diluted | | 21.82 | 15.31 |

**Notes 1 to 50 form an intergral part of these financial statements.**

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anupam Kumar**
Partner

**Place:** Gurugram
**Date:** 03 May 2017

for and on behalf of the board of directors of
**V-Mart Retail Limited**

**Madan Gopal Agarwal**
Director
DIN No. 02249947

**Lalit Agarwal**
Managing Director
DIN No. 00900900

**Deepak Sharma**
Chief Financial Officer

**Megha Tandon**
Company Secretary
Membership No. A35532

# CASH FLOW STATEMENT as at 31 March 2017

(All amounts in ₹ lacs, unless stated otherwise)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net profit before tax and after extra-ordinary items** | **6,012.74** | **4,231.20** |
| **Adjustment for:** | | |
| Depreciation and amortisation, net | 2,202.02 | 1,901.44 |
| Stock written off | 1,449.46 | 1,570.63 |
| Extra-ordinary items - insurance claim for property, plant and equipment | - | (35.63) |
| Profit on sale of property, plant and equipment (net) | (0.01) | (2.08) |
| Profit on sale of investments (net) | (95.54) | (37.43) |
| Dividend income | (56.65) | (9.45) |
| Interest income | (13.61) | (18.25) |
| Liabilities written back | (129.57) | (37.06) |
| Property, plant and equipment written off | 25.36 | 3.16 |
| Rent equalisation provision | 374.36 | 256.42 |
| Employee compensation expense under ESOP | 7.02 | 10.52 |
| Balances written off | 19.26 | 14.01 |
| Provision against doubtful advances | 48.37 | - |
| Interest expense | 352.42 | 311.48 |
| Prior period interest and depreciation | - | 16.17 |
| **Operating profit before working capital changes** | **10,195.63** | **8,175.13** |
| **Movements in working capital :** | | |
| Increase in trade payables | 6,555.19 | 2,083.73 |
| Increase in other current liabilities | 120.88 | 168.91 |
| Increase in stock-in-trade | (7,924.30) | (3,693.07) |
| Decrease/(increase) in loans and advances | 349.55 | (631.11) |
| **Cash generated from operations** | **9,296.95** | **6,103.59** |
| Taxes paid | (2,425.17) | (1,490.17) |
| **Net cash flow from operating activities** | **6,871.78** | **4,613.42** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment including intangible assets, capital work in progress and capital advances | (1,455.33) | (2,605.74) |
| Purchase of investments | (18,810.84) | (3,395.08) |
| Proceeds from sale of investments (including dividend) | 15,438.02 | 2,385.27 |
| Proceeds from sale of property, plant and equipment | 3.94 | 2.35 |
| Interest received | 22.92 | 15.48 |
| Redemption of/(investment in) bank deposits (having original maturity of more than three months) | 17.87 | (1.27) |
| Decrease/(increase) in pledged fixed deposits | 205.93 | (153.15) |
| Insurance claim received in respect of property, plant and equipment (refer note 33) | - | 35.63 |
| **Net cash flow used in investing activities** | **(7,277.49)** | **(3,716.51)** |

# CASH FLOW STATEMENT as at 31 March 2017

(All amounts in ₹ lacs, unless stated otherwise)

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares including securities premium against ESOP | 2.20 | 76.51 |
| Proceeds from long term borrowings | 82.64 | - |
| Repayment of long term borrowings | (5.41) | (30.66) |
| Proceeds from short term borrowings (net) | 795.90 | (171.70) |
| Equity dividend paid | (18.07) | (478.59) |
| Corporate dividend tax paid | (45.97) | (55.13) |
| Finance charges paid | (323.37) | (296.62) |
| **Net cash flow from/(used in) financing activities** | **487.92** | **(956.19)** |
| **D. Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **82.21** | **(59.28)** |
| **E. Cash and cash equivalents at the beginning of the year** | **204.09** | **263.37** |
| **F. Cash and cash equivalents at the end of the year (D+E) {refer note 20}** | **286.30** | **204.09** |

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on 'Cash Flow Statements' as specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anupam Kumar**
Partner

**Place:** Gurugram
**Date:** 03 May 2017

for and on behalf of the board of directors of
**V-Mart Retail Limited**

**Madan Gopal Agarwal**
Director
DIN No. 02249947

**Lalit Agarwal**
Managing Director
DIN No. 00900900

**Deepak Sharma**
Chief Financial Officer

**Megha Tandon**
Company Secretary
Membership No. A35532

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

## 1. Corporate information

V-Mart Retail Limited (the "Company") was incorporated on 24 July 2002. 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.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with previous year except for the change in accounting policy for dividend as explained in Note 2.1 (r), which does not impact the net profit for the year. Had the Company followed the earlier policy, the reserves and surplus of the Company would have been lower by ₹271.83 lacs (comprising dividend of ₹225.85 lacs and dividend distribution tax of ₹45.98 lacs) and short term provision would have been higher by ₹271.83 lacs.

### 2.1 Summary of significant accounting policies

**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(b) Property, plant and equipment ('PPE')**

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Stores under commissioning and other assets under erection/installation are shown under capital work in progress and are carried at cost, comprising of direct cost and related incidental expenses.

Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognised.

**Intangibles**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognised.

**Depreciation on PPE**

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 subject to adjustments arising out of transitional provisions of Schedule II.

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 the Schedule II, based on the technical assessment.

| Assets 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 |

Cost of the leasehold improvements are amortised over the period of the lease.

**Amortisation of intangible assets**

Intangible assets are amortised on a straight line basis over the estimated useful economic life.

**(c) Leases**

**Operating lease:**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the Statement of Profit and Loss on a straight-line method over the lease term.

**Finance lease:**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the lessee's incremental borrowing rate.

**(d) Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**(e) Impairment**

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss.

**(f) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

For current investments, any reduction to fair value and any reversal of such reductions are included in the Statement of Profit and Loss. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**(g) Inventories**

Inventories are valued as follows:
Packing materials and accessories are valued at lower of cost and net realizable value. Cost is determined based on first in first out method.

Traded goods are valued at lower cost and net realizable value. Cost of inventories comprises all costs of purchase and 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 realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**(h) Revenue recognition**

Revenue 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. The following specific recognition criteria must also be met before revenue is recognised:

**Sale of goods:**
Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods to customers, revenue is recognized net of returns and trade discounts. The Company collects sales tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the revenue.

**Others:**
**Interest:** Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

**Dividend:** Dividend income is recognized when the right to receive payment is established.

**(i) Foreign currency transactions:**

Monetary items at the Balance Sheet date are translated using the rates prevailing on the Balance Sheet date. Transactions in foreign currency and non-monetary assets/liabilities are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the period-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized in the Statement of Profit and Loss.

**(j) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- Employee Benefits (Revised 2005).

**Provident fund**
The Company contributes on a defined contribution basis to Employee's Provident Fund and Employee's State Insurance Fund towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

**Gratuity**
Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

**Compensated absences**

Provision for compensated absences when determined to be a long term benefit is made on the basis of actuarial valuation as at the end of the year using projected unit credit method by an independent actuary. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is made on the basis of actuarial valuation as at the end of the year.

**Other short term benefits**

Expense in respect of other short term benefits including performance bonus is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**Employee Stock Option Scheme ("ESOP")**

Measurement and disclosure of the stock option granted under the Company's employee share-based payment plans is done in accordance with SEBI (Shared Based Employee Benefits) Regulation, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Expense in respect of stock options granted to the employees under the stock options schemes is measured at intrinsic value of the stock options in accordance with the guidance note. Accordingly, the excess of market price, determined as per the guidance note, of underlying equity shares (fair value), over the exercise price of the options is recognized as deferred stock compensation expense and is charged to Statement of Profit and Loss on a straight line basis over the vesting period of the options.

**(k) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognized deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(l) Minimum Alternate Tax (MAT)**

Minimum alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount

of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

**(m) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

**(n) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(o) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statement.

