

# NURTURING FAITH INSPIRING TRUST

ANNUAL INTEGRATED  
REPORT 2020-21



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# OUR APPROACH TO REPORTING

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

## SCOPE AND BOUNDARY OF REPORT

The scope of this 2021 Integrated Annual Report incorporates the financial reporting of V-Mart Retail. Beyond financial reporting and metrics, the Report also includes non-financial performance, opportunities, strategic objectives, risks, and outcomes that our key stakeholders deeply care about and influence.

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

## REPORTING FRAMEWORK

At V-Mart Retail, we have been publishing a statutory Annual Report, in line with the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013; and Secretarial Standards. Since FY 2019-20, we started bringing out an Annual and Integrated Report, aligned with the principles of the International Integrated Reporting Framework (referred to as the <IR> framework) developed by the International Integrated Reporting Council (IIRC).

## REPORTING PERIOD

The financial information is reported for the period April 1, 2020 to March 31, 2021 (unless otherwise stated). Comparative figures pertaining to financial, operating and stakeholder metrics have been incorporated for the last three to five years to provide a holistic view to the stakeholders.

## OUR APPROACH TO MATERIALITY

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

## FORWARD-LOOKING STATEMENTS

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



# NURTURING FAITH INSPIRING TRUST

At V-Mart, we continued to sustain your trust vis-à-vis our stakeholders, partners, employees and customers through FY 2020-21.

Our unshakeable belief in our core values and never-say-die spirit saw us emerging stronger and wiser, despite the raging pandemic. We went on with our expansion plans, emboldened by your endearing trust, even as we continued to build on our digital capabilities for future readiness.

The unprecedented COVID-19-induced challenges saw businesses worldwide having a turbulent time. However, with our grit and prudence, we navigated successfully through this difficult period while strengthening our foundation for the future.

Moving with agility and efficacy, we harnessed our strengths to grow our customer outreach and safeguard the interests of our stakeholders, inspiring them to continue reposing their trust in the V-Mart brand.

# CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

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*Dear Shareholders,*

The year 2020 proved to be an extraordinary year for the entire human race. Not one of us managed to remain unaffected by a global pandemic, which tested the mettle of businesses and individuals, right down to the survival for many.

It was a year where thousands lost their loved ones; lost jobs or had to survive on meagre pay. It was a time for rediscovery by many businesses – what they were, and what they could become in such uncertain times. As the events played out, we as an organisation were focussed on what we could do to serve our customers, partners, employees, and the community at large.

I am happy to say that notwithstanding the grave challenges, your Company did not just sustain the business, but moved resolutely forward on its expansion and growth plans.

Despite challenging times, the Company's results for FY 2020-21 are encouraging. They validate the strength of our visionary strategic approach, while also enabling us to ensure continued stakeholder trust in the organisation. They are an endorsement of our ability to do more with less – a feat we accomplished effectively in the challenging industry environment. They reflect our success in leveraging our lean inventory model and omnichannel approach to deliver better outcomes with minimal investments.

Our goal has been to create value for all stakeholders; for the entire ecosystem in fact. I believe that if we do not create

## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

value, no matter how impressive we might appear on the surface, we aren't really 'touching lives' and making a resounding impact on the society at large. This ultimately affects our long-range business prospects, our very survival.

Be it our employee satisfaction, business partners' faith, customers' trust or our stock price, there is a tangible value assigned to all. It is this value I'm talking of, and which we keep improving year-on-year.

Based on this, we continued to make significant investments in our products range, technology and people, all the while maintaining a disciplined credit and an encouraging balance sheet.

Despite the complexities of the new COVID-19-induced realities, we did not hold back on our strategic plans and execution processes during FY 2020-21. On the contrary, with the active collaboration of our stakeholders, we went on to actively pursue our goals. In fact, we even accelerated in certain areas like digital and capability development. And we stayed decisively on course with our long-term plans for sustainable growth and value creation for our stakeholders, opening 20 new stores during the year.

Our efforts translated into a fair/ relatively strong performance despite the challenges that impacted the year. The Company reported a full-year income of Rs 109,650.04 lakhs - recovering to 66% of the last year's base.

Despite lower operating days, reduced topline, and marginalised savings due to largely fixed cost structures, the Y-o-Y EBITDA recovery remained high at 61%, with 12.2% vs. 12.9% EBITDA reported for FY 2019-20. Though footfalls fell by 48% Y-o-Y, an 14% expansion in basket size and increased customer conversions helped drive revenue recovery.

A major highlight of the year was our Fund raise through QIP in February



2021. That the QIP was oversubscribed about 6 times in the pandemic situation, stands testimony to the underlying confidence of investors in V-Mart's credentials and capabilities. The successful signing up of several prestigious global and Indian investors in these critical times, after fulfilling their rigorous due diligence standards, underscores the depth of our strategic and operational execution excellence. It is an endorsement of the robustness and long-term sustainability of your Company's business model and strong financial metrics, which the investors trust. The cash reserves that we have built with the QIP fund raise will enable us to fast-track our planned expansion projects, including construction of our future-ready and new warehouse.

On behalf of the Board, I would like to assure our investors, as well as our customers, partners, and other stakeholders, that V-Mart will stay true to its core values, to further strengthen its trust quotient.

I would also like to thank all our employees, who continued to extend their unwavering support for the realisation of V-Mart's business goals in these testing times.

Herein, I particularly remember one of our store associates in Patna, Rani Singh. I recall how she always had a

smile on her face, despite the tough COVID protocol. Travelling on foot over five kilometres to work daily in the absence of public transport during the peak pandemic, she symbolises the grit and spirit of all V-Martians who continued serving our customers during these hard times. Some even volunteered to personally deliver products at customers' doorstep in severely affected areas.

I recall how overwhelming it was personally interacting with those employees over telephone calls, who lost their loved ones, or had to face major hardships due to the pandemic. Each and every one of those phone calls made me appreciate the true valour of these 'warriors' who refused to let times defeat their spirits.

To all our employees, I would like to extend my appreciation and assurance that V-Mart shall continue to nurture your faith by providing you a culture of safety, well-being, motivation and inspiration, which enabled the Company to retain the title of Great Place to Work during the year.

Let me share with you all some details of how we successfully negotiated the tribulations of the year to surge forward on our strategic journey of how we responded and renewed in line with the approach we had taken at the start of the pandemic in FY 2019-20.

## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

### HOW WE RESPONDED

The seamless roll-out of our business continuity plan enabled us to successfully embrace the various challenges during the year. From ensuring employee and customer safety, to sustaining business operations and gearing up for post-pandemic recovery, we ensured continuing engagement and collaboration with each of our stakeholder groups. This approach enabled us to deliver an effective and agile response to the transforming ecosystem.

Despite extended periods of negligible cash inflow due to the lockdown in early FY 2020-21, the Company stood by its employees. The Company honoured its financial commitments to employees and other stakeholders in every way, thus reinforcing its strong trust ethos. We also enhanced our focus on sustainable business practices, through more environment-friendly initiatives, along with stringent safety compliances. Despite all the challenges faced during the year, we managed to keep our sustainability quotient high.

**Employee & customer safety:** We implemented well-formulated hygiene and social distancing SOPs at the stores and the workplaces, to maintain a high level of safety culture across the organisation. We also instituted a 24x7 helpline to help employees cope up with COVID-related emergencies and give them mental strength. We also extended a variety of medical, financial, essential supplies' assistance to all our employees and their families suffering from COVID-19. To ensure their mental well-being, we also started imparting motivational training and counselling sessions for employees. At the same time, even amid the closure of offices during the lockdown periods, we managed to keep our back-office teams operational through effective work-from-home arrangements.

We went on serving our customers amid the restrictions, by reaching out to fulfil their requirements in various creative ways. We identified weekly Haats and Bazaars in rural areas, and 'brought the store to the customer' with our 'V-Truck' initiative. Trucks with our products were sent to such rural areas to enable people to buy what they wanted. This not only led to higher overall sales for the stores, but also facilitated new customer acquisition in such areas.

Rural belt folk responded with enthusiasm to our V-Truck initiative, as it offers them convenience in the absence of adequate transportation facilities to the cities, and helps them avoid being charged higher by local shopkeepers.

**Broader ecosystem:** We maintained cordial relations with all our landlords and vendors during the disturbed period of the lockdown. With our vendors, business partners and local communities central to our strategic plans, we initiated several measures to reach out to them more effectively. Our collaborative partnerships, which included equitable commercial arrangements, helped equip our vendors and other partners in the value chain to maintain supply chain continuity in the restrictive business environment. This enabled the Company to quickly revive and scale up operations as stores opened after lockdowns were eased.

On the fiscal front, our prudent approach and risk-mitigation strategy enabled

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**The seamless roll-out of our business continuity plan enabled us to successfully embrace the various challenges during the year. From ensuring employee and customer safety, to sustaining business operations and gearing up for post-pandemic recovery, we ensured continuing engagement and collaboration with each of our stakeholder groups.**

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the Company to be cash positive. This equipped the organisation with sufficient working capital arrangements to meet its operational requirements on a sustained basis.

Cognisant of our social responsibility in these critical times, we also augmented our CSR outreach and budget estimates to support more and more vulnerable people impacted by the pandemic. Besides helping set-up of a 300-bed COVID care facility in Gurugram, we helped in arrangement of Oxygen concentrators, ventilators, plasma, and medication supplies.

At the peak of lockdown last year, we supported 1.25 lakhs beneficiary families by free food distribution to help them wade through that tough phase.

Our employees created groups within themselves, on their own accord. This was to help the needy and the suffering during the pandemic's peak last year by way of medical aid, essential items etc.

### HOW WE RENEWED

The unprecedented shutdowns and restrictions gave us the opportunity to review and renew our core business processes during the year. We made a strategic shift to start focussing more aggressively on quicker mind-to-market strategies in fashion apparels, while boosting our private label offerings. New product quality enhancement and vendor programmes were initiated to sharpen the fashion quotient of our portfolio. The focus was on improved quality and cost efficiencies.

We also started the process of revitalising our Omnichannel platform, through creative and compelling products and shopping experience aimed at boosting our overall sales going forward. We augmented our digital proposition to deliver a more engaging experience to our customers, business partners, employees and other stakeholders. This also helped us keep

## CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

our ears close to the ground and create products that are relevant to the consumers' changing needs and resonate with their aspirations. Our launch on the marketplace ecosystem of online retail has opened up new avenues.

Our thrust is on rethinking how we can deliver more value to our customers, in a safer and more convenient manner, without excessive expenditure. Our endeavour is to realign our product assortment, pricing, and channels to what they need the most at the moment. Innovative store branding, attractive designs, impactful marketing campaigns, and multiple promotional offers were developed during the year to drive footfalls and sales, especially during occasion and season-linked shopping. E-learning initiatives were launched to align our employees quickly and effectively to the new business norms.

### WAY AHEAD

No doubt the path ahead remains fraught with challenges, but we are confident that we shall continue on the course of expansion and growth in the years ahead. Our debt-free and cash-rich balance sheet, as well as the launch of new formats, will continue to drive our

strategic plans. We believe that as the economy starts lifting back to normalcy, we shall once again see a resurgence of the consumers' pent-up demand. This, we feel, will drive them towards retail stores they trust. We are optimistic that value-led offerings, which are central to our proposition, will draw consumers to V-Mart stores in even bigger numbers than before.

To drive cash preservation, our focus will be around further optimising resources, operating costs and exploring innovative models. We are strategically focussed on sustaining the growth journey in our strong markets, leveraging the unprecedented digital penetration, and scaling up Omnichannel operations by introducing new offerings and expanding our footprints across e-commerce marketplaces.

While the dynamic uncertainties may impact the stock price in short-term, our record of delivering consistent performance over the years is the testimony of our commitment, where we stand strong in long-term wealth creation for our stakeholders.

Your Company consistently complies with corporate governance, monitors and improves risk controls, while diversifying its vast pool of talent and tech implementation.

The crisis has made us stronger and more resilient and coupled with the hard work of the team as well as our organisational capacity and capability, we shall pursue accelerated growth and reach greater heights in the years ahead. As 'Living with less' becomes a necessity in times of financial hardship, we, at V-Mart, shall continue to invest in innovative and newer ways of creating enhanced value for all our stakeholders. We believe this will earn us even more trust and goodwill in the coming years.

We will continue to make those investments we believe would give us a significant edge and market leadership in the long term, rather than solely focussing upon short-term gains. We will continue hiring, nurturing, retaining and grooming an exceptionally devoted workforce. And yes, we will continue our unwavering focus on customers by creating compelling experiences, both at our stores, and online.

We continue to experiment and expand to new horizons, and take V-Mart to places where it has never been before, along with your enabling support. Further, to safeguard the ROCE, and to enable future plans, we are creating new avenues, along with a tremendous digital thrust. Post raising funds from the QIP, our cash reserves have increased, which will help us fueling the future expansion. We reiterate our commitment to deploy these funds prudently and productively to accelerate the long-term growth of the Company.

On this note, on behalf of the Board, I would like to once again thank all of you, and wish you a safe and prosperous year ahead.

**Lalit Agarwal**

Chairman and Managing Director



# ROOTED IN STRONG BELIEFS

## INTRODUCING V-MART RETAIL LTD.

A value retail chain rooted in strong ethos and beliefs, V-Mart offers fashion apparel, footwear, home furnishings, general merchandise and kirana for the complete family. Led by the concept of 'value retailing', the Company caters to the needs of the value and fashion conscious consumers living in tier II, III and IV cities across India.

- Our business model is attuned to the evolving aspirations of the rapidly-expanding middle class for affordable, high-quality fashion
- We are strategically focussed on providing unparalleled shopping experience to customers in untapped markets
- We deliver the enhanced customer experience by providing fashion-oriented & modern ambience of a large retail mall in our markets
- Our 'Price less fashion' principles is driving V-Mart's consistent efforts to continuously nurture stakeholder trust and deliver sustained value

Founded in 2002, V-Mart has consistently delivered a differentiated experience to its growing customer base through relevant products, with an optimal mix of private and market labels.




### Our Vision

Create value and make our ecosystem proud.



### Our Mission

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



ROOTED IN STRONG BELIEFS - INTRODUCING V-MART RETAIL LTD.



Our Core Values



**CUSTOMER CENTRICITY**

We Act with a *'Customer First'* mindset

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



**COMMITMENT**

We *Consistently Own and Strive* to Achieve V-Mart's Goals

- Meeting deadlines, as committed
- Going the extra mile by demonstrating complete ownership of assigned tasks
- Not accepting sub-standard output from self, colleagues, business partners or vendors



**AGILITY**

We Act with *Speed to Learn*, Adapt and Execute

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

ROOTED IN STRONG BELIEFS - INTRODUCING V-MART RETAIL LTD.



Our Core Values



**PRUDENCE**

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

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



**INTEGRITY**

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

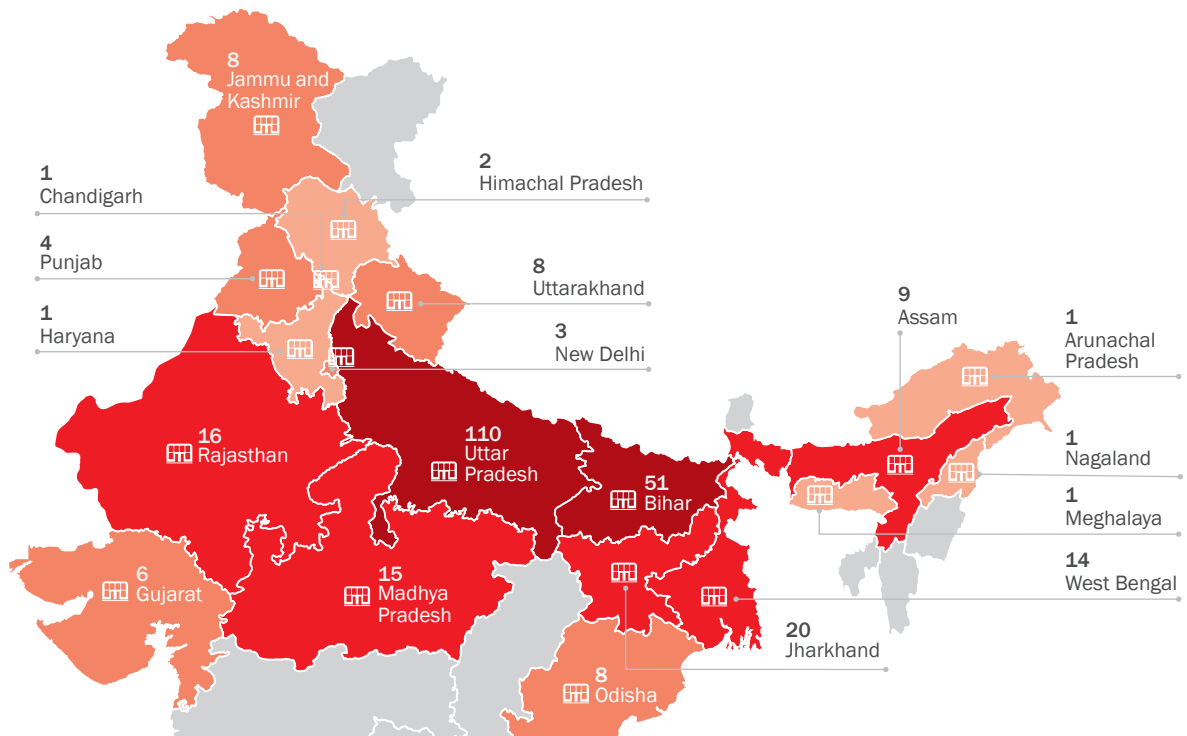
- Holding self and others accountable to the company's code of conduct pertaining to colleagues, customers, vendors and business partners
- Putting the organisation's interest over that of the team and self
- Maintaining confidentiality of business-sensitive information and plans, internally and externally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



# GEOGRAPHICAL SPREAD

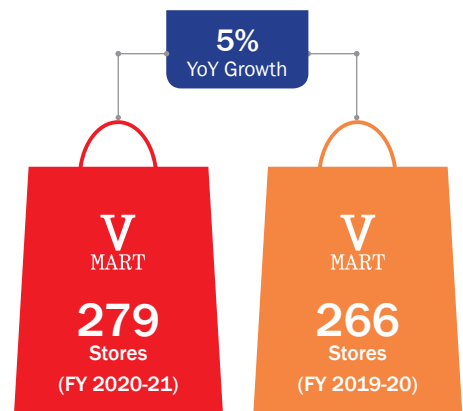
Our business operations are located in northern, central, western and eastern parts of India.

<p><b>279</b> Stores</p>	<p><b>189</b> Cities</p>	<p><b>22.99</b> lakhs sq. ft. Total area</p>	<p><b>8,000</b> Sq. Ft Average store size</p>
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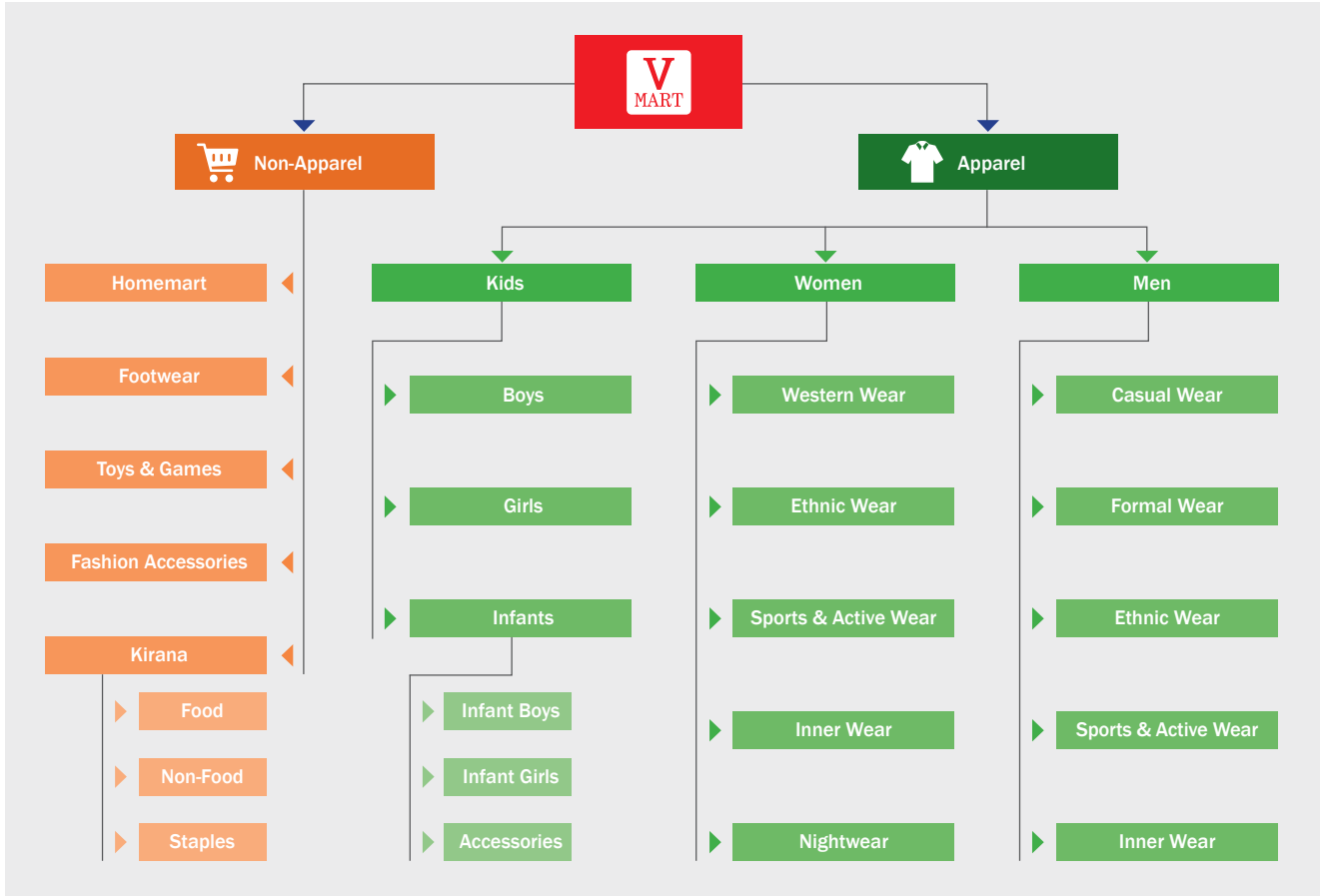


Map not to scale

In line with its expansion plans, the Company raised funds through a QIP during FY 2020-21 with the objective of opening new stores, expanding the distribution centres, strengthening working capital and meeting general corporate purposes.



# OUR BUSINESS VERTICALS



# OUR COMPETITIVE STRENGTHS

Our deep understanding of the aspirations and needs of India’s evolving middle class has enabled us to build a strong core of competitive strengths. These strengths are continuously propelling our efforts to nurture the faith of our stakeholders, and inspire their sustained trust in our ability to deliver long-term, sustainable value.

<p>First mover advantage in tier II and tier III cities, targeting growth of the aspiring/middle class customer group</p>	<p>Wide range of diversified products as part of one-stop family shop concept, with pleasant ambience and modern shopping environment</p>	<p>Store proximity to catchment area, resulting into a closer understanding of diverse and local fashion needs</p>
<p>Strong and diversified procurement network, Standardised sourcing directly from regions where such products are widely available or manufactured</p>	<p>Comprehensive ERP backed supply chain management system, comprising planning, merchandising, sourcing, standardisation, vendor management, logistics, quality control, pilferage control, replacement &amp; replenishment</p>	<p>Strong relationships with our vendors, suppliers and manufacturers, to ensure smooth, efficient and uninterrupted supply of products, lean &amp; streamlined inventory</p>
<p>Strong &amp; scalable IT infrastructure, with well-defined systems &amp; processes; designed to support growing operations</p>	<p>Experienced Management, dedicated professionals with strong &amp; diverse execution expertise</p>	<p>Competitive lease rentals, which are sustained through a win-win business association with our landlords</p>





# BUILDING TRUST

Showing exceptional resilience, we responded with remarkable agility to adapt to the fast-paced transformations in the external environment. We harnessed our understanding of the evolving market and consumer trends to reorient our strategic approach to the new realities. We augmented our capabilities and leveraged our competitive strengths to nurture stakeholder trust and ensure value creation, through innovative initiatives. Our efforts translated into notable achievements during the year.



BUILDING TRUST

## A GLANCE AT OUR GROUND-BREAKING INNOVATIONS IN FY 2020-21

### INTRODUCTION OF NEW STORE FORMATS

As part of our efforts to continue refining our store model in tandem with transforming desires of our target customers, we pioneered two new formats to help us reach out to a larger base of potential customers, including in the newer markets.

- Fashion Dial-Up (FDU): Focussed on Gen Y, Gen Z, consumers, with a more trendy fashion-focussed store ambience and merchandise
- Value Dial-Up (VDU): Centred on rural customer, typically residing in or frequently visiting tier III and IV towns, offering basic and core fashion merchandise

### LAUNCH OF RETAIL PORTAL & HOME DELIVERY

To cater to the growing e-commerce footprint and demand for home delivery during the pandemic crisis, we brought our offerings to the customer's doorstep

- www.vmartretail.com: Along with our shopping mobile application, V-Mart Retail portal offers ease of shopping from the convenience of the customer's home. When a customer places an order online through our app or website, it is routed to the nearest V-Mart store for fulfilment
- Home Delivery: Home delivery of essential items through our Kirana vertical provided doorstep service to customers amid the pandemic



**20**

New Stores Opened in FY 2020-21

### GREAT PLACE TO WORK

V-Mart was certified Great Place to Work in FY 2020-21 – the second year in a row it has won the laurel.



### CUSTOMISED VENDOR PORTAL

V-Mart Vendor Portal: Provides a one-stop window for our vendor partners to seamlessly manage their business communications, processes, payments, etc.

### V CARE

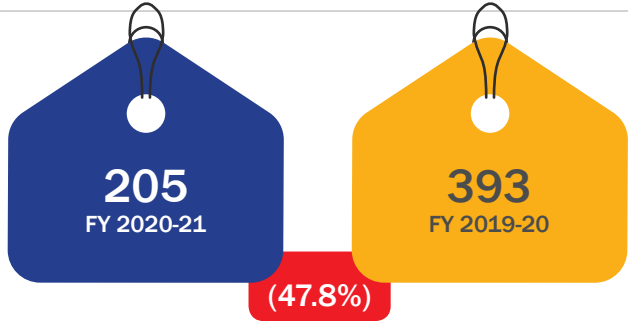
- Reaching out to our loyal customers with personalised offers based on their shopping behaviour, frequency, etc.
- We analyse the purchase behaviour of our customers in line with external environment. The insights derived are utilised to curate innovative and personalised targeted campaigns with an aim to drive repeat walk-ins, thereby increasing customer lifecycle as well as brand connect. Focus is laid on creating opportunities to cross-sell and up-sell by personalising content basis favourite & complimentary products, RFM & latency, and discount behaviour & preferred regional language. Multiple traditional and contemporary communication channels such as SMS, WhatsApp, Facebook, Instagram, Google Network are utilised for better reach and connect with the customers
- Introduced V-Truck in the first phase of lockdown for our customers who were not able to step out because of various restrictions and lack of transportation. More than 100 V-Trucks were out in the market, bringing the 'store to the customer' so that they could buy the necessities and essentials at their convenience
- Mobile billing to enhance customer trust: Our store teams went all out to educate and inspire customers to make mobile payments. To facilitate this, our teams have been actively engaged in registering their mobile phone numbers. This has led to a higher checkout efficiency and increased customer trust

### COVID CARE

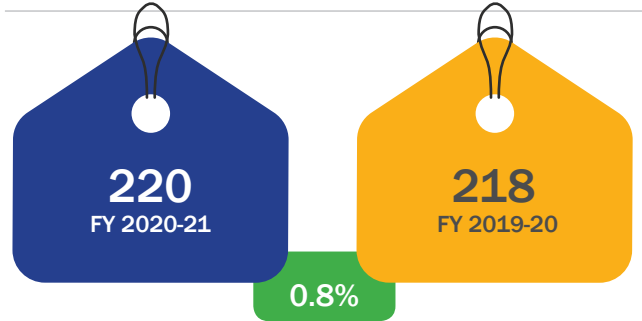
- At the peak of the lockdown last year, we supported 1.25 lakhs beneficiaries by free food distribution to help them wade through that tough phase

# OPERATIONAL HIGHLIGHTS

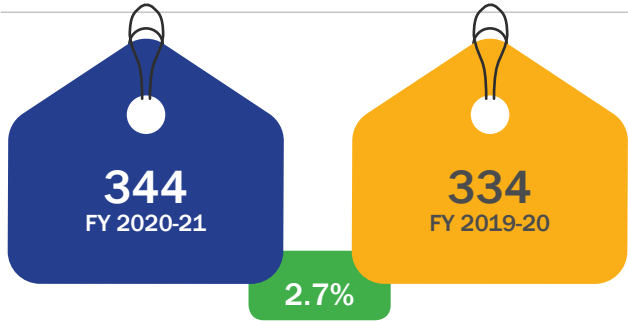
TOTAL FOOTFALLS (IN LAKHS)



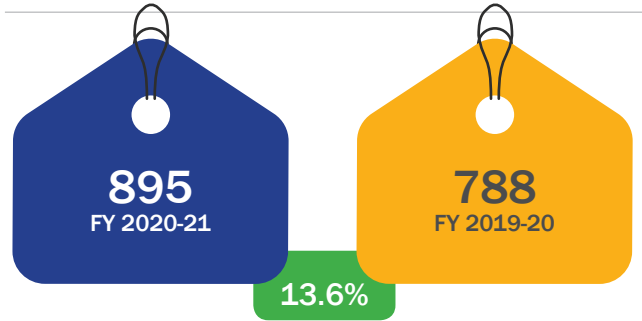
AVERAGE SELLING PRICE (RS PER UNIT)



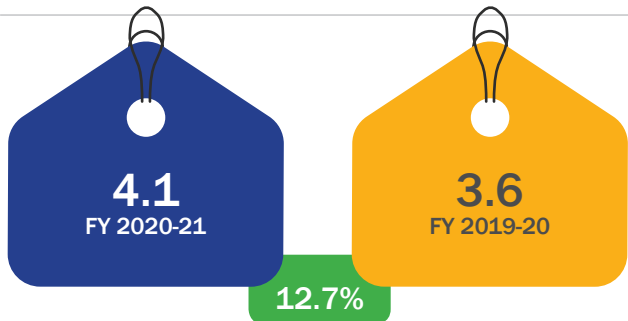
AVERAGE SELLING PRICE (FROM APPARELS IN RS)



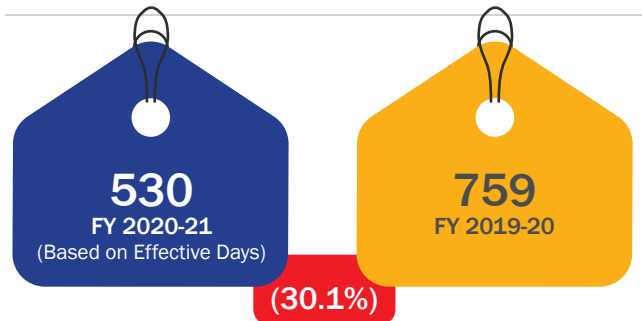
AVERAGE TRANSACTION SIZE (RS)



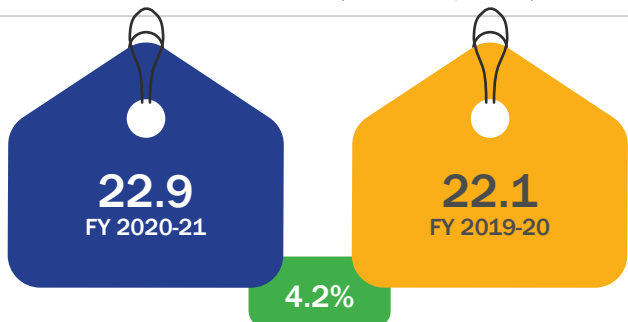
UNITS PER TRANSACTION



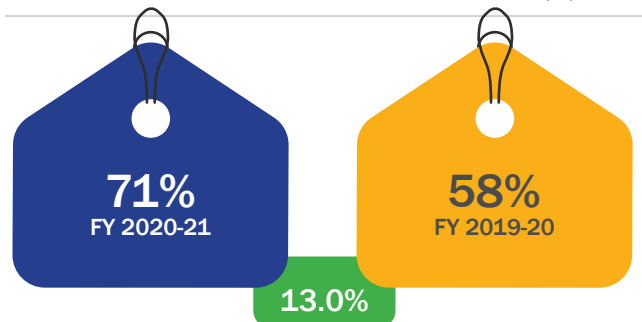
SALES PER SQUARE FEET (PER MONTH IN RS)



TOTAL RETAIL SPACE (LAKHS SQ. FEET)



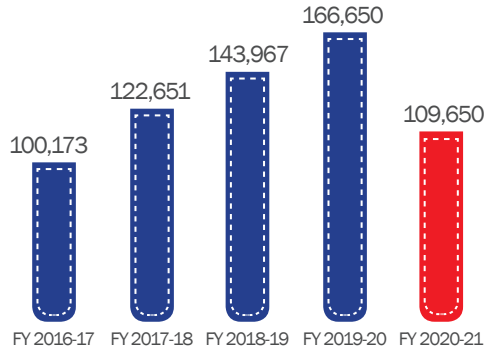
REPEAT SALES FROM LOYAL CUSTOMERS (%)



# PERFORMANCE SCORECARD

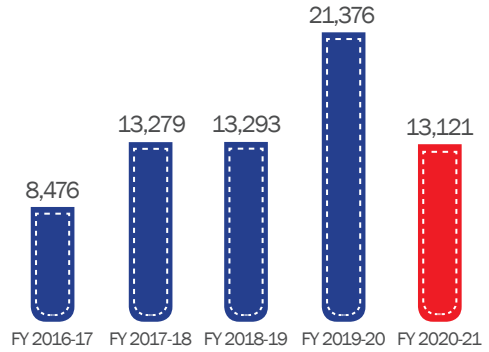
## TOTAL REVENUE

(Rs lakhs)



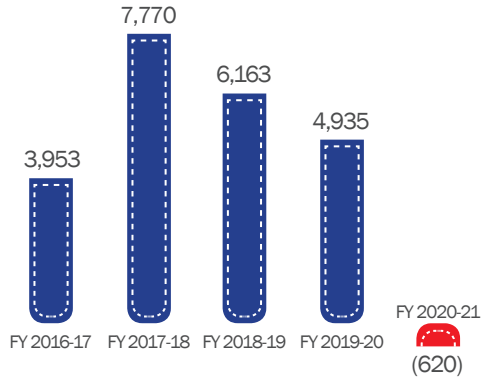
## EBITDA\*

(Rs lakhs)



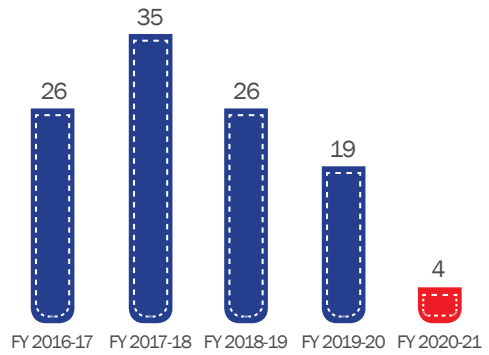
## PAT\*

(Rs lakhs)



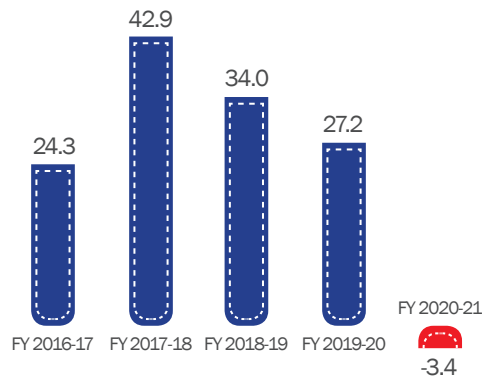
## ROCE\*

(%)



## EPS BASIC\*

(Rs)



\*All figures for FY 2019-20 and FY 2020-21 are calculated as per Ind AS 116

# SUSTAINING TRUST THROUGH THE COVID CRISIS

The COVID pandemic challenged the V-Mart business in unimaginable ways. It had an inconceivable impact on the organisation, and the lives of each of our stakeholders. Yet we did not bend or falter. We stayed on course with our expansion and growth plans, through timely and efficacious responses. Amid the crisis, we continued to partner, and work closely with, our vendors/distributors/employees, and the communities around us. We supported them in emerging stronger from the unprecedented crisis.

Our efforts ensured the sustenance of the trust of our entire stakeholder ecosystem in V-Mart and its cherished values.



**COVID IMPACT**

- As a result of the nationwide lockdown imposed by the government from March 2020 to May 2020, operations at the stores were completely shut down
- The various restrictions and regulatory orders at the state and district levels, including curbs on timings and operational hours, impacted customer mobility and transportation. Occasions like weddings and festivals were not celebrated with usual enthusiasm, thus further affecting footfalls and revenue
- Most of our expenses are fixed in nature, and we wanted to take care of our ecosystem by not squeezing them too much on the cost reduction side. As a result of this conscious decision, we took a hit on our profitability
- Despite ease in business activity after Q1 of FY 2020-21, key markets remained affected due to partial lockdowns

**OUR RESPONSE**



## SUSTAINING TRUST THROUGH THE COVID CRISIS

### FOR BUSINESS CONTINUITY



- Comprehensive training imparted to retail, managerial and leadership staff in areas of functional expertise, leadership and safety norms to maintain business continuity
- Effectively leveraged centralised ERP system for recording and monitoring the business & financial transactions
- Work from home framework developed to support business operations
- Focussed on cash conservation, cost reductions
- Discharging operational expenses and ensuring optimum availability of working capital
- Responsibly leveraging the working capital arrangements with banks to maintain liquidity and safeguard the interest of all stakeholders

### FOR STAKEHOLDER ECOSYSTEM



- Honoured financial commitments to employees & other stakeholders despite financial challenges
- SOPs in place at stores and workplaces, to ensure the safety of employees and customers, health monitoring of 7,000+ employees
- Early implementation of company-wide work-from-home measures, with person-level daily 'roll call'
- No employee laid-off due to pandemic, continuous partnership maintained with all stakeholders and vendor base, supported with payments in instalments at regular intervals
- Invested in building & ensuring physical, mental and emotional well-being by conducting a series of fitness, counselling, management and knowledge sessions digitally

### FOR COMMUNITY



- Centralised warehouse in Haryana, which maintained minimal operations during lockdown to support the few functional stores selling essentials, as well as our CSR activities
- Front-line store teams distributed food supplies to thousands of stranded migrants, slum dwellers and other needy segments daily, as part of CSR
- Set up free COVID Care facility in Gurugram in association with Indian Air Force and other corporates, also provided food, medicines, Oxygen support for patients in the city
- Started a mobile medical unit for shifting any patient from the COVID Care Centre to the hospitals



### GOING FORWARD

- Temporal effect of 2<sup>nd</sup> surge abating and no adverse impact expected on long-term operations due to strong visibility of adequate resources
- Have sufficient working capital arrangements to meet operational requirements on a sustained basis
- Credit ratings reaffirmed, leading to adequate liquidity measures by the Company to ensure the availability of financial resources for sustaining temporary COVID impact
- Pent-up consumer aspirations expected to revive from Q2 of FY 2021-22 after ebbing of second COVID wave
- Consumers likely to focus towards the stores they trust, with greater emphasis on value-led purchases
- Consumers likely to indulge in more online shopping, as a habit-forming phenomenon among large segment of apparel buyers

# NURTURING FAITH THROUGH VALUE CREATION ACROSS CAPITALS

We remain committed to making strategic investments across our business capitals to ensure sustained and long-term value creation.

## Financial Capital

### OUR FINANCIAL CAPITAL IS:

- Our equity investment from shareholders
- Surplus arising from business operations
- Funding from debt providers

The funds raised from investors through our QIP during FY 2020-21 endorsed their deep-rooted faith in our business model and strengths. They enabled us to ensure business continuity and stay on course of our expansion plans in a highly challenging ecosystem.

**Rs 107,546 lakhs**

Turnover

(Rs 166,202 lakhs in FY 2019-20)

**Rs (620) lakhs**

PAT

(Rs 4,935 lakhs in FY 2019-20)

**Rs 13,121 lakhs**

EBITDA

(Rs 21,376 lakhs in FY 2019-20)

**4%**

ROCE

(19% in FY 2019-20)

## Intellectual Capital

### WE HAVE A LARGE REPOSITORY OF:

- Differentiated and relevant products, designed to enhance customer experience and enlarge our customer base
- Knowledge strength, systems, processes and technology aimed at driving innovation-led growth

We are continuously strengthening our Intellectual Capital to augment our organisational capabilities, people expertise and skills. We further invested in augmenting our people strength during FY 2020-21, to enable their seamless adaptation to the new normal and equip them to address the changing aspirations and demands of customers.

**8**

No. of key private labels

**52%**

Contribution of private label in apparel sales

## Manufactured Capital

### WE STAY CONSISTENTLY FOCUSED ON:

- Opening new stores, renovating existing stores, as well as strengthening our warehouse and logistics infrastructure
- Aligning our manufactured capital investments to stakeholder needs to ensure the reliability of business operations and supporting scalability for long-term growth

The pandemic did not affect our expansion plans, and we continued to expand our retail footprint during the year. We added 20 new stores, growing the total retail area by 4% YoY, to 23 lakhs sq. feet.

**279**

No. of stores

(266 stores in  
FY 2019-20)

**23.0 lakhs square feet**

Total retail space

(22.1 lakhs square feet in  
FY 2019-20)

**Rs 18,073.3 lakhs**

Total fixed assets

(including Cap. WIP)  
(Rs 17,493 lakhs in FY 2019-20)

**Rs 1,354 lakhs**

Investment for enhancing  
supply chain infrastructure

NURTURING FAITH - THROUGH VALUE CREATION ACROSS CAPITALS

Social and Relationship Capital

WE REMAIN COMMITTED TO NURTURING OUR DEEP-ROOTED RELATIONSHIPS BY:

- Building on the customer trust quotient we have developed through our promise of honest prices and quality merchandise
- Investing in the sustenance and well-being of our vendors and the local communities, for the promotion of shared trust and values

We are cognisant of the harsh impact of the pandemic on the businesses of our vendor/supply chain partners, as well as the lives of the vulnerable communities around our areas of operation. During the year, we undertook several measures to sustain and strengthen our relationships with them.

**660**

No. of active suppliers (of Apparel)  
(653 in FY 2019-20)

**23%**

Of products sourced locally from mid-size businesses  
(25% in FY 2019-20)

**>22,000**

Total CSR beneficiaries  
(>13,000 in FY 2019-20)

**Rs 330.7 lakhs**

Total CSR spend  
(Rs 109 lakhs in FY 2019-20)

**71%**

Of revenue from repeat customers  
(58% in FY 2019-20)

Human Capital

WITH OUR PEOPLE CRITICAL TO OUR BUSINESS PLANS, WE ARE CONTINUOUSLY:

- Promoting their well-being, growth and career progression, with a people-friendly organisational culture
- Focussing on attracting, retaining and nurturing talent to drive performance excellence, through skill development & welfare initiatives

While helping our people stay safe during the year, we also facilitated their seamless transition to the new work normal, to maintain a high level of employee trust in the organisation.