**(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits with an original maturity of three months or less.

**(q) Measurement of EBITDA**

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

**(r) Dividend**

Pursuant to amendment in AS – 4 'Contingencies and Events Occurring After the Balance Sheet Date' through Companies (Accounting Standards) Amendment Rules, 2016, the Company has changed its accounting policy in respect of dividend, i.e., if the Company declares dividend to shareholders after the balance sheet date, the Company will not recognise those dividends as a liability at the balance sheet date unless a statute requires otherwise and such dividends has been disclosed in the notes to the financial statements. Whereas, earlier the dividends in respect of the period covered by the financial statements, which were proposed or declared by the Company after the balance sheet date but before approval of the financial statements, were recorded as liability in the financial statements.

## 3. Share capital

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Authorized** | | |
| 20,000,000 (Previous year 20,000,000) equity shares of ₹10 each | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid up shares** | | |
| 18,068,160 (Previous year 18,066,696) equity shares of ₹10 each | 1,806.82 | 1,806.67 |
| | **1,806.82** | **1,806.67** |

**a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period**

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Nos. | Amount (₹ Lacs) | Nos. | Amount (₹ Lacs) |
| At the beginning of the year | 1,80,66,696 | 1,806.67 | 1,80,15,689 | 1,801.57 |
| Shares issued on exercise of Employee Stock Option Plan (ESOP) | 1,464 | 0.15 | 51,007 | 5.10 |
| **Outstanding at the end of the year** | **1,80,68,160** | **1,806.82** | **1,80,66,696** | **1,806.67** |

**b) 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.

**c) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the five years immediately preceding the reporting date:**

| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|---|
| | Nos. | Nos. | Nos. | Nos. | Nos. |
| Equity shares allotted as fully paid bonus shares by capitalization of free reserves | Nil | Nil | Nil | Nil | 66,06,842 |

**d) Details of equity shareholders holding more than 5% shares in the Company as at 31 March 2017**

| Name of the Shareholder | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | Nos. | % holding | Nos. | % holding |
| Mr. Lalit Agarwal | 22,34,113 | 12.36% | 22,34,113 | 12.37% |
| Ms. Sangeeta Agarwal | 21,72,175 | 12.02% | 21,72,175 | 12.02% |
| Jwalamukhi Investment Holdings | 17,88,102 | 9.90% | 17,88,102 | 9.90% |
| Kotak Mahindra (International) Limited | - | 0.00% | 17,09,002 | 9.46% |
| Ms. Uma Devi Agarwal | 13,55,460 | 7.50% | 13,55,460 | 7.50% |
| Lalit M Agarwal (HUF) | 12,77,275 | 7.07% | 12,77,275 | 7.07% |
| Madan Gopal Agarwal (HUF) | 10,41,675 | 5.77% | 10,41,675 | 5.80% |

The above information is furnished as per shareholder register as at the year end.

**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 43.

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

## 4. Reserves and surplus

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Amalgamation reserve** | 154.76 | 154.76 |
| **Securities premium account** | | |
| Balance at the beginning of the year | 8,871.73 | 8,800.31 |
| Add: Additions on ESOP exercised | 2.04 | 71.42 |
| | **8,873.77** | **8,871.73** |
| **Employee stock options outstanding ^** | | |
| Gross employee stock compensation for options granted | 60.44 | 21.77 |
| Less: Deferred employee stock compensation | (40.17) | (8.52) |
| | **20.27** | **13.25** |
| **Surplus in the statement of profit and loss** | | |
| Balance at the beginning of the year | 12,225.56 | 9,734.52 |
| Add: Profit for the year | 3,952.70 | 2,763.25 |
| Less: Appropriations including dividend distribution tax | | |
| Proposed dividend on equity shares NIL per share (previous year ₹0.10 per share)* | - | (21.74) |
| Interim dividend on equity shares Nil per share (previous year ₹1.15 per shares)# | - | (250.06) |
| Proposed dividend on equity shares - adjustment ** | - | (0.41) |
| **Net surplus in the statement of profit and loss** | **16,178.26** | **12,225.56** |
| | **25,227.06** | **21,265.30** |

* The Board of Directors of the Company, in their meeting held on 27 May 2016, had recommended a final dividend of ₹0.10 per fully paid up equity share of ₹10 each, aggregating to ₹21.74 lacs, including dividend distribution tax for the year ended 31 March 2016, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

# The Board of Directors of the Company, in their meeting held on 17 March 2016, had declared interim dividend of ₹1.15 per fully paid up equity share of ₹10 each, aggregating to ₹250.06 lacs, including dividend distribution tax for the year ended 31 March 2016.

** Represents final adjustments in proposed dividend in respect of year ended 31 March 2015 pursuant to changes in number of equity shares till the date of payment.

Note 4A : The Board of Directors of the Company in their meeting held on 03 May 2017 has recommended a final dividend of ₹1.25 per fully paid up equity share of ₹10 each, aggregating to ₹225.85 lacs for the year ended 31 March 2017, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

^ For details on Employee Stock Option Plan 2012 ("ESOP") of the Company, refer note 43.

## 5. Long term borrowings

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| **Term loan** | | | | |
| Vehicle loans from banks (secured) | 59.71 | - | 22.93 | 5.41 |
| | **59.71** | **-** | **22.93** | **5.41** |
| **The above amount includes** | | | | |
| Secured borrowings | 59.71 | - | 22.93 | 5.41 |
| Amount disclosed under the head "other current liabilities" (refer note 10) | - | - | (22.93) | (5.41) |
| Net amount | **59.71** | **-** | **-** | **-** |

**(a) Details of repayment, rate of interest and security for vehicle loans:-**

| As at 31 March 2017 | Installments | Amount outstanding (₹) | No. of installments | Installment amount (₹) | Date of loan | Rate of interest | Hypothecation of |
|---|---|---|---|---|---|---|---|
| Vehicle loan | Monthly | 82.64 | 36 | 2.60 | 30 March 2017 | 8% | Vehicle |

| As at 31 March 2016 | Installments | Amount outstanding (₹) | No. of installments | Installment amount (₹) | Date of loan | Rate of interest | Hypothecation of |
|---|---|---|---|---|---|---|---|
| Vehicle Loan | Monthly | 2.70 | 36 | 0.35 | 20 November 2013 | 11% | Vehicle |
| Vehicle Loan | Monthly | 2.71 | 36 | 0.35 | 20 November 2013 | 11% | Vehicle |

## 6. Other long term liabilities

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Provision for lease equilisation | **1,239.30** | **858.98** |
| Less: Current portion (refer note 10) | (55.46) | (20.30) |
| | **1,183.84** | **838.68** |

## 7. Long term provisions

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Provision for gratuity (refer note 41) | 276.55 | 204.78 |
| Provision for compensated absences | 15.57 | 8.06 |
| | **292.12** | **212.84** |

## 8. Short term borrowings

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Cash credits from banks (secured) | 3,487.04 | 2,691.13 |
| | **3,487.04** | **2,691.13** |
| **Loans guaranteed by directors or relative of directors:-** | | |
| Rupee loan from bank | 3,046.11 | 2,236.08 |

(1) Fund based credit facility of ₹6,200 lacs (previous year ₹4,200 lacs) from State Bank of India comprising vendor financing scheme (VFS) amounting to ₹3000 lacs (previous year: ₹3700 lacs), cash credit (CC) facility of ₹2400 lacs (previous year: ₹500 lacs) and Standby Letter of Credit (SLC) facility of ₹800 lacs (previous year: Nil).

These faciities carry an interest for Vendor Financing Scheme (VFS) at 3 months MCLR plus 10 basis points (0.10%) upto 90 days, 6 months MCLR plus 20 basis points (0.20%) for period above 90 days to 180 days and interest rate as applicable to CC account for outstanding more than 180 days and carries an interest rate at 1 year MCLR plus 125 basis point (1.25%) for Cash Credit as on 31 March 2017 which is repayable on demand and for SLC 1% above the applicable CC rate of interest.

Out of the total limit of ₹6,200 lacs, ₹3,000 lacs is towards VFS, ₹2,400 lacs is towards CC account and ₹8,00 lacs is towards SLC. The outstanding book balance as on 31 March 2017 for CC account is ₹97.38 lacs (previous year ₹246.17 lacs), for VFS is ₹2,948.73 lacs (previous year ₹1,989.91 lacs) and for SLC is ₹Nil (previous year ₹Nil).

**These facilities are secured by way of :-**

a. Primary – Exclusive first charge on stocks of raw material, stocks in process, finished goods, including goods in transit, all present and future book debts / receivables and other current assets of the Company.

b. Collateral –

(a) Exclusive charge on all the present and future property, plant and equipment of the Company excluding vehicle and assets financed by other banks under financial lease and term loan.

(b) Equitable mortgage of residential property situated at Apartment No. BPB081, 8th floor, Wing No. PBO-33 & 34, Belvedere Park, Phase II & III, DLF City, Gurgaon measuring super area 1,714 sq. feet in the name of Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal and Mrs. Sangeeta Agarwal.

(c) Lien on Mutual funds (in the name of the Company) of ₹424.15 lacs. (Market value: ₹556.56 lacs).

Further, personal guarantees have been given by Mr. Lalit Agarwal (Managing director), Mr. Madan Gopal Agarwal (Director) and Mrs. Sangeeta Agarwal (Wife of Mr. Lalit Agarwal).

(2) The Company has surrendered Overdraft facility/Short term loan sanctioned by HDFC Bank Limited of ₹589.75 lacs on 08 July 2016. The Company has received "No Dues Certificate" from HDFC Bank Limited on 11 July 2016. The outstanding balance as on 31 March 2017 is of ₹NIL (previous year - balance of ₹104.06 lacs).

(3) Fund based cash credit facility of ₹875.88 lacs (previous year - ₹1,284.92 lacs) from Deutsche Bank AG carries an interest at the rate MIBOR plus 1.5% or Deutsche Bank base rate (9.20%) whichever is higher as on 31 March 2017 and is repayable on demand. The outstanding book balance as on 31 March 2017 is of ₹440.93 lacs (previous year - ₹350.99 lacs)

**These facilities are secured by way of :-**

Approved Mutual fund in the name of the Company. The Company has pledged mutual fund amounting to ₹875.88 lacs (previous year ₹1,250.00 lacs).

## 9. Trade payables

### A. Total outstanding dues of Micro Enterprises and Small Enterprises

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act):

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| i) Principal amount due to suppliers under MSMED Act | - | - |
| ii) Interest accrued and due to suppliers under MSMED Act on the above amount | - | - |
| iii) Payment made to suppliers (other than interest) beyond appointed day during the year | - | - |
| iv) Interest paid to suppliers under MSMED Act | - | - |
| v) The amount of further interest remaining due and payable | - | - |
| vi) Interest due and payable to suppliers under MSMED Act towards payments already made | - | - |
| vii) Interest accrued and remaining unpaid at the end of the accounting year | - | - |
| viii) 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 | - | - |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

### B. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Due to others | 15,990.29 | 9,564.66 |
| | **15,990.29** | **9,564.66** |

## 10. Other current liabilities

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Current maturities of long-term liabilities (refer note 5) | 22.93 | 5.41 |
| Interest payable on delay in payment of income tax | 52.67 | 23.62 |
| Unclaimed dividend* | 0.16 | 0.13 |
| Creditors for property, plant and equipment | 428.35 | 488.97 |
| Provision for lease equilisation (current portion) (refer note 6) | 55.46 | 20.30 |
| Employee related payables | 314.43 | 408.16 |
| Statutory liabilities | 492.67 | 344.81 |
| Other liabilities | 29.63 | 43.06 |
| | **1,396.30** | **1,334.46** |

*Not due for deposit with Investor Education and Protection Fund

## 11. Short term provisions

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Income tax [net of prepaid taxes ₹6,823.95 (previous year: ₹6,418.81)] | 443.48 | 526.41 |
| Provision for gratuity (refer note 41) | 14.82 | 14.67 |
| Provision for compensated absences | 1.74 | 1.01 |
| Proposed equity dividend | - | 18.07 |
| Dividend distribution tax payable | - | 45.97 |
| | **460.04** | **606.13** |

## 12. Property, plant and equipment

| | Plant and equipment | Office equipment | Leasehold improvements | Computers | Furnitures and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **As at 1 April 2015** | **5,346.69** | **346.00** | **1,268.32** | **776.67** | **5,996.58** | **226.45** | **13,960.71** |
| Additions | 1,316.75 | 88.68 | 225.22 | 172.35 | 1,180.04 | 21.08 | 3,004.12 |
| Disposals/adjustment (refer note 12.1 below) | (7.08) | - | (5.03) | (1.65) | (34.87) | - | (48.63) |
| **As at 31 March 2016** | **6,656.36** | **434.68** | **1,488.51** | **947.37** | **7,141.75** | **247.53** | **16,916.20** |
| **As at 1 April 2016** | **6,656.36** | **434.68** | **1,488.51** | **947.37** | **7,141.75** | **247.53** | **16,916.20** |
| Additions | 1,702.51 | 118.80 | 267.56 | 167.91 | 1,786.90 | 122.83 | 4,166.51 |
| Disposals | (25.33) | (1.06) | (9.10) | (0.94) | (76.23) | (5.37) | (118.03) |
| **As at 31 March 2017** | **8,333.54** | **552.42** | **1,746.97** | **1,114.34** | **8,852.42** | **364.99** | **20,964.68** |
| **Accumulated depreciation** | | | | | | | |
| **As at 1 April 2015** | **1,695.29** | **138.74** | **361.81** | **503.04** | **1,501.90** | **105.52** | **4,306.30** |
| Charge for the year | 819.93 | 73.51 | 123.28 | 142.19 | 671.24 | 27.10 | 1,857.25 |
| Disposals/adjustments* | (7.52) | - | (1.87) | 2.11 | 4.60 | - | (2.68) |
| **As at 31 March 2016** | **2,507.70** | **212.25** | **483.22** | **647.34** | **2,177.74** | **132.62** | **6,160.87** |
| **As at 1 April 2016** | **2,507.70** | **212.25** | **483.22** | **647.34** | **2,177.74** | **132.61** | **6,160.87** |
| Charge for the year | 978.33 | 79.50 | 154.27 | 142.32 | 761.53 | 25.75 | 2,141.70 |
| Disposals/adjustments | (17.00) | (0.68) | (8.29) | (0.54) | (57.10) | (5.11) | (88.72) |
| **As at 31 March 2017** | **3,469.03** | **291.07** | **629.20** | **789.12** | **2,882.17** | **153.25** | **8,213.85** |
| **Net block** | | | | | | | |
| **As at 31 March 2016** | **4,148.66** | **222.43** | **1,005.29** | **300.03** | **4,964.01** | **114.91** | **10,755.33** |
| **As at 31 March 2017** | **4,864.51** | **261.35** | **1,117.77** | **325.22** | **5,970.25** | **211.74** | **12,750.83** |

* includes prior period depreciation of ₹7.41 lacs (refer note 30).

Note 12.1: Includes a gain of ₹38.13 lacs which has been recognised as a credit to the gross block against settlement of liability outstanding in the books in respect to the finance lease arrangement relating to the respective fixed assets which has been cancelled mutually by the Company and the counter party.