**22%**

Women in workforce  
(23% in FY 2019-20)

**6,731**

No. of customer sales associates and store managers  
(7,116 in FY 2019-20)

**6,439**

No. of employees trained  
(5,575 in FY 2019-20)

**85**

Trust Index  
(84 in FY 2019-20)

Natural Capital

WE REMAIN COMMITTED TO:

- Making prudent and efficient use of natural resources to minimise the environmental impact of our business
- Doing business in an environmentally sustainable manner to sustain our business activity in the long term, while protecting the ecosystem for the future generations

During the year, we invested further in fostering our environmental capital to boost efficiencies in the key areas of our business.

**Rs 2,602 lakhs\***

Electricity consumption  
(Rs 3,493 lakhs in FY 2019-20)

**Rs 639 lakhs\***

Fuel consumption  
(Rs 1,319 lakhs in FY 2019-20)

**68%\***

Cartons reused  
(64% in FY 2019-20)

\* Reduction in resource consumption is primarily attributed to lesser operational days in FY 2020-21

# BELIEVING IN COLLECTIVE GROWTH

## OUR VALUE CREATION APPROACH

Our sustained focus on ensuring continued value creation and delivery enabled us to remain on track with our journey of excellence in the challenging environment of FY 2020-21. The pandemic situation demanded unmatched response from businesses across sectors and segments. It necessitated a ‘never-say-die’ spirit to survive, sustain and grow in the embattled macro-environment that prevailed through the year.

At V-Mart, our commitment to the creation of value for all our stakeholder groups enabled us to maintain their trust in these testing times.



### OUR VALUE CREATION APPROACH IS CENTRED ON DOING MORE WITH LESS BY:

- Sustaining and benefiting all stakeholders in our ecosystem
- Leveraging our pioneering business model
- Addressing materiality issues, strategic risks and opportunities

### IT IS DEMONSTRATED IN OUR:

- Focus on consistent track record of growth and profitability
- Efficient operating metrics
- Presence in various high growth states with focus on tier II/III/IV cities
- High brand recall, coupled with deep understanding of consumer preferences
- Sourcing & vendor management capabilities

BELIEVING IN COLLECTIVE GROWTH - OUR VALUE CREATION APPROACH



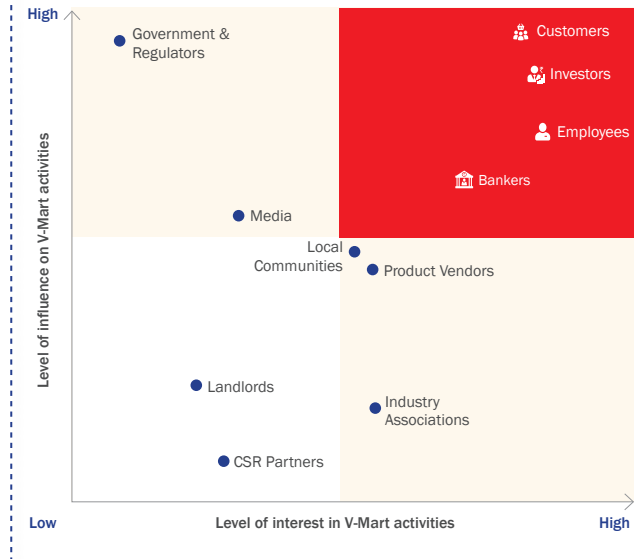
# NURTURING HOLISTIC TRUST

## STRENGTHENING STAKEHOLDER ENGAGEMENT

At V-Mart, we are committed to continually nurturing the faith of our stakeholder ecosystem in our brand credibility and organisational robustness. We are concerted on meeting the aspirations not just of the customers but also our employees, as well as vendors, business partners, investors, shareholders and the larger communities. We remain closely connected with them, with the overarching objective of inspiring their trust through visionary and innovative initiatives.

At V-Mart, we refused to quit despite the back-breaking challenges that we faced at every step of our journey of creating and delivering sustained value to all our stakeholders. Instead, we chose to respond with strategic investments in promoting shared value. Our commitment to the creation of value for all our stakeholder groups enabled us to maintain their trust in these testing times.

### OUR MATERIALITY MATRIX



### MATERIALITY ASSESSMENT



#### Material Economic Issues

- Sustainable long-term growth
- Sustained profitability through resource optimisation and cost & operational efficiencies



#### Material Governance Matters

- Strong compliance with regulations
- Gender diversity on Board



#### Material Social Issues

- Ensuring health and safety
- Continuous skill & capability development
- Workforce diversity
- Employment to underprivileged sections of the society
- CSR outreach to vulnerable communities





#### Material Environmental Issues

- Water conservation
- Optimising power consumption
- Carbon footprint reduction
- Single-use plastic consumption
- Sustainable packaging





NURTURING HOLISTIC TRUST - STRENGTHENING STAKEHOLDER ENGAGEMENT

HOW WE ARE ENHANCING TRUST ACROSS STAKEHOLDER GROUPS


Stakeholder group	What they tell us	How we respond	Why we engage	How we engage
 <p><b>CUSTOMERS</b></p> <p>We served <b>65.14 lakhs</b> customers in FY 2020-21</p>	<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Trendy/ contemporary fashion for entire family</li> <li>• Quality products</li> <li>• Shopping convenience</li> <li>• Multiple buying choices</li> <li>• Safe experience</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent pricing</li> <li>• Latest fashion, matched to market trends</li> <li>• Best-in-class products</li> <li>• Store accessibility</li> <li>• Safety protocols (SOPs)</li> <li>• Pleasing and comfortable ambience</li> <li>• Omnichannel expansion</li> </ul>	<ul style="list-style-type: none"> <li>• To track their needs and aspirations on continuing basis</li> <li>• To improve their V-Mart experience</li> <li>• To deliver to their aspirations</li> <li>• To provide sustained value &amp; trust</li> </ul>	<ul style="list-style-type: none"> <li>• Personal interaction</li> <li>• Advertising &amp; marketing campaigns</li> <li>• Store events</li> <li>• Social media communities</li> <li>• Web portal – <a href="http://www.vmartretail.com">www.vmartretail.com</a></li> <li>• QR code-based grievance redressal mechanism</li> <li>• Periodic customer surveys</li> </ul>
 <p><b>EMPLOYEES</b></p> <p>Our tech portal, Alt Learning, has imparted <b>40 hours of training</b> to each employee in 2020</p>	<ul style="list-style-type: none"> <li>• Fair pay and incentives</li> <li>• Decision-making authority</li> <li>• Workplace safety with flexibility amid pandemic</li> <li>• Learning and development opportunities</li> <li>• Career progression</li> <li>• Pride in working for fair and ethical employer</li> <li>• Rewards and recognition</li> <li>• Stable business performance</li> </ul>	<ul style="list-style-type: none"> <li>• Fair compensation</li> <li>• Performance-linked incentives &amp; bonus</li> <li>• Employee Stock Option Plans (ESOPs)</li> <li>• Employee-friendly HR policies</li> <li>• SOPs &amp; guidelines for health &amp; safety</li> <li>• Work-from-home, flexible attendance etc</li> <li>• Ethical and transparent corporate governance framework</li> <li>• Decentralised organisation</li> <li>• Track record of performance</li> </ul>	<ul style="list-style-type: none"> <li>• Be an employee of choice in value retailing segment</li> <li>• Enhance value for employees</li> <li>• Nurture employee trust in the organisation</li> <li>• Build a collaborative and empowered culture for inclusive growth</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing skill and capability development programmes</li> <li>• Virtual townhalls &amp; inter-personal engagement with top leadership team</li> <li>• Regular Mailers, WhatsApp, Social Media and other communication</li> <li>• -Strong feedback mechanism, surveys</li> <li>• Digital platforms, HRMS, secure messaging app</li> <li>• Family events/ celebrations, Kids' Camp during pandemic</li> </ul>

NURTURING HOLISTIC TRUST - STRENGTHENING STAKEHOLDER ENGAGEMENT

Stakeholder group	What they tell us	How we respond	Why we engage	How we engage
 <p><b>SHAREHOLDERS</b></p> <p>We delivered an <b>ROCE of 4%</b> in FY 2020-21, despite a challenging operating environment</p>	<ul style="list-style-type: none"> <li>• Good return on Investment, positive cash flows</li> <li>• Clear long-term strategic vision &amp; direction, value creation drivers</li> <li>• Regular &amp; transparent communication on performance &amp; market developments</li> <li>• Ethical systems, strong risk-mitigation measures</li> </ul>	<ul style="list-style-type: none"> <li>• Track record of industry-leading &amp; stable EBITDA &amp; ROCE</li> <li>• Robust balance sheet, strong liquidity with zero debt</li> <li>• Steady revenue growth</li> <li>• Steering store expansion, operational &amp; cost efficiencies</li> <li>• Increasing same store sales growth</li> <li>• Ethical &amp; transparent business policies</li> </ul>	<ul style="list-style-type: none"> <li>• Regular communication &amp; transparent updates on business</li> <li>• Ensuring fair trading of V-Mart shares at reasonable value, with clarity on opportunity &amp; risks</li> <li>• Alignment to globally benchmarked practices</li> <li>• Engaging closely to nurture sustained trust</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor &amp; financial analyst meets/ conferences</li> <li>• Quarterly investor/ analyst calls</li> <li>• Integrated annual report with clear articulation of value creation story</li> <li>• Media interactions/ briefings</li> <li>• Press Releases</li> <li>• Website/Social media investor communication platforms</li> </ul>
 <p><b>SUPPLIERS</b></p> <p>We had <b>660 active apparel suppliers</b> as on March 31, 2021 (653 in FY 2019-20)</p>	<ul style="list-style-type: none"> <li>• Regular &amp; timely payments</li> <li>• Transparent contracts/ agreements with beneficial terms &amp; conditions</li> <li>• Strong cash flow &amp; liquidity</li> <li>• Sustainable long-term relationship</li> <li>• Value-led growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Regular payments even during pandemic</li> <li>• Fair &amp; transparent contract clauses &amp; business policies</li> <li>• Ongoing quality inspection and training</li> <li>• Promoting MSMEs, small businesses</li> <li>• Local sourcing, backed by efficient supply chain management</li> <li>• Collaboration on innovative and cost-efficient designs/ collections</li> </ul>	<ul style="list-style-type: none"> <li>• To deliver on our promise of quality value fashion for customers</li> <li>• On-time availability of raw material/ merchandise</li> <li>• Enhance differentiated fashion for family proposition</li> <li>• Promote best practices in supply chain</li> <li>• Enable sustained vendor trust &amp; confidence</li> <li>• To comply with laws such as prohibition of child and contract labour and environment, among our suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Regular supplier-buyer meetings</li> <li>• Supplier code of conduct and sustainability audits</li> <li>• Online vendor portal</li> <li>• Initiatives for welfare/ development of suppliers/vendors</li> <li>• Annual supplier conference</li> <li>• Quick vendor grievance redressal</li> <li>• Involvement in local store-level events/ initiatives</li> </ul>



## NURTURING HOLISTIC TRUST - STRENGTHENING STAKEHOLDER ENGAGEMENT

Stakeholder group	What they tell us	How we respond	Why we engage	How we engage
 <p><b>LOCAL COMMUNITIES</b></p> <p>More than 22,000 people benefited from our CSR programmes in FY 2020-21 (more than 13,000 beneficiaries in FY 2019-20).</p>	<ul style="list-style-type: none"> <li>Enhanced quality of life, education</li> <li>Livelihood &amp; skill development</li> <li>Job opportunities</li> <li>Affordable but contemporary quality products</li> <li>Healthy &amp; safe environment</li> </ul>	<ul style="list-style-type: none"> <li>Local hiring from among the underprivileged</li> <li>Providing job-specific skill training</li> <li>Giving medical/healthcare support amid COVID</li> <li>Distributing essential commodities to needy families</li> <li>Developing &amp; supporting community &amp; sports infrastructure</li> <li>Scholarships to meritorious underprivileged students to pursue education</li> </ul>	<ul style="list-style-type: none"> <li>Community development for sustainable business growth &amp; brand visibility</li> <li>Promoting a culture of inclusive progress</li> <li>Growing organisational morale</li> <li>Ensuring holistic stakeholder trust in Company's credentials</li> </ul>	<ul style="list-style-type: none"> <li>Community-centric CSR initiatives</li> <li>Involvement of employees in local CSR outreach programmes</li> <li>Partnering with NGOs for long-term CSR programmes in key areas of Health, Education, Livelihood creation, Infrastructure development</li> <li>Providing disaster relief &amp; support to affected communities</li> </ul>





# ENHANCING STAKEHOLDER TRUST

## WITH ROBUST IT & DIGITAL STRUCTURES

Amid the prolonged COVID crisis, which exploded afresh towards the end of FY 2020-21, V-Mart stayed on course with its long-term future-driven growth plans. We harnessed our legacy strengths to scale our digital and omnichannel transformation, which we had unleashed in the previous fiscal. As consumers' demand for multiple buying options in an environment of personal safety and health assumed more importance, we launched new initiatives and platforms to enhance shopping ease, safety and convenience for customers.



ENHANCING STAKEHOLDER TRUST - WITH ROBUST IT & DIGITAL STRUCTURES

**OUR INNOVATIVE IT AND DIGITAL STRATEGIES DURING THE YEAR WERE AIMED AT:**

- Enhancing the confidence of customers in V-Mart as a trusted brand in the value retailing segment
- Bridging the COVID-induced distance with our vendors and suppliers through more empowering tools
- Deepening our engagement with our employees, to facilitate them in their transition to the new work culture



**STRONG TECHNOLOGY BACKBONE**

Our well-defined systems and processes, backed by our end-to-end Enterprise Resource Planning (“ERP”) software, form a vital element of our business operations. Our strategy is aimed at addressing multiple aspects like

secured connectivity and infrastructure, real-time information, and tools for financial management, as well as other management information systems.

- Our technology platform is highly scalable, with the potential for

growth of our operations with limited incremental costs

- It is designed to enable easy customisation as per the unique needs of niche customers in tier II, III, IV cities and towns

**Comprehensive & Integrated ERP**

- Our long-standing strategic partnership with the robust ERP solutions company ‘Ginesys’ offers flexibility and unique customisation opportunities. Ginesys, which has a strong inventory management module integrated with POS system, continues to be a strong and trusted partner to support V-Mart's fast growth, at the back of fast-paced Cloud adoption, remote working capabilities, significant investments, integrations and partnerships
- ‘Ginesys’ addresses multiple aspects - from procurement, setting up of new stores, managing day-to-day operations, as well as replenishment at stores and financial management, to enabling in-depth analysis of business operations, financial management and other management decisions
- Our integrated warehouse management solution 'INFOR' enables seamless automation of the supply chain and inventory management at the delivery centre
- We have automated planning, allocation and despatch of store merchandise to ensure the supply of the right product at the right time, with capabilities to meet the existing & future volumes of inventory across the existing and new stores
- We have developed more than 24 tools to strengthen our operations, including systems for addressing the requirements of our store requests
- We have put in place a comprehensive HR tech solution ‘PeopleStrong’, for handling Talent Acquisition, Talent Management, Learning & Development, Bot-based Communication and Human Capital Management

**Automated Decision Support**

- Our data and analytics-driven operations are supported by "Exago" MIS, along with automated reporting tool and "Tableau" BI tool, each serving hundreds of reports & dashboards
- We have solution for comprehensive analysis of the data on the operations of the Company, enabling robust controls for the stores, the supply chain and financial management
- We have been actively exploring emerging retail technologies, and have implemented the workflow digitisation solution ‘Wooqer’ to support our store and business operations

**Robust IT Infrastructure & Security**

- We have a robust and secured data centre along with AWS-based cloud services to support the scale and pace of growth we have envisaged
- A strong networking & security infrastructure is in place to reliably support our store operations in deep pockets of India
- We are using Google-suite services to seamlessly communicate & collaborate across the organisation

## ENHANCING STAKEHOLDER TRUST - WITH ROBUST IT & DIGITAL STRUCTURES

### DRIVING OUR OMNICHANNEL TRANSFORMATION

In sync with how our customers are evolving, our Company is actively driving its transformation to be an omnichannel retailer by designing and adopting omnichannel-ready processes, capabilities, and digital infrastructure. This transformation is aimed at providing customers with a seamless 'V-Mart experience', whether shopping online (from a laptop/desktop/mobile device) or in a brick-and-mortar store. The COVID-19 pandemic has further accelerated our omnichannel transformation to be future-ready for our customers.

#### OPPORTUNITY

- Change in customer buying behaviour due to COVID-induced lockdowns and hyperlocal distribution model
- Emergence of distribution alliances and omnichannel strategy as key to business growth

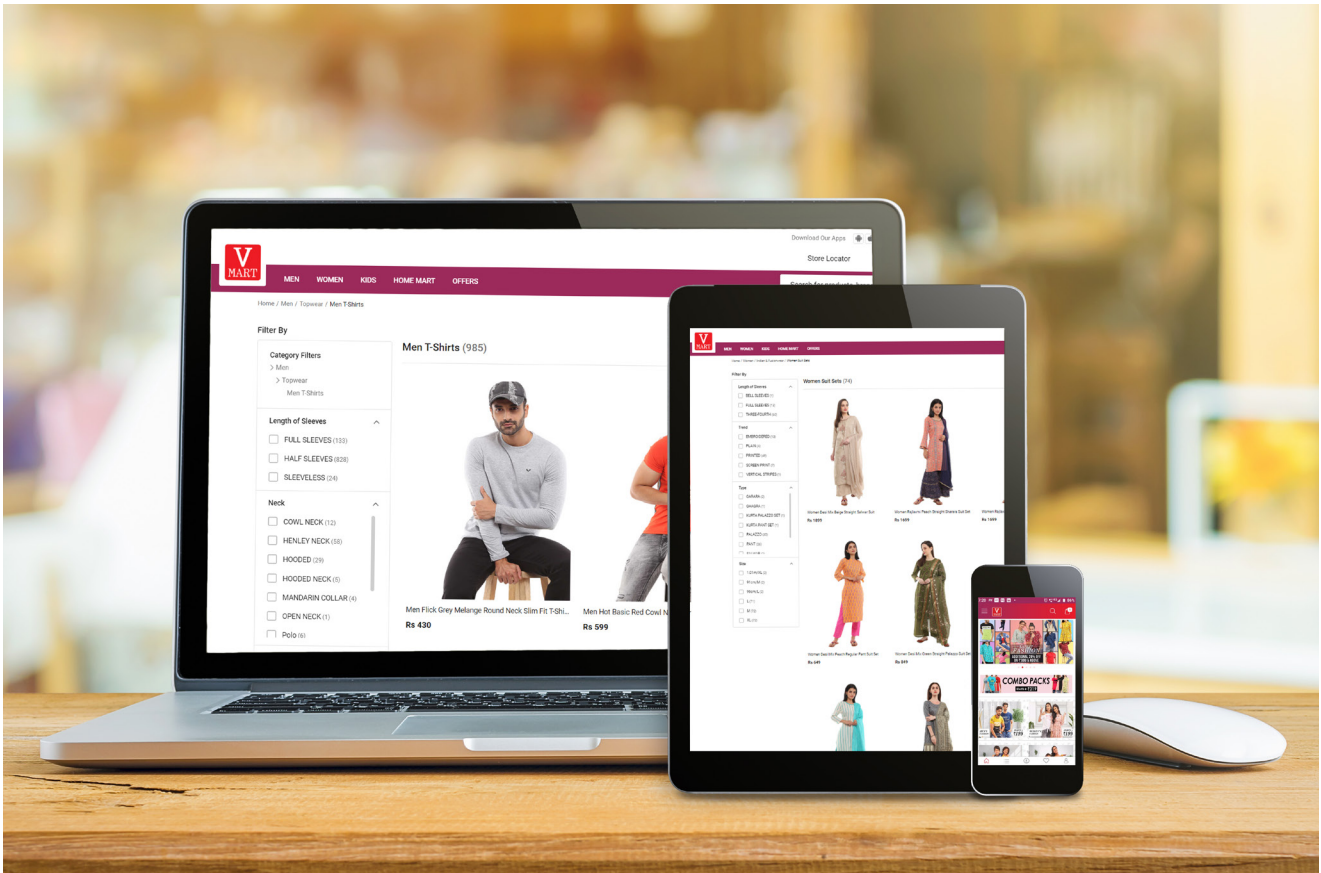


#### RESPONSE

- Strengthening of technology backbone to make it more capable of supporting store and Omnichannel expansion
- Accelerated adoption of digitalisation across organisational & stakeholder ecosystem
- Use of Data & Analytics for better product assortment, higher customer satisfaction, employee satisfaction



<https://www.bloomberqint.com/business/lockdowns-have-changed-consumer-buying-behaviour-omnichannel-strategy-key-to-biz-growth-report>



## ENHANCING STAKEHOLDER TRUST - WITH ROBUST IT & DIGITAL STRUCTURES

### NEW IT TRANSFORMATION INITIATIVES

- Revitalisation of the Omnichannel platform through creative & compelling products and shopping experience
- Offering home delivery to customers
- Improving the website and mobile app interface for a better customer experience
- Launch of Online retail portal - 'www.vmartretail.com' and app on Google Play Store and Apple App Store to diversify & increase the customer base
- Foray into online marketplaces to reach out to new customers
- Launch of Vendor Portal to enhance vendor engagement and ease & support digital & improved procurement
- Optimal use of Cloud for better performance and scale
- Augmentation of Disaster Recovery platform
- Single sign-in to enable convenient and secured access to applications
- Enhanced security of entire IT ecosystem to facilitate remote operations
- Data modelling Tableau enhancement through AI/ML for gathering business intelligence to support CRM, new store opening (demand forecasting), SCM etc.
- Coupon Engine to provide instant gratification to customers – primary tool to bring customers back in festive periods, during campaigns etc.
- INFOR enhancement for better and leaner warehouse management
- Implementation of Transport Management System to track logistics
- Improvement in risk management systems for timely and more effective identification & mitigation of key risks

### IMPACT

**1.3 mn+**

No. of mobile app downloads

**4.75**

Improved delivery TAT

**40%**

Orders processed by employees working from home

**4%**

Reduced customer call drop

**70%**

Enhanced customer feedback score

**Seamless**

Customer return

**Plug and Play**

Hardware installation

### BEING 'ATMANIRBHAR'

Our evolution as a self-reliant (atmanirbhar) retail organisation has been a vital driver of our efficiencies and growth. Led by a self-sustaining approach, we collaborate with vendors for in-house development of our technological and digital capabilities. This approach helps us in reducing development and maintenance costs, creating differentiated processes and applications, and maximising RoE for our stakeholders.



# PROMOTING BRAND CONNECT

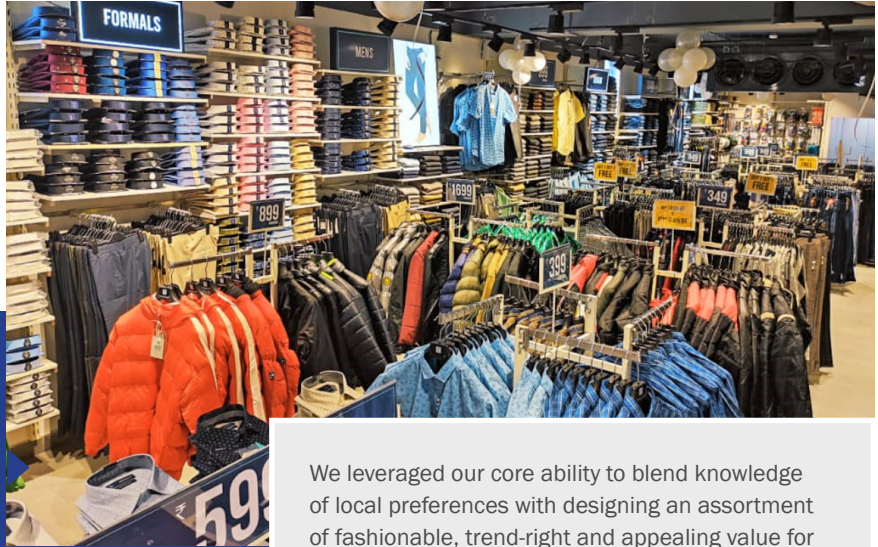
A key driver of our performance amid the transforming and competitive landscape in the COVID backdrop has been our ability to understand the pulse of the market and the consumers. Despite an uncertain economy and a challenging industry environment, we successfully capitalised on our core legacy of understanding the customers' preferences and their aspirations.



## PROMOTING BRAND CONNECT

As we gradually revived business operations to open our stores post the lockdown period, we moved with agility to create the right marketing strategy for the new reality. Innovating the right designs, developing the right store ambience, and providing our people the right training were the pivots of this strategy.

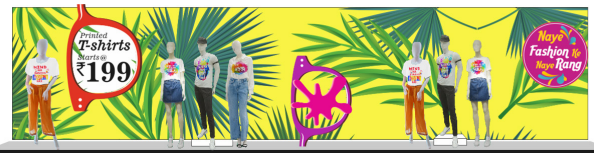
Our agile and responsive approach enabled us to expeditiously roll out this strategy, moving with renewed vigour to reimagine our brand and marketing strategy in line with the transformed reality.



We leveraged our core ability to blend knowledge of local preferences with designing an assortment of fashionable, trend-right and appealing value for money products. It enabled us to offer a refreshed range of products, targeting the right audience, supported by efficient inventory management and ensuring the availability of advertised merchandise.

## REFRESHING THE STORE LOOK

Challenging the conventional approach of displaying premium quality artisanal mannequins at the stores, we innovated a new in-house, environment-friendly, cost-effective yet appealing window display solutions to attract customers. Focal point, in-store display, occasion/season-based showcase etc. were all redesigned to create a more engaging consumer experience, and make it easier for the customer to navigate the store.



A 30-foot window artwork stood out as a unique and highly attractive element of our game-changing display solutions.



Our Fashion Dial-Up for the trendy Under-30 customer and Value Dial-Up for semi-urban and rural customer evoked massive response from our target groups.



PROMOTING BRAND CONNECT



**ECLECTIC PROMOTIONAL MIX**

To drive customer footfalls at the stores, we strategically adopted a highly competitive but creative mix of promotional campaigns centred on our 'value fashion' proposition. From cashback scheme to coupons, to in-store standees, store activations, lucky draws, etc, we launched multiple activities to attract and engage customers.



Even as we continued with our Above the Line (ATL) promotions through print, radio, TV advertisements and engagement with influencers, we strengthened our Social Media outreach. SMS and WhatsApp messages were also used extensively to reach out to customers.

We expanded our Below the Line (BTL) marketing ambit through various initiatives, such as V-Mart van, e-rickshaw, cable ads etc. Store media were also used extensively to engage with customers.

Our #breakfreelivefree campaign evoked an enthusiastic response from customers.

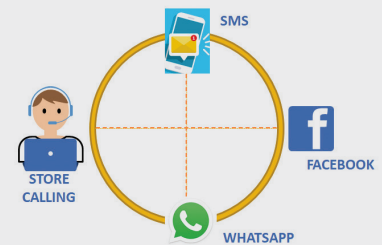


**DIGITAL CALL TO CUSTOMERS**

Digital became our tool, which we used extensively to raise the display bar on various special occasions, like the Valentine's Day. It was also deployed effectively to promote the V-Mart brand proposition and its multi-channel customer options, such as Omnichannel shopping, etc. Our young and talented professional and dedicated digital team not only met their operating performance goals but remained passionately committed to promoting our in-store and omnichannel sales.

**DEEPENING THE HYPERLOCAL CONNECT**

Our store teams worked closely with the marketing teams to devise hyper-local campaigns, basis our ability to predict and gauge the pulse of the local shopper. Personalised communication aided new user communication and customer retargeting in six big cities, reaching 33 lakhs new and 5 lakhs existing customers, in addition to 14,000 clicks.





# HAVING FAITH IN OUR PEOPLE

The V-Mart respond-renew-reimagine strategy was powered by its people, who pushed the scale of organisational excellence at every step of the challenging FY 2020-21. Responding to the initiatives and interventions launched by the Company to ensure business continuity, our employees moved with exceptional agility to adapt to the transformed scenario. They supported us in our efforts to stay on course of the Company's long-term vision and strategic charter. And we, in turn, steadfastly nurtured the faith of our extended family by staying connected, engaged and supportive.



## HAVING FAITH IN OUR PEOPLE

Our store staff ensured customer safety with a remarkable fervour. This included training on safety-related SOPs, sanitising the store on a regular basis, thermal scanning of every store entrant etc.



**BRIEFING STAFF DAILY**  
FOR CUSTOMER SAFETY



**MANDATORY THERMAL SCAN**  
FOR ALL CUSTOMERS



**ALL SURFACES SANITIZED PROPERLY BEFOREHAND**  
FOR CUSTOMER SAFETY



**SANITIZED CHANGING ROOM**

### OUR PEOPLE APPROACH

Putting people over profits, we adopted a flexible and personalised approach, amid the pandemic, to ensure employee health & safety, hiring & promotions, learning & development, training, engagement and sustained trust.

We listen to them

We respond to them

We engage with them

We nurture their trust

At V-Mart, FY 2020-21 was a year of strengthening the employee proposition through talent nurturance, capability & skill development, behavioural training, engagement enhancement, and digitalisation. Our focus was on ensuring safety, cultural realignment and growth opportunity for our people amid the new norms of functioning.

### HOW WE LISTENED

- Open sessions/forums conducted at various levels, across the hierarchy
- Knowledge sharing, ideas exchange forums
- Hearing their views before taking any important decision
- Request tracker for raising grievances
- One-on-one sessions at various levels
- Continuous feedback & employee engagement surveys



## HAVING FAITH IN OUR PEOPLE

### HOW WE RESPONDED

- **COVID safety measures:** Training on SOPs, Strict implementation of safety guidelines at stores/workplaces/ work-from-home
- **COVID care initiatives:** Hospitalisation of infected employees, COVID testing facility, Doctor consultations through Practo partnership, Grocery/food/ medicine kits, COVID leave, Insurance cover extended to COVID care & parental care, Flexi work hours, Vital communication & health tips through Zippi mobile chatbot
- **Financial support:** Immediate funds availability in case of hospitalisation, Financial advances/loans, Policy implemented for compensation in case of employee's death, compassionate job for eligible & needy family member, Financial counselling sessions, Overdraft benefits from salary bank account
- **Physical & mental well-being:** Virtual Fitness/Yoga/Zumba sessions. Pathology lab tie-ups, Health check-up camps, Mental counselling for individual employees
- **Learning & capability development:** Virtual in-house behavioural and functional training, open library of e-books created, skill development modules, Gurukul programme to enable long-term employees to pursue higher studies
- **Staff hiring:** Including campus placements through tie-ups with universities/institutes, online sessions and interviews, training by subject matter experts
- **Incentive schemes:** Such as R&R, performance-linked, appreciation, Prerna scheme and festival bonus

### HOW WE NURTURED TRUST

- Monthly townhall sessions to convey strong messages of reassurance from CMD
- Continuous investment in promoting Employee Trust Index
- Employees consulted before roll-out of certain new policies and processes, such as temporary salary cuts amid the pandemic
- Undertook assessments & promotions as soon as markets opened
- Succession planning initiated to develop transparent framework, assessment concluded for 400 employees
- Promoting a culture of diversity & inclusion and by being an equal opportunity employer - as on March 31, 2021, we had 99 employees with disabilities and 22% female employees
- Presence of Women and Independent Directors on Company's Board

### HOW WE ENGAGED

- Employee Connect programme with top leadership
- HR chatbot & calls to employees/ families to check on their well-being
- CMD calls to COVID infected employees
- Tracker by CMD to update employees on various counts
- Leadership talks
- Cross-functional employee engagement at workplace post reopening of business

### GREAT PLACE TO WORK

The GPTW certification reaffirms our commitment to employee welfare, well-being, development and growth. It endorses our people connect across the key metrics of Hiring, Welcoming, Inspiring, Listening, Grievances, Thanking, Developing, Wellness, Celebrating, Rewarding and Contributing to the lives of our people in many small and big ways. It manifests the behaviour to our Values in terms of Code of Conduct, Loss Prevention, Prevention of Sexual Harassment and Whistle Blower Policy.

We introduced the Value Champs Stories, through which employees who have demonstrated desired V-Mart core values, were recognised on an organisation-wide platform. Value Champs Stories are pivotal in our journey of institutionalising a value-based culture.

**22%**

Total women workforce



# INSPIRING THE FUTURE

**WITH ECOLOGICAL  
SUSTAINABILITY**

**W**ith environmental sustainability a key priority at V-Mart, we continue to committedly engage and invest in initiatives towards carbon footprint reduction. We are continually striving to raise awareness on climate change, and encourage the adoption of processes and practices that promote sustainability. We are focussed on constantly engineering innovative solutions and mitigation mechanisms to conserve the environment to make the future sustainable.



INSPIRING THE FUTURE - WITH ECOLOGICAL SUSTAINABILITY

**OUR KEY INITIATIVES IN THIS DIRECTION INCLUDE:**



**Energy Conservation**

Globally, the fashion and textile industry generates a humongous amount of warming as a result of the carbon and other types of waste/emissions. As an environmentally-conscious and prudent player, we operate with minimal fuel, electricity and water, and zero reusable plastic.

Our strict energy conservation SOPs at our stores resulted in total power savings of 26% last year. We have also put in place stringent power saving measures at our Head Office, which all employees comply with, thus yielding substantial reduction in our power bills. Some of these measures include switching off all power points at lunch break, and temperature sensors in all ACs to ensure periodic compressor cuts.

Motion sensor enabled lighting system has been installed in the aisles at the warehouse, so that the lights switch on only when the aisle is visited by a team member. Of the total 800 lights of 20 watts each at the warehouse, 740 lights are fitted with motion sensors. The initiative is helping save approximately 12% electricity units per month at the warehouse.

The savings in the consumption of fuel and electricity for FY 2019-20 vs. FY 2020-21 at stores level were 52% (Rs 680 lakhs) and 26% (Rs 892 lakhs), respectively.



**Water Conservation**

The daily water requirements at the V-Mart warehouse are met by the 20,000 litres capacity water storage tanks installed there. To save water, we have put in automatic water tank sensors that help prevent water wastage due to overflow during the refill process.

We have also installed an in-house water filtration system, catering to 600 staff members, to cater to the consumption demand of about 2,000 litres of drinking per day, which leads to generation of approximately 6,000 litres of waste water per day. The waste water is utilised in various day-to-day gardening and housekeeping activities, which minimises our dependence on water supply resources. We have deployed sensor-based water reservoirs, resulting in saving of 25% of our water usage (approx. 1,000 litres of water wastage/day).

We follow similar water conservation practices at the Head Office, and plan to shortly launch the same at all our stores.



INSPIRING THE FUTURE - WITH ECOLOGICAL SUSTAINABILITY



Waste Material

A significant amount of scrap metal material is received from our stores and also generated at our warehouse as a result of our business operations. We have arranged for our teams to use this scrap in the creation of warehouse storage space, such as conveyors, storage racks and tables. About 40

tonnes of scrap metal was thus reused in FY 2020-21.

To ensure more effective and safe management of the scrap, we segregate all our scrap waste and sell it to vendors who, in turn, sell it to manufacturing plants for reuse, especially for plastic and paper waste.

During FY 2020-21, we re-used 68% of all the cartons received from vendors and returned by the stores.

Carton Usage in Supply Chain: Earlier, V-Mart vendors were providing Merchandise in carton boxes of any size, restricting its further usage in the supply chain. We have now standardised the size of the boxes to be used by our vendors. This enabled us to reuse 68% of all the vendor cartons.

**Green Initiatives:** Cognisant of the contribution of plastic shopping bags and single-use plastics to the increasing pollution, we have eliminated their use completely from our stores and office environment. Not only has this reduced our plastic usage by several thousand pieces a year, but it has also helped us set a positive example for our consumers and colleagues. Led by our commitment

to completely eliminate single-use plastic from all our workplaces, we are switching from disposal cups/plates and straws to ceramic items, besides encouraging employees to bring their own sets to work.

While we were already encouraging the use of paper bags at all our stores, we are now striving to do away with even those by encouraging customers to bring their shopping bags or to avail cloth bags at a price from our stores.

As part of our go-green initiative, we have also vastly reduced paperwork, cutting it down by as much as 70% at our Head Office. We have adopted digital tools to minimise the usage of paper, while simultaneously improving process efficiencies. For instance, we

now gather customer feedback via QR codes printed on their bills instead of gathering such data manually via paper forms.

As part of our green initiatives, we have also planted several trees in our open areas within our workplaces, such as warehouse, and other government-approved areas for such drives.



Product Sustainability

In a major initiative during FY 2020-21, we instituted environmentally sustainable processes for vendor management, sourcing and recycling. In an effort to positively affect the environment, we have increased the percentage of cotton used in our apparels to at least 50%.

We also regularly utilise fabric waste (surplus) at suppliers' end by

procuring good quality apparels made from such surplus. This ensures the least amount of wastage, and enhanced efficiency for the suppliers.

In another step, we have, to a large extent, discontinued the use of hazardous materials, such as pins and cardboard in our packaging (with the exception of formal shirts,

for which too, we are looking for better packaging alternatives).

We have also initiated programmes to encourage our suppliers to reuse and recycle the fabric waste being generated for V-Mart production, either through applications outside of our industry or, ideally, by recycling offcuts into polyester or cotton yarns.



# AUGMENTING COMMUNITY TRUST

Our trust quotient is an overarching proposition that extends beyond the organisation - to the communities around us. Our Corporate Social Responsibility (CSR) Purpose is derived from our vision, mission & strategic goals.

What we do for the communities:

- The V-Mart stores in tier II/III/IV cities and towns enhance the overall shopping experience of the customers in such areas
- We generate employment for people, directly as well as indirectly
- We provide education, with skill programmes like Ujjwal Bhavishya, and operate skill-based training centres in such areas
- We provide economical budget shopping experience for customers in an appealing ambience
- We bring joy and excitement to the lives of the people in rural areas by promoting festive buzz, being part of their celebrations with our attractive offers, and creating a party atmosphere. All such activities lighten up the lives of the people, and also make us happy and proud about bringing smiles to their faces
- We thus impact millions of lives positively, and bring happiness to the people



## AUGMENTING COMMUNITY TRUST

### ENABLING SKILL DEVELOPMENT

**The V-Mart Skill Development Academy envisions a significant contribution in the upliftment of the poor and underprivileged strata of society by providing world-class retail training and skill-sets to enable them to get respectable and promising employment opportunities in life.**

V-Mart Skill Development Academy is our initiative to bring the best possible training and skilling options, and provide employment opportunities in the retail sector to underprivileged youth of India looking for a brighter future. The vision behind the Academy is to contribute significantly in upbringing the social and financial levels of people from underprivileged societies in the vast rural hinterland of the nation.

The Academy started off with its first training centre in Lucknow, and is gradually building base across the northern and eastern regions of India.

Currently, our Skill Development Academy imparts job-centric skill development training, along with providing hostel facilities, boarding & lodging services, food, uniforms, books etc. across ten centres in UP, Rajasthan, Odisha, Tripura, Himachal Pradesh and West Bengal. Since inception of this programme, V-Mart has transformed lives of over 2,000 people in rural India. These newly-skilled youth from extremely poor and remote areas also find employment with our stores. We hire anywhere between 1,000 and 3,000 people from the Academy each year.



We go about this entire process in a seamless, well planned manner. Our training programme ranges from 6 to 7 months, followed by on-the-job-training of 2 months at various V-Mart stores. There is a dedicated placement cell which supports the transition of these students so that these people settle confidentially into a promising careers.

## AUGMENTING COMMUNITY TRUST

We remain committed to engaging with, and positively impacting, the local communities in the areas of our operations, by enhancing their quality of life and overall well-being in a sustainable manner.



### OUR CSR FOCUS AREAS



Scholarships  
(education, sports,  
music, etc.)



Vocational skills  
development



Community  
Infrastructure  
(school, library,  
park, etc.)



Creating equal  
access to  
opportunities  
through  
community  
awareness  
(career fairs)



Hygiene and  
sanitation



Women  
empowerment

### Project Ujjwal Bhavishya

**Objective:** To provide scholarships to underprivileged meritorious 10<sup>th</sup> and 12<sup>th</sup> standard students



**Location:** Pan India

**Impact:**

- 150 students selected across 43 V-Mart stores
- Representative cheques disbursed through stores & scholarship amount transferred directly to student's account

## AUGMENTING COMMUNITY TRUST

### Project Plaksha University

**Objective:** To enable the creation of an academic institution that can open up the window of opportunities for world-class technology education to underprivileged, meritorious students



**Location:** Mohali, Chandigarh

**Project Partner:**  
Reimagining Higher Education Foundation (RHEF)

- Impact:**
- Scholarships for students
  - State-of-the-art campus launched

### Project ReadVantage (Word of Wings)

**Objective:** Building English language proficiency in children from underprivileged families

**Location:** Varanasi, Baliya, Delhi

**Project Partner:**  
Stones 2 milestones

- Impact:**
- More than 2,000 children supported to date



### Project Taal

**Objective:** Providing education support and music training infrastructure to visually impaired students



**Location:** Ranchi

**Project Partner:**  
Ekastha Foundation

- Impact:**
- School sessions started in January 2021
  - Music room construction completed and all instruments installed
  - Assessment done by local store team

## AUGMENTING COMMUNITY TRUST

### Project Koshish

**Objective:** To develop underprivileged, but talented kids into professional footballers



**Location:** Gurugram

**Project Partner:**

Diana Jones Foundation

**Impact:**

- Training sessions resumed since September 2020
- 98 training sessions, 14 matches and 6 tournaments
- Quarterly project assessment done

### Project Community Free School

**Objective:** To provide elementary education along with nutritious food

**Location:** 9 schools in West Bengal

**Project Partner:**

Lotus Rescue

**Impact:**

- Sessions started in January 2021
- Food & masks distributed to children's families



### Project Ekal – 'One Village, One Teacher' community schools

**Objective:** To provide functional literacy to underprivileged children in villages and remote areas



**Location:** Lucknow & Garhwal

**Project Partner:**

Bharat Lok Shiksha Parishad (BLSP)

**Impact:**

- Total 200 schools proposed to be covered in new scope of work, spread over Bihar, Jharkhand, Odisha and West Bengal, including the existing ones in U.P. and Uttarakhand

## AUGMENTING COMMUNITY TRUST

### Project Pankh

**Objective:** To provide Persons with Disabilities a career in retail through an industry-leading training



**Location:** Agra, Vadodara

**Project Partner:**

Trust for Retailers and Retail Associates of India (TRRAIN)

**Impact:**

- Total 55 students trained in Life skills, English skills and Retail specific skills
- Total 27 candidates placed till now

### Other Community Initiatives

**Objective:** To bring social change through positive impact in communities by employee volunteering, along with the development of the sense of pride and responsibility

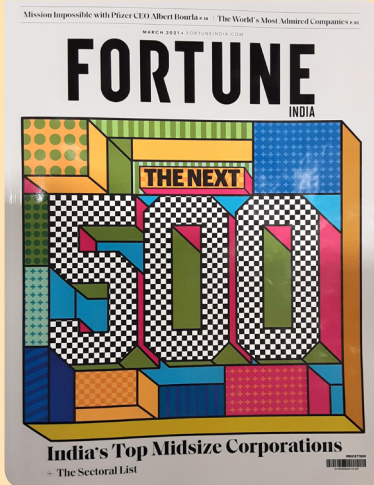


**Activities:**

- Durga Puja and Diwali celebration with community in West Bengal, along with Giriraj Seva Sadan and Lotus Rescue as CSR partners
- Support to local communities during COVID-19 Pandemic



# AWARDS & RECOGNITION



RANK	2021	2020	COMPANY	CITY	REVENUE
16	148		V-MART RETAIL	Delhi-NCR	1.8
17	12		SPML INFRA	Delhi-NCR	1.8
18	58		SANGAM (INDIA)	Bhilwara	1.8
19	68		CRISIL	Mumbai	1.8
20	43		TRIBHOVA INDUSTRIES	Mumbai	1.7
21	117		SUNFLAG IRON & STEEL	Pune	1.7

We ranked 16<sup>th</sup> in the Fortune list of India's Top 500 Midsize Corporations 2021 published by Fortune India magazine



We won the prestigious World CSR Congress Leadership Award for Community Development in FY 2020-21



We were certified as a Great Place to Work for the 2<sup>nd</sup> time in a row



We were adjudged 'India's Retail Champions Award 2021' by Retailers Association of India (RAI)

# BOARD OF DIRECTORS



## LALIT M AGARWAL

**Chairman and Managing Director (CMD)**

Founder of V-Mart, Lalit is a retail entrepreneur credited with pioneering the concept of organised value retailing in India, with focus on affordable fashion, in tier II, III and IV cities. He was nominated to the Niti Aayog's Champions of Change initiative in 2017. A Bachelor in Commerce from Bombay University and Diploma holder in Financial Management from Narsee Monjee Institute of Management Studies (NMIMS), Mumbai, Lalit holds the position of the Chairman of Retailers Association of India (RAI) as well as Chairman of Confederation of Indian Industry (CII) - Retail & FMCG for the Northern Region. Lalit attended the renowned Owner/President Management Program at Harvard Business School. Lalit was recognised as the retail leader for the year 2018 by Franchise India.



## MADAN GOPAL AGARWAL

**Whole-Time Director**

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



## AAKASH MOONDHRA

**Non-Executive, Independent Director**

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

## BOARD OF DIRECTORS



### MURLI RAMACHANDRAN

**Non-Executive, Independent Director**

Mr. Murli Ramachandran is a Management Consultant and Executive & Business Coach, specialising in transformation & strategy, performance improvement, leadership development and change management. He has over 35 years of rich and varied experience at leadership levels in various companies including RPG Group, TVS Capital Funds, Sanmar, Accenture and KPMG. Mr. Murli is also a Director on the Board of Junior Achievement (JA) India and a nominee Director of IFC on the Board of Lithium Urban Technologies Pvt Ltd. He holds a BE (Hons) degree in Mechanical Engineering and an MMS from BITS, Pilani. He also has an MS in Industrial Engineering from Columbia University, New York.



### SONAL MATTOO

**Non-Executive, Independent Director**

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



### GOVIND SHRIDHAR SHRIKHANDE

**Non-Executive, Independent Director**

Mr. Shrikhande is a veteran in the Textiles, Apparel and Retail industry. He is Textile Technology Graduate from VJTI & an MBA from Symbiosis Institute. In his last full-time role, he was the Managing Director of Shoppers Stop, where he started his stint in 2001 as the Vice President of Buying & Merchandising function, growing into the role of Chief Executive Officer role before being elevated as the MD. Prior to Shoppers Stop, he was associated with companies like Bombay Dyeing, Arvind, Mafatlal and Johnson & Johnson. He has the unique distinction of being part of the team that launched Arvind Denim and Arrow brands in India. He has won several awards including Retail Icon of India, Retail Professional of the Year etc.

He is also on the Boards of Donear Industries and Indian Retails & Hospitality Pvt Ltd. He works with Leading Private Equity Companies Multiples, Sauce, Kalari Capital etc. He is on the Governing Body of Symbiosis University of Applied Sciences, Indore & Symbiosis Skills & Professional University, Pune.

# LEADERSHIP TEAM

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**LALIT M AGARWAL**  
Chairman and Managing Director  
(CMD)



**MADAN GOPAL AGARWAL**  
Whole-Time Director



**VINEET JAIN**  
Chief Operating Officer



**ANAND AGARWAL**  
Chief Financial Officer



**RAJAN SHARMA**  
President, Sourcing & Procurement



**SNEHAL SHAH**  
Senior Vice President,  
Projects & Business Development



**M. SRINIVASAN**  
Vice President,  
Planning & Supply Chain



**RAMESH AGARWAL**  
Vice President,  
Supply Chain Management



**JAIDEEP JAIMAN**  
Vice President,  
Analytics & Digital Transformation



**SYED ALI ATHAR**  
Vice President,  
CSR & Skill Development Initiative



**ANJALI GOEL**  
Assistant Vice President,  
Human Resources



**DINESH SRIVASTAVA**  
Assistant Vice President,  
Information Technology

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## BOARD COMMITTEES

### Audit Committee

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

### Nomination & Remuneration Committee

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

### Stakeholders' Relationship Committee

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

### Corporate Social Responsibility (CSR) Committee

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

### Risk Management Committee

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

### Investment Committee

- Lalit M Agarwal** (Chairman)
- Madan Gopal Agarwal** (Member)
- Govind Shridhar Shrikhande** (Member)
- Anand Agarwal** (Member)

### Warehouse Committee

- Lalit M Agarwal** (Chairman)
- Madan Gopal Agarwal** (Member)
- Anand Agarwal** (Member)
- Ramesh Agarwal** (Member)

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Megha Tandon**

## STATUTORY AUDITORS

**S.R. Batliboi & Co. LLP,**  
Chartered Accountants

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

Tel.: +91 11 61229500

Fax: +91 11 24-4644050

Contact Person: Vikas Mehra,

Partner Membership No.: 094421

Firm Registration No.: 301003E/E300005

## SECRETARIAL AUDITOR

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

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

Tel.: +91- 99992 33556

Website: www.vkcindia.com

Contact Person: Mohit K Dixit,

Partner Membership No.: 49021

CP No.: 17827

## INTERNAL AUDITORS

**KPMG Assurance and**  
**Consulting Services LLP**

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

Tel.: +91-124-3074000

Website: www.kpmg.com/in

## BANKERS

State Bank of India

ICICI Bank

HDFC Bank

Axis Bank

Yes Bank Limited

## REGISTERED OFFICE

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

## CORPORATE OFFICE

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

Tel.: +91 124 - 4640030

Fax: +91 124 - 4640046

Email: info@vmart.co.in

Website: www.vmart.co.in

CIN: L51909DL2002PLC163727

## WAREHOUSE

Bilaspur, Haryana

## REGISTRAR & SHARE TRANSFER AGENT

**M/s KFin Technologies**  
**Private Limited**

Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad, Telangana - 500 032,

Tel.: 040 67162222

Toll Free: 180 0345 4001,

Fax: 040 23420814,

Email: einward.ris@kfintech.com

Website: www.kfintech.com

## SENIOR MANAGEMENT PERSONNEL

- Vineet Jain** - Chief Operating Officer
- Anand Agarwal** - Chief Financial Officer
- Rajan Sharma** - President (Sourcing & Procurement)
- Snehal Shah** - Sr. Vice President (Projects & Business Development)
- M. Srinivasan** - Vice President (Planning & Supply Chain)
- Ramesh Agarwal** - Vice President (Supply Chain Management)
- Jaideep Jaiman** - Vice President (Analytics & Digital Transformation)
- Syed Ali Athar** - Vice President (CSR & Skill Development Initiative)
- Anjali Goel** - Assistant Vice President (Human Resource)
- Dinesh Srivastava** - Assistant Vice President (Information Technology)

# MANAGEMENT DISCUSSION & ANALYSIS

## GLOBAL ECONOMY: AN UNCERTAIN RECOVERY PATH

The sudden and deep contraction of 3.3% in global economic activity in 2020, was unprecedented and led to a severe global recession with differential impacts within and across sectors and countries, complex channels of transmission, and high uncertainty around the recovery path. Many economies entered the crisis in a precarious fiscal situation and with inadequate capacity to mount effective health care policy responses or support livelihoods. The emerging market economies and low-income developing countries were hit harder due to the limited resources at hand. Output losses were particularly large for tourism-dependent nations, commodity exporters and countries with limited fiscal policy space to respond.

Economic recovery is diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. Human adaptation to the pandemic restrictions and vaccine rollout have enabled the global economy to see some recovery in 2021 despite subdued overall mobility across regions. Sizeable, swift and unprecedented fiscal, monetary and regulatory responses that a few countries could undertake provided support to household disposable income, protected cash flow for firms, and helped credit provision. China witnessed quick recovery and GDP outturns in several large advanced economies saw early signs of recovery. Post opening up of economy, India witnessed steady pickup in PMI index, highest GST collection in March 2021 since the introduction and steady pickup in toll collections. Additional fiscal support in some economies, especially the United States, on top of an already unprecedented fiscal response last year and continued monetary accommodation bodes well for recovery. However, recovery in many emerging economies is getting prolonged due to resurgence of COVID-19 cases, slow vaccination progress and the withdrawal of policy support in some instances. As per World Bank press release dated June 8, 2021, the per capita income in many emerging markets and developing economies is expected to remain below pre-pandemic levels, and losses are anticipated to worsen deprivations



associated with health, education and living standards over the medium term. Most economies continue to strengthen medical infrastructure and prepare for possible new waves of infection.

### Outlook (Source: IMF – World Economic Outlook, April 2021)

The global economy is expected to grow at 6% in 2021 reflecting the recovery witnessed towards the end of 2020. Global economic growth is expected to moderate to 4.4% in 2022. Recovery is underway in all regions and across income groups, linked to stark differences in the pace of vaccine rollout, the extent of economic policy support, and structural factors such as reliance on tourism. In the longer term, the outlook for emerging markets and developing economies may be dampened by the lasting legacies of the pandemic like depletion in skill due to prolonged idle period without work and higher dropout rates in

schooling, sharp drop in investment, higher debt burden, and greater household financial vulnerability.

The global growth is expected to moderate to 3.3% over the medium term reflecting projected damage to global supply chains, an ageing workforce in advanced economies and pandemic-induced setback for per capita income in many emerging market economies. To mitigate the longer-term economic effects of the pandemic, faster and more effective vaccine deployment across the world is critical. Acceleration in the production and distribution of doses and better coordination around the world can enable economies to get ahead of virus mutations and recover faster. A recovery in global trade after the recession in 2020 offers an opportunity for emerging market and developing economies to bolster economic growth.

Source: IMF World Economic Outlook, April 2021; World Bank

## INDIAN ECONOMY

During the year gone by, the pandemic-induced lockdowns led to a massive reduction in economic activity, hurt jobs and led to a plummeting demand scenario. In FY 2020-21, India's national income declined in the first two quarters, before recording a marginal expansion in the third quarter. A pick-up in private consumption, largely driven by the release of pent-up demand from relatively affluent households and sections of the middle class, government investments, robust growth in the agriculture sector and revival of manufacturing, construction, banking and real estate activities aided recovery from the abyss.

The provisional estimates of National Income for FY 2020-21 by the National Statistics Office indicate real GDP contraction at 7.3% for FY 2020-21 distorted on account of significant growth of subsidies. A sharp recovery in GDP growth was witnessed in Q3 at 0.5% as compared to the steepest ever 24.4% contraction in Q1, and 7.4% contraction in Q2. The per capita income in real terms in FY 2020-21 is estimated at Rs 86,659 as compared to Rs 94,566 in FY 2019-20. The recovery in economic activity and improved investor sentiments are a result of impactful reforms undertaken by the government since March 2020 and marked step-up in public expenditure. Union Budget 2021-22 was an expansionary budget giving a significant boost to infrastructure and healthcare spending, with expectations of multiplier effect to spur demand and job creation, thereby boosting economic growth prospects.

Private final consumption expenditure (PFCE), an indicator of the private sector and household contribution to the economy, narrowed shrinkage substantially in the third quarter reflecting the limits of a skewed pick-up in consumer spending. Consumption demand was driven by middle and higher-income groups who did not face major hits on their incomes. However, the sharp economic recovery seen in the second half of fiscal FY 2020-21 has been undermined by the enormous second wave of COVID-19 during April-June, FY 2021-22.

### Outlook

With the unprecedented surge in cases and evolving restrictions were seen since beginning of FY 2021-22, consumer confidence has been impacted and uncertainty has been reignited. As

the pandemic began spreading, state governments initiated lockdowns and curfews impacting consumption and economic activity negatively. Certain sectors of the economy like manufacturing, agriculture and work-from-home and online-based services are expected to be resilient to the surge in infections. Worst affected sectors include hospitality, tourism and entertainment with pressure mounting on consumer durables, aviation and real estate as well.

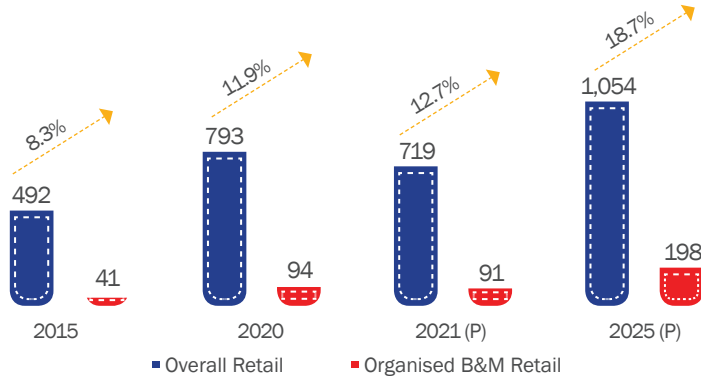
The slow pace of vaccination and uncertainty around the number of those infected and dead in the second COVID-19 wave, are dampening India's recovery prospects. With the second wave of COVID-19 closing in on rural India from being concentrated on the urban centres, economic losses of about USD 38.4 billion are expected, if the local lockdowns continue till June 2021. As per rating agency, Moody's, GDP growth at 9.3% is expected for FY 2021-22 mainly on the back of the lower base and localised re-imposition of virus management measures for shorter durations as opposed to nationwide lockdown. Localised lockdowns severely impact retail mobility, toll collection, GST e-way bills volume and railway freight loading. The impact may be deep and lead to rising income inequality, unemployment, sectoral impact, reduced consumer confidence and higher inflation. To minimise the impact of the second wave, the Central government has announced centralisation of vaccine procurement to hasten the inoculation drive, and extended the duration of the PM Garib Kalyan Anna Yojana providing free grains to 80 crore people till November 2021. While the expected improvement in financial condition

was impacted by the second COVID-19 wave, the effect of pent-up demand is likely to be replicated in 2021 as well, providing some relief over the medium term. Expectations of a good monsoon season, decent agriculture income in the past year and pent-up demand is likely to pave the way for a strong recovery.



## INDIAN RETAIL SECTOR OVERVIEW

At USD 793 billion, India's retail sector was approximately 48.5% of PFCE (USD 1,635 billion) in FY 2019-20, and is expected to maintain this share over the next five years. With over two decades of presence, the contribution of organised retail, primarily brick and mortar, to total retail has witnessed consistent and substantial improvement to 11.9% (USD 94 billion) in FY 2019-20 from a mere 8.3% in FY 2014-15.



Source: Technopak Analysis P: Projected

While the retail market is classified into organised, unorganised and e-commerce, the COVID-19 pandemic has introduced a new classification based on essential and non-essential goods from a government action perspective. Segments such as apparel, jewellery, shoes and CDIT (Consumer Electronics, Durables, IT and Telephones) among other non-essential categories suffered huge losses in 2020. Some categories suffered from shuttered shops, zero revenue for months, inability to pay rentals and struggle with working capital, while others falling in the essential category struggled to deal with huge spikes in demand, cope with supply chain challenges, ensuring liquidity, modifying and managing store operations to maintain safety standards, taking care of employee health and grappling with the shortage of staff.

Confident about the success of the massive inoculation drive by the government, large modern retail companies and offline retail stores are cautiously optimistic about people venturing out to shop like in the pre-COVID days. Retailers have accelerated omnichannel models and are fast-tracking their digital route to reach consumers to maintain consumer connect.

The pandemic has revolutionised the way consumers think about their health and forced them to re-orient their actions as well as purchasing behaviour. Consumer behaviour underwent a dramatic shift with a growing preference for online shopping and restricted physical store visits accentuated by health and safety concerns. Technology is expected to continue playing a vital role in transforming the retail experience with omnichannel presence becoming essential for all retailers. Consumers are expected to restrict physical movement to essential trips and shop online more frequently in near future.

Safety and wellness rather than price alone have emerged as the new

parameters for consumers. Contactless and digital payments are now becoming the preferred modes of payment. Consumers give more importance to product availability over availability of a wide product assortment to choose from.

2020 accelerated the e-commerce industry by several years, revolutionising the way brands operate, run, and grow their businesses, as well as consumers' choice of modes of shopping and payments. As per Nielsen India's E-commerce Consumer Panel (E-Analytics Solution), there was a double digit increase in average spend of online shoppers for electronics and accessories (39%), mobile and accessories (12%), and fashion, including apparel, footwear, and accessories (10%) after the pandemic. Appliances (e.g. TV, WM, refrigerators, etc.) also saw notable shopper spending increase at 9%.

### Outlook

The Indian e-commerce industry witnessed a remarkable upward growth trajectory. By 2034, e-commerce market in India is expected to surpass the US to become the second-largest e-commerce market in the world after China. Indian e-commerce sector is poised to



reach USD 99 billion by 2024 from USD 30 billion in 2019, expanding at a 27% CAGR, with grocery and fashion/apparel likely to be the key drivers of incremental growth. The online retail market in India is estimated to be 25% of the total organised retail market and is expected to reach 37% by 2030. Young demographics, increasing internet and smartphone penetration and rising per capita income are key drivers for the growth of this sector. For instance,

consider the fact that India is adding approximately 10 million daily active internet users - the highest rate in the world.

Global Data forecasts India's retail market to grow at 10.4% CAGR during 2020-2023 to reach USD 1,410 billion in 2023. Despite the exponential growth of e-commerce and digital retail stores, India's retail sector is still mostly unorganised, particularly

in non-metropolitan areas. Technology is aiding the transformation of small physical stores from pure brick and mortar entities to 'phygital' stores. Leading technology and retail giants are also investing in transforming these stores directly or indirectly through an e-commerce platform. Personalised services, ease of payment and renewed customer trust are expected to shape the growth of Indian retail post-COVID-19 era.

### INDIAN APPAREL INDUSTRY

The fashion retail segment, like many other non-essential segments, was severely impacted by the COVID-19 pandemic as mobility reduced significantly. However, the industry has shown remarkable agility in adapting to the crisis. The fashion retail space has been re-inventing, re-strategising, and re-aligning itself to a rapidly evolving business environment and changing consumer needs. In FY 2019-20, the apparel market size was estimated at USD 59 billion with a significant decline of 36% expected in FY 2020-21. A sharp recovery is expected starting FY 2021-22, and the apparel market is expected to grow at 5.5% CAGR between FY 2019-20 to FY 2024-25 to reach USD 77 billion. This growth is attributable to higher brand consciousness, increasing digitisation, greater purchasing power and increasing urbanisation.

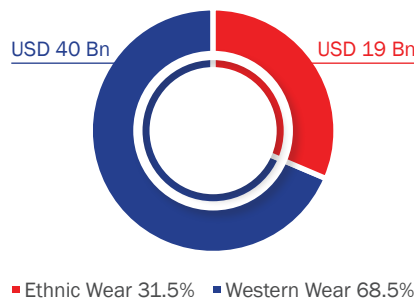
The COVID-19 pandemic gave impetus to the growth of e-commerce, which is expected to become a significant growth driver for the organised retail segment. With people indulging more in health and fitness regime, the demand for sports and athleisure wear has witnessed rapid growth.

Amongst the three demographic segments, men's apparel constituted ~41%, women's apparel constituted

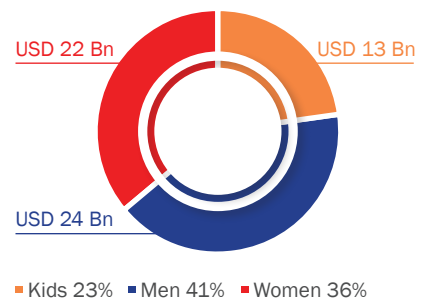
~36% and kids' apparel constituted ~23% of the total apparel market. In the women's wear market, western wear contributes approximately 29% to the total market. In comparison, for men and kids, the contribution of western wear is more dominant. While Indian/Ethnic wear accounts for ~32% of the total apparel market, the remaining 68% of the market is dominated by western wear for men and kids.

#### Fashion Retail Segment Split

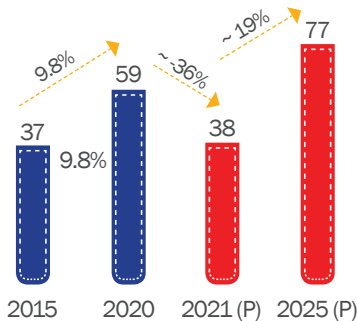
Total Apparel Market USD 59 Bn



Total Apparel Market USD 59 Bn

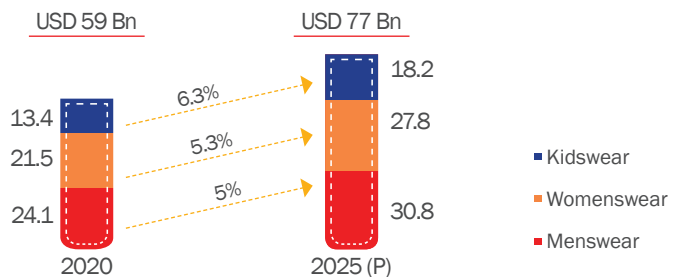


#### Indian apparel industry market growth\* (USD Bn)



Source: Technopak Analysis  
 Note: Year indicates Fiscal, P: Projected  
 \*Excludes accessories (Bags, Belts, Wallets etc.)

#### Growth projection of market segments



Source: Technopak Analysis P: Projected

### VALUE FASHION-LED GROWTH

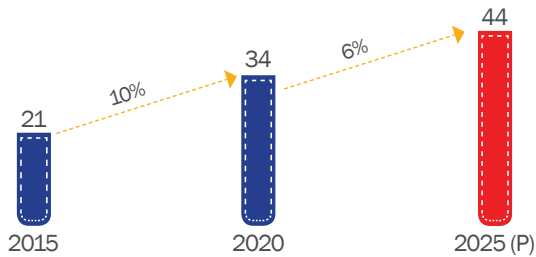
Branded penetration in the apparel market was initially skewed towards mid to premium price points with limited offering in the value price points leading to pricing gaps in the market. These gaps provided an opportunity for retailers to launch their private brands in the value segment. Value segment primarily caters to the aspirations of the consuming class with a large addressable market made up of millennials and Gen Y and Gen Z customers (14-40 age group) and residing in tier II, III and IV cities in urban and semi-urban areas. This market comprises households with an average annual income of USD 5,000-10,000, of fashion-conscious, value and quality seeking youth and young families (newborns to 40-year-old consumers) which forms the bulk of purchasing power of the Indian population. The consumers' socio-economic conditions, purchasing power, demographic details and customer trends are the key factors influencing the designing of the brand offer.

While approximately 69% of the value retail in India remains unorganised, retail formats with a sharp focus on value offering have aided the transition of this segment from being largely unorganised to having a 31% share of organised retail in 2020. Private brands are a win-win solution for both retailers and value consumers as these brands ensure better margins with good quality and design at affordable pricing for consumers. Value fashion retailers are bridging the price gap in the branded apparel market by offering quality products at an affordable price. In the future, value fashion is expected to be the mainstay of growth of apparel retailers and brands. This growth can be attributed to movement from unbranded to branded, ready-to-stitch to ready-to-wear and migration from rural to urban centres.

In FY 2019-20, the Indian value fashion segment was estimated at USD 34 billion accounting for ~60% of the overall apparel retail market. The balance is constituted by the premium and super-premium segments (~16%) and the low-value segment (~24%). The value fashion segment is estimated to grow at 6% CAGR to USD 44 billion by FY 2024-25.

Value retail is focussed on meeting the aspirations of the consuming class in the country. There is a large addressable market for value apparel retail made up of the Millennials and Gen Y and Z customers (14-40 age group) and residing in tier II, III and IV cities in urban and semi-urban areas. This market comprises households with an average annual income of USD 5,000-10,000 who are fashion conscious, value and quality seeking youth and young families (newborns to 40-year-old consumers),

Value Apparel\* Market in India (in USD Bn)



Source: Technopak Analysis  
 Note: Year indicates Fiscal  
 \*Excludes accessories (Bags, Belts, Wallets etc.)

and forms the bulk of purchasing power of the Indian population.

The organised players in this segment are bringing together economy and mid-segment of fashion aiming to provide quality fashion at affordable prices in

a modern retail ambience. These large format stores catering to the entire basket of family needs are aiming at consumers who are first time users of branded products or fashion conscious middle class consumers seeking quality at affordable price.



## Key Trends

### Growing popularity of online shopping

E-commerce sales, which were earlier dominated by consumer durables, electronics, IT-related products are now seeing increased traction from apparel and lifestyle, toys and stationary products. According to a 2020 report by McKinsey, around 96% of consumers had adopted new shopping behaviour and approximately 60% of consumers were anticipated to shift to online shopping in the festive season and continue it throughout COVID-19 and beyond. The overall base continues to remain low as compared to overall retail segment, though it is witnessing a strong growth due to COVID-19 related mobility restrictions. Online shopping trends are expected to strengthen and brands will focus on leveraging technologies to provide a seamless virtual shopping experience. Retailers' efforts will be to make online shopping feel more real and extend a personalised experience to customers. Brick-and-mortar retailers have launched private brands through their e-commerce platforms to cater to the increasing population of online shoppers in the country. Several online retailers have also emerged and launched private brands in apparel, footwear and other lifestyle categories to offer products across different price ranges and fashion categories.

### Increased focus on value fashion

As social gatherings, parties and events have become rare and more time is spent at home, consumers are becoming more conservative and price conscious. Consumers are becoming more demanding and expecting everything from convenience to quality to novelty to value proposition. Demand for value buying in comfortable home clothing and reusable fashionable cotton masks are bound to witness fast-paced growth. Similarly, demand for gym and fitness wear is increasing as health and fitness have gained centre-stage. However, consumers are not looking to splurge on this category, and expected to allocate the majority of their budget on value apparel.



### Tier II and III cities as growth drivers

Earlier, e-commerce growth was primarily seen in tier I cities. Low-mid income households in smaller towns have been slower to adopt e-commerce and prefer to shop for apparel in a touch-and-feel environment. Typically, for them apparel shopping is a planned purchase and a much-anticipated occasion for celebration related to festivals, marriages, etc. However, with the changing market scenario driven by restricted mobility, consumer behaviour is adapting in this consumer segment as well. It is projected that the next phase of growth of e-commerce will come from tier II and III cities. This is evidenced in apparel e-commerce players witnessing high growth though a relatively small base, since COVID-19 outbreak from tier II cities and beyond. These buyers continue to see shopping as an outing and a recreation activity.

### Faster shift to organised retail

Entry of foreign brands, growth of organised retailers and proliferation of mall culture have conditioned the consumers to the idea of a robust shopping experience with a comfortable air-conditioned environment, convenience of trial rooms, wider product range, price transparency,

quality assurance, and on-floor service assistance. With the growing number of brands catering to value fashion segment, there is expected to be a growing prevalence of organised players in the fashion market. Another major contributing factor is the growth of e-commerce. The share of online shopping in apparel and accessories is estimated at 14.5% in FY 2019-20 and is expected to reach ~25% by FY 2024-25.

### Growing share of women's wear segment

According to Technopak, in FY 2019-20, women's apparel segment in India accounted for USD 22 billion, of which 71% was accounted for by ethnic wear, whereas 29% was accounted for by western wear. The women's wear market is projected to grow faster than the men's wear segment due to an increase in the number of working women,

a higher shift towards aspiration-driven rather than only need-based buying and the availability of trendier international products and designs.

**Accelerated digital marketing and new sales channels**

As retailers adopt future trends and make them mainstream, the industry as a whole is fundamentally moving towards omnichannel fashion retailing while building a continuous connect with the consumers. Digital marketing is gaining importance as consumers spend more time online than they did in

the pre-COVID-19 era. Retailers will look to leverage all possible digital channels for attracting customers, driving sales, and most importantly to build and retain customer loyalty.

**Rise of artificial intelligence (AI)**

AI is one of the biggest upcoming developments in the fashion retail industry. With the increasing trend of online shopping, brands will get more opportunities to capture more mind space from customers. Fashion brands and data aggregators will be able to gather huge volumes of data and

insights into customer preferences. AI has a critical role to play to process this massive information and learn about customer behaviour, helping retailers plan inventory and respond faster. At present, majority of the retailers are focussing on AI marketing outreach to boost customer-base and conversions. AI-enabled voice recognition technology has evolved to a great extent and using one's voice to search for something online has become increasingly common. In the future, it will undoubtedly be used extensively for online search and shopping.



**Key Challenges**

**Rapidly changing consumer preferences**

With increasing media and internet exposure, consumers' awareness about fashion trends is growing rapidly and accordingly fashion demands are fast changing. To ensure sustainable growth, it has become inevitable for retailers to cater to the ever-evolving consumer demand and preferences. Fashion shopping in India was largely associated with festivals or with family weddings in the past. This is fast changing with a new generation of young shoppers who are adopting fast fashion and are also more impulse-driven. The increasing disposable income, coupled

with consumers' aspiration to follow global fashion has fuelled the growth of fast fashion. For traditional retailers, it is a challenge to stay abreast with the growing demand of fast fashion and also contend with more stiff competition from international brands.

**A highly heterogeneous market**

Fashion preferences in India may change every few kilometres as cultural and ethnic diversity plays in. The top few metros are relatively homogenous markets but the fashion trends in smaller towns are fairly diverse. Retailers are therefore required to have a deep understanding of trends in these fragmented markets, like

consumer spending pattern, fashion preferences, buying patterns, cost consciousness, etc.

**High rental lease**

Majority of organised fashion retailers operate on lease, from stores that are either in malls or on high street. High street landlords are usually uninvolved in the business and the relationship is transactional. Even malls that were earlier considered partners in progress, started invoking agreement clauses due to huge losses incurred by them during COVID-19. With revenues declining steeply, high rentals have proved to be a big burden for the apparel industry.

**STRATEGIC OVERVIEW AND GUIDANCE**

Amid the outbreak of the COVID pandemic towards the end of FY 2019-20, we had embarked on an all-encompassing business reorientation to keep pace with the challenges and opportunities in a rapidly-transforming environment. We had identified a set of strategic priorities to help us navigate the challenges triggered by the crisis. As the pandemic started impacting lives and livelihoods across our stakeholder ecosystem, we realised the importance of not just sustaining, but in fact nurturing the trust of our customers, suppliers/vendors, employees, shareholders and investors.

FY 2020-21 was, thus, the year of delivering on our promise to each of our stakeholder groups, with an accelerated thrust on doing 'More With Less'. While staying true to our vision and long-term strategic goals, we undertook

several concerted measures to fulfil stakeholder needs and aspirations in an extraordinarily challenging situation. From moving with exceptional agility to respond effectively to their transforming needs, to renewing our focus on our core

strengths - we have stayed firmly on track with our long-term vision and plans. We reimagined our business model to keep pace with the fast-transforming market trends and consumer aspirations, in our quest to deliver holistic value creation.

**This is how we delivered on the three key metrics of Respond, Renew, Reimagine during FY 2020-21, to inspire and nurture the trust of each of our stakeholders.**

**RESPONDING**

- Initiated safety measures at the workplace & stores

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- Strengthened our cash conservation & liquidity measures

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- Nurtured the entire stakeholder system through timely, targeted interventions

**RENEWING**

- Enhanced the agility & flexibility of our core business processes

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- Augmented people capabilities & strengthened our risk & governance framework

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- Built on our Omnichannel & IT platforms for improved customer accessibility & stakeholder engagement

**REIMAGINING**

- Aligned our business model to the transforming needs of the stakeholders

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- Reoriented our product & customer proposition to make them more relevant

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- Stepped up the pace of our digital & organisational transformation



**OUR RESPONSE STRATEGY**

**Ensuring health & safety of customers, employees, other stakeholders**

- SOPs to create safe shopping & working experience
- In-house communication & training to adapt people to COVID guidelines
- Zero touch utility driven shopping
- Employee & vendor livelihood protection and survival support
- Equitable commercial arrangement with vendors and landlords
- Medical, financial, essential supplies' assistance for employees & their families suffering from COVID-19
- Motivational training and counselling sessions for employees
- Setting up of COVID hospital in Gurugram
- Enhanced focus on environment

**Cost conservation**

- Improved working capital cycle & supply chain management
- Fixed Asset Management & Variable cost optimisation
- Close collaboration with vendor partner ecosystem - timely payments
- Structural savings in rentals
- Improved manpower planning and design to increase productivity
- Refrained from indiscriminate discounting practices
- Undertook pilferage mitigation measures
- Bulk Sourcing from local markets

**Liquidity**

- Successful QIP for raising funds
- Efficient inventory planning - lean, healthy & fresh inventory through data analytics and vendor management
- Improvement in inventory cycle - faster stock refurbishment
- Successful negotiations with vendors/suppliers/trade partners
- Managing cash outflows
- Credit Ratings reaffirmed for short and long-term bank limits



**OUR RENEW STRATEGY**

**Integrated go-to market approach**

- Innovative market campaigns & promotional offers, with focus on BTL/social media
- Improved product assortments, customer interactions, guaranteed deliveries, extensive use of digital transformation tools to understand customer preferences
- Accelerated inter-store transfers with cost efficient logistics
- New store formats - Fashion Dial Up (FDU) & Value Dial Up (VDU)

**People & Governance**

- Skill upgradation, training, learning & development initiatives
- Knowledge and digital training sessions
- Succession planning initiated for all employees to encourage them to perform better & align individual contributions with organisational objectives
- Strengthening of governance frameworks to sustain trust

**Augmenting omnichannel**

- Revitalisation of the Omni platform with creative & compelling products and shopping experience
- Process enablement initiated to bring entire organisation on omni retail mode
- Growing FMCG footprint on marketplaces to meet essential needs of customers digitally - Tie-up with online marketplaces
- Building integrations with marketplace operators to reach out to newer customers

**OUR REIMAGINE STRATEGY**

**Harnessing the COVID lessons**

- Launch of retail portal to promote e-commerce & home delivery
- Using analytics to strengthen hyper localisation strategy - more vernacular online/digital channels
- Making supply chain more efficient to reach store & customer faster, supported by reduced storage time
- Building up Kirana Throughput with overall impact in Business via increasing footfall
- Addition of impulse category to fashion stores

**Product and vendor development**

- Faster mind-to-market for fashion apparel through design, procurement, and supply chain innovations
- Product quality enhancement
- Vendor development programmes
- Emphasis on introducing theme-based collections at affordable price points
- Enhancing vendor trust and closer collaboration through quicker payment cycles

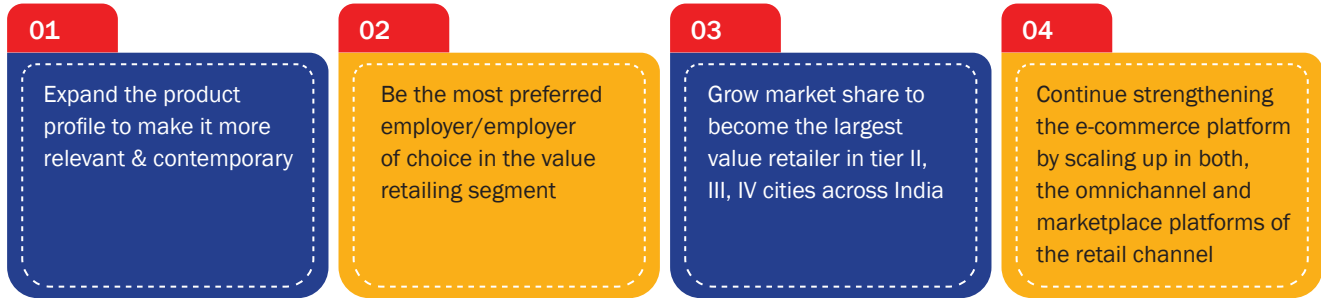
**Transforming digital & organisational landscape**

- Omnichannel expansion and adoption drive, to map existing customers & attract new customers
- Fast tracking technology investments
- Improvements in website and mobile app interface for better customer experience
- Setting up new warehousing facility, expanding stores, refurbishment of stores
- Process enablement to bring cost and resource optimisation
- Review and implementation of critical internal processes with RACI/IFC framework and KRAs/KPIs
- Vendor Portal with Purchase indent system to generate auto PO

## STRATEGIC OBJECTIVES AND ENABLERS

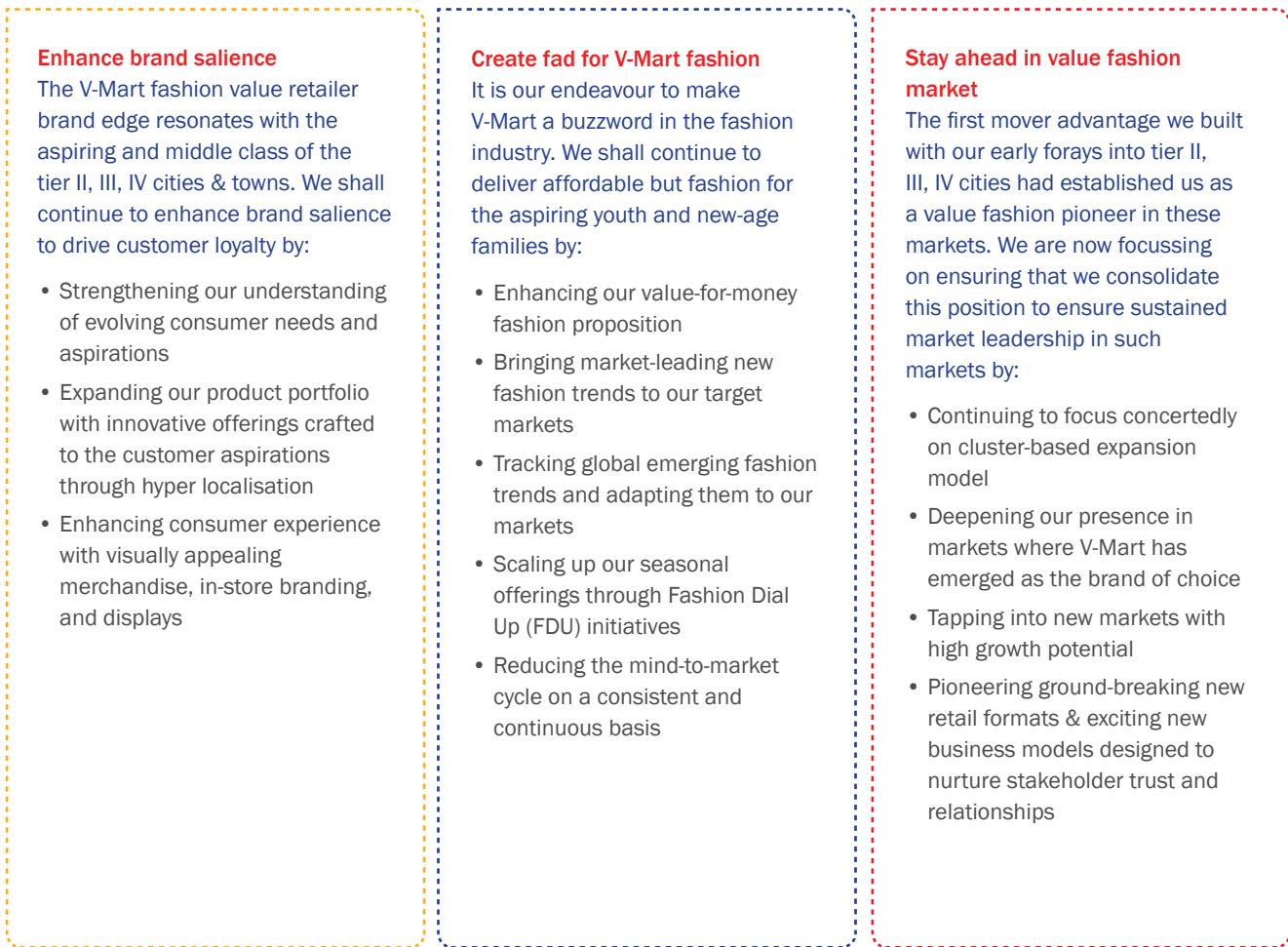
Our transformation on these three metrics was propelled by the organisation’s strategic objectives and enablers, which we continued to pursue diligently and consistently throughout the year. Led by our concerted focus on ensuring stakeholder trust through the testing pandemic times, we scaled up our efforts towards the realisation of these objectives.

### STRATEGIC OBJECTIVES



### STRATEGIC ENABLERS

The levers enabling the realisation of our strategic objectives include:



**Build process & people capabilities**

We are strategically focussed on strengthening our process and people capabilities to enhance our value retailing edge. We are continually striving to scale-up rapidly with low-cost innovation across our value fashion portfolio by:

- Improving and making our core business processes more efficient to propel holistic value creation and trust
- Bridging capability gaps through optimal utilisation of in-house resources & leveraging our extensive network of vendors & business partners
- Enhancing the knowledge and skills of our people with targeted training and development programmes
- Imbuing all processes with data and analytics as a key growth enabler

**Accelerate digitisation & automation**

Given the critical importance of technology to improve efficiency and productivity, we are investing regularly in digitisation and automation across the organisation by:

- Adopting the latest technologies in retail at the front and back end of our operations in a cost-effective manner
- Pioneering the use of new technologies to enhance performance metrics and KPIs across capitals & stakeholder groups
- Embracing the best international practices, supported by the most modern and relevant data security, business continuity, and disaster recovery tools

**Deliver enhanced customer experience**

With customer satisfaction and trust and overarching goal of our business strategy, we are continuously working towards improvements in the customer experience across platforms and channels by:

- Providing seamless and engaging shopping experience in both the physical and digital domains, as per evolving customer aspirations
- Strengthening the omnichannel platform across stores, giving customers a more relevant choice
- Making the stores digital-savvy for employees and customers
- Augmenting our online presence with a pure marketplace model with zero inventory and in-built cost efficiencies
- Staying closely connected with customers to build a value fashion community



# V-MART RETAIL LTD.

V-Mart Retail (the Company), one of the pioneers in the value retail segment in India, primarily operates in tier II and III towns and cities through a chain of 'value retail' stores, focussed on meeting the aspirations of the consuming class in the country. Since the opening of the first store in 2003, the Company has achieved great success with 279 stores spread across 189 cities in 19 states offering products based on the consumers' socio-economic conditions, purchasing power, demographic details and consumer trends. A customer-centric company constantly striving to create value for our customers, it operates in three segments of apparel, non-apparel and FMCG, providing the consuming class quality products, primarily fashion merchandise, at affordable prices, under a modern ambience.

With a current strong presence in northern and eastern parts of India, the Company is committed to increase footprint by leveraging cluster-based expansion model ensuring proper logistics support to new stores, facilitating inter-store sharing of resources and resultant cost optimisation.