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

## 12. Property, plant and equipment (contd.)

Details of assets acquired on finance lease included above

| | Plant and equipment | Office equipment | Leasehold improvements | Computers | Furnitures and fixtures | Total |
|---|---|---|---|---|---|---|
| **Gross block** | | | | | | |
| **As at 1 April 2015** | - | - | - | - | 194.23 | 194.23 |
| Additions | 13.01 | - | - | 13.36 | 87.29 | 113.66 |
| Adjustment | (13.01) | - | - | (13.36) | (281.52) | (307.89) |
| **As at 31 March 2016** | **-** | **-** | **-** | **-** | **-** | **-** |
| As at 1 April 2016 | - | - | - | - | - | - |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| **As at 31 March 2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Accumulated depreciation** | | | | | | |
| **As at 1 April 2015** | - | - | - | - | 10.79 | 10.79 |
| Charge for the year | 1.37 | - | - | 4.23 | 19.47 | 25.07 |
| Adjustment | (1.37) | - | - | (4.23) | (30.26) | (35.86) |
| **As at 31 March 2016** | **-** | **-** | **-** | **-** | **-** | **-** |
| Charge for the year | - | - | - | - | - | - |
| Adjustment | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| **As at 31 March 2017** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net block** | | | | | | |
| **As at 31 March 2016** | **-** | **-** | **-** | **-** | **-** | **-** |
| **As at 31 March 2017** | **-** | **-** | **-** | **-** | **-** | **-** |

## 13. Intangible assets

| | Computer Software |
|---|---|
| **Gross block** | |
| **As at 1 April 2015** | 250.72 |
| Additions | 166.86 |
| **As at 31 March 2016** | 417.58 |
| **As at 1 April 2016** | 417.58 |
| Additions | 59.73 |
| **As at 31 March 2017** | **477.31** |
| **Accumulated amortization** | |
| **As at 1 April 2015** | 98.61 |
| Charge for the year | 44.19 |
| **As at 31 March 2016** | **142.80** |
| **As at 1 April 2016** | 142.80 |
| Charge for the year | 60.32 |
| **As at 31 March 2017** | **203.12** |
| **Net block** | |
| **As at 31 March 2016** | **274.78** |
| **As at 31 March 2017** | **274.19** |

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

## 14. Non-current investments

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Non-trade investment (valued at cost unless otherwise stated)** | | |
| **Investment in mutual funds of:** | | |
| DHFL Fixed Maturity Plan-Direct Plan-Growth) - Nil units (previous year: 12,500,000 units) of ₹10 each | - | 1,250.00 |
| SBI Debt Fund Series-Direct-Growth - Nil units (previous year: 530,000 units) of ₹10 each | - | 53.00 |
| Reliance Mutual Fund Fixed Horizon-Growth 5,691,217 units (previous year: Nil) units of ₹10.12 each | 575.84 | - |
| | **575.84** | **1,303.00** |
| Aggregate market value of quoted investments | 584.91 | 1,573.19 |
| Aggregate book value of quoted investments | 575.84 | 1,303.00 |

## 15. Deferred tax assets (net)

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Deferred tax assets arising on account of:** | | |
| Lease equilisation | 428.31 | 292.71 |
| Employee benefits | 182.89 | 180.11 |
| Provision for doubtful advances | 16.73 | - |
| Depreciation and amortization of property, plant and equipment/intangible assets | 76.32 | - |
| | **704.25** | **472.82** |
| **Deferred tax liabilities arising on account of:** | | |
| Depreciation and amortization of property, plant and equipment/intangible assets | - | 50.77 |
| | **-** | **50.77** |
| | **704.25** | **422.05** |

## 16. Long term loans and advances

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Capital advances | 37.85 | 50.89 |
| Security deposits | 972.84 | 875.42 |
| Value added tax recoverable | 643.64 | 697.92 |
| Service tax paid under protest | 37.69 | 37.69 |
| Other loans and advances | 43.38 | 22.18 |
| | **1,735.40** | **1,684.10** |

## 17. Other non-current assets

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Margin money deposits | 2.75 | 8.41 |
| Interest accrued on fixed deposits | 0.16 | 1.20 |
| | **2.91** | **9.61** |
| **The deposits are pledged against :** | | |
| Bank guarantees issued to sales tax and service tax authorities and for cash credit facilities with banks. | | |

## 18. Current investments

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Investment in mutual funds (quoted) of:** | | |
| DHFL Fixed Maturity Plan-Growth Nil units (previous year: 5,000,000 units) of ₹10 each | - | 500.00 |
| IDFC Ultra Short Term Fund-Daily Dividend (Direct Plan) 47,798,788 units (previous year: 14,258,401 units) of ₹10.11 each | 4,832.87 | 1,433.70 |
| SBI Debt Fund Series-Direct-Growth 530,000 units (previous year: Nil units) of ₹10 each# | 53.00 | - |
| DHFL Fixed Maturity Plan-Direct Plan-Growth 12,500,000 units (previous year: Nil units) of ₹10 each# | 1,250.00 | - |
| SBI Ultra Short Term Debt Fund- Daily Dividend 4,968.37 units (previous year: Nil units) of ₹1,006.37 each | 50.00 | - |
| | **6,185.87** | **1,933.70** |
| Aggregate market value of quoted investments | 6,598.71 | 2,023.45 |
| Aggregate book value of quoted investments | 6,185.87 | 1,933.70 |

#Current portion of non current investments

## 19. Inventories

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| (valued at lower of cost or net realizable value) | | |
| Packing and accessories | 216.55 | 216.98 |
| Traded goods [including goods-in-transit : ₹2,413.39 (previous year: ₹1,976.02)] | 26,701.00 | 20,225.73 |
| | **26,917.55** | **20,442.71** |

## 20. Cash and bank balances

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks in current account | 13.54 | 1.09 |
| - Cash in hand | 272.76 | 203.00 |
| | **286.30** | **204.09** |
| **Other bank balances** | | |
| Deposits with original maturity for more than 3 months but less than 12 months | - | 17.87 |
| Margin money deposits | 5.56 | 205.83 |
| In unpaid dividend account | 0.16 | 0.13 |
| | **5.72** | **223.83** |
| | **292.02** | **427.92** |
| **The deposits are pledged against :** | | |
| Bank guarantees issued to sales tax and service tax authorities and margin money for cash credit facilities. | | |

## 21. Short term loans and advances

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **(Unsecured, considered good unless otherwise stated)** | | |
| Advances recoverable in cash or in kind | | |
| Advances to suppliers - considered good | 209.50 | 737.12 |
| Advances to suppliers - considered doubtful | 48.37 | - |
| Others | 63.85 | 22.23 |
| | **321.72** | **759.35** |
| Less: Provision against doubtful advances | (48.37) | - |
| **(A)** | **273.35** | **759.35** |
| **Other loan and advances** | | |
| Prepaid expenses | 67.79 | 63.31 |
| **(B)** | 67.79 | 63.31 |
| **(A+B)** | **341.14** | **822.66** |

## 22. Other current assets

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Interest accrued on fixed/margin money deposits | 1.16 | 9.45 |
| | **1.16** | **9.45** |

## 23. Revenue from operations

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Sale of products | 1,00,062.83 | 80,816.35 |
| Other operating revenue | 109.72 | 109.06 |
| **Revenue from operations (gross)** | **1,00,172.55** | **80,925.41** |
| **Details of products sold** | | |
| Apparels | 78,378.20 | 61,792.66 |
| Non-apparels | 14,511.93 | 12,566.17 |
| Kirana | 7,172.70 | 6,457.52 |
| | **1,00,062.83** | **80,816.35** |

## 24. Other income

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Interest income on bank deposits | 13.61 | 18.25 |
| Dividend income | 56.65 | 9.45 |
| Liabilities written back | 129.57 | 37.06 |
| Profit on sale of property, plant and equipment (net) | 0.01 | 2.08 |
| Profit on sale of investments (net) | 95.54 | 37.43 |
| Miscellaneous | 13.61 | 12.86 |
| | **308.99** | **117.13** |

## 25. Cost of material consumed

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Inventory at the beginning of the year | - | 2.18 |
| Add : Purchases during the year | 19.31 | - |
| | 19.31 | 2.18 |
| Less : Inventory at the end of the year | - | - |
| Cost of material consumed | **19.31** | **2.18** |
| **Details of raw material consumed** | | |
| Fabrics | 19.31 | 2.18 |
| | **19.31** | **2.18** |

## 26. Purchase of stock-in-trade

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Purchase of traded goods | 75,282.94 | 57,672.26 |
| Stocks written off* | 1,449.46 | 1,570.63 |
| | **76,732.40** | **59,242.89** |
| **Details of purchase of traded goods** | | |
| Apparels | 59,126.63 | 44,518.06 |
| Non-apparels | 10,673.43 | 8,731.91 |
| Kirana | 6,932.34 | 5,992.92 |
| | **76,732.40** | **59,242.89** |

* Such write-off pertains to good in transit loss, damaged goods, short/excess inventory, etc. The most significant inventory losses occur at warehouses which is covered in cycle counts. Shortfall identified during physical verification at each store/unit is adjusted after conclusion of such verification.

## 27. Changes in inventories of stock-in-trade

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Inventories at the end of the year** | | |
| Traded goods (including stock in transit) | 26,701.00 | 20,225.73 |
| Packing material and accessories | 216.55 | 216.98 |
| | **26,917.55** | **20,442.71** |
| **Inventories at the beginning of the year** | | |
| Traded goods (including stock in transit) | 20,225.73 | 18,141.13 |
| Packing material and accessories | 216.98 | 176.96 |
| | **20,442.71** | **18,318.09** |
| | **(6,474.84)** | **(2,124.62)** |
| **Details of Inventory (traded goods)** | | |
| Apparels | 21,901.84 | 16,364.22 |
| Non-apparels | 3,789.99 | 3,066.69 |
| Kirana | 1,009.17 | 794.82 |
| | **26,701.00** | **20,225.73** |

## 28. Employee benefits expense

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Salaries, wages and bonus | 6,465.81 | 5,150.67 |
| Employee compensation expense under ESOP | 7.02 | 10.52 |
| Contribution to provident and other funds | 638.69 | 523.92 |
| Commission to directors (refer note 38) | 82.24 | 58.29 |
| Staff welfare | 577.64 | 482.02 |
| | **7,771.40** | **6,225.42** |

## 29. Other expenses

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Rent | 4,790.44 | 3,999.86 |
| Power and fuel | 2,671.26 | 2,275.90 |
| Commission | 206.86 | 184.05 |
| Advertisement and sales promotion | 2,256.30 | 1,910.56 |
| Packing materials and expenses | 672.01 | 539.47 |
| Repairs and maintenance | | |
| -Building | 208.80 | 176.46 |
| -Others | 663.08 | 458.53 |
| Commission to non-executive directors | 34.66 | 21.91 |
| Security expenses | 935.40 | 691.47 |
| Communication | 127.24 | 106.95 |
| Travelling and conveyance | 234.67 | 161.96 |
| Credit card and cash collection charges | 324.42 | 229.32 |
| Rates and taxes | 42.58 | 41.02 |
| Vehicle running | 38.75 | 38.46 |
| Property, plant and equipment written off | 25.36 | 3.16 |
| Legal and professional | 266.11 | 247.53 |
| Printing and stationery | 52.52 | 38.22 |
| Auditor's remuneration | | |
| - audit fee | 25.30 | 28.60 |
| - other matters | 5.75 | - |
| - out of pocket expenses | 2.17 | 1.88 |
| Directors' sitting fee | 6.89 | 10.24 |
| Insurance | 43.14 | 37.61 |
| Loss from theft | - | 0.73 |
| Provision against doubtful advances (refer note 21) | 48.37 | - |
| Balances written off | 19.26 | 14.01 |
| Corporate social responsibility (refer note 47) | 53.05 | 28.66 |
| Other donations | 6.78 | 7.64 |
| Miscellaneous | 104.92 | 122.54 |
| | **13,866.09** | **11,376.74** |

## 30. Prior period items

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Interest on loans | - | 8.76 |
| Rent | - | 3.29 |
| Depreciation on property, plant and equipment (refer note 12) | - | 7.41 |
| | **-** | **19.46** |

## 31. Depreciation and amortization expense

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 12) | 2,141.70 | 1,857.25 |
| Amortisation of intangible assets (refer note 13) | 60.32 | 44.19 |
| | **2,202.02** | **1,901.44** |

## 32. Finance costs

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Interest expenses on: | | |
| Vendor financing scheme, cash credit facility and term loans | 267.80 | 236.60 |
| Finance lease | - | 23.37 |
| Delay in payment of income tax | 57.25 | 23.62 |
| | **325.05** | **283.59** |
| Other borrowing cost | 27.37 | 27.89 |
| | **352.42** | **311.48** |

## 33. Extra-ordinary items

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Insurance claim received in respect of flood at store in Srinagar:* | | |
| - of inventory | - | 108.02 |
| - of Property, Plant and Equipments | - | 35.63 |
| | **-** | **- 143.65** |

* Extraordinary items represents an insurance claim received amounting to ₹143.65 lacs in respect of the loss recorded by the Company of ₹181.76 lacs for Srinagar store which had been impacted by heavy floods in the month of September 2014 and the resultant loss was disclosed as Extra-ordinary item in the financials statements for the year ended 31 March 2015.

## 34. Earnings per share

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Profit after tax (before extra-ordinary items)** | **3,952.70** | **2,669.32** |
| **Profit after tax (after extraordinary items)** | **3,952.70** | **2,763.25** |
| Nominal value per share (₹) | 10 | 10 |
| Weighted average number of equity shares for basic earnings per share (in lacs) | **180.68** | **180.47** |
| Add: weighted average number of potential equity shares | | |
| -Issuance of shares under ESOP scheme | 0.48 | 0.02 |
| Weighted average number of equity shares for diluted earnings per share | **181.15** | **180.48** |
| **Earnings per share (before extra-ordinary items) (in ₹)** | | |
| Basic loss per share | 21.88 | 14.79 |
| Diluted earnings per share | 21.82 | 14.79 |
| **Earnings per share (after extra-ordinary items) (in ₹)** | | |
| Basic loss per share | **21.88** | **15.31** |
| Diluted earnings per share | **21.82** | **15.31** |

## 35. Capital and other commitments

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for. | 164.03 | 168.04 |
| For commitments relating to lease arrangements, please refer note 40. | | |

## 36. Contingent liabilities

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| a) Tax demands in excess of provisions: | | |
| Income tax (net of provision ₹6.13 lacs (previous year Nil) | - | 14.57 |
| Value added tax (net of provision ₹8.66 lacs (previous year Nil) | 453.29 | 90.63 |
| Service tax (refer note 37 (a) below) | 30.33 | 30.33 |
| b) Demand under The Minimum Wages Act, 1948 | 23.97 | 5.98 |
| c) Bonus as per The Payment of Bonus (Amendment) Act, 2015 for the year ended 31 March 2015 (refer note 37 (b) below) | 107.61 | 107.61 |

Further, the Company has certain litigations involving suppliers, customers, motor vehicle accident, sale tax litigations and certain inspections under the Prevention of Food Adulteration Act, 1954. Based on detailed assessments and evaluations, the management believes that no material liability will devolve on the Company in respect of these litigations.

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

37. a) Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 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 14 October 2011, directing the members of the Association to deposit 50% of the arrears of service tax due upto 30 September 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 1 June 2007 till 30 September 2011 amounted to ₹108.26 lacs of which ₹77.93 lacs has been provided for in the Statement of Profit and Loss till 31 March 2017 and the balance ₹30.33 lacs has been disclosed as contingent liability.

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 paid under protest" under Long term loans and advances.

(b) The Payment of Bonus (Amendment) Act, 2015 dated 31 December 2015 (which was made effective from 1 April 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 lacs for the period 1 April 2015 to 31 March 2016 during previous year ended 31 March 2016 and has not recognised the differential amount of bonus ₹107.61 lacs for the period 1 April 2014 to 31 March 2015.