Within apparel, the Company offers fashion garments for men, women, boys, girls and infants focussing on ethnic, fusion, and western wear for women; formal, sports, and casual wear for men; and kids wear in various colours, and designs. Non-apparel offerings include bags, toys, footwear and crockery and utensils, among others. FMCG offerings primarily consist of packed food and non-food products.

The Company's centralised warehouse is extensively equipped with technology and modern equipment, leading to process efficiencies and increased profitability. Sourcing capability is backed by an efficient logistics network, well supported by effective systems and processes and robust information technology (IT) infrastructure, to better respond to dynamic market preferences while ensuring affordability.

Led by Mr. Lalit Agarwal, Promoter, Chairman and Managing Director, and an experienced senior management team, the Company is in a formidable position to grab opportunities, formulate and execute business strategies, manage customer expectations as well as proactively preempt changes in market conditions.

## Operational Review

During the pandemic crisis, the Company put in dedicated efforts to manage cash flow and profitability at the same time, by having a lean inventory, delivering greater value to customers, and sustaining the entire stakeholder ecosystem. The Company's agility and reactive response to situations enabled it to emerge stronger and more resilient.

Focussing on expansion opportunities with a long-term view, the Company opened 20 new stores during the year, taking the tally of total stores to 279. The majority of these stores were launched in Uttar Pradesh and Bihar, the Company's two largest markets, while Rajasthan, Assam, Madhya Pradesh, and Jharkhand accounted for the rest. The Company closed 7 stores during the year.

The Company remains committed to focus on the journey of omnichannel presence which has emerged as the most critical model for retail businesses amongst COVID-19 pandemic. The Company launched online retail through website vmartretail.com and apps on both Google Play Store and Apple App Store. As on January 5, 2021, the Company witnessed 1 mn+ app downloads. V-Mart offered home delivery to the customers to ease sales

...  
**Through a deft mechanism of inter-store transfer, significantly controlled inventory purchases, agile store-level replenishment and a responsive supply chain strategy, the Company achieved its leanest-ever inventory in Q2 FY 2020-21 and maintained it well into the second half of the year as well.**  
 ...

amidst the pandemic. The Company effectively leveraged the multi-city presence and reach to minimise logistics and operations costs. In the second phase of building a robust omnichannel play, the Company built integrations with marketplace operators to reach out to newer customers and offered affordable pricing to a large unexplored market, at a sustainable operating cost. With the growing penetration of e-commerce in smaller towns especially in the tier III and IV towns, the Company is well placed to leverage its brand equity and through omnichannel platform, provide a digitally integrated, seamless shopping experience to these new customers.

The Company managed to maintain a robust cash position, utilising less than 20% of its approved working capital limits. Following its ethos of prudence and agility, the Company proactively implemented efficient inventory management measures. Through a deft mechanism of inter-store transfer, significantly controlled inventory purchases, agile store-level replenishment and a responsive supply chain strategy, the Company achieved its leanest-ever inventory in Q2 FY 2020-21 and maintained it well into the second half of the year as well. Benefiting from the leanest-ever inventory levels, the Company procured and stocked its stores with fresh merchandise. Despite a very healthy inventory situation, the Company conservatively continues to carry provision against any unforeseen disruption due to COVID-19. The Company raised fresh capital of Rs 375 crores through QIP to further strengthen the cash reserves and enable fast-tracking planned expansion

projects. These include setting up new warehousing facility, expanding stores, refurbishment of stores and also fast tracking the technology investments particularly around omnichannel.

Innovative marketing campaigns and promotional offers resonated well with customers, driving footfalls and sales during festive and marriage-related shopping, as well as giving an impetus to winter merchandise sales. Marking an auspicious beginning of festive shopping, the Gold Coin offer gained good traction. All these steps aided higher footfalls and conversions, resulting into a higher sell-through rate for both existing and fresh merchandise.

There was a change in the management team in the organisation, wherein COO Mr. Samir departed because of personal reasons, and was replaced by Mr. Vineet

Jain who has 17 years of experience in retail handling approximately Rs 6,000 crores business in the northern zone for a large Indian retailer.

As the year progressed, there was gradual and steady improvement in business operations. The Company witnessed revenue recovery of 65%. Despite lower operating days, reduced topline and marginalised savings due to largely fixed cost structures, EBITDA recovery remained high at 61%. Reflecting the COVID-19 impacted performance and the added impact of Ind AS 116 induced lease rent accounting, the Company reported its first-ever yearly loss at Rs 6 crores. Same Store Sales Growth (SSSG) for the full year came in at -39.9%, which was -2.3% last year, while sales per sq. feet on effective days stood at Rs 530,

recovering 70% from last year. Footfalls recovered 52%, with transaction size and average selling price (ASP), witnessing an increase of 14% and 1% y-o-y, respectively. The recovery in revenue, well supported by an effective cost reduction mechanism and proactive inventory management measures has significantly cushioned the pandemic's impact on the Company's profitability. Revenue contribution continued to be dominated by fashion, which captured 78.8% of the total revenue pie with the remaining 21.2% coming from non-apparel and FMCG products.

At a time when resources are even more scarce, agility will be crucial not only in providing adequate and right merchandise in every store, but also in ensuring better utilisation of resources to create customer delight.

## OPPORTUNITIES & THREATS

With the internet and mobile penetration, growing awareness, increasing income and changing lifestyles, the retail market has seen faster growth in rural India as compared to the urban markets. The interiors of India, offer unlimited opportunities with customer focus shifting towards value-based purchases instead of price-based buying. Price is now compared in comparison with utility, value, and features of the products. Transition in customer awareness led by the internet has transformed the markets in tier III and IV cities, making it imperative for companies to focus on the fast adapting requirements of these customers. However, a near to medium term cautious outlook for discretionary spending led by rapidly spreading COVID-19 infections, intensifying competition even in the hinterlands and growing reach of national e-tailers to smaller towns, pose risks to the Company's growth plans. Being well aware of both opportunities and threats, the Company has formulated its business strategies.

### Opportunities

- Increasing penetration in core geographic clusters
- Leveraging brand equity and differentiated value proposition to strengthen market share
- Improve share in categories witnessing high customer loyalty and visibility like men's casual wear
- Growing prevalence of online shopping/omnichannel presence post-COVID-19 outbreak
- Expand to distant newer geographies using e-commerce platform

### Threats

- Multiple infection waves of COVID-19 leading to localised lockdowns/restricted business
- Our two major markets; UP and Bihar witnessing fierce competition
- Growing business reach of national e-tailers like Amazon and Flipkart to tier III and IV markets



**FINANCIAL ANALYSIS FY 2020-21**

Key Ratios	FY 2019-20	FY 2020-21
Inventory Sales Days	86	119
EBITDA Margin	12.86%	12.20%
PAT Margin	2.97%	-0.58%
Lease and Rental Cost (% of total revenues)*	3.69%	6.06%
ROCE (EBIT/Average Capital Employed)*	18.79%	4.35%
D/E Ratio	-	-
Working Capital Ratio	1.61	3.35
Inventory Turnover Ratio (Sale)	4.13	2.36
Return on Assets	5.32%	-0.44%
Return on Equity	11.40%	-0.97%

\*As per Ind AS 116

V-Mart Retail Ltd. follows the accrual basis of accounting under the historical cost convention. Its accounts were prepared on the basis of Indian Accounting Standards (Ind AS) as per Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 and relevant amendments thereafter.

- Balance sheet net worth increased to Rs 82,523 lakhs as on March 31, 2021 compared to Rs 45,893 lakhs as on March 31, 2020
- Bank borrowings were reduced to nil as on March 31, 2021 compared to Rs 104.65 lakhs as on March 31, 2020

**Profit and Loss Statement**

- Total income recovered to 66% of last year's base i.e. Rs 109,650 lakhs compared to Rs 166,650 lakhs in FY 2019-20
- EBITDA for FY 2020-21 is Rs 13,121 lakhs compared to Rs 21,376 lakhs in FY 2019-20
- Profit after tax (loss) stood at Rs (620) lakhs in FY 2020-21 compared to profit after tax of Rs 4,935 lakhs in FY 2019-20

**Working Capital Management**

- Current assets as on March 31, 2021 stood at Rs 88,193 lakhs including inventory of Rs 42,831 lakhs, as compared to Rs 51,759 lakhs including inventory of Rs 47,792 lakhs as on March 31, 2020
- Current liabilities stood at Rs 26,319 lakhs as on March 31, 2021, compared to Rs 32,076 lakhs as on March 31, 2020
- Cash and cash equivalents stood at Rs 2,380 lakhs as on March 31, 2021, compared to Rs 490 lakhs as on March 31, 2020

Despite COVID-19 related economic slowdown, the Company opened 20 new stores in FY 2020-21, taking the total store count to 279, growing the total retail area by 4% to 23 lakhs sq ft at the end of FY 2020-21.

With a healthy cash reserve, debt-free operations and on the back of QIP facilitated fund raise, the Company is placed in a strong position to expand and grow its presence.

The Company continued to embark on achieving its strategic transformation objectives, including digitisation and strengthening across the front-end and back-end operations with agility, prudence and customer-centricity.

The Company achieved the Great Place to Work (GpTW) certification, which is indicative of its lively work culture and high employee morale. V-Mart was also declared a winner of the 'Most Admired Affordable Retailer' in Visual Merchandising concept at IFA - Images Fashion Awards.

The Company is concentrating on quicker mind-to-market strategies for fashionable apparels to meet the rising aspirations of the youth and younger families. Further focus is to boost private label offerings, currently constituting 52% of apparels section. The Company is developing product quality enhancement and vendor development programmes to enhance the fashion quotient across all departments.

The Company is in the process of revitalising the Omni platform by creative and compelling products and shopping experience to provide a tremendous boost to overall sales in the longer term. The internal team is working on improving the website and mobile app interface for a better customer experience.

## HUMAN RESOURCE DEVELOPMENT

The Company considers human capital to be a key pillar of growth. Its skilled and professional management team is a strong driving force. The Company ensures a safe, conducive and productive work environment providing equal opportunity for learning and individual growth. The Company provides regular skill and personnel development training to enhance employee productivity. The experienced and talented employee pool plays a key role in enhancing business efficiency, devising strategies, setting-up systems and evolving business as per industry requirements.

The organisational values promote a culture of creativity and innovation and customer-first approach. The Company strives to strengthen processes and emphasise relevance of strong systems in place. Employee belongingness is enhanced multi-fold led by an open door policy with assured resolutions within 24 hours. The HR policies continually strive towards attracting, retaining, and

developing the best talent required for the business to grow. The aim is to minimise attrition of technologically driven and high performers, especially amidst the rapidly evolving business environment.

As a testament of being preferred employer in the retail sector, the Company was presented the 'Great

Place to Work' certification by Great Place to Work® Institute, second year in a row. Like most companies, the Company strives hard to protect each employee's privacy and personal dignity. The Company had a total of 7,026 permanent employees as on March 31, 2021.

## INTERNAL CONTROLS

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

The Company has adequate controls to manage the operational risks arising from the potential inadequacy or failure of internal processes or systems. Given the size of operations, it is imperative to avoid repetition or compounding of errors. Robust management information systems and internal control procedures are designed to monitor operations and overall compliance. However, these may not identify every instance of non-compliance or every suspicious transaction. The Company faces operational risks in business and there may be losses due to failures or inadequacies of internal controls systems. The Company constantly upgrades systems and processes to ensure higher transparency in financial reporting, compliance with relevant laws and regulations and more efficient ways of working.

The internal control procedures have a robust system of management reporting and periodic review to ensure timely decision-making. The internal controls are aimed at proper conduct of business operations, safeguarding of assets and infrastructure, strict adherence to applicable policies, procedures and

statutes, and ensure accurate and complete financial reporting in a timely manner.

The Company's ERP Systems enable it to exercise effective business control including financials. Appropriate segregation of duties, tiered approval mechanisms and maintenance of supporting records is ensured by the SOPs, used in tandem with transactional controls built into the ERP Systems. The management reviews the internal control systems and the Internal Auditors conduct periodic audits. The Audit Committee reviews the suggestions made in the audit and ensures effective implementation.

The ERP software, 'Ginesys', addresses multiple aspects ranging from setting up of new stores to managing day-to-day operations along with procurement, sales and inventory and formulation of replenishment plans. These systems enable prompt identification and response to changes in customer preferences by adjusting products available, brands carried, stock levels and pricing in each of the stores and effectively monitor and manage the performance of each of the stores.

The Company's internal financial controls regarding the Financial Statements are effectively in place. During the year, such controls have been assessed based on the essential components of Internal Controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

Robust MIS ensures effective monitoring and control of all operating parameters. The Board is reported for any significant deviations from the annual planning and budgeting and business outlook, including capital expenditure, at least on a quarterly basis. All the key internal controls related to both financial reporting and operational controls have been documented and tested in accordance with the Companies Act 2013. The Audit Committee reviews the reports of internal auditors and corrective measures have been implemented to ensure the robustness of internal controls. The Board recognises the reports of the auditors, as an independent check on the information received from the management on business operations and performance.

**RISK MANAGEMENT FRAMEWORK**

We have Enterprise Risk Management (ERM) that encompasses and applies to each business function in an effective manner to enable us to identify, evaluate, mitigate and monitor the key risks. It is a key business enabler designed to integrate the business strategies and performance processes by incorporating leading practices based on COSO and ISO 31000 principles. The Risk Management has been integrated with strategy formulation and execution and led through the organisational culture, capabilities and practices. ERM enables effective risk management to create, preserve and realise value effectively.

The Company's robust ERM enables it to:



The Risk Management Committee is responsible for designing, implementing and monitoring the risk management strategy. For identification, planning, leading and controlling business operations, a strong risk management policy is in place which also enables the organisation to minimise the impact of any risk on business capital and earnings.

The Company's risk management strives to provide a realistic, though not absolute, assurance to stakeholders that significant business risks are periodically assessed, mitigated and such information is duly disclosed and reported. The following are the risks that are currently most relevant and material to business performance:

Significant Risk	Risk Management Measures	Change in Risk
<p><b>Ongoing COVID-19 Pandemic &amp; Implications</b></p> <p>The COVID-19 outbreak has had a significant effect on business operations impacting business, revenues and financial growth. The current and uncertain future impact of the COVID-19 pandemic, including its effect on the ability or desire of people to visit retail stores and possible days of operation may impact operations and cash flow management. The Company is closely monitoring the development and possible effects that may result from the COVID-19 pandemic on financial condition, liquidity and operations. As the situation is continuously evolving, the eventual impact may be different from management estimates. The Company remains committed to the safety of its customers, employees and suppliers in all aspects.</p>	<ul style="list-style-type: none"> <li>• Creating 'Safe place to Shop' with COVID-19 Preparedness Programmes</li> <li>• Continue to be agile and responsive to sudden changes and implemented work from home programmes for securing health of our people</li> <li>• Maintaining debt-free operations with optimum inventory and cash reserves</li> <li>• Strengthened relationships with all stakeholders and extended desired support</li> <li>• Deployed Business Continuity Planning and Disaster Recovery policies</li> <li>• Realigning product categories as per changing customer behaviour</li> <li>• Making significant investments in Digital Transformation and Omnichannel</li> </ul>	<p style="text-align: center;">↑ Increased</p>

Significant Risk	Risk Management Measures	Change in Risk
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**Intensifying Competition and growing online presence**

Increased

The highly competitive nature of the industry is characterised by rapid shifts in consumer trends and technology. The Company's market dominance may be affected by the intense competition which in turn results in both price and demand volatility. Due to the expansive nature of business, competition includes retail players, wholesalers and e-commerce players operating at both national and local department store level. To have an edge over competition, the Company needs to promptly adapt to changes in customer requirements, devote greater resources or adopt more competitive measures. The Company continues to embark on its sustainable business model and its omnichannel progress has been steady and yielding satisfactory results.

- Increasing network and scale of omnichannel strategy
- Introducing online channel-exclusive new categories
- Working in close collaboration with online marketplaces
- Enhanced service to customers with innovation technique
- Strengthening brand equity
- Revamping Supply Chain for future-ready omnichannel expansion
- Structured & sustainable expansion of store footprint

**Liquidity & Cash Conservation**

No Changes

Businesses are exposed to working capital management risk due to the unforeseen-unprecedented pandemic and resultant implications. The Company understands the importance to maintain healthy and adequate cash reserves and creditworthiness for sustaining the operations. The cash generation may be at risk due to weak consumer sentiments, reduction in demand and loss of operational days due to lockdown and similar restrictions. The Company may be required to use its credit limit in the event of working capital being blocked in required inventory.

- Maintaining high level of creditworthiness
- Robust cash conservation measures implemented
- Effective cost reduction, control and monitoring measures in place
- Built cash reserves to sustain impact of temporary disruptions
- Working to renegotiate long-term fixed costs and extending credit terms

**Legal & Regulatory**

No Changes

The Company needs to strictly adhere to various applicable rules and regulations and keep pace with dynamic changes in the regulatory environment. The Company needs to be highly agile and responsive to unprecedented changes in taxation, environment, governance, disclosure and regulatory policies. While grappling with crisis management, oversight or negligence of deadlines is commonplace and may result in unwarranted inquiries, damages, fines, criminal sanctions and litigations.

- Centralised monitoring of licenses and regulations
- Exploring tech-enabled governance & compliance solutions
- Keeping a close eye on the local regulations related to COVID-19 pandemic control
- Continuous and close monitoring of new regulations by legal and regulatory specialists
- Ensuring strict compliance to all relevant laws and legal obligations
- Conducting training & awareness programmes for imbining governance as a way of working

Significant Risk	Risk Management Measures	Change in Risk
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**Information Systems and Cyber Security**

Increased

With growing scope of business, the business transformation and technology-led innovation models are gaining importance. Cloud computing, mobile devices, machine learning, applications, remote working and management information systems have become inherent tools of business continuity. This has led to the emergence of Information and Cyber Security threat with increased cyber-attacks, the threat of unauthorised access, privacy breach and the possibility of misuse of sensitive information or operational disruption. Any data leakage, loss of sensitive data or unauthorised access may adversely impact our business.

- Improved Information System strategy with due focus on digital strategy
- Adequate use of firewalls and threat monitoring systems
- Effective protocols in place for asset handling as work-from-home remains relevant
- Periodically conducting awareness sessions
- Use of monitoring tools, Privacy, Information Security and Management framework
- Implementation of Non-Disclosure Agreement and Data protection contracts
- Constant revaluation and upgradation of IT Infra and process resilience

**Social Media, Brand and Reputation**

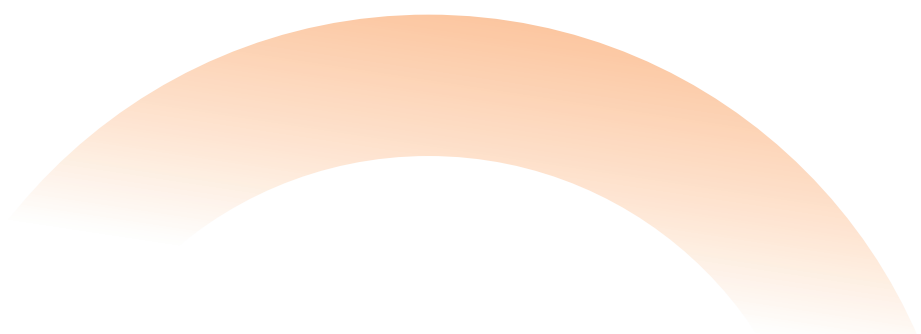
No Changes

The ongoing pandemic has shrunk boundaries as digital dependence becomes prominent. Social media and other internet-based applications need to be effectively managed to remain relevant to the customers and communicate new offerings and/or business sustainability assurance. Any negative social media communication may get amplified to affect the brand equity undesirably. There is growing risk from miscommunication in media interaction. The Company has a limited digital presence but with the changing business environment and growing need for omnichannel social media needs to be more effectively managed.

- All customer feedback, posts and complaints are actively addressed by the Centralised Customer Experience Team
- Crisis communication plan in place to spread positivity and a sense of safety among employees and key stakeholders
- Social media policy is in place and periodically communicated to employees through training & awareness

**CAUTIONARY STATEMENT**

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



**V-MART RETAIL LIMITED**  
(CIN - L51909DL2002PLC163727)

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

# NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held on Wednesday, 25<sup>th</sup> August, 2021 at 10:00 A.M. through Video Conferencing/ Other Audio-Visual means to transact the following Business:

### ORDINARY BUSINESS:

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

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

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, along with the reports of the Auditors and the Board of Directors thereon.

“RESOLVED THAT the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, together with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted.”

#### Item No. 2: Appointment of Mr. Lalit M Agarwal (DIN: 00900900) as Director, liable to retire by rotation

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

“RESOLVED THAT Mr. Lalit M Agarwal (DIN: 00900900), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

### SPECIAL BUSINESS:

#### Item No. 3: Reclassification of Promoter to Public Category.

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

“RESOLVED THAT pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to approval from the BSE Limited, National Stock Exchange of

India Limited (here in after referred to as stock exchanges), the Securities and Exchange Board of India and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify the following person(s) (hereinafter individually and jointly referred to as the applicants) from “Promoter and Promoter Group” category to “Public” category:

Name of the Shareholder	No. of Equity shares held (Face value of 10/- each) as on 31 <sup>st</sup> March, 2021	Percentage of shareholding (%)
Mr. Hemant Agarwal	43	0.00
Hemant Agarwal HUF	1,50,266	0.76
Ms. Smiti Agarwal	2,78,365	1.41

RESOLVED FURTHER THAT in supersession of any provision, their special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

RESOLVED FURTHER THAT the above applicants confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned Regulation 31A of SEBI (LODR) Regulations, 2015 post reclassification from “Promoter & Promoter Group” to “Public” category.

RESOLVED FURTHER THAT on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicants, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition

of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

**RESOLVED FURTHER THAT** Mr. Lalit M Agarwal, Chairman & Managing Director, Mr. Anand Agarwal, Chief Financial Officer & Ms. Megha Tandon, Company Secretary, be and are hereby severally authorized to perform and execute all such acts, deeds, matters and things including but not limited to making intimation/filings to stock exchange(s), seeking approvals from the Securities and Exchange Board of India, BSE Limited, the National Stock Exchange of India Limited (as applicable), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and amend such details and to represent before such authorities as may be required and to take all such steps and decisions in this regard to give full effect to the aforesaid resolutions”.

**Item No. 4: Approval for Remuneration and waiver of excess managerial remuneration paid to Mr. Lalit M Agarwal, Chairman & Managing Director (DIN: 00900900)**

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

“**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V of the Act and the Rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof, or any other law, the approval of the members of the Company be and is hereby accorded for waiver of recovery of the excess managerial remuneration amounting to ₹ 33.06 Lakhs (Rupees Thirty Three lakhs, Six thousand) paid to Mr. Lalit M Agarwal as the Chairman & Managing Director of the Company for the Financial Year 2020-21.

**RESOLVED FURTHER THAT** consent of the member is also accorded to pay the remuneration in accordance with Schedule V of the Companies Act, 2013 to Mr. Lalit M Agarwal in case of no or inadequate profits for the subsequent Financial Years, if any.

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

**Item No. 5: Approval for Remuneration and waiver of excess managerial remuneration paid to Mr. Madan Gopal Agarwal, Whole-time Director (DIN: 02249947)**

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

“**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V of the Act and the Rules made thereunder, including any statutory modification thereof, or any other law, the approval of the members of the Company be and is hereby accorded to approve the waiver of recovery of the excess remuneration amounting to ₹ 3.59 Lakhs (Rupees Three lakhs, Fifty Nine thousand) paid to Mr. Madan Gopal Agarwal as the Whole-time Director of the Company for the Financial Year 2020-21.

**RESOLVED FURTHER THAT** consent of the member is also accorded to pay the remuneration in accordance with Schedule V of the Companies Act, 2013 to Mr. Madan Gopal Agarwal in case of no or inadequate profits for the subsequent Financial Years, if any.

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

**Item No. 6: Approval for the payment of Commission to Non-Executive Directors**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Act, Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements), 2015 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to pay profit related commission to Non-Executive Directors including Independent Directors at the rate of 1% of Net Profit of the Company from 1<sup>st</sup> April, 2021.

**RESOLVED FURTHER THAT** the above remuneration shall be in addition to fee payable to director(s) for attending the meetings of the board/committees thereof or for any other purpose whatsoever, as may be decided by the board of directors and reimbursement of expenses for participation in Board meeting.

**RESOLVED FURTHER THAT** the Commission payable to Non-Executive Directors including Independent Directors shall be divided amongst them in such a manner as recommended by the Nomination & Remuneration Committee and by the Board, from time to time pursuant to the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** any Director, Mr. Anand Agarwal, Chief Financial Officer & Ms. Megha Tandon, Company Secretary, be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution.”

**Item No. 7: Payment of remuneration to the Non-Executive, Independent Director(s) of the Company in the event of no profits or inadequate profit**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Act and the Rules framed thereunder and, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), 2015 (including any statutory modification or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to pay remuneration as the Board may deem fit, in case of inadequacy of profits, to the Non- Executive, Independent Director(s) of the Company for a period of three financial years commencing from 1<sup>st</sup> April, 2021, subject to the limits prescribed under Schedule V of Companies Act, 2013.

**RESOLVED FURTHER THAT** any Director, Mr. Anand Agarwal, Chief Financial Officer & Ms. Megha Tandon, Company Secretary be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution.”

**Item No. 8: Approval for amendment in the V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“ESOP Scheme, 2020”) of the Company.**

To consider and if thought fit, to pass with or without modification the following resolution as a 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 for the amendment of the V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“ESOP Scheme, 2020”)(Referred as “the Scheme”) of the Company by increasing the total number of Stock Options from Two Lakhs Options to Five 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 13.1 of the scheme shall be substituted accordingly.

**RESOLVED FURTHER THAT** the other terms and conditions of V-Mart Retail Ltd. Employee Stock Option Plan 2020 of the Company as approved and time to time amended by the Board and Members of the Company shall remain the 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 obtaining the in-principle approval 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 Ltd.

**Megha Tandon**  
Company Secretary  
M. No. F10732

Place: Gurugram  
Date: 21<sup>st</sup> July, 2021

**NOTES:**

1. In view of continuing COVID-19 pandemic, Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021, General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 read with General Circulars Nos. 14/2020 dated 8<sup>th</sup> April, 2020 and 17/2020 dated 13<sup>th</sup> April, 2020, permitted to conduct the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), without the physical presence of Members at a common venue. Considering the current pandemic situation and in accordance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the 19<sup>th</sup> AGM of the Company is being held through VC / OAVM. The deemed venue for the 19<sup>th</sup> AGM shall be the Registered Office of the Company of the Company for a term upto the conclusion of 19<sup>th</sup> Annual General Meeting of the company in the calendar year 2021.
2. The Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agent (‘RTA’) of the Company, to provide VC/OVAM facility for the AGM of the Company.
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) which sets out details relating to Special Businesses at the meeting, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) & Secretarial Standard-2 of the person seeking re-appointment as Director is also annexed.
4. In terms of Section 152 of the Companies Act, 2013, Mr. Lalit M Agarwal (DIN: 00900900), Director, retiring by rotation at the Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
5. Since this AGM is being held pursuant to MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by Members will not be available for this AGM. Hence, Proxy Form, Route Map and Attendance Slip are not annexed to this Notice.
6. Members attending the AGM through VC/OAVM, shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. Institutional/Corporate members are encouraged to attend and vote at the meeting through VC/OVAM. We also request them to send, a duly certified copy of the Board Resolution authorising their representative to attend the AGM through VC/OAVM and vote through remote e-voting on its behalf at [cs@vmart.co.in](mailto:cs@vmart.co.in) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) pursuant to Section 113 of the Companies Act, 2013.
8. Each member present at the meeting shall be entitled to one vote for every equity share held.
9. Only bona fide members of the Company, whose name appears first on the Register of Members, will be permitted to attend the meeting through VC/OAVM. The Company reserves its right to take all necessary steps as may be deemed necessary to restrict non-members from attending the meeting.
10. In case of joint holders attending the AGM, only such joint holders who are higher in the order of names will be entitled to vote.
11. The company has notified closure of Register of members and share transfer Books from Thursday, 19<sup>th</sup> August, 2021 to Wednesday, 25<sup>th</sup> August, 2021 (both days inclusive) in connection with Annual General Meeting and voting (through remote e-voting and during the AGM) on the resolutions set forth in the Notice.
12. Members are requested to send all communications relating to shares (Physical & Electronic Mode) to our Registrar & Share Transfer Agent (R & T Agent) at the following address:  
  
M/s KFin Technologies Private Limited  
Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad, Telangana - 500 032  
Phone No.: 040 67162222  
Toll Free: 1800 309 4001  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)
13. Instructions and other information relating to remote e-voting, participation in the AGM through VC/OAVM and e-voting during the AGM are given in this Notice. The Company will also send communication which inter alia would contain details about User ID and Password along with a copy of this Notice to the members, separately.
14. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
15. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section

189 of the Act and the certificate from Auditors of the Company certifying that V-Mart Retail Limited Employee Stock Option Scheme 2012 & Employee Stock Option Scheme 2020 in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 will be available for inspection by Members in electronic mode during the AGM. Members who wish to seek inspection, may send their request through an email at [cs@vmart.co.in](mailto:cs@vmart.co.in) up to the date of AGM.

16. Members holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address and email IDs to their respective Depository Participants only. The Company or its RTA i.e. KFin Technologies Private Limited, cannot act on any request received directly from the members holding shares in demat mode for changes in any bank mandates or other particulars. Members holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email IDs to our RTA i.e. KFin Technologies Private Limited or the Secretarial Department of the Company.
17. Members holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the RTA i.e. KFin Technologies Private Limited or the Secretarial Department of the Company.
18. Members who have not registered their email ID with the depository participants, are requested to register their email ID with their depository participants in respect of shares held in electronic form and in respect of shares held in physical form, are requested to submit their request with their valid email ID to our RTA at [einward.ris@kfinotech.com](mailto:einward.ris@kfinotech.com) or [cs@vmart.co.in](mailto:cs@vmart.co.in) for receiving all communications including annual report, notices, letters etc., in electronic mode from the Company.
19. Pursuant to Section 101 and Section 136 of the Act, read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation Disclosures Requirement) Regulation, 2015 ("SEBI Listing Regulations"), companies can serve Annual Report and other communications through electronic mode to those Members who have registered their email ID either with the Company or with the Depository Participants.
20. In compliance with the provisions of MCA vide its General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021, Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, Circular No.17/2020 dated 13<sup>th</sup> April, 2020 and Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and SEBI circular dated 15<sup>th</sup> January, 2021 & 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2020-21, are being sent only through electronic mode to those Members whose email IDs are available with the Company/Depositories/RTA.
21. Members may note that the Notice of the AGM and Annual Report 2020-21 will also be available on the Company's website [www.vmart.co.in](http://www.vmart.co.in) and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFin Technologies Private Limited at URL: <https://evoting.kfintech.com/>.
22. Since the AGM will be held through VC/OAVM, the Route Map is not required to be annexed to the Notice.
23. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending section 139 of the Act and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
24. AGM Live Webcast Facility: Pursuant to Regulation 44 of SEBI Listing Regulations and para 3 Clause A (III) of Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 issued by MCA, Government of India, the Company has made arrangements for two-way live webcast for the proceedings of the AGM. The details of the webcast link shall be made available on the website of the Company at [www.vmart.co.in](http://www.vmart.co.in).
25. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility of remote e-voting to all the members as per applicable Regulations relating to e-voting. The complete instructions on e-voting facility provided by the Company are annexed to this Notice, explaining the process of e-voting with necessary user id and password. Members who have cast their vote by remote e-voting prior to the meeting may attend the meeting but will not be entitled to cast their vote again.
26. The Company has fixed Wednesday, 18<sup>th</sup> August, 2021 as the Cut-off date for determining the eligibility of Members entitled to vote at the AGM. The remote e-voting shall remain open for a period of 3 days commencing from 9.00 a.m. (IST) on Sunday, 22<sup>nd</sup> August, 2021 up to 5.00 p.m. (IST) on Tuesday, 24<sup>th</sup> August, 2021 (both days inclusive).
27. Members who are present in meeting through video conferencing facility and have not cast their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting.

28. The Company has appointed Mr. Harsh Oberoi, Practicing Company Secretary (C.P. No. 17834), as Scrutinizer to scrutinise the e-voting process in fair and transparent manner.
29. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company/ Electronic mode during normal business hours (8:15 hours to 17:15 hours) on all working days except Saturdays and Sundays, up to and including the date of the AGM of the Company. Members who wish to seek inspection, may send their request through an email at cs@vmart.co.in up to the date of AGM.
30. Information required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/ Re-appointment at the AGM is furnished as annexure to this Notice. The Directors have furnished consent/ declarations for their appointment/re-appointment as required under the Act and rules made thereunder
31. In line with the measures of “Green Initiatives”, the Act provides for sending Notice of the AGM and all other correspondences through electronic mode. Hence, Members who have not registered their mail IDs so far with their depository participants are requested to register their email ID for receiving all the communications including Annual Report, Notices etc., in electronic mode. The Company is concerned about the environment and utilises natural resources in a sustainable way.
32. Members are requested to note that as per Section 124(5) of the Act, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account, is liable to be transferred by the Company to the “Investor Education Protection Fund” (IEPF) established by the Central Government under Section 125 of the Act. Therefore, the amount of unclaimed dividend for the financial year ended 31<sup>st</sup> March, 2014 is due for transfer to IEPF in October 2021. Pursuant to IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30<sup>th</sup> September, 2020 (date of last AGM) on the website of the Company at www.vmart.co.in and also on the website of the Ministry of Corporate Affairs. Members may approach the IEPF Authority to claim the unclaimed dividend transferred by the Company to IEPF. Members may approach the Company Secretary and Compliance Officer of the Company for claiming the unclaimed dividend which is yet to be transferred to IEPF by the Company.
33. Members are requested to note that as per Section 124(6) of the Act, read with IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to Demat Account of IEPF Authority. Consequently, the Company will transfer the eligible equity shares to Demat Account of IEPF Authority. Members are entitled to claim the same from IEPF by submitting an application in the prescribed online web based Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed, to the Nodal Officer of the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
34. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from 1<sup>st</sup> April, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or our RTA for assistance in this regard.
35. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical mode can submit their PAN to the Company / to our RTA.
36. Members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to our RTA, for consolidation into a single folio.
37. Non-Resident Indian Members are requested to inform our RTA / respective depository participants, immediately of any:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

### INSTRUCTIONS FOR REMOTE E-VOTING

1. Use the following URL for e-voting from Kfintech website: <https://evoting.kfintech.com>.
2. Members of the Company holding shares either in physical form or in dematerialized form, as on Wednesday, 18<sup>th</sup> August, 2021 the cutoff date, may cast their vote electronically.
3. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with Kfintech for e-voting, use your existing User ID and password for casting your votes.
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 (az), one numeric value (0-9) and a special character. 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 of the Company.
8. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
9. Members holding multiple folios / demat account shall choose the voting process separately for each folio / demat account.
10. 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.
11. The Portal will be open for voting from 9.00 a.m. on Sunday, 22<sup>nd</sup> August, 2021 up to 5.00 p.m. (IST) on Tuesday, 24<sup>th</sup> August, 2021.
12. Members of the Company who have purchased their shares after the dispatch of the Notice but before the cutoff date (Wednesday, 18<sup>th</sup> August, 2021) may contact Kfintech at Tel No. 1800 309 4001 (toll free) to obtain login id and password or send a request to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.kfintech.com> or contact Kfintech at Tel No. 1800 309 4001 (toll free).
14. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility.

### PROCEDURE TO LOGIN THROUGH WEBSITES OF DEPOSITORIES

NSDL	CDSL
<b>Users already registered for IDeAS facility of NSDL</b>	<b>Users already registered for Easi / Easiest facility of CDSL</b>
i. Click on URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> .	i. Click on URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="https://www.cdslindia.com/">https://www.cdslindia.com/</a> and click on New System Myeasi
ii. Click on the "Beneficial Owner" icon under 'IDeAS' section.	ii. Enter your User ID and Password for accessing Easi / Easiest.
iii. Enter your User ID and Password for accessing IDeAS,	iii. Click on Company name or e-voting service provider for casting the vote during the remote e-voting period.
iv. On successful authentication, you will enter your IDeAS service login	
v. Click on "Access to e-Voting".	
vi. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.	

NSDL	CDSL
<p><b>2. Users not registered for IDeAS facility of NSDL</b></p> <p>i. To register, click on URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a>.</p> <p>ii. Select “Register Online for IDeAS”</p> <p>iii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc.</p> <p>iv. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.</p>	<p><b>2. Users not registered for Easi / Easiest facility of CDSL</b></p> <p>i. To register, click on URL <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>ii. Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc.</p> <p>iii. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.</p>
<p><b>3. Users may directly access the e-voting module of NSDL as per the following procedure:</b></p> <p>i. Click on URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></p> <p>ii. Click on the button “Login” available under “Shareholder / Member” section.</p> <p>iii. Enter your User ID (i.e. 16-digit demat account number held with NSDL), login type, Password / OTP and Verification code as shown on the screen</p> <p>iv. On successful authentication, you will enter the e-voting module of NSDL</p> <p>v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.</p>	<p><b>3. Users may directly access the e-voting module of CDSL as per the following procedure:</b></p> <p>i. Click on URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a>.</p> <p>ii. Provide demat account number and PAN</p> <p>iii. System will authenticate the user by sending OTP on registered mobile &amp; email as recorded in the demat account.</p> <p>iv. On successful authentication, you will enter the e-voting module of CSDL.</p> <p>v. Click on Company name or e-voting service provider and you will be re-directed to Kfintech website for casting the vote during the remote e-voting period.</p>

NSDL	CDSL
<p><b>Procedure to login through their demat accounts / website of Depository Participant</b></p> <p>Individual shareholders holding shares of the Company in Demat mode can access e-Voting facility provided by the Company using login credentials of their demat accounts (online accounts) through their demat accounts / websites of Depository Participants registered with NSDL/CDSL. An option for “e-Voting” will be available once they have successfully logged-in through their respective logins. Click on the option “e-Voting” and they will be redirected to e-Voting modules of NSDL/CDSL (as may be applicable). Click on the e-Voting link available against the name of Company or select e-Voting service provider “Kfintech” and you will be redirected to the e-Voting page of Kfintech to cast your vote without any further authentication.</p>	
<p><b>Members who are unable to retrieve User ID / Password are advised to use “Forgot User ID” / “Forgot Password” options available on the websites of Depositories / Depository Participants.</b></p>	
<p><b>Contact details in case of technical issue on NSDL website</b></p> <p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>	<p><b>Contact details in case of technical issue on CSDL website</b></p> <p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 22-23058542-43.</p>

## INSTRUCTIONS FOR PARTICIPATING THROUGH VC/OAVM

1. Members will be able to attend the Nineteenth AGM of the Company through VC/OAVM through KFinTech e-voting system at <https://evoting.kfintech.com> under shareholders login by using the remote e-voting credentials and selecting the EVENT for the Company's Nineteenth AGM. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice of AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging in to the e-voting system.
  2. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches and Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
  3. Members are advised to use stable Wi-Fi or LAN connection to ensure smooth participation at the AGM. Participants may experience audio / video loss due to fluctuation in their respective networks.
  4. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
  5. Shareholders queries: Members who wish to seek any clarification on Annual Report from the Company may visit <https://emeetings.kfintech.com/> and click on the tab "Post Your Queries Here" to write their queries in the window provided, by mentioning your name, demat account number/ folio number, email ID and mobile number. Please note that, members' questions will be answered during the meeting or subsequently via email, only if, the shareholder continues to hold the shares as on the cut-off date i.e. Wednesday, 18<sup>th</sup> August, 2021. The window shall remain active during the remote e-voting period.
  6. Speaker Registration: Members who wish to speak at the AGM may register themselves as a speaker by visiting <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during the remote e-voting period starting from Sunday, 22<sup>nd</sup> August, 2021 at 9.00 a.m. (IST) to Tuesday, 24<sup>th</sup> August, 2021 at 5.00 p.m. (IST). Members shall be provided a 'queue number' before the AGM. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves and depending on the availability of time at the AGM.
  7. Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through the e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ('vote now') on the left side of the screen to cast their votes.
  8. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be closed on expiry of 15 minutes from the scheduled time of the AGM
  9. Facility of joining the AGM through VC / OAVM shall be available for 1,000 Members on a first come first serve basis. However, the participation of Members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis
  10. Those Members who register themselves as speaker will only be allowed to express views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time and to ensure the smooth conduct of the AGM
  11. Members, who have casted their votes by remote e-voting may also attend the AGM through VC / OAVM but shall not be entitled to cast their votes again
  12. Members who need assistance or help during the AGM, can contact KFinTech, Selenium Tower B, Plot No.31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032, Telangana. Phone : +91 40 6716 2222.
- The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes and shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period of not exceeding two working days as the case may be from the conclusion of the voting to the Chairperson of the Company or a person authorised by him in writing who shall countersign the same.
- The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's report shall be placed on the website of the Company [www.vmart.co.in](http://www.vmart.co.in) and on the website of Kfin Technologies Private Limited <https://evoting.kfintech.com/> and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed, for placing the same in their website.

**IMPORTANT COMMUNICATION TO MEMBERS**

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

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

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

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (“THE ACT”)

### ITEM NO. 3

The Company has received requests from Mr. Hemant Agarwal, Ms. Smiti Agarwal & Hemant Agarwal HUF being members of the Promoter Group for reclassification from ‘the Promoter and Promoter Group’ category to ‘Public’ category due to disassociation from the Company for a period of five years. Further, Mr. Hemant Agarwal and other promoters seeking re-classification have entered into competing business. Thus to avoid any conflict of interest at later stages and following the principle of good corporate governance, the aforesaid promoters have requested the Board vide their letter dated 24<sup>th</sup> May, 2021 to consider and seek reclassification of their entire shareholding as public.

The following are the details regarding their respective shareholding in the Company:

Name of the Shareholder	No. of Equity shares held (Face value of 10/- each) as on 31 <sup>st</sup> March, 2021	Percentage of shareholding (%)
Mr. Hemant Agarwal	43	0.00
Hemant Agarwal HUF	1,50,266	0.76
Ms. Smiti Agarwal	2,78,365	1.41

Pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with amendments thereto, the aforesaid promoters seeking reclassification have confirmed that –

- i) They, together do not hold more than ten percent of the total Voting Rights in the Company;
- ii) They do not exercise control over the affairs of the Company directly or indirectly;
- iii) They do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) They do not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- v) They do not act as a Key Managerial Person in the Company;
- vi) They are not ‘wilful defaulters’ as per the Reserve Bank of India Guidelines;
- vii) They are not fugitive economic offenders.

Further, the aforesaid shareholders have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015.

The said requests for reclassification were considered, analyzed and approved by the Board of Directors at its meeting held on 28<sup>th</sup> May, 2021, subject to members’ approval, and stock exchanges’ approval subsequently.

The Promoter/ Promoter Group shareholding in the Company would be 44.5% after the above reclassification.

None of the Directors/ KMP of the Company/their relatives other than Mr. Lalit M Agarwal and Mr. Madan Gopal Agarwal are in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item no. 3 of this Notice. The Board recommends the resolution set forth in Item no. 3 for the approval of the Members.

### ITEM NO. 4 & 5

The managerial remuneration paid to Mr. Lalit M Agarwal, Chairman & Managing Director of the Company and Mr. Madan Gopal Agarwal, Whole Time Director designated as Executive Director of the Company (“said Directors”) during the Financial Year (F.Y.) 2020-21 exceeded the limit under Section 197 of the Companies Act, 2013 (“the Act”) due to inadequate profit in the Financial Year 2020-21.

The Company made some significant progress on several strategic initiatives to further enhance its store presence, customer, people and product proposition. However, due to the unforeseen adverse impact of Covid-19 pandemic and resultant restrictions on the availability of days of operations, conservative consumer sentiments and footfalls, the Company witnessed a dip in the revenues and the profitability of the Company during the Financial year 2020-21.

Owing to the above factors, the financial performance of the Company in the financial year ended 31<sup>st</sup> March, 2021 did not meet expectations. As a result of the above, the remuneration paid to Mr. Lalit M Agarwal and Mr. Madan Gopal Agarwal for the financial year 2020-21 exceeded the limits specified under Section 197 of the Companies Act, 2013 (the Act) read with Schedule V thereto. Pursuant to Section 197(10) of the Act, the members of the Company can waive the recovery of excess remuneration by passing a special resolution.

The Company in its Annual General Meeting held in 2019 had passed resolutions for revision in remuneration including payment of remuneration in case of inadequacy of profits for the Executive Directors, However it did not contain the specified

information in the explanatory statements of the notice as required under Schedule V of the Act. In this regard, the Board of Directors at its meeting held on 28<sup>th</sup> May, 2021 approved the said waiver and the same has been placed before the shareholders for their approval.

The approval of the members is sought for passing the Special Resolutions as set out under item no. 4 & 5 of the Notice for remuneration paid to Mr. Lalit M Agarwal & Mr. Madan Gopal Agarwal as mentioned above.

None of the directors and key managerial personnel of the Company, except Mr. Lalit M Agarwal & Mr. Madan Gopal Agarwal and their relatives are concerned or interested, financial or otherwise, in the resolutions set out at Item no. 4 & 5 of the Notice.

The Board recommends approval of the resolutions set out in Item no. 4 & 5 of the accompanying Notice as a Special Resolution.

Disclosure as per Section II to Part II of Schedule V of the Companies Act, 2013 is as follows:

## I. GENERAL INFORMATION:

### 1. Nature of Industry

The Company is engaged in the business of Retail Sale via Stalls & Markets

### 2. Date or expected date of commencement of commercial production:

Not Applicable

### 3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable as the Company is an existing Company.

### 4. Financial Performance based on given indicators:

	(₹ In Lakhs)
Particulars	F.Y. 2020-21
Total Income	109,650.04
Expenditure other than Interest and Depreciation	94,424.85
Profit before Interest, Depreciation and Tax	15,225.19
Interest (Net)	5,894.53
Profit before Depreciation and Tax	9,330.66
Depreciation	10,297.14
Profit before Tax and Exceptional Items	(966.48)
Provision for Current Tax	569.42
Provision for Deferred Tax	(915.60)
Net Profit	(620.30)

## 5. Foreign investments and collaboration, if any:

The Company has neither made any Foreign Investments nor entered into any collaborations during the last Financial Year

## II. INFORMATION ABOUT THE APPOINTEES:

### 1. Background Details:

- (a) **Mr. Lalit M Agarwal:** Mr. Lalit M Agarwal is the Chairman and Managing Director on the Board of our Company and is a founder of our Company. He is responsible for the development of our leadership team, the enhancement of shareholders' value and ensuring corporate governance in our Company. Additionally, he is responsible for the expansion of our Company to newer regions. He holds a diploma in financial management from the Narsee Monjee Institute of Management Studies.
- (b) **Mr. Madan Gopal Agarwal:** Madan Gopal Agarwal is a Whole-Time Director on the Board of our Company and has been a Director of our Company since its incorporation. He handles strategic initiatives in merchandising for our Company, particularly in the footwear and strategy divisions. He has more than four decades of entrepreneurial experience in the fashion retail industry. He is a mentor and a guiding force for the Company.

### 2. Past remuneration:

- (a) **Mr. Lalit M Agarwal:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 249.65 Lakhs and during the Financial Year ended 31<sup>st</sup> March, 2019, ₹ 223.6 Lakhs was paid as remuneration to Mr. Lalit M Agarwal.
- (b) **Mr. Madan Gopal Agarwal:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 55.81 Lakhs and during the Financial Year ended 31<sup>st</sup> March, 2019, ₹ 62.8 Lakhs was paid as remuneration to Mr. Madan Gopal Agarwal.

### 3. Recognition and Awards:

- (a) **Mr. Lalit M Agarwal:** Mr. Lalit Agarwal holds the position of the Chairman of Retailers Association of India (RAI) as well as Chairman of Confederation of Indian Industry (CII)- Retail & FMCG for the Northern Region.
- (b) **Mr. Madan Gopal Agarwal:** N.A.

### 4. Job profile Suitability:

- (a) **Mr. Lalit M Agarwal:** He is the Managing Director of the Company.
- (b) **Mr. Madan Gopal Agarwal:** He is the Whole Time Director of the Company.

**5. Remuneration proposed:**

There is no change in the terms of appointment and remuneration of the above mentioned Managerial Personnel as was approved by the Members of the Company at their 17<sup>th</sup> Annual General Meeting held on 02<sup>nd</sup> August, 2019.

**6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Considering the responsibility shouldered by them, remuneration paid to them was commensurate with Industry standards and Board level positions held in similar sized and similarly positioned businesses.

**7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:**

Mr. Lalit and Mr. Madan Agarwal are the promoters of the Company. Mr. Lalit is son of Mr. Madan Agarwal.

**III. OTHER INFORMATION:**

<p>1. Reasons of loss or inadequate profits:</p>	<p>Due to the unforeseen adverse impact of Covid-19 pandemic and resultant restrictions on operations, conservative consumer sentiments and reduced footfalls, the Company witnessed a dip in the revenues and the profit after tax (PAT) of the Company during the Financial year 2020-21.</p>
<p>2. Steps taken or proposed to be taken for improvement:</p>	<p>The Company continues to embark on its cautious growth journey by opening new stores, optimising costs and inventory levels, scaling-up omnichannel initiatives and embracing digital transformation to generate business advantages and improve the profitability of the Company.</p>
<p>3. Expected increase in productivity and profits in measurable terms:</p>	<p>Despite the second wave of the COVID-19 and lockdown restrictions in Q1 of FY 2020-21 the Company remains positive in its approach and expects to nearly achieve the Pre-Covid level revenues, provided that there is no major impact on operations due to resurgence of the pandemic.</p>

**ITEM NO. 6**

With the changes in the Corporate Governance norms, the role of the Non-Executive Directors including Independent Directors and the level of their engagement has undergone significant qualitative changes over a period of time.

Further, in the light of the enhanced responsibilities of Independent Directors, keeping in view of the industry norms and having regard to valuable contribution in growth of the Company, by Non-Executive Directors including Independent Director, it is proposed pursuant to the provisions of Sections 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the Act, Regulation 17(6) of SEBI (Listing Obligations and Disclosure Requirements), 2015 to pay commission based on net profit of the company to the Non-Executive Directors including Independent Directors of the Company, w.e.f. 1<sup>st</sup> April, 2021. The provision to pay commission to Non-Executive Directors has been in place since 1<sup>st</sup> April, 2015 and is being reinstated.

The approval of Members is sought for payment of commission, if any, to the Non-Executive Directors. The Board, therefore, recommends the Ordinary Resolution set out at item no. 6 of the accompanying Notice for the approval of Members.

All Non-Executive Directors, including Independent Directors of the Company are deemed to be concerned or interested in this resolution.

**ITEM NO. 7**

With the recent changes in the Schedule V of the Act through Notification dated March 18, 2021, the Ministry has allowed payment of remuneration to Directors other than the Managerial Persons, being Non-Executive Directors including Independent Director in case of no profits or if the profits of the Company are inadequate.

Therefore, the Members are requested to grant their approval for remuneration to be paid to the said Non- Executive, Independent Directors as may be decided by the Board in case of no profits or inadequate profits during the next three Financial Year w.e.f. 1<sup>st</sup> April, 2021, subject to overall limit imposed under Schedule V of the Companies Act, 2013.

The following additional information as per item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

**I. GENERAL INFORMATION:**

**1. Nature of Industry**

The Company is engaged in the business of Retail Sale via Stalls & Markets

## 2. Date or expected date of commencement of commercial production:

Not Applicable

## 3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable as the Company is an existing Company.

## 4. Financial Performance based on given indicators:

(₹ In Lakhs)	
Particulars	F.Y. 2020-21
Total Income	109,650.04
Expenditure other than Interest and Depreciation	94,424.85
Profit before Interest, Depreciation and Tax	15,225.19
Interest (Net)	5,894.53
Profit before Depreciation and Tax	9,330.66
Depreciation	10,297.14
Profit before Tax and Exceptional Items	(966.48)
Provision for Current Tax	569.42
Provision for Deferred Tax	(915.60)
Net Profit	(620.30)

## 5. Foreign investments and collaboration, if any:

The Company has neither made any Foreign Investments nor entered into any collaborations during the last Financial Year.

## II. INFORMATION ABOUT THE APPOINTEES:

### 1. Background Details:

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

(b) **Mr. Murli Ramachandran:** Mr. Murli Ramachandran is a Management Consultant and Executive & Business

Coach, specialising in transformation & strategy, performance improvement, leadership development and change management. He has over 35 years of rich and varied experience at leadership levels in various companies including RPG Group, TVS Capital Funds, Sanmar, Accenture and KPMG. Mr. Murli is also a Director on the Board of Junior Achievement (JA) India and a nominee Director of IFC on the Board of Lithium Urban Technologies Pvt Ltd. He holds a BE (Hons) degree in Mechanical Engineering and an MMS from BITS, Pilani. He also has an MS in Industrial Engineering from Columbia University, New York.

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

(d) **Mr. Govind Shridhar Shrikhande:** Mr. Shrikhande is a veteran in the Textiles, Apparel and Retail industry. He is Textile Technology Graduate from VJTI & an MBA from Symbiosis Institute. In his last full-time role, he was the Managing Director of Shoppers Stop, where he started his stint in 2001 as the Vice President of Buying & Merchandising function, growing into the role of Chief Executive Officer role before being elevated as the MD. Prior to Shoppers Stop, he was associated with companies like Bombay Dyeing, Arvind, Mafatlal and Johnson & Johnson. He has the unique distinction of being part of the team that launched Arvind Denim and Arrow brands in India. He has won several awards including Retail Icon of India, Retail Professional of the Year etc.

He is also on the Boards of Donear Industries and Indian Retails & Hospitality Pvt Ltd. He works with Leading Private Equity Companies Multiples, Sauce, Kalari Capital etc. He is on the Governing Body of Symbiosis University of Applied Sciences, Indore & Symbiosis Skills & Professional University, Pune.

## 2. Past remuneration:

- (a) **Mr. Aakash Moondhra:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 12.62 Lakhs and F.Y ended 31<sup>st</sup> March, 2019 ₹ 18 Lakhs was paid as remuneration to Mr. Aakash Moondhra.
- (b) **Mr. Murli Ramachandran:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 10.13 Lakhs and F.Y ended 31<sup>st</sup> March, 2019 ₹ 14.4 Lakhs was paid as remuneration to Mr. Murli Ramachandran.
- (c) **Ms. Sonal Mattoo:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 9.77 Lakhs and F.Y ended 31<sup>st</sup> March, 2019 ₹ 14.1 Lakhs was paid as remuneration to Ms. Sonal Mattoo
- (d) **Mr. Govind Shridhar Shrikhande:** During the Financial Year ended 31<sup>st</sup> March, 2020, ₹ 9.82 Lakhs and F.Y ended 31<sup>st</sup> March, 2019 ₹ 6 Lakhs was paid as remuneration to Mr. Govind Shridhar Shrikhande.

## 3. Recognition and Awards:

- (a) Mr. Aakash Moondhra: N.A.
- (b) Mr. Murli Ramachandran: N.A.
- (c) Ms. Sonal Mattoo: N.A.
- (d) Mr. Govind Shridhar Shrikhande: N.A.

## 4. Job profile Suitability:

- (a) **Mr. Aakash Moondhra:** Mr. Aakash is an Independent Director on the Board of the Company. He provides strategic guidance to our Company for growth and expansion into new markets, risk management, investor relations and project management. He also advises our Company on digital technology, customer relationship management and analytics
- (b) **Mr. Murli Ramachandran:** Mr. Murli is an Independent Director on the Board of the Company. He provides expertise to our Company on business strategy, leadership and talent development, and performance management and improvement.
- (c) **Ms. Sonal Mattoo:** Ms. Sonal is an Independent Director on the Board of our Company. She assists our Company with several corporate social responsibility initiatives, and guides our Company in promoting gender diversity and inclusion by developing women-oriented management concepts.
- (d) **Mr. Govind Shridhar Shrikhande:** Mr. Govind is an Independent Director on the Board of our Company. He advises our Company with increasing shareholder value, strategic planning, corporate governance and sustainability.

## 5. Remuneration proposed:

The approval of the Members is being sought to pay the remuneration to these directors in accordance with Schedule V of the Act, in case there is no or inadequate profits.

## 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

No, remuneration has been paid by the Company. However, Considering the responsibility shouldered by them, remuneration payable to them will be commensurate with Industry standards and Board level positions held in similar sized and similarly positioned businesses.

## 7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

None, except in the capacity of Independent Director.

## III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits:	Due to the unforeseen adverse impact of Covid-19 pandemic and resultant restrictions on operations, conservative consumer sentiments and reduced footfalls, the Company witnessed a dip in the revenues and the profit after tax (PAT) of the Company during the Financial year 2020-21.
2. Steps taken or proposed to be taken for improvement:	The Company continues to embark on its cautious growth journey by opening new stores, optimising costs and inventory levels, scaling-up omnichannel initiatives and embracing digital transformation to generate business advantages and improve the profitability of the Company.
3. Expected increase in productivity and profits in measurable terms:	Despite the second wave of the COVID-19 and lockdown restrictions in Q1 of FY 2020-21 the Company remains positive in its approach and expects to nearly achieve the Pre-Covid level revenues, provided that there is no major impact on operations due to resurgence of the pandemic.

None of the other Directors except the interested directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Special Resolutions.

The Board of Directors recommend the Ordinary Resolution set forth in Item No. 7 for approval of the Members.

**ITEM NO. 8**

The Company had introduced the V-Mart Retail Ltd. Employee Stock Option Plan 2020 (“ESOP Scheme, 2020”), with effect from September, 2020. 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 employees with productivity and performance related incentives, thus raising the level of his capabilities and skills.

The Nomination and Remuneration Committee and the Board of directors in its Meeting held on 21<sup>st</sup> July, 2021, has

recommended to increase the total number of Stock Options under ESOP Scheme 2020 of the Company from existing 2,00,000 (Two lakh) Options to 5,00,000 (Five lakh) Options. The modifications do not specifically benefit any of the option holders but are being carried out to increase inclusion of more number of employees in the future. 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. 8 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.

The salient features of ESOP Scheme, 2020 as per the SEBI (SBEB) Regulations are as under:

Sr. No.	Particulars	ESOP Scheme 2020
1	Brief Description of Scheme	The objective of (“ESOP Scheme, 2020”) is to redesign the long term incentive tool to attract, retain and motivate talented employees in line with the industry practices, align employee’s interest with that of the shareholders, provide wealth creation opportunities to critical employees, reward employee performance with ownership.
2	The total number of options, shares or benefits, as the case may be, to be granted	The amount of the total Options available for grant under the Plan shall not, at any time, exceed 500,000 (Five Lakh) Options, exercisable into shares.
3	Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s)	<ul style="list-style-type: none"> <li>a) a permanent employee of the Company who has been working in India or outside India; or</li> <li>b) a director of the Company, whether whole time director or not but excluding an independent director;</li> <li>c) but does not include- <ul style="list-style-type: none"> <li>1. an employee who is a promoter or a person belonging to the promoter group; or</li> <li>2. a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;</li> </ul> </li> </ul> <p>The Nomination &amp; Remuneration Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria and such other criteria as may be decided.</p>

Sr. No.	Particulars	ESOP Scheme 2020
4	Requirements of vesting and period of vesting	<p>a) The options will vest, subject to continued employment with the company or any of its subsidiaries, if any, and achievement of performance criteria as specified by the Nomination &amp; Remuneration Committee.</p> <p>b) The vesting period for the grant shall be decided by the Nomination &amp; Remuneration Committee. The minimum vesting period will be 1(one) year from the date of grant. The vesting of the options shall take place over a maximum of 8 (eight) years from the date of grant or such other period as may be determined by the Nomination and Remuneration Committee from time to time.</p> <p>c) The organisation may decide to impose individual and organisational performance vesting criteria or any other vesting criteria as it may see fit, from time to time.</p> <p>The options may be vested in the proportion of 10:20:30:40 of benefit value, over 4 years, subject to individual and organizational performance achievement. The Nomination and Remuneration Committee may decide to alter the said proportion or the methodology of grant from time to time, within the framework of the ESOP Policy and subject to compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulation, 2014, as amended from time to time.</p> <p>The vesting will be subject to the employees continued employment with the Company.</p> <p>The prescribed eligibility criteria for ascertaining the eligibility criteria shall inter alia include performance-linked parameters such as achievement of long term revenue-linked objectives of the company or business zone or division or any specified work area along with qualifying of individual performance parameters of the employee within the specified period, as decided by the Nomination and Remuneration Committee.</p>
5	Maximum period (subject to Regulation 18 (1) and 24 (1) of the regulations, as the case may be) within which the options / benefit shall be vested	<p>a) The vesting of the options shall take place over a maximum of 8 (eight) years from the date of grant or such other period as may be determined by the Nomination and Remuneration Committee from time to time.</p> <p>b) The Nomination &amp; Remuneration Committee at the time of grant may specify certain criteria linked to the individual and organisational performance or any other criteria as it may deem fit, the fulfilment of which might be a requisite for the options to vest. The minimum vesting period will be 1 (One) year from the date of grant.</p> <p>c) The specific Vesting schedule subject to which Vesting would take place would be outlined in the Grant letters to the Option Grantee at the time of Grant of Options.</p>
6	Exercise price, purchase price or pricing formula	<p>The Exercise Price shall be decided by the Nomination &amp; Remuneration Committee subject to compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulation, 2014, in the Committee's meeting on the date of Grant.</p> <p>The Nomination and Remuneration Committee may grant the shares at a discount of up to 50% of the market price. The Nomination and Remuneration Committee, at its discretion, may also amend the procedures to ascertain the, grant period, grant price and the eligibility criteria under the ESOP policy, as may be prescribed, to align the policy as per the operating &amp; business requirements and to safeguard the interest of the stakeholders.</p>

Sr. No.	Particulars	ESOP Scheme 2020
7	Exercise period and process of exercise.	<p>a) The Exercise period shall commence from the date of vesting of Options.</p> <p>b) The Exercise period shall be decided by the Nomination &amp; Remuneration Committee subject to a maximum period of 8 (Eight) years from the date of Grant.</p> <p><b>Process of Exercise:</b></p> <p>i) The Grantee may Exercise the Options by submitting Exercise Application to the Company accompanied with the:</p> <ul style="list-style-type: none"> <li>• Payment of an amount equivalent to the Option Exercise Price</li> <li>• Such other documentation as the Nomination and Remuneration may specify</li> </ul> <p>ii) The Exercise Application shall be in such form as may be prescribed in this regard by the Nomination and Remuneration Committee and the Nomination and Remuneration Committee may determine the procedure for such Exercise from time to time.</p>
8	The appraisal process for determining the eligibility of employees for the scheme(s).	The appraisal process for determining the eligibility of the employees will be in accordance with the Plan and as may be determined by the Nomination and Remuneration Committee, at its discretion, based on the parameters which may include identification of key resources based on factors such as performance, tenure, level, and role etc.
9	Maximum number of options, shares, as the case may be, to be issued per employee and in aggregate	<p>a) The Committee may from time to time make Grants to one or more Employees, determined by it to be eligible for participation in the Plan in accordance with the provisions of the Plan.</p> <p>b) The amount of the total Options available for grant under the Plan shall not, at any time, exceed 500,000 (five lakh) Options, exercisable into shares.</p> <p>c) The maximum number of employee options that can be granted to any eligible single employee during any one-year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant of grant unless otherwise approved by the shareholders.</p>
10	A statement to the effect that the company shall conform to the accounting policies specified in Regulation 15.	The Company shall comply with the disclosure and the accounting policies prescribed by concerned Authorities.
11	Whether the scheme(s) is to be implemented and administered directly by the company or through a trust	ESOP Scheme, 2020 shall be administered by the Company and not through a trust.
12	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both.	The scheme only involves new issue of shares by the Company.
13	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilisation, repayment terms, etc.	This is not applicable under the present scheme.
14	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s).	This is not applicable under the present scheme.

Sr. No.	Particulars	ESOP Scheme 2020
15	The method which the company shall use to value its options	Fair value will be determined and approved by the Nomination and Remuneration Committee in accordance with SEBI Regulations.
16	Lock-in	NIL
17	Statement with regard to Disclosure in Director's Report	As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

By Order of the Board  
For V-Mart Retail Ltd.

**Megha Tandon**  
Company Secretary  
M. No. F10732

Place: Gurugram  
Date: 21<sup>st</sup> July, 2021

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**

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

Sr. no	Particulars	Mr. Lalit M Agarwal
1	DIN	00900900
2	Age	51
3	Qualification	Bachelor's Degree in Commerce from Bombay University and a Diploma in Finance from Narsee Monjee Institute of Management Studies, Mumbai
4	Experience	He has more than 20 years of rich experience in retail industry
5	Term and condition of appointment	As per the resolution
6	Details of remuneration to be paid	As per the resolution
7	Remuneration last drawn (during FY 2020-21)	₹ 154.04 lakhs
8	Date of appointment at Board	21/05/2012
9	Shareholding in the company as on 31 <sup>st</sup> March, 2021	Nil*
10	Relationship with other Directors/KMP/Managers	Son of Mr. Madan Gopal Agarwal, Whole-time Director of the Company
11	No. of Board Meeting attended during the year (2020-21)	6
12	Other Directorship	Conquest Business Services Private Limited
13	Membership /chairmanship of committee of other Board	Nil

\* Includes only in an individual capacity.



# Directors' Report

Dear Members,

Your Company's Directors are pleased to present the 19<sup>th</sup> Annual Report of the Company, along with Audited Accounts, for the financial year ended 31<sup>st</sup> March, 2021.

## FINANCIAL RESULTS

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

(₹ in lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Total Revenue	109,650	166,650
Profits/(Loss) before Depreciation & Tax	9,331	16,345
Less: Depreciation	10,297	9,392
Loss/Profit before tax	(966)	6,953
Less: Tax Expense	(346)	2,018
Net Loss/Profit for the period	(620)	4,935
Less: Share issue expenses (QIP)	463	-
Less: Utilised for Dividend Issue including DDT	0	372
Other comprehensive income	(31)	(1)
Balance carried forward to Balance Sheet	(1,114)	4561

## PERFORMANCE REVIEW

The Net Sales of the Company decreased by 35.37% to ₹ 107,394 lakhs in financial year 2020-21 from ₹ 166,159 lakhs in F.Y. 2019-20. The Company has posted Operating Profits (EBITDA) of ₹ 13,121 lakhs in FY 2020-21. The Company posted Profit after Tax (PAT)/ Net Loss of ₹ (620) lakhs in the current financial year as against a PAT of ₹ 4,935 lakhs and EBITDA statement of ₹ 21,376 lakhs in the previous financial year.

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

## OPERATIONS REVIEW

During the year under review your Company maintained its stable performance in managing the cash flow, by having a lean inventory, delivering greater value to customers, and sustaining the entire stakeholder ecosystem. The Company's agility and reactive response to situations enabled it to emerge stronger and more resilient. Despite a challenging operating outlook, your Company remains committed and focused on its long-term strategic intent to create sustained value for all stakeholders, while being resilient and agile in adapting business execution to the changing environment.

Focusing on expansion opportunities with a long-term view, your Company opened 20 new stores during the year, taking the total store count to 279 and thereby growing the total retail area by 4.21% y-o-y to 22.99 lakhs sq. ft. The majority of these stores were launched in Uttar Pradesh and Bihar, the Company's two largest markets while Rajasthan, Assam, Madhya Pradesh, and Jharkhand accounted for the rest. During the year under review 7 stores were closed.

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

The Company offered home delivery to the customers to ease sales amidst the pandemic. The Company remains committed to focus on the journey of its omni-channel presence which has emerged as the most critical model for retail businesses amongst COVID-19 pandemic. The Company had launched its online platform through its website [www.vmartretail.com](http://www.vmartretail.com) and apps on both Google Play Store and Apple App Store. As on 31<sup>st</sup> March, 2021, the Company witnessed 1.3 mn+ app downloads. The Company has also taken proactive steps to ensure the safety of our customers and employees – hygiene and social distancing SOPs formulated and implemented at stores and workplaces, early implementation of company-wide work-from-home measures, and person level daily 'roll call' and health monitoring of its 7,000+ employees.

## FY21 Performance Highlights

- The Company managed to maintain a robust cash position, utilizing less than 20% of its approved working capital limits. Following its ethos of prudence and agility, the Company proactively implemented efficient inventory management measures. Through a deft mechanism of inter-store transfer, significantly controlled inventory purchases, agile store-level replenishment and a responsive supply chain strategy, the Company achieved its leanest-ever inventory in Q2 FY 2020-21 and maintained it well into the second half of the year as well. Benefitting from the leanest-ever inventory levels, the Company procured and stocked its stores with fresh merchandize. Despite a very healthy inventory situation, the Company conservatively continues to carry provision against any unforeseen disruption due to COVID-19. The Company raised fresh capital of 375 Crores through QIP to further strengthen the cash reserves and enable fast tracking planned expansion projects. These include setting up a new warehousing facility, expanding stores, refurbishment of stores and also fast tracking the technology investments particularly around online/omni channel.
- Innovative marketing campaigns and promotional offers resonated well with customers, driving footfalls and sales during festive and marriage-related shopping, as well as giving an impetus to winter merchandise sales. Marking an auspicious beginning of festive shopping, the Gold Coin offer gained good traction. All these steps aided higher footfalls and conversions, resulting into a higher sell-through rate for both existing and fresh merchandise.
- As the year progressed, there was gradual and steady improvement in business operations. The Company witnessed Total revenue recovery of 66%. Despite lower operating days, reduced topline and marginalised savings due to largely fixed cost structures, EBITDA recovery remained high at 61%. Reflecting the Covid-19 impacted performance and the added impact of IndAS 116 induced lease rent accounting, the Company reported its first-ever yearly loss at 6 Crores. Same Store Sales Growth (SSSG) for the full year came in at (39.9%), which was (2.3%) last year, while sales per sq. feet on effective days (SPSF per month) stood at 530, recovering 70% from last year. Footfalls recovered 52%, with transaction size and average selling price (ASP), witnessing an increase of 14% and 1% y-o-y, respectively. The recovery in revenue, well supported by an effective cost reduction mechanism and proactive inventory management measures has significantly cushioned the pandemic's impact on the Company's profitability. Revenue contribution continued to be dominated by fashion, which captured 78.8% of the total revenue pie with the remaining 21.2% coming from non-apparel and FMCG products.

- At a time when resources are even more scarce, agility will be crucial not only in providing adequate and right merchandize in every store, but also in ensuring better utilization of resources to create customer delight.
- The Company is in the process of augmenting the Online platform by creative and compelling products and shopping experience with an aim of giving a tremendous boost to overall sales in the longer term. The Company is working on augmenting the website and mobile app interface for a better customer experience.
- India's Retail Champions supported by RAI - Winner of Apparel and Lifestyle -2021- Presented by Bhartiya Mall of Bengaluru
- V-Mart Certified as a 'Great Place to Work' by the Great Place to Work (GPTW) Institute, India
- Ranked 16<sup>th</sup> on the Fortune 2021 Midsize Marvel List India, notching rapid gains from 148<sup>th</sup> rank in 2020. Further, V-Mart is ranked 1<sup>st</sup> in the 'Retail-Trade' category
- Won the prestigious World CSR Congress Leadership Award for Community Development in FY2021

## DIVIDENDS

Considering the current pandemic situation and financial position of the Company including liquidity constraints and cash flow position, no dividend was declared for the F.Y. 2020-21.

## RESERVES

The Company during the year has transferred ₹ 36,474.42 Lakhs to reserves. Post transfer, the reserves stood at ₹ 80,552.06 Lakhs as on 31<sup>st</sup> March 2021.

## CREDIT RATING

Investment Information and Credit Rating Agency of India Limited (ICRA) has reaffirmed the long- term rating of [ICRA] AA- (pronounced ICRA double A minus) assigned for ₹ 185 crores Line of Credit of your Company, and also reaffirmed the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) assigned to ₹ 10 crores Line of Credit of your Company.

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## AWARDS AND ACCOLADES

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

## LISTING

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

Exchange	Scrip Code	ISIN
NSE	VMART	INE665J01013
BSE	534976	

The listing fees for fiscal 2021 have been paid for all of the above stock exchanges where the equity shares of the Company are listed.

## WEBLINK 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 copy of Annual Return in prescribed form MGT-7 will be placed on the Company's website at the link [www.vmart.co.in](http://www.vmart.co.in) upon filing the same with ROC.

## 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

Six times (6) Board meetings were held during the year under review, the details of which are given in the Corporate Governance report forming part of this report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 & SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

## BOARD EVALUATION

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

The Board and the Nomination & Remuneration committee reviewed the performance of the Board, Committees and individual Directors on the basis of the criteria and framework adopted by the Board. The evaluation criteria included various aspects such as, functionality of Board, compositions, process & procedures including adequate & timely information, attendance, delegation of responsibility, decision making, roles & responsibility including monitoring, benchmarking, feedback relationship with the stakeholder's and as provided by the Guidance Note on Board Evaluation issued by SEBI on 5<sup>th</sup> January, 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, based on a set out criterion.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

In pursuance of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are –

Mr. Lalit M Agarwal, Chairman & Managing Director, Mr. Anand Agarwal, Chief Financial Officer and Ms. Megha Tandon, Company Secretary.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Lalit M Agarwal (DIN: 00900900) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

During the year under review Mr. Murli Ramachandran (DIN: 00264018) & Ms. Sonal Mattoo (DIN: 00106795), Independent Directors were re-appointed on the Board as Independent Directors of the Company at the Eighteenth Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2020 for a period of five years w.e.f. 28<sup>th</sup> September, 2020.

### DECLARATION BY INDEPENDENT DIRECTORS

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

the sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

### POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

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

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

### TRAINING OF INDEPENDENT DIRECTORS

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

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

### RETIREMENT BY ROTATION

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Associations of the Company, Mr. Lalit M 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 seven Board committees namely: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Investment and Warehouse Committee.

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

### DISCLOSURE REQUIREMENTS

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

- Details of its business
- Composition of various Committees

## PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

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

### SHARE CAPITAL

- Buy Back of Securities: The Company has not bought back any of its securities during the year under review.
- Issue of Sweat Equity: The Company has not issued any sweat equity shares during the year under review.
- Issue of Bonus Shares: The Company has not issued any bonus shares during the year under review.
- Employees Stock Option / Restricted stock units: The Company has adopted the ESOP Scheme 2012 and the ESOP Scheme, 2020 as per the applicable SEBI regulations and approved by the members at Annual General Meeting of the Company.
- A certificate from the Statutory Auditor under share based payment regulations has been obtained and shall be available for inspection at the Annual General Meeting of the Company.

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

Further the Company has also implemented an Employee Stock Option Scheme 2020, which was approved by the Board of Directors and the shareholders vide resolution dated 10<sup>th</sup> August, 2020 and 30<sup>th</sup> September, 2020 respectively ('the V-Mart ESOP Scheme 2020'), consequent to which 200,000 equity shares of ₹ 10 each were to be granted upon exercise 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 from 12 to 48 months subject to achievement of performance matrix by the company as well as the eligible employees during the 48 months from the date of grant.

The grant details under the both the scheme(s) during the year are as follows:

Scheme	Grants	Vesting	Timeline
V-Mart ESOP Scheme 2012	During the financial year 2020-21 – 1 grant have been made comprising total 27051 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
V-Mart ESOP Scheme 2020	During the financial year 2020-21 – 1 grant have been made comprising total 185950 options	10% of the total grant	After 12 months from the date of grant
		20% of the total grant	After 24 months from the date of grant
		30% of the total grant	After 36 months from the date of grant
		40% of the total grant	After 48 months from the date of grant

Details of equity shares allotted under ESOP Scheme 2012 during the year are as follows:

Sr. No.	Date of Allotment	No. of shares Allotted
1	29 <sup>th</sup> May, 2020	10,435
2	10 <sup>th</sup> August, 2020	2,979
3	5 <sup>th</sup> September, 2020	4,688
4	10 <sup>th</sup> November, 2020	1,945
<b>Total</b>		<b>20,047</b>

The information required to be disclosed under SEBI (Share Based Employee Benefits) Regulations, 2014 as on 31<sup>st</sup> March, 2021 are as follows:

Particulars	Details
Date of Shareholders Approval	ESOP Scheme 2012: 10 <sup>th</sup> July, 2012 ESOP Scheme 2020: 30 <sup>th</sup> September, 2020
Maximum Terms of options granted	Options to be exercised within 8 years of vesting
Options granted Sources of Shares	Options to be exercised within 8 years of vesting Primary Issuance
Variation of terms of options	NIL
Number of options outstanding at the beginning of the year	ESOP Scheme 2012: 103,777
Number of options granted during the year	ESOP Scheme 2012: 27,051 ESOP Scheme 2020: 185,950
Number of options forfeited / lapsed during the year	ESOP Scheme 2012: 23,129 ESOP Scheme 2020: 4,800
Number of options vested during the year	ESOP Scheme 2012: 61,518 ESOP Scheme 2020: NIL
Number of options exercised during the year	ESOP Scheme 2012: 20,047 ESOP Scheme 2020: NIL
Number of shares arising as a result of exercise of Options	ESOP Scheme 2012: 20,047
Money realized by exercise of options (₹ in Lakhs)	ESOP Scheme 2012: 94.22
Number of options outstanding at the end of the year	ESOP Scheme 2012: 87,652 ESOP Scheme 2020: 181,150
Number of options exercisable at the end of the year	ESOP Scheme 2012: 39,013 ESOP Scheme 2020: NIL
Pricing Formula	The Nomination & Remuneration Committee is authorized to determine the exercise price of ESOPs.
Person-wise details of options granted during the Financial Year 2020-2021:	
i) Senior managerial personnel/key managerial personnel	ESOP Scheme 2012: Vineet Jain ESOP Scheme 2020: A. Vineet Jain B. Anand Agarwal C. Anjali Goel D. Rajan Sharma E. Snehal Shah F. M. Srinivasan G. Ranjan Kumar H. Dinesh Srivastava I. Syed Ali Athar J. Ramesh Agarwal K. Megha Tandon
ii) A. No of options granted and its exercise price (ESOP Scheme 2012)	
Name	Vineet Jain
Number of shares	27051
Exercise Price Per share	1769

Particulars	Details		
B. No of options granted and its exercise price (ESOP Scheme 2020)	<b>Name</b>	<b>No. of Shares</b>	<b>Exercise Price per share</b>
	Anand Agarwal	15901	1244
	Anjali Goel	4756	1244
	Dinesh Srivastava	2052	1244
	Megha Tandon	593	1244
	M. Srinivasan	8820	1244
	Rajan Sharma	13650	1244
	Ramesh Kumar Agarwal	5487	1244
	Ranjan Kumar	3050	1244
	Snehal Shah	9993	1244
	Syed Ali Athar	3213	1244
	Vineet Jain	18838	1244
iii) Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year	Nil		
iv) identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil		
Fully-diluted EPS pursuant to issue of shares on exercise of options in accordance with relevant Accounting Standards	(3.37)		
Lock-in	NIL		
Impact of the difference on the profits of the Company and on the EPS	Impact on profit: ₹ 149.47 lakhs impact on EPS: 0.60		
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)	1.53 lakhs		
Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	Exercise price exceeds market price: Not applicable		
	Exercise price equals market price: Not applicable		
	Exercise price is less than market price: As mentioned in Below table		
Weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Exercise price exceeds market price: Not applicable		
	Exercise price equals market price: Not applicable		
	Exercise price is less than market price: As mentioned in below table		
Method and significant assumptions used to estimate the fair value of options granted during the year	The fair market value has been calculated on the basis of the 'Black Scholes model'.		

Particulars	ESOPs Grant I	ESOPs Grant II	ESOPs Grant III	ESOPs Grant IV	ESOPs Grant V	ESOPs Grant VI	ESOPs Grant VII	ESOPs Grant VIII	ESOPs Grant IX	ESOPs Grant X	ESOPs Grant XI	ESOPs Grant XII	ESOPs Grant XIII
ESOP Scheme	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2012	Scheme 2020
Price per option (In ₹)	150	450	573	470	900	1260	2047	2044	2286	2347	1683	1769	1244
Risk free return (In%)	8.42	8.32	8.16	7.93	7.80	7.64	7.45	7.42	7.37	7.33	7.26	6.93	6.93
Expected Life (In years)	4	4	4	4	4	4	3	3	3	3	3	3	4
Expected Volatility	25%	41%	38.74%	30.13%	42.48%	50.76%	40.30%	41.49%	22.23%	22.90%	23.61%	25.68%	24.32%
Dividend Yield	0.27%	0.20%	0.20%	0.24%	0.18%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Closing market price	210 (IPO)	551.90 (NSE)	615.40 (NSE)	511.30 (NSE)	1214.85 (NSE)	1413.80 (NSE)	2330.25 (NSE)	2356.75 (NSE)	2779.70 (NSE)	2,595.50 (NSE)	1,893.30 (NSE)	1986.05 (NSE)	2500.95 (NSE)
		551.95 (BSE)	614 (BSE)	510 (BSE)	1220.45 (BSE)	1419.8 (BSE)	2327.20 (BSE)	2367.05 (BSE)	2781.05 (BSE)	2544.20 (BSE)	1911.40 (BSE)	1980.95 (BSE)	2501.75 (BSE)
Weighted average exercise price (In ₹)	150	450	573	470	900	1,260	2,047	2044	2286	2347	1683	1769	1244
Weighted average fair value of stock option (In ₹)	51	263	248	211	673	727	902	913	792	807	591	443	1473

**EMPLOYEE STOCK OPTION DETAILS:**

Grant Date	ESOP Scheme	Exercise Price	Options Granted	Options vested and exercisable	Options Unvested	Options Exercised	Options Forfeited	Options outstanding
20 <sup>th</sup> July, 2012	Scheme 2012	150	1,53,252	1,53,252	-	1,23,264	29,988	-
5 <sup>th</sup> January, 2015	Scheme 2012	450	22,350	22,350	-	18,700	3,650	-
28 <sup>th</sup> December, 2015	Scheme 2012	573	13,645	13,645	-	13,645	-	-
30 <sup>th</sup> January, 2017	Scheme 2012	470	76,225	76,225	-	54,548	17,413	4,264
12 <sup>th</sup> July, 2017	Scheme 2012	900	6,395	6,395	-	3,806	-	2,589
09 <sup>th</sup> November, 2017	Scheme 2012	1260	9,300	9,300	-	2,790	2,772	3,738
24 <sup>th</sup> May, 2018	Scheme 2012	2047	18,527	11,116	7,411	-	11,658	6,869
23 <sup>rd</sup> July, 2018	Scheme 2012	2044	40,764	24,460	16,304	-	2,910	37,854
2 <sup>nd</sup> November, 2018	Scheme 2012	2286	3,426	2,056	1,370	-	3,426	-
10 <sup>th</sup> May, 2019	Scheme 2012	2347	8,228	2,468	5,760	-	5,369	2,859
2 <sup>nd</sup> August, 2019	Scheme 2012	1683	6,025	1,807	4,218	-	3,597	2,428
10 <sup>th</sup> November, 2020	Scheme 2012	1769	27,051	-	27,051	-	0	27,051
24 <sup>th</sup> December, 2020	Scheme 2020	1244	1,85,950	-	1,85,950	-	4,800	181,150

**MOVEMENT OF STOCK OPTIONS DURING THE YEAR OF ESOP SCHEME 2012 AND 2020:**

Total for all grants	No. of Options	Weighted average exercise price (K)
Outstanding at the beginning of the year	103,777	1,642.59
Granted during the year	2,13,001	1,310.67
Forfeited/ Cancelled during the year	27,929	1,976.73
Expired during the year	-	-
Exercised during the year	20,047	470.00
Outstanding at the end of the year	268,802	1430.84
Exercisable at the end of the year	39,013	1,721.16

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

Weighted average remaining contractual life (in years)	<b>As at 31<sup>st</sup> March, 2021 7.15</b>
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## QIP ISSUE

The Shareholders' of the Company in their 18<sup>th</sup> Annual General Meeting, have authorized to create, issue, offer and allot as may be decided by the Board in terms of the applicable regulations and as permitted under the applicable law, in one or more tranches, with or without green shoe option for an aggregate amount of up to ₹ 500 Crore (Rupees Five Hundred Crore Only) to such investors, whether Indian or foreign, that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers (the "QIBs") as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, by way of a public issue, preferential allotment, private placement, including a qualified institutions placement (the "QIP") in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to above approval, the Company through its Investment Committee has issued and listed 1,530,612 equity shares of ₹ 10 each at price of ₹ 2,450 per equity share aggregating to ₹ 3,749,999,400 on 03.02.2021 to 30 qualified institutional buyers (the "QIBs") under the applicable provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

## CHANGE IN AUTHORISED SHARE CAPITAL

The Authorized Share Capital of your Company was increased from ₹ 20,00,00,000 (Rupees Twenty Crores only) to ₹ 25,00,00,000 (Rupees Twenty-Five crores only) during the year under review.

Consequent to the above, the Authorized Share Capital of your Company as on 31<sup>st</sup> March, 2021 stood at ₹ 25,00,00,000 (Rupees Twenty-Five crores only) divided into 2,50,00,000 (Two Crores and Fifty Lakhs only) equity shares of ₹ 10/- (Rupees Ten only).

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There were no materially significant related party transactions made by the Company with the Promoters, Key Management Personnel or other designated persons and have no potential conflict with interest of the Company at large. The Company has formulated a policy on Related Party Transaction which is available on the website of the Company at the link <https://www.vmart.co.in/investor/5/corporate-governance>. The details of related party transactions entered during the year are provided in the accompanying financial statements. The particulars of the contract or arrangement with related parties referred in section 188(1) of the Companies Act, 2013 in the prescribed form AOC-2, is annexed as Annexure - E to this report.

## DEPOSITS

During the FY 2020-21, your Company has not accepted any deposits from the public and as such no amount of principal or interest was outstanding as on date of the Balance Sheet.

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

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

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN 31<sup>ST</sup> MARCH, 2021 AND THE DATE OF BOARD'S REPORT

The outbreak of coronavirus (COVID-19) pandemic globally and in India has caused significant disturbance and slowdown of economic activity. Operations and revenue of the Company have been adversely impacted in Q1 of FY 2021-22 as most of the stores were closed and the remaining stores being partially operational.