## 38. Related party disclosures

### a) Relationship

#### I. Key Managerial Personnel

| | |
|---|---|
| Mr. Lalit Agarwal | Managing Director |
| Mr. Madan Gopal Agarwal | Whole-time Director |

#### II. Relatives of Key Managerial Personnel

| | |
|---|---|
| Mrs. Sangeeta Agarwal | Wife of Mr. Lalit Agarwal |
| Mr. Hemant Agarwal | Brother of Mr. Lalit Agarwal and Non – Executive Director (w.e.f 23 January 2015 till 17 March 2016) |
| Mrs. Uma Devi Agarwal | Wife of Mr. Madan Gopal Agarwal and Mother of Mr. Lalit Agarwal and Mr. Hemant Agarwal |
| Mr. Snehal Shah | Son-in-law of Mr. Madan Gopal Agarwal |
| Ms. Sunita Shah | Sister of Mr. Lalit Agarwal |

#### III. Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel

| | |
|---|---|
| Lalit M Agarwal (HUF) | HUF in which Mr. Lalit Agarwal is Karta |
| Madan Gopal Agarwal (HUF) | HUF in which Mr. Madan Gopal Agarwal is Karta |
| Wesbok Lifestyle Private Limited | Company owned by Mr. Hemant Agarwal |

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

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 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2017 | Year ended 31 March 2016 | Year ended 31 March 2017 | Year ended 31 March 2016 |
| **Managerial remuneration*** | | | | | | |
| Mr. Lalit Agarwal | 162.86 | 130.89 | - | - | - | - |
| Mr. Madan Gopal Agarwal | 43.17 | 35.16 | - | - | - | - |
| **Director sitting fees** | | | | | | |
| Mr. Hemant Agarwal (non-executive director till 17 March 2016) | - | - | - | 2.00 | - | - |
| **Salaries, wages and bonus** | | | | | | |
| Mr. Snehal Shah | - | - | 39.47 | 34.21 | - | - |
| **ESOP issued** | | | | | | |
| Mr. Snehal Shah | - | - | - | 16.23 | - | - |
| **Dividend for the year** | | | | | | |
| Mr. Lalit Agarwal | - | 27.93 | - | - | - | - |
| Mr. Hemant Agarwal (non-executive director till 17 March 2016) | - | - | - | 7.24 | - | - |
| Mr. Madan Gopal Agarwal | - | 8.58 | - | - | - | - |
| Lalit M Agarwal (HUF) | - | - | - | - | - | 15.97 |
| Hemant Agarwal (HUF) | - | - | - | - | - | 5.30 |
| Madan Gopal Agarwal (HUF) | - | - | - | - | - | 13.02 |
| Ms. Sangeeta Agarwal | - | - | - | 27.15 | - | - |
| Mrs. Uma Devi Agarwal | - | - | - | 16.94 | - | - |
| **Purchase of traded goods** | | | | | | |
| Wesbok Lifestyle Private Limited | - | - | - | - | 446.82 | 1,396.80 |

| *Managerial remuneration comprises of the following:- | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| Remuneration # | 91.08 | 82.80 |
| Commission | 82.24 | 58.29 |
| Perquisites | 32.72 | 24.97 |
| **Total** | **206.04** | **166.06** |

# Does not include gratuity expense as the same is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

c) Balance at the end of year:-

| Description | Key managerial personnel | | Relatives of Key managerial personnel | |
|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| Remuneration / salary payable | | | | |
| Mr. Lalit Agarwal | 29.83 | 51.42 | - | - |
| Mr. Madan Gopal Agarwal | 15.50 | 17.09 | - | - |

| Description | Key managerial personnel | | Relatives of key managerial personnel | | Entities owned by key managerial personnel | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| Dividend payable | | | | | | |
| Mr. Lalit Agarwal | - | 2.23 | - | - | - | - |
| Mr. Hemant Agarwal | - | - | - | 0.58 | - | - |
| Mr. Madan Gopal Agarwal | - | 0.69 | - | - | - | - |
| Lalit M Agarwal (HUF) | - | - | - | - | - | 1.28 |
| Hemant Agarwal (HUF) | - | - | - | - | - | 0.42 |
| Madan Gopal Agarwal (HUF) | - | - | - | - | - | 1.04 |
| Ms. Sangeeta Agarwal | - | - | - | 2.17 | - | - |
| Mrs. Uma Devi Agarwal | - | - | - | 1.36 | - | - |
| **Trade payable** | | | | | | |
| Wesbok Lifestyle Private Limited | - | - | - | - | **44.36** | **57.99** |

Personal guarantees have been given by Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal and Mrs. Sangeeta Agarwal towards fund based credit facility of ₹6,200 lacs (previous year: ₹4,200 lacs) which include vendor financing scheme (VFS) of ₹3,000 lacs, cash credit (CC) facility of ₹2,400 lacs and SLC (Standby Letter of Credit) of ₹800 lacs. The outstanding book balance as on 31 March 2017 for CC account is ₹97.38 lacs (previous year: ₹246.17 lacs) and for VFS is ₹2,948.73 lacs (previous year: ₹1,989.91 lacs) and for SLC is ₹Nil (previous year: ₹Nil).

## 39. Segment reporting

In the opinion of the management, there is only one reportable segment "Retail Sales" as envisaged by Accounting Standard 17 on "Segment Reporting". The Company is operating only in India and there is no other significant geographical segment.

## 40. Leases

**Information required to be disclosed under Accounting Standard 19 on "Leases"**

**Operating lease**

The premises are taken on lease for a lease term ranging from nine years to fifteen years including the lock-in period ranging from one to three years. These leases are further renewable on the expiry of total lease term subject to mutual consent of both the parties. There are no restrictions imposed on the Company under the lease arrangement. There are no subleases.

The minimum lease payments over the lease term are as under:

| Description | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Payable within 1 year | 2,948.51 | 2,850.09 |
| Payable between 1-5 years | 10,758.56 | 10,917.64 |
| Payable after 5 years | 6,361.00 | 6,914.29 |
| Rent expense for the year recognized in the Statement Profit and Loss | 4,790.44* | 3,999.86* |

* includes expense on account of rent straight-lining.

## 41. Employee benefits:

### Gratuity

Amount recognised as expense in the Statement of Profit and Loss is determined as under:

| Description | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Current service cost | 92.38 | 72.57 |
| Interest cost | 17.56 | 12.26 |
| Actuarial gain recognized during the year | (27.76) | (3.33) |
| Past service cost | - | - |
| **Amount recognised in the Statement of Profit and Loss** | **82.18** | **81.50** |

Movement in the liability recognised in the Balance Sheet is as under:

| Description | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Present value of defined benefit obligation as at the beginning of the year | 219.45 | 153.19 |
| Current service cost | 92.38 | 72.57 |
| Interest cost | 17.56 | 12.26 |
| Benefits paid | (10.25) | (15.24) |
| Actuarial gain recognized during the year | (27.76) | (3.33) |
| Past service cost | - | - |
| **Present value of defined benefit obligation as at the end of the year** | **291.38** | **219.45** |
| Current | 14.83 | 14.67 |
| Non-current | 276.55 | 204.78 |

For determination of the gratuity liability of the Company, the following actuarial assumptions were used:

| Description | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Discount rate | 7.69% | 8.00% |
| Rate of increase in compensation levels | 4.75% | 5.00% |
| Mortality table | IALM (2006 - 08) | IALM(2006 - 08) |
| **Withdrawal rate** | | |
| - Up to 30 years | 3% | 3% |
| - From 31 to 44 years | 2% | 2% |
| - Above 44 years | 1% | 1% |

**Compensated absence**

For determination of the compensated absences liability of the Company, the following actuarial assumptions were used:

| Description | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Discount rate | 7.69% | 8.00% |
| Rate of increase in compensation levels | 4.75% | 5.00% |
| Mortality table | IALM (2006 - 08) | IALM (2006 - 08) |
| Withdrawal rate | | |
| - Up to 30 years | 3% | 3% |
| - From 31 to 44 years | 2% | 2% |
| - Above 44 years | 1% | 1% |

**Provident fund, Employees State Insurance fund and Labour Welfare fund**

Contributions made by the Company during the year is ₹638.69 lacs (previous year ₹523.92 lacs).

**Amounts for the current and previous four years are as follows:**

**Gratuity:**

| Description | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2013 |
|---|---|---|---|---|---|
| Defined benefit obligation | 291.38 | 219.45 | 153.19 | 128.52 | 115.98 |
| Experience adjustments on plan liabilities Gain /(Loss) | 21.82 | (5.76) | 38.63 | 43.73 | 6.37 |

## 42. Value of imports calculated on CIF basis

| Description | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Purchase of capital goods | - | 16.03 |
| **Total** | **-** | **16.03** |

## 43. Employee stock option plan

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 02 July 2012 and 10 July 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. The exercise price of these options will be determined by the Remuneration Committee and the options will vest over a period of 12 months to 36 months of continued employment from the grant date.