## SUBSIDIARY COMPANIES, JOINT VENTURES & ASSOCIATE COMPANIES

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

## REGISTERED OFFICE

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

As per the Companies Act, 2013, every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during immediately preceding financial year shall spend in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial year, or where the company has not completed the period of three financial years since

its incorporation, during such immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. Accordingly, our Company was required to spend ₹ 188.75 lakhs on CSR activities during the year.

During the year under review your Company has spent an amount ₹ 330.73 lakhs towards the Corporate Social Responsibility.

The company has spent all its CSR obligations during the period under review.

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

### CONSERVATION OF ENERGY

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

The Company has continue its efforts and taken many energy saving initiatives such as:

- Implementation of setting up of store wise monthly diesel limit in petro card, linked with store's DG run hour resulting in good control in fuel consumption.
- Tallying up of physical diesel received at store vis-a-vis the payment from Petro Card from HO resulting in the misuses of Petro Card under control.
- Adherence to Modified Light SOP wherein consideration is being given to low footfall, extended non-peak hours for the entire day (only 30% to 50% power to be used depending on the footfall at the stores without compromising on customers comfort).
- Consumption of bare minimum electricity in the FMCG section of the stores operating for Kirana Home Delivery only.
- Optimum use of air conditioner (AC) at the stores in order to reduce the electricity consumption
- With the aim to minimise fuel consumption, there has been a reduction in the monthly petro card limits with emphasis being placed on No Air Conditioning during the initial one hour of power cuts and thereafter only 30% operation of ACs.
- Emphasis being made on daily monitoring of PF reading and implementation of Revised Diesel Consumption monitoring SOPs.

- Encouraging Digital and Automation Initiatives including process automation to reduce use of paper.
- Installation of glass doors, walls and windows at the stores to use daylight and reduce electricity consumption.
- Installation of sensor based lighting arrangement at our MSA storage area which has enabled us to save 45% of electricity consumption for said area.
- Deployment of sensor based water reservoirs at the warehouse which has enabled us to save 25% of our water usage being approx. 1000 liters of water wastage/day has been saved.
- Replacement of single use plastic carry bags with paper or other recyclable material bags at the stores.

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

### TECHNOLOGY ABSORPTION

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

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

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

#### Supply Chain Augmentation:

- Improving Vendor data interface by the introduction of Vendor Portal and Vendor Data Management which inter alia includes the Indent system to generate auto PO.
- Introduction of Next Generation Rule Engine enhancements for increasing the sell-through margin and decreasing the DOI through better allocation.

#### Customer Analytics:

- Implementation of proprietary customer data platform to process customer transaction data since APR 2013
- Curation of customer data capturing granular purchase behavior including recency, frequency & monetary
- Plan, manage & launch customer engagement campaigns for segments built on multiple dimensions

**Omni/Online Business:**

- Tie up with online marketplaces for online sales growth
- Integration with Banks and financial institutions for UPI helping in financial transactions automation
- Implemented customer engagement platform to achieve higher value through the customer lifecycle

**Risk & Governance:**

- Introduction of Site Master data Management system through which better information on store demographics can be gathered
- Increased Focus on Sales Forecasting Automation
- Automation of process to help increase the productivity of the employee and optimize load
- Digitization of Risk management systems to optimize compliance and regulatory risks.

**Infrastructure:**

- Introduction of HCI (Hyperconverged Infra Virtualisation Proxmox) that will help to scale up the growth of business and support data-driven approach

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Sr. No.	Particulars	Foreign Exchange Earning (Amount in ₹)	Foreign Exchange Outgo (Amount in ₹)
	NIL	NIL	NIL

**CODE OF CONDUCT**

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

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has a Whistle Blower Policy/ Vigil Mechanism to deal with instances of fraud and mismanagement, if any. The purpose of this mechanism is to provide a framework to report concern about unethical behaviour, actual or suspected fraud or violation of the Company’s Code of Conduct or ethics policy and provide adequate safeguards against victimisation of the person availing this mechanism. This Policy has been appropriately communicated within the organisation and is effectively operational. The policy provides a mechanism whereby whistle blower may send protected disclosures directly to the Chairman of the 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 Securities and Exchange Board of India (SEBI) has in exercise of powers conferred under Securities and Exchange Board of India, Act, 1992 has made the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 to amend the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

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

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

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

**RISK MANAGEMENT**

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

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

**HUMAN RESOURCE MANAGEMENT**

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

The details of the employees of the Company employed throughout the financial year was in receipt of a remuneration of ₹ 1.02 crores 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 are mentioned in Annexure C to this report.

### **INTEGRATED REPORT**

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

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

### **STATUTORY AUDITORS**

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

### **AUDITORS REPORT**

There was no observation or qualification in the Auditors Report for the financial year ended 31<sup>st</sup> March, 2021. 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 2020-21, 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-D to the Board's Report.

The observation made by the Secretarial Auditor is self-explanatory in nature and requires no further clarification.

### **INTERNAL FINANCIAL CONTROL**

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

### **SIGNIFICANT AND MATERIAL ORDERS**

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

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

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

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

- a) Number of complaints of sexual harassment received during the year: NIL
- b) Number of complaints disposed-off during the year: NIL
- c) Number of cases pending for more than ninety days: NIL
- d) Number of workshops on awareness program against sexual harassment carried out: 1 (one)
- e) Nature of action taken by the employer or district officer: Detailed Investigation and Appropriate resolution of the matter

### **INCIDENT OF FRAUD**

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

### INVESTORS EDUCATION & PROTECTION FUND (IEPF)

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

### BUSINESS RESPONSIBILITY REPORT

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

### COST RECORDS AND COST AUDIT

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

### DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing obligations and Disclosures Requirements) Regulations 2015 (“the listing regulations”), the top 1000 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters that will be taken into consideration by the Board of the Company in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is available on the Company’s website at the link [www.vmart.co.in](http://www.vmart.co.in).

### SECRETARIAL STANDARDS

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

### DIRECTOR’S RESPONSIBILITY STATEMENT

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

- 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 have laid down Internal Financial Controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### ACKNOWLEDGEMENT

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

Your Directors gratefully acknowledges on going cooperation and support provided by Central Government and State Government and all regulatory authorities.

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

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

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

**Lalit M Agarwal**  
DIN: 00900900

Place: Gurugram  
Date: 28<sup>th</sup> May, 2021

Chairman & Managing Director

## ANNEXURE – A to Board Report

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

#### 1. PREAMBLE

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

#### 2. AIMS & OBJECTIVES

- 2.1 The aims and objectives of this Nomination & Remuneration policy may be 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 short and long-term performance objectives appropriate to the working of the company and its goals.

#### 3. PRINCIPLES OF REMUNERATION

- 3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company’s vision and strategy.
- 3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 **Internal equity:** The Company shall remunerate the board members and the Executives in terms of their roles within the 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 four 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 (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- 4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company

for the benefit of employees or Directors and Director should possess the highest personal and professional ethics, integrity;

- 4.4.3 review the terms of executive Directors' service contracts from time to time; and
- 4.4.4 perform such other acts, things and take such other decisions as provided and authorized by the Board of Directors of the Company to the Committee in terms of the provisions of Companies Act, 2013 and other applicable laws.

## 5. PROCEDURE FOR SELECTION AND APPOINTMENT OF THE BOARD MEMBERS

### 5.1 Board membership criteria

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

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

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

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

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

One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions

commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

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

## 6. PROCEDURE FOR SELECTION AND APPOINTMENT OF EXECUTIVES OTHER THAN BOARD MEMBERS

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

## 7. COMPENSATION STRUCTURE

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

The Non-executive Directors of the company are paid remuneration by way of sitting fees only for

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

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

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

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

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

## 8. ROLE OF INDEPENDENT DIRECTORS

- 8.1 The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval.
- 8.2 The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors and

Employees and have a prime role in appointing and where necessary recommends removal of executive directors and Employees.

- 8.3 The Independent Directors shall submit its recommendations/ proposals/decisions to the Committee which the Committee shall consult and take to the Board of Directors.

## 9. APPROVAL AND PUBLICATION

- 9.1 This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 This policy shall be hosted on the Company's website.
- 9.3 The policy shall form part of the 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 – B to Board Report**
**ANNUAL REPORT ON CSR ACTIVITIES**

The Company focuses 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:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Lalit M Agarwal	Chairman	4	4
2.	Mr. Madan Gopal Agarwal	Member	4	4
3.	Mr. Aakash Moondhra	Member	4	4
4.	Ms. Sonal Mattoo	Member	4	4
5.	Mr. Govind S. Shrikhande	Member	4	4

- Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: [http://www.vmart.co.in/nimda/product\\_image/invester/CSR%20Policy.pdf](http://www.vmart.co.in/nimda/product_image/invester/CSR%20Policy.pdf)
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	N.A.	N.A.	N.A.
Total			

- Average net profit of the company as per section 135(5). : INR 943,748,249
- Two percent of average net profit of the company as per section 135(5) : INR 18,874,965
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years : N.A.
  - Amount required to be set off for the financial year, if any : N.A.
  - Total CSR obligation for the financial year (7a+7b-7c) : INR 18,874,965
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
33,072,873	N.A.	N.A.	N.A.	N.A.	N.A.

## (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State. District.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number.
1.	Ujjwal Bhavishya	Promoting Education (for 10 <sup>th</sup> and 12 <sup>th</sup> passed)	Yes	PAN India	5 Year	1,709,850	1,709,850	Nil	No	Buddy 4 Study CSR000000121
2.	Community School	Promoting Education and Eradicating malnutrition (For underprivileged street children)	Yes	West Bengal (North 24 Parganas, Nadia, Hugli & Kolkata)	3 Year	597,150	597,150	Nil	No	Lotus Rescue Peace Education Culture Creativity Society CSR000003677
3.	Project Koshish	Promoting Education training to promote nationally recognised sports (Sports Education)	Yes	Haryana (Gurgaon) and Delhi	5 Year	625,000	625,000	Nil	No	Diana Jones Foundation CSR000009343
4.	Project Taal	Promoting Education and Eradicating malnutrition (Music Education and daily meals for the visually impaired children)	Yes	Jharkhand (Ranchi)	3 Year	67,428	67,428	Nil	No	Ekashta Foundation CSR000004650
5.	Plaksha-Reimagining Higher Education	Promoting Education (A new model of Engineering Education and Research)	Yes	PAN India	5 Year	25,000,000	25,000,000	Nil	No	Reimagining Higher Education Foundation CSR000022211
6.	Project Panikh	Promoting Education and livelihood Enhancement (Persons with Disabilities)	Yes	Uttar Pradesh (Agra) and Gujarat (Vadodara.)	3 Year	475,331	475,331	Nil	No	Trust For Retailers & Retail Associates Of India CSR000002617
7.	Disha School	Promoting Education (School infrastructure development)	Yes	West Bengal (Kharagpur)	1 Year	500,000	500,000	Nil	No	Jyoti Development Awaiting from NGO Trust
8.	COVID-19 Relief Activity	Eradicating Hunger and Disaster Management	Yes	PAN India	3 Year	2,228,114	2,228,114	Nil	Yes	NA NA
9.	Other Community Initiatives	Disaster Management and Rural Development	Yes	PAN India	On Going	1,500,000	1,500,000	Nil	No	Giriraj Seva Sadan Awaiting from NGO
10.	Hare Krishna Movement	Protection and welfare animal	Yes	Mathura, Uttar Pradesh	1 Year	150,000	150,000	Nil	No	Hare Krishna Movement CSR000007223
11.	Shushila Devi Gramodhyog Sewa Samiti	Promoting Gender Equality, Empowering Women	Yes	Azamgarh, Uttar Pradesh		120,000	120,000	Nil	No	Shushila Devi Gramodhyog Sewa Samiti Awaiting from NGO
12.	Ramanandey Vaishnav Sewa Trust	Eradicating hunger	Yes	Mathura, Uttar Pradesh	1 Year	100,000	100,000	Nil	No	Ramanandey Vaishnav Sewa Trust Awaiting from NGO
	<b>Total</b>					<b>33,072,873</b>	<b>33,072,873</b>			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Total</b>									

(d) Amount spent in Administrative Overheads : N.A.

(e) Amount spent on Impact Assessment, if applicable : N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : INR 33,072,873

(g) Excess amount for set off, if any : N.A.

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	18,874,965
(ii)	Total amount spent for the Financial Year	33,072,873
(iii)	Excess amount spent for the financial year [(ii)-(i)]	14,197,908
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	14,197,908*

\* The excess amount spent by Company in the current F.Y. 2020-21 is being set off by the unspent CSR amount due for the preceding financial years.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2017-18	Nil	11,755,035	N.A.	N.A.	N.A.	(972,223)
2.	2018-19	Nil	6,648,260	N.A.	N.A.	N.A.	8,190,666
3.	2019-20	Nil	10,877,423	N.A.	N.A.	N.A.	7,750,208
<b>Total</b>		<b>Nil</b>	<b>29,280,718</b>				<b>14,968,651</b>

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
1	N.A.	Ujjwal Bhavishya	2018-19	5 Year	10,199,850	1,709,850	6,199,850	Ongoing
2	N.A.	Community School	2019-20	3 Year	2,276,650	597,150	1,276,650	Ongoing
3	N.A.	Project Koshish	2016-17	5 Year	2,000,000	625,000	1,000,000	Ongoing
4	N.A.	Project Taal	2019-20	3 Year	674,283	67,428	674,283	Ongoing
5	N.A.	Plaksha-Reimagining	2019-20	5 Year	50,000,000	25,000,000	27,500,000	Ongoing
6	N.A.	Project Pankh	2019-20	3 Year	950,662	475,331	475,331	Ongoing
7	N.A.	Disha School	2020-21	1 Year	500,000	500,000	500,000	Completed
8	N.A.	Project Readvantage	2017-18	5 Year	4,476,000	Nil	3,789,000	Ongoing
9	N.A.	Ekal Vidyalaya	2019-20	3 Year	4,752,000	Nil	352,000	Ongoing
10	N.A.	COVID-19 Relief Activity	2019-20	3 Year	6,728,114	2,228,114	3,228,114	Ongoing
11	N.A.	Hare Krishna Movement	2020-21	1 Year	150,000	150,000	150,000	Completed
12	N.A.	Shushila Devi Gramodhyog Sewa Samiti	2020-21	3 Year	360,000	120,000	120,000	Ongoing
13	N.A.	Ramanandey Vaishnav Sewa Trust	2020-21	1 Year	100,000	100,000	100,000	Completed
14	N.A.	Other Community Initiatives	On Going	On Going	On Going	1,500,000	On Going	Ongoing
<b>Total</b>						<b>33,072,873</b>	<b>83,167,559</b>	<b>45,365,228</b>

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).	:	N.A
(b) Amount of CSR spent for creation or acquisition of capital asset.	:	N.A
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : N.A.		
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	:	N.A

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : N.A

For and on behalf of the Company

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

**ANNEXURE – C 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 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2020-21 are as under:

Sr. No	Name of Director, KMP & Designation	% increase/decrease in Remuneration in the Financial Year 2020-21	Ratio of remuneration of each director/ to median remuneration of employees
1.	Mr. Lalit M Agarwal, Chairman & Managing Director	38.3% Decrease	173.25
2.	Mr. Madan Gopal Agarwal, Whole-time Director	48.81% Decrease	32.13
3.	Mr. Aakash Moondhra, Independent Director	74.04% Decrease	4.18
4.	Mr. Murli Ramachandran, Independent Director	74.95% Decrease	4.04
5.	Ms. Sonal Mattoo, Independent Director	74.95% Decrease	4.04
6.	Mr. Govind Shridhar Shrikhande, Independent Director	74.95% Decrease	4.04
7.	Mr. Anand Agarwal, Chief Financial Officer	17.60% Decrease	109.83
8.	Ms. Megha Tandon, Company Secretary	11.44% Decrease	6.96

\* Subject to ratification/ waiver of Remuneration by shareholders

- |   |  |
|---|--|
| <p>3. The median remuneration of employees of the Company during the financial year 19-20 was ₹ 69,750. Whereas in FY 20-21 it is ₹ 88,914. Therefore in FY 2020-21, there is an increase of 27 % in the median remuneration of employees.</p> <p>4. Number of Permanent Employees on the rolls of Company as on 31<sup>st</sup> March, 2021: 7026</p> <p>5. The Average percentile increase/decrease in the salaries of the employees (other than Managerial Personnel) for FY 2020-21 is 6% whereas the average percentile increase/ decrease in the managerial remuneration for FY 2020-21 is 0%. The Company's variable compensation philosophy for its managerial personnel is to ensure its competitiveness in the markets in which it operates for attracting &amp; retaining the best talent.</p> | <p>6. It is hereby affirmed that the remuneration paid is as per the Nomination &amp; Remuneration Policy for Directors, Key Managerial Personnel and other Employees</p> <p><b>The information as per Rule 5 (2) are as follows:</b></p> <p>The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of the Annual Report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.</p> |
|---|--|

The details of Employees who were employed throughout the FY 20-21 and were in receipt of minimum aggregate Remuneration of ₹ 1.02 Crores:

Employee Name	Designation	Educational Qualification	Nature of Employment	Experience (in years)	Age	Date of joining	Remuneration in Fiscal 2021 (in Lakhs)	% of Equity shares held by the Employee in the Company	If relative of Director, Name of such director	Previous employment and designation
Mr. Lalit M Agarwal	Chairman & Managing Director	B.Com	Permanent	17	51	01/10/03	154.04	0%*	NA	Vishal Retail
Mr. Rajan Sharma	President	B.Com	Permanent	16	51	08/07/16	120.63	0.02%	NA	TPG Wholesale Pvt. Ltd.

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

The details of Employees who were employed for the part of FY 20-21 and for that part they received minimum aggregate remuneration of ₹ 8.5 Lakhs per month:

Employee Name	Designation	Educational Qualification	Nature of Employment	Experience (in years)	Age	Date of joining	Remuneration in Fiscal 2021 (in Lakhs)	% of Equity shares held by the Employee in the Company	If relative of Director, Name of such director	Previous employment and designation
Mr. Vineet Jain	Chief Operating Officer	CA	Permanent	18	46	02/11/20	47.45	Nil	NA	Future Retail Ltd (CEO- North & NCR)

The details of Employees who were employed during FY 20-21 (whether for full year or part thereof) and were drawing remuneration [i.e. either rs 1.02 Crores or 8.5 Lakhs per month] which is in excess of the remuneration drawn by MD or WTD or Manager and along with this, he is holding minimum 2% of the equity shares of the company together with his wife & dependent children: NIL

**ANNEXURE – D to Board Report****FORM NO. MR-3****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021**

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

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

**WE REPORT THAT**

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 referred as '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.

**COMPANY'S RESPONSIBILITIES**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the Company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**AUDITOR'S RESPONSIBILITIES STATEMENT**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

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.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

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.

**LIMITATIONS**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to lockdown to fight COVID-19 followed by restrictions imposed by local authorities and State Government, some of the documents and records mentioned above have been received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

**BASIS OF OPINION**

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases were 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. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## REPORT ON SECRETARIAL RECORDS AND COMPLIANCES MADE THEREUNDER

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, 2021 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, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (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; **Not Applicable as the Company is not a registered Registrar to an Issue or Transfer Agent.**

- (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; - **Not Applicable**
- (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; - **Not Applicable**
- (vi) The Company has identified following laws applicable specifically to the Company and we have relied upon the representation made by the Company and its officers for the system and mechanism framed by the Company for compliances made under following laws:
  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 except for the provisions relating to Managerial Remuneration of two executive directors paid by the Company for the financial year ended March 31, 2021 which exceeds the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ 36.64 lakh. In this regard, we have been informed by the management that the same shall be placed before the shareholders for ratification in forthcoming Annual General Meeting.

### 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(s) have been given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- i. During the period under review,
  - a. The shareholders of the Company at their 18<sup>th</sup> Annual General Meeting, have authorized the increase the Authorized Capital of the Company from ₹ 20,00,00,000 (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crore only) equity share of ₹ 10/- (Rupee Ten only) each to ₹ 25,00,00,000 (Rupees Twenty-Five crores only) divided into 2,50,00,000 (Two Crores and Fifty Lakhs only) equity shares of ₹ 10/- (Rupees Ten only)
  - b. The Company with the approval of the Shareholders taken in 18<sup>th</sup> Annual General Meeting and pursuant to applicable provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. The Company has implemented V-Mart Retail Ltd. Employee Stock Option Plan 2020 ("V-Mart ESOP Scheme, 2020") comprising of 200,000 (Two Lac) options, exercisable into shares of the Company to eligible employees.  
  
Further, The Company has issued 20,047 equity shares to eligible employee's pursuant exercise of their Option under V-Mart ESOP Scheme, 2012.
  - c. The Shareholders' of the Company in their 18<sup>th</sup> Annual General Meeting, have authorized to create, issue, offer and allot as may be decided by the Board in terms of the applicable regulations and as permitted under the applicable law, in one or more tranches, with or without green shoe option for an aggregate amount of up to ₹ 500 Crore (Rupees Five Hundred Crore Only) to such investors, whether Indian or foreign, that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers (the "QIBs") as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, by way of a public

issue, preferential allotment, private placement, including a qualified institutions placement (the "QIP") in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to above approval, the investment Committee has issued and listed 1,530,612 equity shares of ₹ 10/- each at price of ₹ 2,450 per equity share aggregating to ₹ 3,749,999,400 on 03.02.2021 to 30 qualified institutional buyers (the "QIBs") under the applicable provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- ii. The Management of the Company has assessed the COVID-19 impact on the Company and informed us that, the store closures resulting from back-to-back lockdowns have adversely affected our business operations and led to significant decline in revenues. However, the Company has sufficient Working Capital arrangements to meet its obligations. Post Lockdown, the Company was able to open 145 stores out of 185 for which permissions are available, owing to rotational opening arrangements, limited operational hours, local restrictions and partial permissions. The Company is witnessing a reduced footfall in the opened Stores.

Further, we have been informed by the management that, while the Company has worked significantly on mitigating the fixed cost pressures, but owing to the reduced revenues in the last few months the profitability situation may remain challenging till the time the situation normalizes. The Management of the Company is focusing on cash conservation, cost reductions, discharging operational expenses and -ensuring optimum availability of working capital. We have been assured by the Management that, the Company has adequate liquidity to meet its obligations. In addition, the management informed us that, they are focusing on digital penetration and scaling up "Omnichannel" operations by introducing new offerings and expanding our footprints across e-commerce marketplaces to counter challenges faced during COVID times.

**FOR VKC & ASSOCIATES**  
(Company Secretaries)  
Unique Code: P2018DE077000

**CS Mohit K Dixit**  
Partner

ACS No. 49021

C P No. 17827

UDIN: A049021C000382739

**Date:** 28<sup>th</sup> May, 2021

**Place:** New Delhi

**ANNEXURE – E to Board Report**

**FORM NO. AOC.2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

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

For and on behalf of the Company

**Lalit M Agarwal**  
 Managing Director  
 DIN: 00900900

# Business Responsibility Report

## ABOUT THIS REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and National Guidelines on Responsible Business Conduct (NGRBC) as issued and revised by Ministry of Corporate Affairs (MCA), Government of India, the “Business Responsibility Report” (BRR) of the Company for the financial year 2020-21 forming part of this Annual Report is as follows:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number of the Company	<b>L51909DL2002PLC163727</b>
2. Name of the Company	<b>V-Mart Retail Limited</b>
3. Registered address	<b>610-611 Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar New Delhi-110092</b>
4. Website	<b>www.vmart.co.in</b>
5. E-mail id	<b>info@vmartretail.com</b>
6. Financial Year reported	<b>2020-21</b>
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	<b>478</b>
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<b>Retail</b>
9. Total number of locations where business activity is undertaken by the Company	A) Number of International Locations – NIL B) Number of National Locations - The Company has 279 V-Mart Stores + Warehouse + Corporate office
10. Markets served by the Company	National

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR):	197,061,430
2. Total Turnover (INR Lakhs):	109,650.04
3. Total profit after taxes (INR Lakhs):	(620.30)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 330.73 Lakhs, 3.50% of Average net profit of the Company as per as per section 135(5)
5. List of activities in which expenditure in 4 above has been incurred:-	Refer the Annexure B to the Board’s Report

## SECTION C: OTHER DETAILS

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

## SECTION D: BR INFORMATION

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

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

1. DIN Number:	00900900
2. Name	Lalit M Agarwal
3. Designation	Chairman & Managing Director

## (b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00900900
2.	Name	Lalit M Agarwal
3.	Designation	Chairman & Managing Director
4.	Telephone number	0124-4640030
5.	e-mail id	info@vmart.co.in

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

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

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

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

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

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

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

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)									
	While there is no specific policy outlined for this principle, the Company, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the retail sector in particular.	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

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

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

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

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

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1- Ethics, Transparency and Accountability**

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

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

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

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

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

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

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

The company has a stakeholder relationship committee (SRC) which reviews the shareholders complaint and their resolution. During the year ended 31<sup>st</sup> March, 2021 opening balance of the complaints was NIL and 5 (Five) complaints were received during the year and all complaints have been resolved satisfactorily.

The Company also has internal committee to resolve any issues relating to Sexual Harassment at Workplace.

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

**Principle 2 - Product Responsibility**

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

Your Company is committed towards becoming a more socially responsible Company and has taken several steps and plans on developing products which are efficient and environment friendly.

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

The Company gives priority to small & micro establishments in its procurements thereby creating jobs/opportunities for the local communities.

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

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

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

Considering the nature of business of the Company the said questions are not applicable to the Company. However, Company is committed to reducing its carbon footprint by using energy efficient equipment and moving towards renewable energy.

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

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

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

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

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

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

We have encouraged MSMED vendors and work with them to improve their capabilities & capacity. We have a shorter payment cycle for MSMED vendors. We provide an early payment facility so that they are able to manage their finances without any difficulties. Majority of our procurements are from MSME Sector.

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

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

**Principle 3 - Wellbeing of Employees**

1. Please indicate the Total number of permanent employees: 7026
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 23
3. Please indicate the Number of permanent women employees: 1611
4. Please indicate the Number of permanent employees with disabilities: 99
5. Do you have an employee association that is recognized by management: N.A.
6. What percentage of your permanent employees are members of this recognized employee association: N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees : 97%
- (b) Permanent Women Employees : 92%
- (c) Casual/Temporary/Contractual Employees : 57%
- (d) Employees with Disabilities : 85%

**Principle 4 - Responsiveness to Stakeholders**

1. Has the company mapped its internal and external stakeholders?

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

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

Yes. The Company recognizes the vital role played by the Society at large in its growth and development. Details of CSR initiatives executed by the Company during the year under review are given in Annexure B of the Board Report. Further the Company has provided various platforms to various stakeholders to redress their grievances.

**Principle 5 - Human Rights:**

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

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

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

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

**Principle 6 - Environmental Responsibility:**

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

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

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

The Company has taken many energy initiatives such as:

- Implementation of setting up of store wise monthly diesel limit in petro card, linked with store's DG run hour resulting in good control in fuel consumption.
- Tallying up of physical diesel received at store vis-a-vis the payment from Petro Card from HO resulting in the misuses of Petro Card under control.
- Adherence to Modified Light SOP wherein consideration is being given to low footfall, extended non-peak hours for the entire day (only 30% to 50% power to be used depending on the footfall at the stores without compromising on customers comfort.
- Consumption of bare minimum electricity in the FMCG section of the stores operating for Kirana Home Delivery only.
- Optimum use of air conditioner (AC) at the stores in order to reduce the electricity consumption
- With the aim to minimise fuel consumption, there has been a reduction in the monthly petro card limits with emphasis being placed on No Air Conditioning during the initial one hour of power cuts and thereafter only 30% operation of ACs.
- Emphasis being on daily monitoring of PF reading and implementation of Revised Diesel Consumption monitoring SOPs.
- Encouraging Digital and Automation Initiatives including process automation to reduce use of paper.
- Installation of glass doors, walls and windows at the stores to use daylight and reduce electricity consumption.
- Installation of sensor based lighting arrangement at our MSA storage area which has enabled us to save 45% of electricity consumption for said area.
- Deployment of sensor based water reservoirs at the warehouse which has enabled us to save 25% of our water usage being approx. 1000 liters of water wastage/day has been saved.

- Replacement of single use plastic carry bags with paper or other recyclable material bags at the stores.

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

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

No significant aforementioned potential risk is foreseen as of now as the Company is not involved in Manufacturing of any product and work through various stores which are small to medium in size.

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

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

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

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

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

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

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

Nil

**Principle 7 - Public Policy Advocacy**

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

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

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

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

**Principle 8 - Inclusive Growth and Equitable Development**

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

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

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

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

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

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

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

An amount of ₹ 330.73 Lakhs was spent towards CSR initiatives during the financial year 2020-21. The details thereof are given in Annexure- C of the Board Report.

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

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

**Principle 9 - Engagement with Customers**

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

Customer Satisfaction is of utmost importance for the Company. The Company has a dedicated customer care representative/cell to handle the day to day complaints of the customers. As at the end of the financial year, there were 14 ongoing consumer cases.

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

As the Company sells pre-packed items, the requisite information as mandated as per the local laws is mentioned on all the product labels.

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

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

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

Yes, the Company regularly conducts consumer surveys through its internal team, Stores and external agency, when necessary.

# Corporate Governance Report

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

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

Your Company makes conscious efforts to institutionalize good Corporate Governance practices and believe that it shall go beyond adherence to the regulatory framework. Your Company is committed to continuously adopt and adhere the best practices, in order to enhance stakeholder's value

The Corporate Governance Report of the Company for the period of 12 months ended 31<sup>st</sup> March, 2021 is as follows:

## BOARD OF DIRECTORS

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

### Skills/expertise/competence of the Board of Directors

As per SEBI listing Regulation, the "required" as well as "the actually available" skills/expertise/competence of the Board of Directors:

**Board of Directors: Mapping Skills/Expertise/Competence**

Skills/Expertise/Competence Required	Lalit	Madan	Aakash	Govind S.	Murli	Sonal
	Agarwal	Agarwal	Moondhra	Shrikhande	Ramachandran	Mattoo
	Chairman & Managing Director	Whole time Director	Independent Director	Independent Director	Independent Director	Independent Director
Buying & Procurement	✓	✓				
Supply Chain & Logistics	✓			✓		
Planning & Allocation	✓	✓		✓		
Retail Operations	✓			✓		
Visual Merchandising	✓	✓		✓		
CRM & Analytics			✓	✓		
Digital Technology			✓	✓		
Labour Relations & Compliance	✓					✓
Financial Planning & Analysis	✓		✓	✓	✓	
Leadership Development	✓			✓	✓	
Talent Management	✓			✓	✓	✓
Change Management				✓	✓	
Diversity & Inclusion						✓
Corporate Governance	✓	✓	✓	✓	✓	✓
Investor Relations	✓		✓	✓		
Strategic Planning			✓	✓	✓	
Scalability & Expansion	✓		✓	✓	✓	
Project Management			✓	✓	✓	

Names of the listed entities where he/she is a Director

	Name of Director	Indian Listed Companies	Relationship with Directors
<b>Executive Directors</b>			
	Mr. Lalit M Agarwal	V-Mart Retail Limited	Son of Mr. Madan Gopal Agarwal
	Mr. Madan Gopal Agarwal	V-Mart Retail Limited	Father of Mr. Lalit M Agarwal
<b>Non-Executive, Independent Directors</b>			
	Mr. Aakash Moondhra	V-Mart Retail Limited	-
	Mr. Murli Ramachandran	V-Mart Retail Limited	-
	Ms. Sonal Mattoo	V-Mart Retail Limited Ashiana Housing Limited Poly Medicure Limited	-
	Mr. Govind S. Shrikhande	V-Mart Retail Limited Donear Industries Limited	-

### Board Procedures

Detailed agenda with explanatory notes and all other related information is circulated to the members of the Board in advance of each meeting. Detailed presentations are made to the Board covering all major functions and activities. The requisite strategic and material information is made available to the Board to ensure transparent decision making by the Board.

### Number of Board Meetings

During the financial year 2020-21, Six Board Meetings were held. The time gap between any two Board Meetings did not exceed 120 (One Hundred and Twenty) days as prescribed in the Act and SEBI Listing Regulations. These meetings were held on 29/05/2020, 10/08/2020, 05/09/2020, 10/11/2020, 22/01/2021 and 28/01/2021.

The necessary quorum was present for all the meetings.

The Composition of the Board of Directors, their attendance in the Board Meetings and other particulars are as follows:

Name of Director	Category	No. of Board Meeting attended during financial year 2020-21	No. of other directorships in public companies* as on 31 <sup>st</sup> March, 2021	Attendance in the last AGM	No. of Committee** positions held in other public companies as on 31 <sup>st</sup> March, 2021	
					Chairman	Member
Mr. Lalit M Agarwal (Chairman & Managing Director)	Promoter Executive	6	-	Yes	-	-
Mr. Madan Gopal Agarwal (Whole-time Director)	Promoter Executive	5	-	Yes	-	-
Mr. Aakash Moondhra	Independent Non-Executive Director	6	-	Yes	-	-
Ms. Sonal Mattoo	Independent Non-Executive Director	6	2	Yes	-	2
Mr. Murli Ramachandran	Independent Non-Executive Director	6	-	Yes	-	-
Mr. Govind S. Shrikhande	Independent Non-Executive Director	6	1	Yes	-	-

\* Alternate directorships and directorships in private companies, foreign companies and Section 8 companies are excluded.

\*\*Includes chairmanships/memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.

S. No	Name of Director	Name of Listed Entity	Category
1.	Mr. Govind S. Shrikhande	Donear Industries Limited	Non-Executive - Independent Director
2.	Ms. Sonal Mattoo	i) Poly Medicure Limited ii) Ashiana Housing Limited	Non-Executive - Independent Director

During the financial year 2020-21, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

The number of Directorship, Committee Membership and Chairmanship of all the Directors of the Company are within the respective limits prescribed under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements Regulations, 2015).

### Information provided to the Board

The information being provided to the Board inter-alia includes:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of the 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 the 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 the 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 31<sup>st</sup> March, 2021 are as follows:

Name of Director*	No. of Equity Shares held
Mr. Lalit M Agarwal	Nil
Mr. Madan Gopal Agarwal	Nil
Mr. Aakash Moondhra	924
Mr. Murli Ramachandran	Nil
Ms. Sonal Mattoo	Nil
Mr. Govind S. Shrikhande	Nil

\*includes only as Individual not including HUF and spouse shares.

### INDEPENDENT DIRECTORS

All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 ("Act") and the Rules framed thereunder.

An Independent Director shall possess an 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 Board has adopted a Familiarization Program for Independent Directors, ("The Familiarization Program"). The Program 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 Program has been posted on the Company's website [www.vmart.co.in](http://www.vmart.co.in) (<http://www.vmart.co.in/investor/5/corporate-governance>)

## Meeting

During the year, 1 Meeting of Independent Directors was held on 24<sup>th</sup> March, 2021 the attendance whereat is as follows:

Name of Independent Director	Meeting attended
Mr. Aakash Moondhra	Yes
Ms. Sonal Mattoo	Yes
Mr. Murli Ramachandran	Yes
Mr. Govind S. Shrikhande	Yes

In addition to the above the Independent Directors had separate discussion in every Board meeting.

The Independent Directors meeting in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations was convened on Mar 24, 2021, to review the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman, taking into account the views of Executive and Non-Executive Directors. The quality, quantity and timeliness of flow of information between the management and the Board is also assessed.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

The Company has constituted an Audit Committee in line with the provisions of Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013.

### Brief description of terms

The terms of reference of the Audit Committee include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees/remuneration.
3. Review and monitor the auditor's independence, performance and effectiveness of audit process.
4. Examination of the financial statement and the auditors' report thereon.
5. Approval or any subsequent modification of transaction(s) of the Company with related party/(ies).
6. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
7. Scrutiny of inter-corporate loans and investments.
8. Valuation of undertaking or assets of the Company, wherever it is necessary.
9. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to;
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion/Qualifications in the draft audit report and Limited Review Reports.
10. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
11. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
15. Discussion with internal auditors any significant findings and follow up there on.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Whistle Blower/Vigil mechanism.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
22. The Audit Committee may call for the comments of the auditors about the internal control system, the scope of the audit, including the observations of the auditors and review of financial statements before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and management of the Company.
23. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding Rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
25. The Audit Committee shall also perform other functions/ roles as may be specified/prescribed/applicable under Companies Act, 2013, rules made thereunder, including any amendment and Listing Agreement with the stock exchanges from time to time.

The Audit Committee shall mandatorily review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters /letters of internal control weaknesses issued by the statutory auditors, if any;

- (4) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- (5) Statement of deviations, if any:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be recorded in the Board minutes and the same has to be communicated to the Shareholders. The Chairman of the Committee is required to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

**Meetings of the Committee:**

During the financial year 2020-21, Six Audit Committee Meetings were held. The meetings were held on 29/05/2020, 10/08/2020, 05/09/2020, 10/11/2020, 22/01/2021 and 28/01/2021. 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	6
Mr. Murli Ramachandran	Independent	Member	6
Ms. Sonal Mattoo	Independent	Member	6
Mr. Govind S. Shrikhande	Independent	Member	6

The Chief Financial Officer, Statutory Auditors and the Internal Auditors are permanent invitees to the Committee Meetings.

The Company Secretary acts as the Secretary to the Audit Committee.

**NOMINATION & REMUNERATION COMMITTEE**

The Company has constituted a Nomination & Remuneration Committee in accordance with provisions of Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

**Brief description of terms**

The role of the Nomination and Remuneration Committee inter-alia includes the following:

1. The Nomination & Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
2. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
3. The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
4. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director, and
5. Recommend to the Board a policy, relating to the remuneration for directors, key managerial personnel and other employees including ESOP, pension rights and any other compensation payment.
6. The Nomination & Remuneration Committee shall also formulate the criteria for evaluation of Independent Directors and the Board and also laid down the policy on Board's diversity.
7. The Nomination & Remuneration shall recommend to the board, all remuneration, in whatever form, payable to senior management, Managerial person and Directors of the Company.
8. Framing the Employees Share Purchase Scheme / Employees Stock Option Scheme and recommending the same to the Board/ shareholders for their approval and implementation/administration & monitoring of the scheme approved by the shareholders.
9. Suggesting to Board/ shareholders changes in the ESPS/ ESOS.
10. The Nomination & Remuneration shall also perform other functions/roles as may be specified/prescribed/applicable under the Companies Act, 2013, rules made thereunder, including any amendment and Listing regulations with the stock exchanges from time to time.

The Nomination & Remuneration Committee coordinates and oversees the annual self-evaluation of the Board and of individual Directors. It also reviews the performance of all the executive Directors on such intervals as may be necessary on the basis of the detailed performance parameters set for each executive Director. The Nomination & Remuneration Committee may also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

**Meetings of the Committee:**

The Nomination & Remuneration Committee met Seven times on 29/05/2020, 10/08/2020, 05/09/2020, 20/09/2020, 10/11/2020, 24/12/2020 and 22/01/2021 during the financial year 2020-21.

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	7
Mr. Aakash Moondhra	Independent	Member	7
Ms. Sonal Mattoo	Independent	Member	7
Mr. Govind S. Shrikhande	Independent	Member	7

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

**BOARD EVALUATION**

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

The Board and the Nomination & Remuneration committee reviewed the performance of the Board, Committees and individual Directors on the basis of the criteria and framework adopted by the Board.

The evaluation criteria included various aspects such as, functionality of Board, compositions, process & procedures including adequate & timely information, attendance, delegation of responsibility, decision making, roles & responsibility including monitoring, benchmarking, feedback relationship with the stakeholder's and as provided by the Guidance Note on Board Evaluation issued by SEBI on 5<sup>th</sup> January, 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.

## RISK MANAGEMENT COMMITTEE

### Brief description of terms of reference

The Company has constituted a Risk Management Committee in accordance with provisions of Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 134 of the Companies Act, 2013.

The Risk Management Committee has been constituted specifically to ensure that a risk management system is established, implemented and maintained. The Committee shall be responsible for framing, implementing and monitoring the risk management plan, assign the roles and responsibilities in relation to enterprise risk management, ensuring that the chosen risk approach is aligned to the organizational vision, mission, strategy, goals and objectives etc. The role of the Committee inter-alia includes the following:

1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. Such other functions as may prescribed by Board or any other applicable laws;

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors

The committee met four times on 29/05/2020, 10/08/2020, 10/11/2020 and 22/01/2021 during the financial year

2020-21. The composition and attendance of Risk Management Committee are as under:

Name of Members	Category	Status	No. of meeting attended
Mr. Aakash Moondhra	Independent	Chairman	4
Mr. Murli Ramachandran	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

### 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 29<sup>th</sup> 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 each Director;
- Any other, if applicable.

Further, the Company has not paid any sum to the Independent Directors as commission for the financial year ended 31<sup>st</sup> March, 2021.

The details of remuneration paid (including commission due as on 31/03/2021 but not paid) to the Directors (including Independent Directors) for the period of 12 months ended on 31<sup>st</sup> March, 2021 are given below:

(₹ in lakhs)

Name of Member	Salary	Commission	Value of perquisites u/s 17(2) of the Income tax Act, 1961	Sitting Fee	Total
Mr. Lalit M Agarwal	64.04	-	90.00	0	154.04
Mr. Madan Gopal Agarwal	28.57	-	-	0	28.57
Mr. Aakash Moondhra	-	0.72*	-	3	3.73
Mr. Murli Ramachandran	-	0.59*	-	3	3.59
Ms. Sonal Mattoo	-	0.59*	-	3	3.59
Mr. Govind S. Shrikhande	-	0.59*	-	3	3.59

\* Commission to independent directors amounting to ₹ 2.49 Lakhs represents arrear of Commission paid with respect to FY 2019-20.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted a Stakeholders Relationship Committee in accordance with provisions of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee has been constituted to specifically look into the Redressal of Shareholders and Investors complaints and other Shareholder related issues. The role of Stakeholders Relationship Committee inter-alia includes the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

The Committee also approves transfer, transmission of shares and issues like split, sub-division, consolidation of securities, issue of duplicate share certificates, dematerialization/re-materialization of shares etc.

The Stakeholders Relationship Committee comprises one Independent Director and two Executive Directors.

### MEETING OF THE COMMITTEE

The meeting of the Committee was held on 29/05/2020 during the financial year 2020-21. 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 M Agarwal	Promoter Executive	Member	1
Mr. Madan Gopal Agarwal	Promoter Executive	Member	1

### Investors' Grievance Redressal

Details of investor complaints received and resolved during the year under review are as follows:

Particulars	Complaints
Received during the year	5
Disposed-off during the year	5
Remaining unresolved as on 31 <sup>st</sup> March, 2021	NIL

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with Section 135 of the Companies Act, 2013 read with (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being enforce), the Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formally look into the CSR activities of the Company in line with requirements of the Companies Act, 2013.

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

2. Ensure the activities included by a company in its CSR policy are related to the activities of Schedule VII of companies act 2013;
3. Recommend the amount of expenditure to be incurred on the activities;
4. Develop internal operating structure and transparent monitoring mechanism; and
5. Periodically monitor the implementation of CSR Policy of the Company.

The disclosures as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is appended to the Directors' Report forming part of this Annual Report.

### Meeting of the Committee

The committee met four times on 29/05/2020, 10/08/2020, 10/11/2020 and 22/01/2021 during the financial year 2020-21. The composition and attendance of Corporate Social Responsibility Committee are as under:

Name of Members	Category	Status	No. of meeting attended
Mr. Lalit M Agarwal	Promoter Executive	Chairman	4
Mr. Madan Gopal Agarwal	Promoter Executive	Member	4
Mr. Aakash Moondhra	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4
Mr. Govind S. Shrikhande	Independent	Member	4

### WAREHOUSE COMMITTEE

The Board vide its Board Meeting dated 22<sup>nd</sup> day of January, 2021 approved the constitution of the Warehouse committee for the purchase/acquisition of land and construction/operation of warehouse.

The composition of the Committee is herein given below:-

Name of Member	Designation	Status
Mr. Lalit M Agarwal	Chairman & Managing Director	Chairperson
Mr. Madan Gopal Agarwal	Whole- Time Director	Member
Mr. Anand Agarwal	Chief Financial Officer	Member
Mr. Ramesh Agarwal	VP Warehouse & FMCG	Member

### Functions and Role of Committee

The committee be and is hereby authorised to do such acts, deeds, and things, in its absolute discretion, as it deems necessary or desirable in connection with buying/purchasing land, due-diligence, and construction & operation of the warehouse, including, without limitation, the following:

1. To conduct the due diligence for the proposed land;
2. To approve the location of the land;
3. Determining the term and conditions of the agreement for acquisition of land and any other relevant activity(ies);
4. Approving, finalising, executing, ratifying and amending / modifying agreements and documents, including any powers of attorney, letters and agreements in connection with the acquisition of land and construction of warehouse thereon;
5. Providing such declarations, affidavits, certificates, consents and / or authorities as required from time to time;
6. Filing requisite documents with any of the Government of India, and any other statutory and / or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
7. Seeking any clearance, license and approval for the usage of the land/property;
8. To negotiate for the amount;
9. Further authorising and empowering any officer(s) and/or employee of the Company, to execute and deliver, for and on behalf of the Company, any and all other documents or instruments and to do or cause to be done any and all acts or things as the members may deem necessary, appropriate or advisable in order to acquisition of land and operation of warehouse; and
10. To do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or settle any issues, questions, difficulties or doubts that may arise in regard to or in connection with any matter(s) referred herein.

Further it is noted that the committee shall meet periodically as required and quorum for a meeting of the Warehouse Committee shall either be two members and the committee may meet as and when required.

## Meeting of the Committee

The committee met three times on 01/02/2021, 05/02/2021 and 12/02/2021 during the financial year 2020-21. The composition and attendance of Warehouse Committee are as under:

Name of Member	Category	Status	No. of meeting attended
Mr. Lalit M Agarwal	Chairman & Managing Director	Chairperson	3
Mr. Madan Gopal Agarwal	Whole- Time Director	Member	3
Ms. Anand Agarwal	Chief Financial Officer	Member	3
Mr. Ramesh Agarwal	VP Warehouse & FMCG	Member	3

## INVESTMENT COMMITTEE

The Board of Directors in their Meeting dated 22<sup>nd</sup> January, 2021 constituted a Investment Committee for the purposes of undertaking various actions for the purposes of the proposed QIP, the approval of which was given in the meeting of the Board and shareholders of the Company held on 5<sup>th</sup> September, 2020 and 30<sup>th</sup> September, 2020 respectively for raising funds aggregating up to ₹ 500 crores through the issuance of securities (including but not limited to the finalization of relevant date, floor price, issue price, approval of the preliminary placement document and the placement document, identification and finalization of investors, and issuance, allotment and listing of the Equity Shares) in terms of the SEBI ICDR Regulations and Companies Act, 2013 and the applicable rules made thereunder, including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, each including any amendment(s), statutory modification(s), or re-enactment(s) thereof and other matters incidental thereto.

### The composition of the Committee is herein given below:-

Name of Member	Designation	Status
Mr. Lalit M Agarwal	Chairman & Managing Director	Chairperson
Mr. Madan Gopal Agarwal	Whole- Time Director	Member
Mr. Govind S. Shrikhande,	Independent Director	Member
Mr. Anand Agarwal	Chief Financial Officer	Member

## Functions and Role of Committee

The committee be and is hereby authorised to do such acts, deeds, and things, in its absolute discretion, as it deems necessary or desirable in connection with offering, issuing, and allotting the Equity Shares, including, without limitation, the following:

1. Offer, issue and allot the Equity Shares, subject to such terms and conditions, as determined by the committee, in its absolute discretion;
2. Determining the terms and conditions of the QIP, including among other things, the date of opening and closing of the QIP, pricing (including the determination of any premium or discount, subject to applicable law) and / or finalising the objects of the QIP and the monitoring of the same;
3. Approving, finalising, and executing the preliminary placement document and the placement document and to approve and finalise any bid cum application form, confirmation of allocation notes, and any other documents in this regard;
4. Approving, finalising, executing, ratifying and amending / modifying agreements and documents, including any powers of attorney, lock-up letters, and agreements in connection with the appointment of any intermediaries and / or advisors (including for marketing, listing, trading, and appointment of book running lead managers / legal counsel / bankers / advisors / registrars / any other intermediaries as required) and to pay any fees, commission, costs, charges and other expenses in connection therewith;
5. Providing such declarations, affidavits, certificates, consents and / or authorities as required from time to time;
6. Seeking any consents and approvals, including, among others, consent from the Company's lenders, customers, vendors, and other parties with whom the Company has entered into agreements and from concerned statutory and regulatory authorities;
7. Filing requisite documents with the Securities and Exchange Board of India, the stock exchanges where the Equity Shares are listed ("Stock Exchanges"), the Government of India, the Reserve Bank of India, and any other statutory and / or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
8. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting the listing application to such Stock Exchanges and taking all actions that may be necessary in connection with obtaining such listing approvals (both in - principle and final listing and trading approvals);

9. Opening one or more bank accounts in the name of the Company, as may be required, subject to requisite approvals, if any, and to give such instructions including closure thereof as may be required and deemed appropriate by the Board / its duly constituted committee;
10. Accepting and appropriating and investing of the proceeds of the QIP including taking decisions to invest the funds from the QIP or other surplus funds of the company into any avenues as per the Investment Policy of the Company, as modified from time to time by the Board of Directors of the Company;
11. Affixing the common seal of the Company, as required, on any agreement, undertaking, deed or other document, in the presence of any one or more of the directors of the Company or any one or more of the officers of the Company as may be authorised by the Board / its duly constituted committee in accordance with the memorandum of association and articles of association of the Company;
12. Further authorising and empowering any director(s) and / or officer(s) of the Company, to execute and deliver, for and on behalf of the Company, any and all other documents or instruments and to do or cause to be done any and all acts or things as the director(s) / officer(s) may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing, or in connection with the QIP, and any documents or instruments so executed and delivered or acts and things done or caused to be done by the director(s)/ officer(s) shall be conclusive evidence of the authority of the director(s) /officer(s) and the Company in doing so; and
13. To do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or settle any issues, questions,

difficulties or doubts that may arise in regard to or in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions and the members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board / its duly constituted committee in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

### Meeting of the Committee

The committee met four times on 28/02/2021, 02/02/2021, 02/02/2021 and 03/02/2021 during the financial year 2020-21. The composition and attendance of Investment Committee are as under:

Name of Members	Category	Status	No. of meeting attended
Mr. Lalit M Agarwal	Chairman & Managing Director	Chairperson	4
Mr. Madan Gopal Agarwal	Whole- Time Director	Member	4
Mr. Govind S. Shrikhande,	Independent Director	Member	4
Mr. Anand Agarwal	Chief Financial Officer	Member	4

### COMPLIANCE OFFICER

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

### GENERAL BODY MEETINGS

The details of Annual General Meetings held during the last three years are as follows:

Financial Year	Day & Date	Time	Location of the Meeting	Special Resolution Passed
2019-20	Wednesday, 30 <sup>th</sup> September, 2020	11.00 A.M.	Meeting held through Video Conferencing/ Other Audio Visual Means	Yes
2018-19	Friday, 2 <sup>nd</sup> August, 2019	9.30 A.M.	India Islamic Cultural Centre, 87-88 Lodhi Road, Near Lodhi Gardens, New Delhi- 110003	Yes
2017-18	Friday. 29 <sup>th</sup> June, 2018	9.30 A.M.	Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Purim, New Delhi – 110022	Yes

During the period of the last four years, no Extra-Ordinary General Meeting of the members was held.

## POSTAL BALLOT

During the year under review, no special resolution has been passed through the exercise of postal ballot.

## CODE OF CONDUCT

The Company Board has adopted a Code of Conduct for members of the Board and Senior Management (“Code”). The Code lays down, in detail, the standards of business conduct, ethics and governance.

A copy of the Code has been posted on the Company’s website [www.vmart.co.in](http://www.vmart.co.in).

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director to this effect is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code in the financial year 2020-21.

**Lalit M Agarwal**  
Chairman & Managing Director

## INFORMATION TO SHAREHOLDERS

### 1. Date, time and Venue of the 19<sup>th</sup> Annual General Meeting

Wednesday, 25<sup>th</sup> August, 2021 at 10.00 a.m. (IST) through Video Conferencing/Other Audio Visual Means.

### 2. Financial Year

1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

### 3. Date of Book Closure

Thursday, 19<sup>th</sup> August, 2021 to Wednesday, 25<sup>th</sup> August, 2021 (both days inclusive).

### 4. Dividend

Considering the current pandemic situation and financial position of the Company including liquidity constraints and cash flow position, no dividend was declared for the F.Y. 2020-21.

### 5. Registered Office

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

### 6. Corporate Office

Plot No. 862, Udyog Vihar, Industrial Area, Phase V,  
Gurgaon-122016 (Haryana)

## LISTING IN STOCK EXCHANGES

The Equity Shares of the Company are listed in the following Stock Exchanges:

### NATIONAL STOCK EXCHANGE OF INDIA LIMITED

“Exchange Plaza”  
Bandra-Kurla Complex  
Bandra (E), Mumbai-400 051  
Scrip Code: VMART

AND

### BSE LIMITED

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400 001  
Scrip code: 534976  
ISIN No. INE665J01013

The Securities of the Company were listed on both Stock Exchange throughout the year.

## LISTING FEES

Listing fees, as prescribed for the financial year 2021-22, has been paid to all Stock Exchanges where the shares of the Company are listed.

## SHAREHOLDER’S ISSUE

The Shareholder’s may send their queries to the e-mail address – [info@vmart.co.in](mailto:info@vmart.co.in), proactively managed by the Company under the For Investor section of Company’s website.

## ANALYST

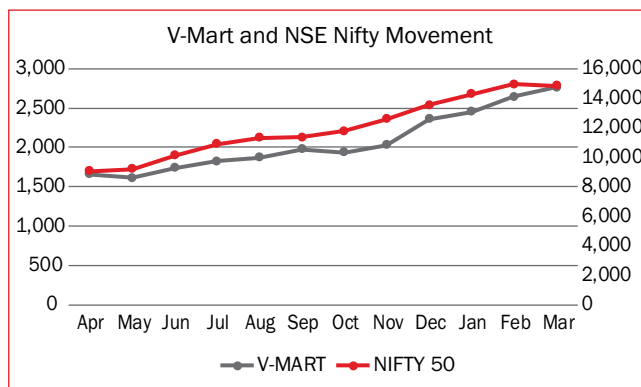
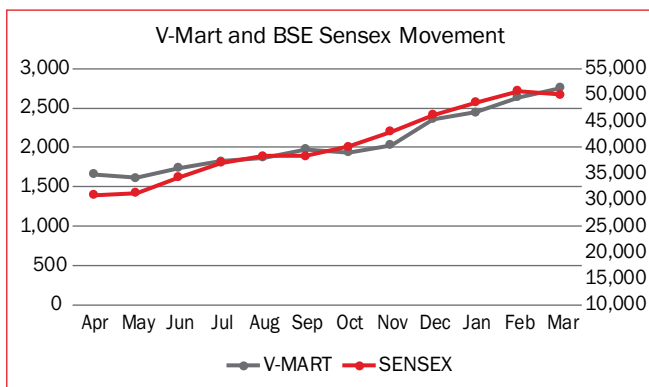
Analyst may schedule their conference calls and meeting with:

- 1) Mr. Anand Agarwal, Chief Financial Officer and
- 2) Mr. Girish Garg; Treasury Head

Through the e-mail addresses [info@vmart.co.in](mailto:info@vmart.co.in) under the Investor section of Company’s website.

**STOCK MARKET DATA**
**Monthly High and Low Share Price of V-Mart Retail Ltd. for the 2020-2021 at BSE and NSE**

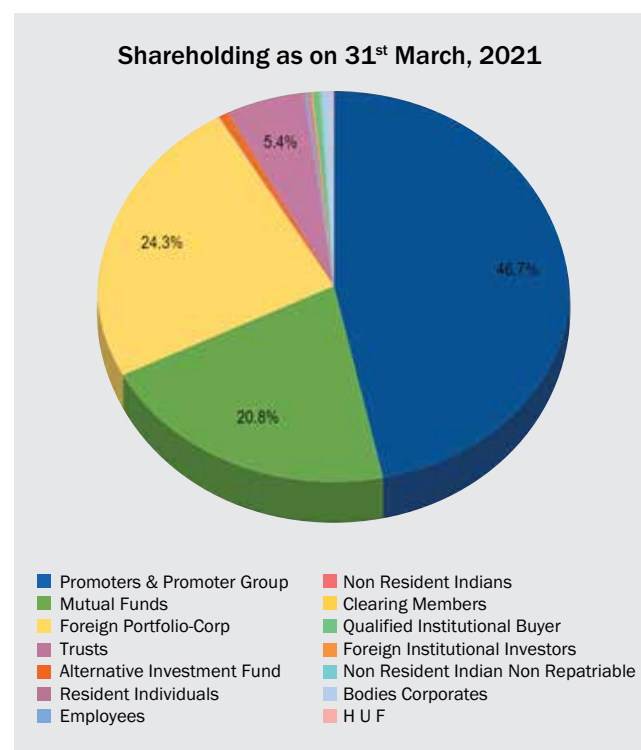
Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April -2020	1,889.95	1,344.60	1830.00	1,324.85
May - 2020	1,719.25	1,514.15	1,727.65	1,510.00
June - 2020	1,953.95	1,610.50	1,955.00	1,605.00
July - 2020	1,988.30	1,724.20	1,990.05	1,730.15
August - 2020	2,250.00	1,700.00	2,244.00	1,710.00
September - 2020	2,173.55	1,755.70	2,174.95	1,749.00
October -2020	2,035.15	1,877.85	2,040.00	1,880.50
November - 2020	2,333.15	1,917.95	2,330.00	1,914.15
December - 2020	2,595.65	2,150.00	2,589.90	2,149.00
January - 2021	2,602.40	2,322.80	2,612.50	2,323.05
February - 2021	3,129.40	2,376.60	3,128.95	2,376.00
March - 2021	2,871.95	2,600.00	2,884.75	2,600.00

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


The performance comparison is based on the average closing price of the month.

Sl. No.	Description	No. of Cases	Total Shares	% Equity
1	PROMOTERS & PROMOTER GROUP	5	9196622	46.67
2	MUTUAL FUNDS	19	4105027	20.83
3	FOREIGN PORTFOLIO - CORP	102	4792653	24.32
4	TRUSTS	7	16866	0.09
5	ALTERNATIVE INVESTMENT FUND	6	121509	0.62
6	RESIDENT INDIVIDUALS	20174	1073154	5.45
7	EMPLOYEES	22	47308	0.24
8	NON RESIDENT INDIANS	633	51029	0.26
9	CLEARING MEMBERS	59	11993	0.06
10	QUALIFIED INSTITUTIONAL BUYER	1	96273	0.49
11	FOREIGN INSTITUTIONAL INVESTORS	1	5866	0.03
12	NON RESIDENT INDIAN NON REPATRIABLE	281	38980	0.20
13	BODIES CORPORATES	327	122360	0.62
14	H U F	446	26503	0.13
<b>Total:</b>		<b>22083*</b>	<b>19706143</b>	<b>100</b>

\*PAN based data



**DISTRIBUTION SCHEDULE AS ON 31<sup>ST</sup> MARCH, 2021:**

Sl. No.	Category	No. of Cases*	% of Cases	Amount	% of Amount
1	1 - 500	21573	97.81	583213	2.96
2	501 - 1000	174	0.79	126391	0.64
3	1001 - 2000	117	0.53	165929	0.84
4	2001 - 3000	41	0.19	100647	0.51
5	3001 - 4000	24	0.11	83022	0.42
6	4001 - 5000	12	0.05	53366	0.27
7	5001 - 10000	32	0.15	229406	1.16
8	10001 - 20000	23	0.10	319782	1.62
9	20001 and above	61	0.28	18044387	91.57
<b>Total:</b>		<b>22057</b>	<b>100.00</b>	<b>19706143</b>	<b>100.00</b>

\*without grouping

**UNCLAIMED SHARES**

Disclosure in regard to the provisions of Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V (F) are given below:

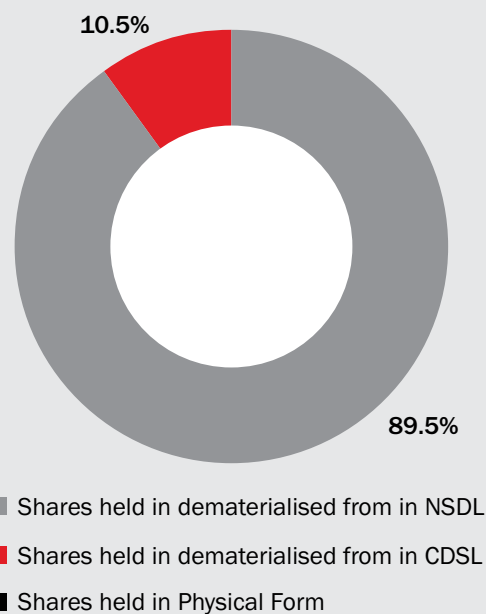
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil
- Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Nil
- Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Nil
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

**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 a stipulated time period. The below mentioned table contains detailed break-up of share capital, held in dematerialized or physical mode, of the Company as on 31<sup>st</sup> March, 2021:

**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	20,62,059	10.46%
2	Shares held in dematerialized form in NSDL	1,76,43,982	89.54%
3	Shares held in physical form	102	00.00%
<b>Total</b>		<b>1,97,06,143</b>	<b>100%</b>

**Dematerialized and Physical Shareholding as on 31<sup>st</sup> March, 2021**

**Outstanding GDRs / ADRs / Warrants / Options**

The Company has not issued any GDRs or ADRs or Warrants or Convertible instruments.

**REGISTRAR AND SHARE TRANSFER AGENT**

The Company in compliance with SEBI guidelines has appointed a common Share Transfer Agent for both the physical and electronic form of Shareholding. The Company's Registrar and Share Transfer Agent (RTA) namely, **KFin Technologies Private Limited** can be contacted at the following address:

**KFin Technologies Private Limited**

Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad, Telangana - 500 032,  
Tel No.: +91 40-67162222 Toll Free: 1800 0345 4001  
Fax No.: 040 23420814  
Email: support@karvy.com  
Website: www.kfintech.com

**SHARE TRANSFER SYSTEM**

Pursuant to SEBI's Circular, the shares of the Company held in the dematerialized form are electronically traded in the Depository can be transferred and the Company shall not entertain any request for physical transfer of shares. However the request for transmission can be entertained by the Company. In such cases transmission in physical form which are lodged at the above offices of the Registrar and Share Transfer Agent, such transmission requests are processed within the

stipulated time period. All share transmissions are approved by the officials authorized by the Board and thereafter ratified by the Stakeholders Relationship Committee.

### CREDIT RATING

The Investment Information and Credit Rating Agency of India Limited (ICRA) has reaffirmed the earlier Bank facilities credit rating of the Company, mentioned here-under:

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

### UPDATE E-MAILS FOR RECEIVING NOTICE/ DOCUMENTS IN E-MODE

The Ministry of Corporate Affairs (MCA) has through its circulars issued in 2011, allowed service of documents by Companies including Notice calling General Meeting(s), Annual Report etc. to their shareholders through electronic mode. This green initiative was taken by MCA to reduce paper consumption and contribute towards a green environment. As a responsible corporate citizen, your Company fully supports the MCA's endeavor.

In accordance with the same, your company will send Notice calling General Meetings, Annual Report and other documents in electronic mode to all the shareholders on their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report along with Notice will be sent to the shareholders in electronic mode at their email addresses. Physical copy will be sent to only those shareholders whose e-mail addresses are not registered with the Company or RTA.

The shareholders who have not registered their email addresses with the Company are requested to kindly register their e-mail addresses with the RTA of the Company i.e. **KFin Technologies Private Limited** to better service shareholder correspondence through e-mode.

### COMMUNICATION

#### Financial Results

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors.

The results were normally published in "Financial Express, Business Standard, Jansatta" Newspapers within 48 hours after the approval by the Board.

The details of the publications of the financial results in the year under review are as under:

Description	Result Declaration Date	Date of Publication
Unaudited financial results for the first quarter ended 30 <sup>th</sup> June, 2020	10 <sup>th</sup> August, 2020	11 <sup>th</sup> August, 2020
Unaudited financial results for the second quarter and the half year ended 30 <sup>th</sup> September, 2020	10 <sup>th</sup> November, 2020	11 <sup>th</sup> November, 2020
Unaudited financial results for the third quarter and the nine months ended 31 <sup>st</sup> December, 2020	22 <sup>nd</sup> January, 2021	23 <sup>rd</sup> January, 2021
Audited financial results for the fourth quarter and the year ended 31 <sup>st</sup> March, 2021	28 <sup>th</sup> May, 2021	29 <sup>th</sup> May, 2021

The details of the financial results and shareholding pattern are hosted on the Company's website: [www.vmart.co.in](http://www.vmart.co.in). All other official news, press releases and presentations 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 Practising Company Secretary regarding compliance of conditions of corporate governance as mandated in Regulation 34(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The certificate is annexed as **Annexure-I** to this Annual Report.

### STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013, S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Registration No. 301003E/E300005) were appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the 16<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> June, 2018 until the conclusion of 21<sup>st</sup> Annual General Meeting of the Company to be held in the

calendar year 2023, subject to annual ratification by members at every Annual General Meeting, on such remuneration as may be decided. However, vide notification dated 7<sup>th</sup> May, 2018 issued by the Ministry of Corporate Affairs, the requirement of annual ratification has been omitted.

### DETAILS OF THE TOTAL FEES PAID TO THE STATUTORY AUDITORS

The details of the total fees for all the services paid by the Company to statutory auditors are as follow:

Type of service	Fees paid in FY 2020-21 (Amount in lakhs)
Audit Fees (Including Limited Review)	34
Tax Audit Fee	2
Other Services (₹ 30 lakhs included in equity share issue expenses and ₹ 1 lakh towards Annual ESOP Certificate)	31
Reimbursement of expenses	4.95
<b>Total</b>	<b>71.95</b>

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Securities and Exchange Board of India (SEBI) has in exercise of powers conferred under Securities and Exchange Board of India, Act, 1992 has made the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 to amend the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

In view of the above the amended code of conduct to regulate monitor & report trading by insider, has been approved by the Board of Directors at their duly convened meeting. The code prohibits purchase /sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The V-Mart Insider code is available on the Company's corporate website.

### DISCLOSURES

**Disclosures of related party transactions:** There have been no significant material related party transactions. The related party transactions are disclosed in the Notes to the Accounts in this Annual Report. All details relating to business transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussions nor do they vote on such matters. The policy on material related party transactions is available on [http://www.vmart.co.in/nimda/product\\_image/investor/RELATED\\_PARTY\\_POLICY5.pdf](http://www.vmart.co.in/nimda/product_image/investor/RELATED_PARTY_POLICY5.pdf)

**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-<https://www.vmart.co.in/investor/5/corporate-governance>.

### Certificate from Company Secretary in practice

As per the requirements of the listing regulations, a certificate from practicing Company Secretary, confirming that none of the Directs of Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as **Annexure-II**.

### WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a Vigil Mechanism / Whistleblower Policy. The purpose of this mechanism is to provide a 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 safeguards against victimization of the person availing this mechanism. This policy has been appropriately communicated within the organization and is effectively operational. This policy provides a mechanism whereby Whistle Blower may send protected disclosure directly to the Chairman of the Audit Committee.

The said policy has been also put up on the website of the Company at the following link:- (<https://www.vmart.co.in/investor/5/corporate-governance>)

### DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH QUALIFIED INSTITUTIONS PLACEMENT

The Shareholders' of the Company in their 18<sup>th</sup> Annual General Meeting, have authorized to create, issue, offer and allot as may

be decided by the Board in terms of the applicable regulations and as permitted under the applicable law, in one or more tranches, with or without green shoe option for an aggregate amount of up to ₹ 500 Crore (Rupees Five Hundred Crore Only) to such investors, whether Indian or foreign, that may be permitted to invest in such issuance of Securities, including eligible qualified institutional buyers (the “QIBs”) as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, by way of a public issue, preferential allotment, private placement, including a qualified institutions placement (the “QIP”) in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to the above approval, the Company through its Investment Committee has issued and listed 1,530,612 equity shares of ₹ 10/- each at price of ₹ 2,450 per equity share aggregating to ₹ 3,749,999,400 on 03.02.2021 to 30 qualified institutional buyers (the “QIBs”) under the applicable provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

It is to note that out of the total amount of ₹ 375 Crores raised, ₹ 5 Crores had been spent on the QIP expenses and hence the remaining amount of ₹ 370 Crores has been utilized for the following purposes as on 31<sup>st</sup> March, 2021 as depicted in the table given below:

Sl. No.	Head	Amount (₹) Rounded	Deviation in terms of Reg. off 32 of SEBI (LODR) Regulations, 2015
1.	Acquisition of 11 Acres of land upto 31 <sup>st</sup> March, 2021 in the Revenue Estate of Village Jaindapur, Tehsil Palwal, District Palwal, Haryana	14 Crores	No
2.	Investments:-		No
	Debt Bond	15 Crores	
	Debt Mutual Fund	249 Crores	
	Equity Mutual Fund	22 Crores	
	Fixed Deposit	70 Crores	
	<b>Total</b>	<b>370 Crores</b>	<b>No</b>

## DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 HAS BEEN GIVEN IN BOARD REPORT.

The disclosure pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been provided in the Board Report for the reference of the stakeholders.

### Non-mandatory requirements:

- **Chairman of the Board:** The Board of Directors of the Company had appointed Mr. Lalit M 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 the separate Chairman’s office.
- **Shareholders’ Rights/Information:** Information like financial results, official news releases, press releases, presentation to analyst etc. is displayed on the Company’s website. i.e. [www.vmart.co.in](http://www.vmart.co.in).
- **Unmodified audit opinions / reporting:** The Company follows a regime wherein the opinion whether modified or unmodified is reported to the members of the Board and its committee formed for this purpose.
- **Internal Auditor Reporting:** The Internal auditor presents reports on the audit being done for the time period directly to the audit committee wherein the detailed discussion takes place.

**Annexure - I**

**CORPORATE GOVERNANCE CERTIFICATE**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To

**The Members of V-Mart Retail Limited**

1. This certificate is issued in accordance with the terms of our engagement in this regard.
2. We, VKC & Associates, Company Secretaries, Secretarial Auditors of V-Mart Retail Limited (“the Company”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31<sup>st</sup> March, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations, 2015”).

**Managements' Responsibility**

3. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control systems relevant to the preparation and presentation of the Corporate Governance Report.
4. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015, issued by the Securities and Exchange Board of India.

**Our Responsibility**

5. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
6. We have examined the Secretarial and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance for the compliance in respect of Corporate Governance requirements by the Company.
7. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Company Secretaries of India (“the ICSI”).

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C, D and E of Schedule V of the SEBI Listing Regulations, 2015 during the year ended 31<sup>st</sup> March, 2021.
9. We 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.

**Restriction on use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable that the Company to comply with the requirement of the SEBI Listing Regulations, 2015, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

**CS Mohit K Dixit**  
Partner  
Membership No. 49021  
CP No. 17827  
UDIN: A049021C000379395

27<sup>th</sup> May, 2021  
New Delhi

**Annexure - II**
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
**V-MART RETAIL LIMITED**  
CIN: L51909DL2002PLC163727

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

We have examined the registers, records, forms, returns and disclosures received from the Directors of **V-MART RETAIL LIMITED** having **CIN L51909DL2002PLC163727** and having registered office at **610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi-110092** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr No.	Name of the Directors	DIN	Date of appointment in Company
1.	Govind Shridhar Shrikhande	00029419	02/11/2018
2.	Sonal Mattoo	00106795	22/01/2015
3.	Murli Ramachandran	00264018	22/01/2015
4.	Lalit Madangopal Agarwal	00900900	24/07/2002
5.	Madan Gopal Agarwal	02249947	24/07/2002
6.	Aakash Moondhra	02654599	18/03/2010

The eligibility for appointment/ continuity of every Director on the Board of Directors of the Company is the responsibility of the Management of the Company. Our responsibility is to express an opinion based on the verification of the records maintained by the Company, annual disclosures received by the Company from its Directors and verification of the status of DIN of the Directors available on the Ministry of Corporate Affairs Portal.

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

This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

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

**CS Mohit K Dixit**  
Partner  
Membership No. 49021  
CP No. 17827  
UDIN: A049021C000379373

27<sup>th</sup> May, 2021  
New Delhi

**CERTIFICATION BY MD AND CFO**

To,  
The Board of Directors,  
V-Mart Retail Ltd.,  
Plot No. 862, Udyog Vihar,  
Industrial Area Phase – V,  
Gurgaon – 122016 (Haryana)

Dear Sirs,

We hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement for the financial year ended 31<sup>st</sup> March, 2021 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the quarter which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over the financial reporting during the quarter;
  - ii. significant changes in accounting policies during the quarter and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For V-Mart Retail Ltd.

Date: 28<sup>th</sup> May, 2021  
Place: Gurugram

Sd/-  
**Lalit M Agarwal**  
Chairman and Managing Director

Sd/-  
**Anand Agarwal**  
Chief Financial Officer

# Independent Auditor’s Report

To the Members of V-Mart Retail Limited

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

We have audited the accompanying financial statements of V-Mart Limited (“the Company”), which comprise the Balance sheet as at 31<sup>st</sup> March, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2021, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

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

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

### EMPHASIS OF MATTER

We draw attention to note no. 49 to the Ind AS financial statement, which describes the uncertainties and impact of COVID-19 pandemic on the Company’s operations and results as assessed by the management. Our opinion in is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31<sup>st</sup> March, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Valuation of inventory with respect to estimated markdown due to slow moving and obsolete inventories (including shrinkage)</b> (as described in note 33, 45 and 49 of the Ind AS financial statements)</p> <p>As at 31<sup>st</sup> March, 2021, the carrying value of inventories (including packing and accessories) amounted to ₹ 42,830.74 lakhs, after considering markdown on account of slow moving and obsolete inventory and shrinkage of ₹ 2,463 lakhs.</p> <p>The prevalent financial, economic and health crises caused due to COVID-19, has impacted the business operations of the Company and has consequential impact on the assessment with respect to estimated markdown due to slow moving and obsolete inventories.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over receipts, sorting and tagging and dispatch of inventories to various stores, maintenance of stock records and assessment of carrying value of inventory including markdown.</li> <li>We obtained ageing of inventory and tested on a sample basis the ageing of inventories and have further obtained calculation for inventory markdown from the Company.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>Accordingly, the Company has assessed inventory levels at warehouse and stores and further, evaluated the process of determining the markdown to be made to the inventory including shrinkage. Such assessment involves significant estimates such as management's expectations of forecast inventory demand, anticipated future recoverability of such inventory items, the estimated costs to sell (if any) and potential impact of COVID 19.</p> <p>Since, it involves significant management's judgment and estimate and significant event occurred during the year, this area has been determined as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>We have re-performed the calculation of the inventory markdown as per the policy of the Company basis the historic and anticipated sales trend.</li> <li>We have assessed the evaluation of markdown and estimated loss on account of inventory shrinkage based on various factors such as historical and anticipated sales performance of the products and average value of inventory loss from last inventory count as a % of sales respectively.</li> <li>We have obtained management representation in respect of control over inventory count procedures and appropriateness of management assessment for estimated markdown due to slow moving and obsolete inventories (including shrinkage).</li> <li>We assessed the adequacy of the disclosures concerning this in Note 33 on significant accounting estimates and judgments and Note 45 to the financial statements.</li> </ul>

**OTHER INFORMATION**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and

for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31<sup>st</sup> March, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) With respect to the adequacy of the internal financial controls with reference to these financial statements

and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

- (h) With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act:

We draw attention to Note 48 to the financial statements, relating to Managerial Remuneration of two executive directors accrued and paid by the Company for the financial year ended 31<sup>st</sup> March, 2021 exceeds the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹36.64 lakh, and hence, is subject to the approval of the shareholders in the forthcoming annual general meeting. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34(ii) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Mehra**

Partner

Membership Number: 094421

UDIN: 21094421AAAABX1894

Place of Signature: New Delhi

Date: 28<sup>th</sup> May, 2021

# Annexure 1

referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report

## RE: V-MART RETAIL LIMITED (“THE COMPANY”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for location of few assets which are transferred from one store to another.
- (b) All fixed assets have not been physically verified by the management during the year but there is regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of Land included in property, plant and equipment is held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals. Discrepancies noted on physical verification were material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company. Accordingly, the provision of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provision relating to duty of custom and duty of excise is not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision relating to duty of custom and duty of excise is not applicable to the Company.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, value added tax and cess on account of any dispute, are as follows:

Name of Statute	Nature of Dues	Amount (in ₹ lakhs)	Amount paid under protest (in ₹ lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax	68.86	37.72	1 <sup>st</sup> June, 2007 to 31 <sup>st</sup> March, 2010	The Hon'ble Supreme Court of India
The Income Tax Act, 1961*	Income tax	0.60	-	FY 2008-09	Assistant Commissioner of Income Tax, Kolkata
The Income Tax Act, 1961*	Income tax	4.81	-	FY 2012-13	Commissioner Income Tax (Appeals), Kolkata
The Income Tax Act, 1961	Income tax	97.88	-	FY 2013-14	Commissioner Income Tax (Appeals), Kolkata
The Income Tax Act, 1961*	Income tax	12.57	-	FY 2015-16	Commissioner Income Tax (Appeals), Kolkata
The Income Tax Act, 1961	Income tax	600.63	-	FY 2015-16	The Company is in the process of filing an appeal before ITAT
The Income Tax Act, 1961*	Income tax	80.20	-	FY 2016-17	Commissioner Income Tax (Appeals), Kolkata
The Income Tax Act, 1961	Income tax	74.97	-	FY 2011-12	Commissioner Income Tax (Appeals), Kolkata
The Income Tax Act, 1961	Income tax	57.55	-	FY 2017-18	Commissioner Income Tax (Appeals), Kolkata
The Bihar Value Added Tax 2005	Value added tax	402.79	80.56	FY 2012-13 & FY 2013-14	Joint Commissioner of Commercial tax Patna
The Uttar Pradesh, 2008	Value added tax	6.14	6.14	FY 2012-13	Assistant Commissioner Tax, Ghaziabad
The Uttar Pradesh, 2008	Value added tax	8.76	8.76	FY 2013-14	Mobile Squad Unit -1 Muzaffarnagar
The Uttar Pradesh, 2008	Value added tax	12.55	12.55	FY 2015-16	Assistant commissioner (Mobile Squad) Tax, Ghaziabad
Haryana Value Added Tax Act, 2003	Value added tax	7.54	5.00	FY 2015-16	Haryana High Court
The Uttar Pradesh, 2008	Value added tax	2.96	-	FY 2016-17	Additional Commissioner Grade-2 Appeal, Muzaffarnagar
Central Sales Tax Act, 1956	Central Sales Tax	123.58	-	01 <sup>st</sup> December, 2015 to 31 <sup>st</sup> May, 2017	Joint commissioner commercial Tax Ganjam-1 Circle Berhampur

\*The Company netted off the demand with refund outstanding in books of accounts

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any loans or borrowings from government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, during the current year, the Company has Raised money by way of Qualified Institutional Placement (QIP). The proceeds from such QIP were ₹ 37,499.99 lakh. The proceeds of the issue (net of related expense of ₹ 463.17 lakh) are to augment to meet the future expansion plans of the Company, which include funding expenditure towards expansion of store network, including warehousing facilities and related land acquisition, funding digital initiatives, general corporate purposes, other corporate exigencies, including but not limited to the refurbishment and renovation of existing stores. The proceeds of ₹ 35,683.09 lakh pending utilisation for the objects of QIP, have temporarily been invested in interest bearing liquid instrument and Mutual funds. The Company did not raise any money by way of further public offer (including debt instruments) during the year and the term loan raised during the year have been applied for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of records of the Company, read with note 48, the Managerial Remuneration accrued and paid by the Company is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, except for two executive directors where the remuneration paid exceeds the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹36.64 lakh The Company is in the process of obtaining approval from shareholders at the forthcoming annual general meeting for such excess remuneration (refer note 48 of the financial statements).
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Mehra**

Partner

Membership Number: 094421

UDIN: 21094421AAAABX1894

Place of Signature: New Delhi

Date: 28<sup>th</sup> May, 2021

# ANNEXURE - 2

## TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF V-MART RETAIL LIMITED

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of V-Mart Retail Limited ("the Company") as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to

these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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



**OPINION**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March,

2021, 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 the ICAI.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Vikas Mehra**

Partner

Membership Number: 094421

UDIN: 21094421AAAABX1894

Place of Signature: New Delhi

Date: 28<sup>th</sup> May, 2021

# Balance Sheet

as at 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	17,578.55	17,127.15
Right-of-use assets	47	51,799.87	49,211.06
Capital work in progress	3	219.04	246.69
Intangible assets	4	275.74	365.87
<b>Financial assets</b>			
Investments	5	361.95	331.54
Loans	7	1,283.38	1,188.50
Other financial assets	8	143.02	125.22
Deferred tax assets (net)	9	2,527.17	1,601.23
Other non-current assets	10	272.59	408.62
		<b>74,461.31</b>	<b>70,605.88</b>
<b>Current assets</b>			
Inventories	11	42,830.74	47,792.24
<b>Financial assets</b>			
Investments	6	31,536.41	457.47
Loans	7	54.05	3.44
Cash and cash equivalents	12	2,379.95	489.59
Other bank balances	13	367.29	9.26
Other financial assets	8	7,049.10	-
Other current assets	10	3,975.23	3,006.90
		<b>88,192.77</b>	<b>51,758.90</b>
		<b>162,654.08</b>	<b>122,364.78</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	14	1,970.61	1,815.55
Other equity	15	80,552.06	44,077.64
		<b>82,522.67</b>	<b>45,893.19</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	16	-	-
Lease liabilities	47	53,078.46	43,783.81
Employee benefit obligations	20	734.27	612.26
		<b>53,812.73</b>	<b>44,396.07</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	17	-	104.65
Lease liabilities	47	3,701.90	7,782.64
<b>Trade payables</b>			
a) total outstanding dues of micro enterprises and small enterprises	18	5,588.69	5,043.66
b) total outstanding dues of creditors other than micro enterprises and small enterprises	18	13,579.51	14,635.31
Other financial liabilities	19	1,020.25	2,608.14
Employee benefit obligations	20	320.66	254.92
Liabilities for current tax (net)	20	1,211.78	967.05
Other current liabilities	21	895.89	679.15
		<b>26,318.68</b>	<b>32,075.52</b>
		<b>162,654.08</b>	<b>122,364.78</b>
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: 28<sup>th</sup> May, 2021

**For and on behalf of the board of directors of  
V-Mart Retail Limited**
**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit M Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. F10732

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Notes	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>REVENUE</b>			
Revenue from contracts with customers	22	107,546.06	166,202.33
Other income	23	1,832.84	347.22
Finance income	24	271.14	100.74
<b>Total Revenues (I)</b>		<b>109,650.04</b>	<b>166,650.29</b>
<b>EXPENSES</b>			
Purchase of traded goods	25	67,395.47	127,520.03
Decrease / (increase) in inventory	26	4,961.50	(14,893.83)
Employee benefits expense	27	11,688.09	15,362.51
Finance costs	29	5,894.53	5,478.39
Depreciation and amortization expense	30	10,297.14	9,392.28
Other expenses	28	10,379.80	16,837.89
<b>Total Expenses (II)</b>		<b>110,616.52</b>	<b>159,697.27</b>
<b>(Loss)/ profit before tax (I) - (II)</b>		<b>(966.48)</b>	<b>6,953.02</b>
<b>Tax expense</b>			
Current tax (including earlier years)	31	569.42	2,436.35
Deferred tax (credit)	31	(915.60)	(417.86)
<b>Total tax expense</b>		<b>(346.18)</b>	<b>2,018.49</b>
<b>(Loss) / profit for the year</b>		<b>(620.30)</b>	<b>4,934.53</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post employment benefit obligations		(41.07)	(1.52)
Income tax on above		10.34	0.38
<b>Total other comprehensive loss</b>		<b>(30.73)</b>	<b>(1.14)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(651.03)</b>	<b>4,933.39</b>
<b>(Loss) / Earnings per share [nominal value of share ₹ 10 (31<sup>st</sup> March, 2020 : ₹ 10)]</b>	32		
Basic		(3.37)	27.18
Diluted		(3.37)	27.17
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: 28<sup>th</sup> May, 2021

**For and on behalf of the board of directors of  
V-Mart Retail Limited**
**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit M Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. F10732

# Statement of changes in equity

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## A. EQUITY SHARE CAPITAL

	No.	Amount
Balance as at 1 <sup>st</sup> April, 2019	18,129,993	1,813.00
Issue of equity share capital under Employee Stock Option Scheme	25,491	2.55
Balance as at 31 <sup>st</sup> March, 2020	18,155,484	1,815.55
Issue of equity share capital under Employee Stock Option Scheme	20,047	2.00
Issue of equity share capital under Qualified Institutional Placement (QIP)	1,530,612	153.06
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>19,706,143</b>	<b>1,970.61</b>

## B. OTHER EQUITY

Particulars	Securities premium reserve	Amalgamation reserve	Retained earnings	Shares option outstanding account	Total
Balance as at 1 <sup>st</sup> April, 2019	9,345.13	154.76	29,240.53	373.62	39,114.04
Profit for the year	-	-	4,934.53	-	4,934.53
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(1.14)	-	(1.14)
Payment of dividend on equity shares <sup>#</sup>	-	-	(308.61)	-	(308.61)
Payment of dividend distribution tax	-	-	(63.44)	-	(63.44)
Recognition of share based payment expenses	-	-	-	271.26	271.26
Transfer from share option outstanding account on exercise of options	68.07	-	-	(68.07)	-
Received during the year against issue of shares to employees under ESOP scheme	131.00	-	-	-	131.00
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>9,544.20</b>	<b>154.76</b>	<b>33,801.87</b>	<b>576.81</b>	<b>44,077.64</b>
Profit for the year	-	-	(620.30)	-	(620.30)
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(30.73)	-	(30.73)
Recognition of share based payment expenses	-	-	-	149.47	149.47
Transfer from share option outstanding account on exercise of options	42.30	-	-	(42.30)	-
Security premium received on account of issue of shares under Qualified Institutional Placement (QIP)	37,346.93	-	-	-	37,346.93
Share issue expenses (Refer note 14)	-	-	(463.17)	-	(463.17)
Received during the year against issue of shares to employees under ESOP scheme	92.22	-	-	-	92.22
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>47,025.65</b>	<b>154.76</b>	<b>32,687.67</b>	<b>683.98</b>	<b>80,552.06</b>

<sup>#</sup>Transactions with owners in their capacity as owners

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: 28<sup>th</sup> May, 2021

**For and on behalf of the board of directors of V-Mart Retail Limited**
**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit M Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. F10732

# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>A. Operating activities</b>		
Profit before Income tax	(966.48)	6,953.02
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	10,297.14	9,392.28
Finance costs	5,894.53	5,478.39
Loss on sale / write-off of fixed assets/ Capital work-in-progress	116.23	118.08
Provision against doubtful advances	22.77	142.50
Balances written off	7.88	18.15
Employee stock option expense	149.47	271.26
Interest income	(271.14)	(100.74)
Profit on sale of investments (net)	(55.59)	(184.86)
Rent Concession on lease rentals (refer note 50)	(1,573.84)	-
Income on investment designated at FVTPL	(132.72)	(32.51)
Liabilities written back	(26.86)	(98.06)
<b>Operating profit before working capital changes</b>	<b>13,461.39</b>	<b>21,957.51</b>
<b>Changes in working capital :</b>		
(Increase) / decrease in financial assets	(189.66)	627.40
(Increase) in other assets	(993.11)	(850.16)
Decrease / (increase) in inventories	4,961.50	(14,893.83)
(Decrease) / increase in trade payables	(483.91)	4,951.03
(Decrease) in other financial liabilities	(1,476.01)	(1,072.10)
(Decrease) / increase in other liabilities	(149.55)	180.46
Increase in provisions	146.68	143.25
<b>Cash flow from operations</b>	<b>15,277.33</b>	<b>11,043.56</b>
Taxes paid (net of refunds)	(348.16)	(2,413.72)
<b>Net cash flow from operating activities (A)</b>	<b>14,929.17</b>	<b>8,629.84</b>
<b>B. Investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	4,101.86	(6,141.59)
Proceeds from sale of fixed assets	44.80	679.08
Purchase of investments	(54,828.37)	(23,793.91)
Proceeds from sale of investments	23,907.73	29,290.04
Interest received	110.88	6.68
Movement in fixed deposits (including earmarked balances with bank net of liabilities)	(7,008.78)	10.98
<b>Net cash (used in) / from investing activities (B)</b>	<b>41,875.60</b>	<b>51.28</b>

# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>C. Financing activities</b>		
Proceeds from issue of equity shares including securities premium (net of share issue expenses)	37,131.05	133.55
Repayment of long term borrowings	(2.60)	(29.65)
Repayment of short term borrowings	(104.65)	-
Proceeds from short term borrowings (net)	-	104.65
Equity dividend paid	-	(308.61)
Corporate dividend tax paid	-	(63.44)
Lease payments (net off lease concession)	(2,440.70)	(3,789.89)
Finance charges paid	(5,894.67)	(5,478.61)
<b>Net cash from / (used in) financing activities (C)</b>	<b>28,688.43</b>	<b>(9,432.00)</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,742.00</b>	<b>(750.88)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>480.83</b>	<b>1,231.71</b>
<b>F. Cash and cash equivalents at the end of the year (D+E)</b>	<b>2,222.83</b>	<b>480.83</b>
<b>Components of cash and cash equivalents</b>		
Balances with banks		
- on current account	33.33	1.95
- on cash credit account	499.66	394.93
- Deposits with original maturity of less than three months	1,366.83	-
Cash on hand	323.01	83.95
	<b>2,222.83</b>	<b>480.83</b>
Summary of significant accounting policies	2.2	

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: 28<sup>th</sup> May, 2021

**For and on behalf of the board of directors of  
V-Mart Retail Limited**
**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit M Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. F10732

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 1 CORPORATE INFORMATION

V-Mart Retail Limited (the 'Company'), incorporated on 24<sup>th</sup> July, 2002, is a public limited company with its equity shares listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company retails readymade garments, accessories, etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various cities in India. The Company is domiciled in India with registered office situated at 610-611, Guru Ram Dass Nagar, Main Market, Opposite SBI Bank, Laxmi Nagar, New Delhi and corporate office situated at Plot No-862, Udyog Vihar Industrial Area, Phase V, Gurugram.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the FS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Defined benefit plans-plan assets measured at fair value,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- Share Based Payments

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 100,000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

#### An asset is treated as current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle.

Held primarily for the purpose of trading.