Below are the details in respect of ESOPs granted till 31 March 2017:

| Particulars | Grant I | Grant II | Grant III | Grant IV |
|---|---|---|---|---|
| Grant date | 20 July 2012 | 5 January 2015 | 28 December 2015 | 30 January 2017 |
| ESOPs granted | 153,252 | 22,350 | 13,645 | 76,225 |
| Exercise price (in ₹) | ₹150.00 | ₹450.00 | ₹573.00 | ₹470.00 |
| Vesting option (in Nos.):- | | | | |
| - on the completion of 12 months | 45,975 | 6,705 | 4,093 | 22,867 |
| - on the completion of 24 months | 45,975 | 6,705 | 4,093 | 22,867 |
| - on the completion of 36 months | 61,302 | 8,940 | 5,459 | 30,491 |
| Market value of equity shares on the date of grant (in ₹) | ₹150.00 | ₹539.30 | ₹586.30 | ₹522.35 |

## 43. Employee stock option plan (contd.)

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.

An amount of ₹7.02 lacs (previous year ₹10.52 lacs) has been provided as employee benefits expense, as the proportionate cost of 108,570 (previous year: 35,995) number of options granted, using the intrinsic value of the stock options measured by a difference between the fair value of the underlying equity shares at the grant date and the exercise price.

On 04 May 2015, 03 August 2015, 09 February 2016 and 05 August 2016, the Company has allotted 14,237 equity shares, 24,687 equity shares, 12,083 equity shares and 1,464 equity shares of face value of ₹10 each respectively, at a weighted average price of ₹150 per share, to the eligible employees of the Company on account of exercise of vested stock options.

**(a) The relevant details in respect of V-Mart ESOP Scheme 2012 are summarized below:**

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | No. of Options | Weighted Average Price (₹) | No. of Options | Weighted Average Price (₹) |
| a. Outstanding at the beginning of year | 51,341 | 393.02 | 90,477 | 224.11 |
| b. Granted during the year | 76,225 | 470.00 | 13,645 | 573.00 |
| c. Exercised during the year | 1,464 | 150.00 | 51,007 | 150.00 |
| d. Forfeited during the year | 3,650 | 450.00 | 1,774 | 150.00 |
| e. Expired during the year | - | - | - | - |
| f. Outstanding at the end of the year | 122,452 | 442.15 | 51,341 | 393.02 |
| g. Exercisable at the end of the year | 29,196 | 439.89 | 22,051 | 241.22 |
| h. Number of equity shares of ₹10 each fully paid up to be issued on exercise of option | 122,452 | 442.15 | 51,341 | 393.02 |
| i. Weighted average remaining contractual life (in years) | - | 6.89 | - | 6.29 |

**(b) Pro forma Accounting for Stock Option Grants:**

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated below:

| Particulars | Before extraordinary item | | After extraordinary item | |
|---|---|---|---|---|
| | For the year ended 31 March 2017 | For the year ended 31 March 2016 | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
| Net profit as reported before extraordinary items (a) | 3,952.70 | 2,669.32 | 3,952.70 | 2,763.25 |
| **Add:** Stock based employee compensation expense debited to Statement of Profit and Loss (i) | 7.02 | 10.52 | 7.02 | 10.52 |
| **Less:** Stock based employee compensation expense based on fair value (ii) | (38.71) | (41.50) | (38.71) | (41.50) |
| Difference between (i) and (ii) above | (31.69) | (30.98) | (31.69) | (30.98) |
| Adjusted pro forma Profit (b) | 3,921.01 | 2,638.34 | 3,921.01 | 2,732.27 |
| Basic earnings per share as reported (amount in ₹) | 21.88 | 14.79 | 21.88 | 15.31 |
| Pro forma basic earnings per share (amount in ₹) | 21.70 | 14.62 | 21.70 | 15.14 |
| Diluted earnings per share as reported (amount in ₹) | 21.82 | 14.79 | 21.82 | 15.31 |
| Pro forma diluted earnings per share (amount in ₹) | 21.64 | 14.62 | 21.64 | 15.14 |

**(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 | Grant I | Grant II | Grant III | Grant IV |
|---|---|---|---|---|
| Risk free interest rates (in %) | 8.42 | 8.32 | 8.16 | 7.93 |
| Expected life (in years) | 4 years | 4 years | 4 years | 4 years |
| Volatility (in %) | 25% | 41% | 38.74% | 30.13% |
| Dividend yield (in %) | 0.27% | 0.20% | 0.20% | 0.24% |
| Weighted average exercise price (₹) | 150.00 | 450.00 | 573.00 | 470.00 |
| Weighted average fair value of stock option (₹) | 50.89 | 263.00 | 248.00 | 211.00 |

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 also not necessarily be the actual outcome.

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

## 44. Initial Public Offer (IPO) of the Equity Shares of the Company

During the year ended 31 March 2013, the Company allotted 1,250,000 equity shares to the Pre- IPO investors at an issue price of ₹210 per equity share (including a premium of ₹200 per equity share) aggregating to ₹2,625 lacs and also completed its IPO of 4,496,000 equity shares of ₹10 each for cash at a price of ₹210 per equity share (including a premium of ₹200 per equity share) aggregating to ₹9,441.60 lacs. The issue comprised a fresh issue of 2,761,000 equity shares by the Company and an offer for sale of 1,735,000 equity shares by Naman Finance and Investment Private Limited. The Company's equity shares have been listed on both BSE Limited and the National Stock Exchange of India Limited on 20 February 2013.

Means of finance for the objects of the IPO were under:-

| Particulars | Amount |
|---|---|
| Proceeds from the fresh issue | 5,798.10 |
| Proceeds from Pre-IPO placement | 2,625.00 |
| Internal accruals | 717.60 |
| **Total** | **9,140.70** |

The utilization of the aforementioned means of finance is as under:-

| Particulars | Utilization planned as per prospectus | Utilization of IPO proceeds for the year | Adjustments (utilization of surplus towards other objects) | Balance amount to be utilized as at year end |
|---|---|---|---|---|
| Opening of new stores | - | - | - | - |
| | 6,970.40 | (7,044.67) | 74.27 | - |
| Expansion of distribution center | - | - | - | - |
| | 438.70 | (371.03) | (67.67) | - |
| Working capital | - | - | - | - |
| | 1,000.00 | (1,000.00) | - | - |
| Share issue expenses | - | - | - | - |
| | 731.60 | (725.00) | (6.60)* | - |
| Total 2016-17 | - | - | - | - |
| Total 2015-16 | 9,140.70 | (9,140.70) | - | - |

* Surplus available after actual expenses incurred will be utilized towards other objects of the issue.

# Figures in italics are related to previous year.

## 45. Expenditure in foreign currency

| Description | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| Travelling and conveyance | 13.59 | 5.62 |
| **Total** | **13.59** | **5.62** |

# Summary of significant accounting policies and other explanatory information

**for the year ended 31 March 2017**

(All amounts in ₹ lacs, unless stated otherwise)

**46.** In the opinion of the board of directors, assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

**47.** In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms with the provisions of the said Act, the Company was to spend a sum of ₹88.92 lacs towards CSR activities during the year ended 31 March 2017. The detail of amount spent is as follows:-

| Particulars | In cash | Yet to paid in cash | Total |
|---|---|---|---|
| (I) Construction/acquisition of any asset | - | - | - |
| (II) On purposes other than ( I ) above | 53.05 | - | 53.05 |

**48.** During the year, a few cases of misappropriation of inventory involving employees at certain stores was identified by the management, the impact of which is included in "Stocks written off" disclosed under "Purchase of stock-in-trade" under Note 26 to the financial statements. Such stock write-offs of ₹1,449.46 lacs (previous year ₹1,570.63 lacs) includes write offs aggregating ₹706.24 lacs (previous year ₹880.31 lacs) (approx.) on account of damaged inventory and the balance write off includes, inter-alia, the impact of shrinkages in transit and misappropriation of inventory by employees, among others. Whilst it is not possible to quantify the impact owing to such misappropriation, management believes that the impact thereof is not material to the financial statements. Further, the management has taken steps to reduce such instances which have yield positive results.

Further, the management has identified an instance of misappropriation of Company's inventory, wherein certain inappropriate credit notes aggregating to ₹17.33 lacs (approx.) had been recorded by certain employees at a store. The Company had initiated the necessary legal action against these employees who have since left the Company and is yet to recover such amounts from them. The impact of this has been expensed off in the Statement of Profit and Loss in "Stocks written off" under Note 26 to the financial statements.

**49.** Disclosure in respect of Specified Bank Notes* ("SBN") as notified by the Ministry of Corporate Affairs vide notification no. G.S.R. 308 (E) dated 30 March 2017

| Particulars | SBNs* | Other denomination notes | Total |
|---|---|---|---|
| Closing cash on hand as on | | | |
| **08 November 2016** | **318.91** | **35.23** | **354.14** |
| Add: Permitted receipts | - | 9,689.88 | 9,689.88 |
| Less: Permitted payments | - | (2,277.71) | (2,277.71) |
| Less: Amount deposited in banks | (318.91) | (7,181.67) | (7,500.58) |
| Closing cash on hand as on 30 December 2016 | - | 265.73 | 265.73 |

* as defined in Notification no. S.O. 3407(E) dated the 8 November 2016 issued by the Ministry of Finance, Government of India.

**50.** Previous year comparative information has been reclassified, wherever considered necessary, to conform to this year's classification.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **Anupam Kumar**
Partner

**Place:** Gurugram
**Date:** 03 May 2017

for and on behalf of the board of directors of
**V-Mart Retail Limited**

**Madan Gopal Agarwal**
Director
DIN No. 02249947

**Lalit Agarwal**
Managing Director
DIN No. 00900900

**Deepak Sharma**
Chief Financial Officer

**Megha Tandon**
Company Secretary
Membership No. A35532

# V-MART RETAIL LIMITED

CIN - L51909DL2002PLC163727)
Regd. Office: 610-611, Guru Ram Dass Nagar, Main Market, opp. SBI Bank, Laxmi Nagar, New Delhi-110092
Corp. Office: Plot No. 862, UdyogVihar, Industrial Area, Phase – V, Gurugram – 122016 (Haryana)
Tel.:-0124-4640046, Fax No.- 0124-4640046, Website: www.vmart.co.in, Email – info@vmart.co.in

## ATTENDANCE SLIP

Please fill in this attendance slip and hand it over at the entrance of the meeting hall. Joint holders may obtain additional attendance slips.

Sr. No. : SLNO

HOLDER

HOLDER_ADD

HOLDER_AD1

HOLDER_AD2

HOLDER_AD3

PIN : HOLDER_PIN---------

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company held on Monday, the 18th day of September, 2017 at 9:30 a.m. at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector – 12, R.K. Puram, New Delhi – 110022.

_____ _____

Members Folio/DPID–Client ID No. Member's/Proxy's name in Block Letters

_____

Signature of the Member / Proxy

No. of Shares held :

Regd. Folio/* Client ID : DP ID/ HOLDER_FOL

*Applicable for Members holding shares in dematerialized form.
Note : To be signed and handed over at the entrance of the Meeting Venue

# V-MART RETAIL LIMITED

CIN - L51909DL2002PLC163727)
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Tel.No.- 0124-4640030, Fax No.-0124-4640046, Website: www.vmart.co.in, Email – info@vmart.co.in

## MGT - 11
## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : V-MART RETAIL LIMITED
Registered Office : 610-611, Guru Ram Dass Nagar, Main Market, opp. SBI Bank, Laxmi Nagar, New Delhi-110092

Name of the Member(s) :
Registered Address :
E-mail Id :
Folio No./Client ID :
DP ID :

I/We,_____being a Member(s) of V-Mart Retail Ltd., hereby appoint :

1. Name : _____ Address : _____
   Email Id :_____ Signature :_____ or failing him
2. Name : _____ Address : _____
   Email Id :_____ Signature :_____ or failing him
3. Name : _____ Address : _____
   Email Id :_____ Signature :_____

as my / our proxy to attend and vote (on poll) for me/us and on my/our behalf at the FIFTHEENTH ANNUAL GENERAL MEETING of the Company to be held on Monday,18th day of September, 2017 at 9:30 a.m. at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022 and any adjournment thereof in respect of such resolution as are indicated below:

| Resolution No. | Resolution | Vote | |
|---|---|---|---|
| | | For | Against |
| Ordinary Business | | | |
| 1 | Adoption of Audited Financial Statements of the Company for the financial year ended 31st March, 2017 along with the Reports of the Auditors and Board thereon | | |
| 2 | Declare dividend at the rate of ₹1.25/- per equity share for the financial year 2016-17 | | |
| 3 | Appointment of a Director in place of Mr. Lalit Agarwal (DIN – 00900900), who retires by rotation and being eligible, offers himself for re-appointment | | |
| 4 | Re-Appointment of Statutory Auditors and to fix their remuneration | | |
| Special Business | | | |
| 5 | Re-Appointment of Mr. Lalit Agarwal, (DIN – 00900900) as Chairman and Managing Director of the Company for the period of 5 years and Revision/variation in his remuneration | | |
| 6 | Re-Appointment of Mr. Madan Gopal Agarwal, (DIN - 02249947) as Whole-time Director of the Company for the period of 5 years and Revision/variation in his remuneration | | |
| 7 | Increase in total number of ESOP options under existing ESOP scheme of the Company | | |

Signed on _____ day of _____, 2017.

Affix One Rupee Stamp

Signature of Shareholder _____ Signature of Proxy holder(s) _____

NOTE :
In order to be effective the Proxy should be duly filled, signed and stamped and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting. The Proxy need not be a Member of the Company.

## ELECTRONIC VOTING PARTICULARS

| EVEN<br>(Electronic Voting Event Number) | User ID | Password/PIN |
|---|---|---|
| | | |

## INSTRUCTIONS FOR E-VOTING

1. Use the following URL for e-voting from KARVY website: http://evoting.karvy.com
2. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
3. Enter the login credentials [i.e., user id and password mentioned in the e-voting sheet]. Your Folio No/DP ID/Client ID will be your user ID. However, if you are already registered with KARVY for e-voting, you can use your existing User ID and password for casting your vote.
4. After entering the details appropriately, click on LOGIN.
5. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update any contact details like mobile, email 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. On successful login, the system will prompt you to select the EVENT i.e. V-Mart.
8. On the voting page, enter the number of shares as on the cutoff date under "FOR/AGAINST" or alternately you may enter partially any number in "FOR" and partially in "AGAINST", but the total number in "FOR/AGAINST" taken together should not exceed the total shareholding. You may also choose the option "ABSTAIN" and the shares will not be counted under either head.
9. Institutional Shareholders (i.e. Members other than individuals, HUF, NRIs etc.) are required to send a scanned copy of the Board Resolution/authority letter to the Scrutinizer via email at scrutinizer.vmart@gmail.com with copy marked to evoting@karvy.com.
10. Shareholders holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
11. Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.
12. Once the vote on the Resolution is cast by the Member, he/she shall not be allowed to change it subsequently.
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members shall be available at the download section of http://evoting.karvy.com or contact KARVY at Tel No.1800 345 4001 (toll free).
14. The Portal will remain open for voting from: 9.00 a.m. on 15th September, 2017 to 5.00 p.m. on 17th September 2017 (both days inclusive).
15. The Scrutinizer shall immediately after the conclusion of the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairperson of the Company. The Chairperson or any other person authorised by the Chairperson, shall declare the result of the voting forthwith.
16. 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 and on the website of KARVY https://evoting.karvy.com within three days of passing of the Resolutions at the AGM of the Company 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.

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