Expected to be realised within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### A liability is current when:

It is expected to be settled in normal operating cycle

It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### b. Foreign Currencies

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

currency in which the Company primarily generates and expends cash. All the financial information is presented in “lakhs”, except where otherwise stated.

Transactions in foreign currencies are initially recorded by the Company’s at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses rate at the beginning of each month which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## c. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, In the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions

that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given below.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Disclosure for valuation method, significant estimates and assumption

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### d. Revenue from contract with customer

Revenue from contract with customer is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from contract with customer is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

#### Sale of goods:

Revenue from sale of goods is recognised on delivery of merchandise to the customer, when the property in the goods is transferred for a price, and significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. It is the Company's policy to sell its products to the end customers with a right of return within 7 days. Historical experience is used to estimate and provide for such returns at the time of sales. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

#### Loyalty points programme:

The Company has a loyalty points programme, which allows customers to accumulate points that can be

redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

#### Interest Income:

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Interest income is included in finance income in the Statement of Profit and Loss.

### e. Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

**Deferred tax liabilities are recognized for all taxable temporary differences, except:**

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and

the deferred taxes relate to the same taxable entity and the same taxation authority.

**f. Property, plant and equipment**

Freehold land is carried at Cost. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**g. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

## h. Depreciation on Property, plant and equipment

Depreciation on PPE is provided on the straight-line method computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013 ('Schedule II') on a pro-rata basis from the date the asset is ready to put to use. Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets- the Company has assessed the useful lives (as mentioned in the table below) lower than as prescribed in Schedule II, based on the technical assessment.

Asset Category	Useful life estimated by the management based on technical assessment (years)	Useful life as per Schedule II (years)
Plant and equipment	6-9 years	15 years
Office equipment	5 years	5 years
Computers	3-6 years	3-6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Leasehold Improvement / Fittings	5-15 years or lease term whichever is lower	

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

## i. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset

### Company as a lessee

The Company's lease asset classes primarily comprise of lease for stores, ware house, office premises and plant and machinery and office equipments. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

lease payments and right-of-use assets representing the right to use the underlying assets. As practical expedient of Ind AS 116 “Leases”, the company has considered Covid-19-related rent concessions not to be lease modification, hence the income towards rent concession is recognised in “Other Income” in the statement of profit and loss account.

## Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) except for leases existing as on the date of transition to IND AS 116 i.e. 1<sup>st</sup> April, 2019. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Stores, ware house and office premises 9 to 15 years
- Plant and Machinery/ Office equipment 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (I) Impairment of non-financial assets.

## Lease Liabilities

The Company recognises lease liabilities at the present value of lease payments to be made over the remaining lease term effective 1<sup>st</sup> April, 2019. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised

by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of rented premises, Plant and machinery and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## k. Inventories

### Inventories are valued as follows:

- a) Packing and accessories: At lower of cost and net realisable value. Cost represents purchase price and other direct costs and is determined on a “first in, first out” basis.
- b) Traded goods: At lower of cost and net realisable value. Cost of inventories comprises all costs of purchase price and other incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

# Notes to financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## I. Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life (including right of use assets).

An assessment is made at each reporting date to determine whether there is an indication that

previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses are recognized in the statement of profit and loss.

## m. Provisions

Provision are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligations, the provision is reversed.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## n. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is defined benefit plan and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each year. Actuarial gain and loss for defined plan benefit plan is recognized in full in the year in which occur in the statement of profit and loss.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Accumulated leave, which are expected to be utilized within the next twelve months are treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of unused entitlement that has accumulated at that reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has the unconditional legal and contractual right to defer

the settlement for a period beyond twelve months, the same is presented as non-current liability.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- (a) The date of the plan amendment or curtailment, and
- (b) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (b) Net interest expense or income

## o. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share Option Outstanding Account' in other equity, over the period in which the performance and/or service conditions are fulfilled.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

## p. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss) or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

### Debt instruments at amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

payments of principal and interest (SPPI) on the principal amount outstanding. Cash flow characteristics test: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a

measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### Investments

Investments in mutual fund are measured at FVTPL.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### Derecognition

A financial asset ( or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when :

- (i) The rights to receive cash flows from the assets have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either a) the Company has transferred substantially all

# Notes to financial statements

for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

## q. Segment reporting

### Identification of segments:

#### Business segment:

The company operates in single segment of retails of readymade garments, accessories, etc. and is engaged in the business of “Value Retailing” through the chain of stores situated at various cities in India.

#### Geographical segment:

The analysis of geographical segments is based on the geographical location of the customers. The company operates in single geographical segment i.e. India.

## r. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of Company’s cash management.

## s. Cash dividend and non-cash distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## t. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

## 2.3 change in accounting policies and disclosure

### (i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The Company has elected to apply the practical expedient of not assessing the rent concessions as a lease modification, as per MCA notification dated July 24, 2020 on Ind AS 116 for rent concessions which are granted due to COVID-19 pandemic. Refer note no.50 for details.

### (ii) Amendments to Ind AS 103 Business Combinations.

The standandrd is not applicable, hence these amendments has no impact on the financial

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

statements of the Company as there is no transaction where joint control is obtained.

(iii) **Amendments to Ind AS 1 and Ind AS 8: Definition of Material**

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude

of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020.

(iv) **Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform**

The Company doesn't having any hedging contracts or arrangements, hence the ammendment is not applicable to the Company.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and machinery	Office Equipment	Leasehold Improvement	Computers	Furniture and fixtures	Vehicles	Freehold Land	Total
<b>Cost or valuation</b>								
As at 1 <sup>st</sup> April, 2019	9,110.33	592.71	1,163.44	994.69	10,337.54	201.94	-	22,400.65
Additions during the year	2,105.09	126.67	167.55	340.57	2,034.49	65.38	-	4,839.75
Disposals/ adjustments*	(146.71)	(9.16)	(902.47)	(7.22)	(137.99)	-	-	(1,203.55)
As at 31 <sup>st</sup> March, 2020	11,068.71	710.22	428.52	1,328.04	12,234.04	267.32	-	26,036.85
Additions during the period	1,122.47	57.40	75.50	84.09	1,425.05	18.50	1,335.43	4,118.44
Disposals/ adjustments	(330.54)	(20.20)	(8.99)	(14.08)	(245.66)	(5.49)	-	(624.96)
<b>As at 31<sup>st</sup> March, 2021</b>	<b>11,860.64</b>	<b>747.42</b>	<b>495.03</b>	<b>1,398.05</b>	<b>13,413.43</b>	<b>280.33</b>	<b>1,335.43</b>	<b>29,530.33</b>
<b>Depreciation</b>								
As at 1 <sup>st</sup> April, 2019	2,970.07	272.07	263.15	436.81	2,210.72	27.04	-	6,179.86
Depreciation charge for the year	1,451.13	115.46	29.80	257.42	1,245.05	37.47	-	3,136.33
Disposals/ adjustments*	(105.36)	(7.33)	(229.04)	(6.32)	(58.44)	-	-	(406.49)
As at 31 <sup>st</sup> March, 2020	4,315.84	380.20	63.91	687.91	3,397.33	64.51	-	8,909.70
Depreciation charge for the year	1,554.13	114.24	39.95	256.93	1,542.45	37.07	-	3,544.77
Disposals/ adjustments	(244.55)	(32.31)	(6.38)	(26.50)	(189.46)	(3.49)	-	(502.69)
<b>As at 31<sup>st</sup> March, 2021</b>	<b>5,625.42</b>	<b>462.13</b>	<b>97.48</b>	<b>918.34</b>	<b>4,750.32</b>	<b>98.09</b>	<b>-</b>	<b>11,951.78</b>
<b>Net book value</b>								
As at 31 <sup>st</sup> March, 2020	6,752.87	330.02	364.61	640.13	8,836.71	202.81	-	17,127.15
<b>As at 31<sup>st</sup> March, 2021</b>	<b>6,235.22</b>	<b>285.29</b>	<b>397.55</b>	<b>479.71</b>	<b>8,663.11</b>	<b>182.24</b>	<b>1,335.43</b>	<b>17,578.55</b>

### Capital work-in-progress

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Capital work in progress	219.04	246.69

## 4 INTANGIBLE ASSETS

Particulars	Computer software	Total
<b>Cost</b>		
As at 1 <sup>st</sup> April, 2019	555.92	555.92
Additions during the year	147.97	147.97
Disposals/ Write-off	(0.27)	(0.27)
As at 31 <sup>st</sup> March, 2020	703.62	703.62
Additions during the year	38.70	38.70
Disposals/ adjustments	(31.55)	(31.55)
<b>As at 31<sup>st</sup> March, 2021</b>	<b>710.77</b>	<b>710.77</b>
<b>Amortization</b>		
As at 1 <sup>st</sup> April, 2019	227.25	227.25
Charge for the year	110.67	110.67
Disposals/ Write-off	(0.17)	(0.17)
As at 31 <sup>st</sup> March, 2020	337.75	337.75
Charge for the year	112.72	112.72
Disposals/ adjustments	(15.44)	(15.44)
<b>As at 31<sup>st</sup> March, 2021</b>	<b>435.03</b>	<b>435.03</b>
<b>Net Block</b>		
As at 31 <sup>st</sup> March, 2020	365.87	365.87
<b>As at 31<sup>st</sup> March, 2021</b>	<b>275.74</b>	<b>275.74</b>

\* Disposal / adjustment in the previous year includes transfer of rent free period capitalised as per Appendix A of Ind AS 17 from lease hold Improvement to Right-of-use assets on account of adoption of Ind AS 116 on leases w.e.f. April 1, 2019 having a gross block of ₹ 897.29 lakhs and accumulated depreciation of ₹ 226.84 lakhs. Further, ₹ 25.58 lakhs has been reclassified from capital work-in-progress to Right-of-use assets in previous year.

Refer note no. 46 for assets under pledge

Refer note no. 34(i) for contractual commitments for acquisition of property, plant and equipments.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 5 INVESTMENTS - NON-CURRENT

	Non-Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Investment in mutual funds (fully paid-up) - Un-quoted</b>		
<b>(Measured at fair value through profit or loss)</b>		
SBI Debt Fund Series C-48 (1177 days) - Direct Growth	361.95	331.54
3,000,000 (31 <sup>st</sup> March, 2020: 3,000,000) units of ₹ 10 (31 <sup>st</sup> March, 2020: ₹ 10) each		
<b>Total</b>	<b>361.95</b>	<b>331.54</b>
<b>Aggregate amount of book value of un-quoted investments</b>	<b>361.95</b>	<b>331.54</b>
<b>Aggregate amount of market value of un-quoted investments</b>	<b>361.95</b>	<b>331.54</b>

## 6 INVESTMENTS - CURRENT

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Investment in mutual funds (fully paid-up) - Un-quoted</b>		
ICICI Overnight Fund Direct Plan	-	415.24
Nil (31 <sup>st</sup> March, 2020 : 385,385) units of ₹ Nil (31 <sup>st</sup> March, 2020: ₹100) each		
Aditya Birla Sun Life Savings Fund Direct Plan Growth	1,411.40	-
330,665.01 (31 <sup>st</sup> March, 2020 : Nil) units of ₹100 (31 <sup>st</sup> March, 2020 : Nil) each		
Aditya Birla Sunlife Banking and PSU Debt Plan Direct Growth	459.02	-
158,434.84 (31 <sup>st</sup> March, 2020 : Nil) units of ₹100 (31 <sup>st</sup> March, 2020 : Nil) each		
Aditya Birla Sunlife Cash Plus - Growth Direct Plan	981.95	-
296,183.39 (31 <sup>st</sup> March, 2020 : Nil) units of ₹100 (31 <sup>st</sup> March, 2020 : Nil) each		
Axis Banking and PSU Debt Fund Direct Plan Growth	904.68	-
43,125.58 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
Axis Liquid Fund Direct Plan Growth	2,366.54	-
103,578.12 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
Axis Overnight Fund Direct Plan Growth	671.68	-
61,739.86 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
Axis Treasury Advantage Fund Direct Plan Growth	573.85	-
23,115.09 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
Canara Robeco Liquid Fund Direct Plan Growth	2,003.44	-
81,209.73 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
Canara Robeco Overnight Fund Direct Plan Growth	1,005.01	-
94,301.11 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
DSP Liquidity Fund Direct Plan Growth	3,408.31	-
115,883.30 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
DSP Overnight Fund Direct Plan Growth	605.20	-
54,906.22 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
HDFC liquid Fund Direct Plan Growth	2,057.05	-
50,847.46 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
HDFC Money Market Fund - Direct Plan - Growth Option	393.11	-
8,786.61 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each		
ICICI Prudential Liquid Fund Direct Plan Growth (Erstwhile ICICI Prudential Liquid)	903.41	-
296,457.15 (31 <sup>st</sup> March, 2020 : Nil) units of ₹100 (31 <sup>st</sup> March, 2020 : Nil) each		

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
ICICI Prudential Short Term Fund Direct Plan Growth Option 2,274,904.31 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	1,106.04	-
IDFC Cash Fund Direct Plan Growth 17,296.20 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each	429.98	-
IDFC Low Duration Fund Direct Plan Growth (Erstwhile IDFC Ultra Short Term ) 1,872,593.97 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	574.10	-
Kotak Bond Short Term Fund Direct Plan Growth (Erstwhile Kotak Bond Short Term Plan Direct Plan Growth 2,082,106.53 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	905.26	-
Kotak Liquid Fund Direct Plan Growth(Erstwhile Kotak Liquid - Direct Plan Growth 22,260.66 units (31 <sup>st</sup> March, 2020 : Nil) of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each	925.83	-
Kotak Overnight Fund 27,375.30 (31 <sup>st</sup> March, 2020 : Nil) units of ₹ 1,000 (31 <sup>st</sup> March, 2020 : Nil) each	300.56	-
Kotak Saving Fund - Direct Plan - Growth 1,237,184.22 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	429.09	-
L&T Arbitrage Opportunities Fund 6,432,208.56 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	1,002.47	-
L&T Liquid Fund Direct Plan Growth 32,045.15 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each	903.33	-
L&T Overnight Fund 40.83 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each	0.66	-
L&T Short Term Bond Fund Direct Plan Growth (Erstwhile L&T Short Term Opportunities Fund) 5,106,512.55 (31 <sup>st</sup> March, 2020 : Nil) units of ₹10 (31 <sup>st</sup> March, 2020 : Nil) each	1,105.57	-
SBI Liquid Fund Direct Plan Growth (Erstwhile SBI Premier Liquid) 51,868.34 (31 <sup>st</sup> March, 2020 : Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020 : Nil) each	1,671.10	-
SBI Magnum Ultra Short Duration Fund-Direct Growth 942.74 (31 <sup>st</sup> March, 2020 : 942.74) units of ₹ 1,000 (31 <sup>st</sup> March, 2020: ₹ 1,000) each	44.49	42.23
SBI Overnight Fund Direct Plan Growth (Erstwhile SBI Magnum Insta Cash Liquid Floater) 33,925.46 (31 <sup>st</sup> March, 2020: Nil) units of ₹1,000 (31 <sup>st</sup> March, 2020: Nil) each	1,137.19	-
Tata Arbitrage Fund Direct Plan Growth 10,773,831.03 (31 <sup>st</sup> March, 2020: Nil) units of ₹10 (31 <sup>st</sup> March, 2020: Nil) each	1,235.86	-
Tata Liquid Fund Direct Plan Growth 11,391.68 units (31 <sup>st</sup> March, 2020: Nil) of ₹1,000 (31 <sup>st</sup> March, 2020: Nil) each	369.96	-
Tata Overnight Fund 30.21 units (31 <sup>st</sup> March, 2020: Nil) of ₹1,000 (31 <sup>st</sup> March, 2020: Nil) each	0.33	-
<b>Total (I)</b>	<b>29,886.47</b>	<b>457.47</b>
<b>Investment in bonds (fully paid-up) - Un-quoted (Measured at amortised cost)</b>		
Infrastructure Leasing & Financial Services Commercial Paper 100,000 (31 <sup>st</sup> March, 2020: 100,000) units [At cost less Impairment of investment of ₹979.94 lacs (31 <sup>st</sup> March, 2020: ₹ 979.94)] - Refer note 40)	-	-
HDFC prepatual Bond 150 units (31 <sup>st</sup> March, 2020: Nil) of ₹ 1,000,000 (31 <sup>st</sup> March, 2020: Nil) each	1,649.94	-
<b>Total (II)</b>	<b>1,649.94</b>	<b>-</b>
<b>Total (I+II)</b>	<b>31,536.41</b>	<b>457.47</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Aggregate amount of book value of un-quoted investments (net of Impairment loss)	31,536.41	457.47
Aggregate amount of market value of un-quoted investments (net of Impairment loss)	31,536.41	457.47
Aggregate Impairment in value of investments (refer note 40)	979.94	979.94

## 7 LOANS

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Unsecured considered good unless otherwise stated (Measured at amortised cost)				
Security deposits				
Considered good	1,283.38	1,188.50	47.36	-
Doubtful	-	4.32	10.53	-
	1,283.38	1,192.82	57.89	-
Less: Impairment allowance for security deposits	-	(4.32)	(10.53)	-
	1,283.38	1,188.50	47.36	-
Loan to employees	-	-	6.69	3.44
	1,283.38	1,188.50	54.05	3.44

## 8 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(Measured at amortised cost)				
Margin money deposits*	134.46	117.42	-	-
Deposits with remaining maturity of less than twelve months	-	-	7,000.00	-
Interest accrued on margin money deposits	8.56	7.80	-	-
Interest accrued on bank deposits	-	-	49.10	-
	143.02	125.22	7,049.10	-

\* Margin money deposits of ₹134.46 Lakhs (31<sup>st</sup> March, 2020 : ₹ 117.42 Lakhs) are pledged as bank guarantees issued to various tax authorities, Skill Development Authority (for Deen Dayal Upadhyaya Grameen Kaushalya Yojana) and for cash credit facilities with banks.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 9 DEFERRED TAX ASSETS (NET)

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Tax effect of items constituting deferred tax liabilities</b>		
Right-of-use assets	12,975.33	12,385.44
Fair valuation of interest free security deposits	50.72	22.94
Measurement of financial assets at fair value through profit or loss	41.59	8.18
Others	21.21	-
<b>(A)</b>	<b>13,088.85</b>	<b>12,416.56</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Lease liability	14,290.48	12,978.24
Difference between accounting base and tax base of property, plant and equipment	1,011.25	780.80
Employee benefits	265.51	218.25
Provision for doubtful advances	36.26	40.50
Others	12.52	-
<b>(B)</b>	<b>15,616.02</b>	<b>14,017.79</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>2,527.17</b>	<b>1,601.23</b>

### Movement in deferred tax assets/(liabilities) for year ended 31<sup>st</sup> March, 2021

Particulars	As at 31 <sup>st</sup> March, 2020	Recognised in statement profit or loss	Recognized in other comprehensive income	As at 31 <sup>st</sup> March, 2021
<b>Tax effect of items constituting deferred tax liabilities</b>				
Right-of-use assets	12,385.44	589.89	-	12,975.33
Fair valuation of interest free security deposits	22.94	27.78	-	50.72
Measurement of financial assets at fair value through profit or loss	8.18	33.41	-	41.59
Others	-	21.21	-	21.21
<b>Deferred tax liabilities (A)</b>	<b>12,416.56</b>	<b>672.29</b>	<b>-</b>	<b>13,088.85</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Lease liability	12,978.24	1,312.24	-	14,290.48
Difference between accounting base and tax base of property, plant and equipment	780.80	230.45	-	1,011.25
Employee benefits	218.25	36.92	10.34	265.51
Provision for doubtful advances	40.50	(4.24)	-	36.26
Others	-	12.52	-	12.52
<b>Deferred tax assets (B)</b>	<b>14,017.79</b>	<b>1,587.89</b>	<b>10.34</b>	<b>15,616.02</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>1,601.23</b>	<b>915.60</b>	<b>10.34</b>	<b>2,527.17</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Movement in deferred tax assets/(liabilities) for year ended 31<sup>st</sup> March, 2020

Particulars	As at 31 <sup>st</sup> March, 2019	Recognised in statement profit or loss	Recognized in other comprehensive income	As at 31 <sup>st</sup> March, 2020
<b>Tax effect of items constituting deferred tax liabilities</b>				
Right-of-use assets	-	12,385.44	-	12,385.44
Fair valuation of interest free security deposits	(2.91)	25.85	-	22.94
Measurement of financial assets at fair value through profit or loss	23.40	(15.22)	-	8.18
<b>Deferred tax liabilities (A)</b>	<b>20.49</b>	<b>12,396.07</b>	<b>-</b>	<b>12,416.56</b>
<b>Tax effect of items constituting deferred tax assets</b>				
Lease liability	-	12,978.24	-	12,978.24
Difference between accounting base and tax base of property, plant and equipment	911.87	(131.07)	-	780.80
Employee benefits	252.44	(34.57)	0.38	218.25
Provision for doubtful advances	6.94	33.56	-	40.50
Others	32.23	(32.23)	-	-
<b>Deferred tax assets (B)</b>	<b>1,203.48</b>	<b>12,813.93</b>	<b>0.38</b>	<b>14,017.79</b>
<b>Net deferred tax assets (B)-(A)</b>	<b>1,182.99</b>	<b>417.86</b>	<b>0.38</b>	<b>1,601.23</b>

## 10 OTHER ASSETS

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Unsecured considered good unless otherwise stated</b>				
<b>Capital advances</b>				
Unsecured considered good	29.39	160.39	-	-
Doubtful	1.50	30.34	-	-
	30.89	190.73	-	-
Less: Impairment Allowance for capital advances	(1.50)	(30.34)	-	-
<b>(A)</b>	<b>29.39</b>	<b>160.39</b>	<b>-</b>	<b>-</b>
<b>Advances against material and services</b>				
Unsecured considered good	-	-	2,122.77	1,473.10
Doubtful	-	-	132.04	126.25
	-	-	2,254.81	1,599.35
Less: Impairment Allowance for advances against material and services	-	-	(132.04)	(126.25)
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>2,122.77</b>	<b>1,473.10</b>
Prepaid expenses	26.67	46.70	220.76	188.48
Advance income tax (net of provisions for tax)	64.14	40.67	-	-
Deposits paid under protest*	152.39	160.86	-	-
Balance with government authority	-	-	1,631.70	1,345.32
<b>(C)</b>	<b>243.20</b>	<b>248.23</b>	<b>1,852.46</b>	<b>1,533.80</b>
<b>(A)+(B)+(C)</b>	<b>272.59</b>	<b>408.62</b>	<b>3,975.23</b>	<b>3,006.90</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

\* Deposit paid under protest includes following

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Value added tax	108.72	120.26	-	-
Service Tax	37.69	37.69	-	-
Others	5.98	2.91	-	-

## 11 INVENTORIES (VALUED AT LOWER OF COST OR NET REALIZABLE VALUE)\*

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Traded goods [including stock-in-transit: ₹1,893.67 lakhs (31 <sup>st</sup> March, 2020: ₹ Nil)]	42,683.41	47,556.44
Packing and accessories	147.33	235.80
	42,830.74	47,792.24

\*Refer note 45 for details of markdown of inventory. These were recognized as an expense during the year and included in 'changes in inventories of stock-in-trade in Statement of Profit and Loss.

## 12 CASH AND CASH EQUIVALENTS

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balances with banks		
- on current account	33.33	1.95
- on cash credit account	499.66	394.93
- Deposits with original maturity of less than three months	1,366.83	-
Other receivables <sup>^</sup>	157.12	8.76
Cash on hand	323.01	83.95
	2,379.95	489.59

<sup>^</sup> Other receivables includes amount receivable with respect to credit card receivable, electronic wallet, UPI, etc, which is normally received T+1 days.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balances with banks		
- on current account	33.33	1.95
- on cash credit account	499.66	394.93
- Deposits with original maturity of less than three months	1,366.83	-
Cash on hand	323.01	83.95
	2,222.83	480.83

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 13 OTHER BANK BALANCES

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Earmarked balances with Bank		
- Government grant under skill development project#	366.73	8.66
- unclaimed dividend account	0.56	0.60
	<b>367.29</b>	<b>9.26</b>

# The Company was awarded projects under the 'Deen Dayal Upadhyaya - Grameen Kaushalya Yojana' ("the Grant") from various state Government for encouraging youth employment. The Company, has received ₹ 1,852.84 lakhs (March 31, 2020: ₹ 826.07 lakhs) so far under such scheme. The Company has spent ₹ 2,043.68 lakhs (March 31, 2020: ₹ 1,360.89 lakhs) on the activities as agreed in the terms of such grant and certificate has been obtained by the Company from an independent auditor. ₹ 548.79 (March 31, 2020: ₹ 543.13 Lakhs) is shown as recoverable under head other assets.

## 14 EQUITY SHARE CAPITAL

	No. of shares	Amount
<b>Authorised Share Capital</b>		
As at 1 <sup>st</sup> April, 2019	20,000,000.00	2,000.00
Increase during the year at 31 <sup>st</sup> March, 2020	-	-
	20,000,000.00	2,000.00
Increase during the year <b>As at 31<sup>st</sup> March, 2021</b>	<b>5,000,000.00</b>	<b>500.00</b>
	<b>25,000,000.00</b>	<b>2,500.00</b>

During the year ended 31<sup>st</sup> March, 2021, the authorised share capital was increased by ₹500 lacs i.e. 50 Lakhs Equity shares of ₹ 10 each.

### a. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

### b. Issued equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

	No. of shares	Amount
As at 1 <sup>st</sup> April, 2019	18,129,993	1,813.00
Changes during the year	25,491	2.55
As at 31 <sup>st</sup> March, 2020	18,155,484	1,815.55
Changes during the year <b>As at 31<sup>st</sup> March, 2021</b>	<b>1,550,659</b>	<b>155.07</b>
	<b>19,706,143</b>	<b>1,970.61</b>

c. No shares was issued as bonus shares, shares issued for consideration other than cash and shares buy back during the five years immediately preceding the reporting date except 6,606,842 bonus shares issued by capitalization of free reserves in the year ended 31<sup>st</sup> March, 2013.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## d. Details of equity shareholders holding more than 5% shares in the Company as at 31<sup>st</sup> March, 2021

Name of the Shareholders	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Nos.	% holding	Nos.	% holding
Conquest Business Services Private Limited	7,490,673	38.01%	7,490,673	41.26%
Jwalamukhi Investment Holding	1,498,624	7.60%	1,498,141	8.25%
Lalit M Agarwal (HUF)	1,277,275	6.48%	1,277,275	7.04%

## 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 37.

## f. Qualified Institutions Placement

During the year ended, the Company has issued 1,530,612 equity shares of ₹ 10 each at an issue price of ₹ 2,450 per share, aggregating to ₹ 37,499.99 lakhs (including securities premium of ₹ 37,346.93 lakhs). The issue was made through eligible Qualified Institutional Placement (QIP) in terms of Chapter VI of the Security and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 as amended ("the SEBI Regulations"), Section 42 and other relevant provisions of the Companies Act, 2013.

The proceeds of the issue (net of QIP related expense of ₹ 463.17 lakh) are to augment to meet the future expansion plans of the Company, which include funding expenditure towards expansion of store network, including warehousing facilities and related land acquisition, funding digital initiatives, general corporate purposes, other corporate exigencies, including but not limited to the refurbishment and renovation of existing stores. Further, the Company has spend ₹ 1,353.73 lakhs on purchase of land and other incidental expenses. The proceeds of ₹ 35,683.09 lakh pending utilisation for the objects of QIP, have temporarily been invested in interest bearing liquid instrument and Mutual funds.

## 15 OTHER EQUITY

### (i) Securities premium reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance at the beginning of the year	9,544.20	9,345.13
Add: premium received during the year	37,481.45	199.07
	47,025.65	9,544.20

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### (ii) Amalgamation reserve

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Amalgamation reserve	154.76	154.76
	154.76	154.76

Amalgamation reserve pertain to business combinations which materialised prior to transition date to Ind AS.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## (iii) Other reserves

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Retained earnings	32,687.67	33,801.87
Shares option outstanding account	683.98	576.81
	33,371.65	34,378.68
<b>Total (i)+(ii)+(iii)</b>	<b>80,552.06</b>	<b>44,077.64</b>

## Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

## Share option outstanding account

The reserve is used to recognize the grant date fair value of options issued to employees under employee stock option schemes and is adjusted on exercise/ forfeiture of options.

For movements of respective heads, refer to the Statement of Changes in Equity.

## 16 LONG TERM BORROWINGS

	Non-current portion		Current maturities	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Term loan</b>				
Vehicle loans from banks (secured)	-	-	-	2.60
	-	-	-	<b>2.60</b>
Amount disclosed under the head "other financial liabilities" (refer note 19)	-	-	-	(2.60)
	-	-	-	(2.60)
	-	-	-	-

Vehicle loan secured against hypothecation of vehicle obtained from HDFC Bank, repayable in 36 instalment and carrying an interest rate of 8%. The loan was obtained on 31<sup>st</sup> March, 2017. The entire loan has been repaid during the year.

## 17 SHORT TERM BORROWINGS

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Working capital demand loans	-	104.65
	-	<b>104.65</b>

Working capital demand loan (Short term borrowings) from bank/(institutions) of ₹ Nil (31<sup>st</sup> March, 2020: ₹ 104.65 lakhs) was un-secured. Also refer note 46.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 18 TRADE PAYABLES

	Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(Measured at amortised cost)		
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer note 39 for details of dues to micro and small enterprises)	5,588.69	5,043.66
Others	13,579.51	14,635.31
	<b>19,168.20</b>	<b>19,678.97</b>

## 19 OTHER FINANCIAL LIABILITIES

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Financial liabilities carried at amortised cost</b>				
Current maturities of long term debts (refer note 16)	-	-	-	2.60
Interest accrued but not due	-	-	-	0.14
Book overdraft	-	-	2.36	-
Creditors for fixed assets#	-	-	872.20	981.34
Employee related payables	-	-	145.69	1,624.06
	-	-	<b>1,020.25</b>	<b>2,608.14</b>

# includes payable in respect of MSMED parties amounting to ₹ 40.78 lakhs (31<sup>st</sup> March, 2020: ₹ 63.25 lakhs) [refer note 39].

## 20 PROVISIONS

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Employee benefit obligations</b>				
Provision for gratuity obligation (refer note 36)	734.27	612.26	123.47	104.97
Provision for compensated absences (refer note 36)	-	-	197.19	149.95
	<b>734.27</b>	<b>612.26</b>	<b>320.66</b>	<b>254.92</b>
<b>Others</b>				
Provision for income tax (net of prepaid taxes)^	-	-	1,211.78	967.05
	-	-	<b>1,211.78</b>	<b>967.05</b>
	<b>734.27</b>	<b>612.26</b>	<b>1,532.44</b>	<b>1,221.97</b>

^ The Company carries a tax contingency provision created as a matter of abundant caution of ₹ 642.36 lakhs (31<sup>st</sup> March, 2020: ₹ 519.16 lakhs) in respect of claims made by the Company in its return of income for section 80JJAA, education cess on income tax and additional depreciation as allowable expense. The management is confident that it will be eligible for deduction.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 21 OTHER LIABILITIES

	Non-Current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Contract liabilities	-	-	135.68	226.29
Unclaimed dividend*	-	-	0.56	0.60
Deferred government grant in respect of skill development project (refer note 13)	-	-	366.33	-
Statutory dues payable	-	-	393.32	452.26
	-	-	895.89	679.15

\* Not due for deposit with Investor Education and Protection Fund

## 22 REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Sale of traded goods	107,393.55	166,159.03
Other operating revenue	152.51	43.30
	107,546.06	166,202.33

## 23 OTHER INCOME

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Rent Concession received from landlords (refer note no.50)	1,573.84	-
Income on investment designated at FVTPL	132.72	32.51
Liabilities written back	26.86	98.06
Profit on sale of investments (net)	55.59	184.86
Miscellaneous income	43.83	31.79
	1,832.84	347.22

## 24 FINANCE INCOME

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Interest income on items at amortised cost		
Bank deposits	160.74	8.42
Interest on fair valuation of security deposits	110.40	91.13
Others	-	1.19
	271.14	100.74

## 25 PURCHASE OF TRADED GOODS

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Purchase of traded goods	67,395.47	127,520.03
	67,395.47	127,520.03

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 26 DECREASE / (INCREASE) IN INVENTORIES

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Inventories at the end of the year</b>		
Traded goods (including stock in transit)	42,683.41	47,556.44
Packing material and accessories	147.33	235.80
	42,830.74	47,792.24
<b>Inventories at the beginning of the year</b>		
Traded goods (including stock in transit)	47,556.44	32,664.52
Packing material and accessories	235.80	233.89
	47,792.24	32,898.41
	4,961.50	(14,893.83)

## 27 EMPLOYEE BENEFITS EXPENSE

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Salaries, wages and bonus	9,874.27	12,854.56
Gratuity Expenses (refer note 36)	199.23	197.46
Employee stock option scheme (refer note 37)	149.47	271.26
Contribution to provident and other funds	809.67	943.92
Staff welfare	655.45	1,095.31
	11,688.09	15,362.51

## 28 OTHER EXPENSES

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Rent	-	1,188.38
Power and fuel	3,525.53	4,877.66
Advertising and sales promotion	1,876.85	3,536.81
Packing materials and expenses	730.38	1,147.66
Repairs and maintenance		
Building	246.80	230.04
Others	1,022.49	1,441.55
Commission	133.04	109.41
Security expenses	474.37	1,429.53
Communication cost	153.51	164.79
Travelling and conveyance	176.43	537.07
Credit card and cash collection charges	383.14	501.46
Rates and taxes	61.20	71.91
Vehicle running expenses	164.89	182.33
Legal and professional fees	542.92	569.14
Printing and stationery	53.45	83.22
Payment to auditors (refer details below "A")	41.95	41.27
Insurance	104.66	88.84
Loss on sale / write-off of fixed assets/ Capital work-in-progress	116.23	118.08
Provision for doubtful advances	22.77	142.50

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Balances written off (net)	7.88	18.15
Expenses on CSR activities (refer details below "B")	325.98	108.77
Donations	13.18	26.85
Commission to independent directors*	2.49	49.32
Directors' sitting fees	12.00	8.00
Miscellaneous expenses	187.66	165.15
	<b>10,379.80</b>	<b>16,837.89</b>

\* Commission to independent director's amounting to ₹ 2.49 lakhs represents arrear of Commission paid with respect to FY 2019-20 approved by shareholders in the annual general meeting dated September 30, 2020.

## A. Payment to Auditors

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
As auditor:		
Audit fee (including limited reviews)	34.00	34.00
Tax audit fee	2.00	2.00
Other Services (₹ 30 lakhs included in equity share issue expenses)	31.00	-
Reimbursement of expense	4.95	5.27
	<b>71.95</b>	<b>41.27</b>

## B. Details of CSR expenditure

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
(a) Gross amount required to be spent by the Company during the year	188.75	186.28
(b) Amount spent during the year		
i) <b>Construction/ acquisition of any assets</b>		
Paid during the year	-	-
Yet to be paid	-	-
ii) <b>on purchase other than (i) above</b>		
Paid during the year*	330.73	108.77
Yet to be paid	(141.98)	77.51

\* ₹ 4.75 lakhs paid in the current year which was provided in previous year.

## 29 FINANCE COSTS

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Interest		
- on lease liability	5,663.76	5,141.80
- on working capital demand loan	188.44	308.72
Other borrowing costs	42.33	27.87
	<b>5,894.53</b>	<b>5,478.39</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 30 DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Depreciation of tangible assets (Refer note 3)	3,544.78	3,136.33
Depreciation of right-of-use assets (Refer note 47)	6,639.64	6,145.28
Amortisation of intangible assets (Refer note 4)	112.72	110.67
	<b>10,297.14</b>	<b>9,392.28</b>

## 31 TAX EXPENSE AND TAX RECONCILIATION

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are:

### (a) Tax expenses

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Current tax</b>		
Current income tax charge	647.94	2,507.00
Adjustments in respect of current income tax of previous year(s)	(78.52)	(70.65)
	<b>569.42</b>	<b>2,436.35</b>
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax assets	(2,527.17)	(12,834.80)
(Decrease)/increase in deferred tax liabilities	1,601.23	12,416.56
	<b>(925.94)</b>	<b>(418.24)</b>
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(356.52)</b>	<b>2,018.11</b>
<b>Comprises of :-</b>		
Total tax expense as per Statement of profit and loss	(346.18)	2,018.49
Deferred tax related to items recognised in OCI on remeasurements of defined benefit plans	(10.34)	(0.38)
<b>Total</b>	<b>356.52</b>	<b>2,018.11</b>

### (b) Income tax expense for the year reconciled to the accounting profit

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Profit before tax</b>	(966.48)	6,953.02
Income tax expense calculated @ 25.168% (31 <sup>st</sup> March, 2020: 25.168% ) plus interest under Section 234C of Income Tax Act, 1961	(214.22)	1,763.81
<b>Tax effect of amounts that are not deductible in calculating taxable expense:</b>		
Permanent differences	87.56	26.59
Deduction claimed under section 80JJAA and for ESOP	(156.22)	(263.38)
Impact of change in tax rate	-	330.96
Others	4.88	230.78
<b>Total</b>	<b>(278.00)</b>	<b>2,088.76</b>
Adjustment in respect of current income tax of previous year(s)	(78.52)	(70.65)
<b>Income tax expense recognised in statement of profit and loss</b>	<b>(356.52)</b>	<b>2,018.11</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 32 EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued under ESOP Scheme to employees.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>(Loss)/Profit after tax</b>	<b>(620.30)</b>	4,934.53
Nominal value per share (in ₹)	10.00	10.00
Weighted average number of Equity shares for basic EPS	184.09	181.52
Effect of dilution:		
- Issuance of shares under ESOP	0.40	0.11
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>184.49</b>	<b>181.63</b>
<b>(Loss)/Earnings per share (in ₹)</b>		
Basic earnings per share	(3.37)	27.18
Diluted earnings per share	(3.37)	27.17

## 33 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### a) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease, and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that it reflects the current economic circumstances.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

For leases which are expired and under discussion for renewal, the Company considers such leases as short term leases since, the Company is not certain that option to extend the lease will be exercised as lessor has right to terminate the lease.

Further, the Company has exercised its judgement in using a single discount rate to a portfolio of leases with reasonably similar characteristics.

## b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

## c) Recognition of deferred tax

The extent to which deferred tax asset to be recognized is based on the assessment of the probability of the future taxable income against which the deferred tax asset can be utilized.

## Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### (i) Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

### (ii) Defined benefit obligation

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future trends salary increases, mortality rates and future pension increases. In view of the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

### (iii) Impairment of assets

In assessing impairment, the Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### (iii) Share based payments

The Company initially measures the cost of equity-settled transactions with employees using a Black-Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability is recognised at the vesting date. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 37.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

(iv) **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(v) **Assessment of potential markdown inventory**

The Company at each reporting date makes an assessment of potential markdown due to aged inventory. In doing so, it estimates the net reliable value of aged inventory based on historic trend of sale of such/ similar aged inventory. Further, it also estimate the provision for shrink based on past trends which it believes is more than or near to actual shrink to be booked as and when stores are counted annually.

(vi) **Incremental borrowing rate for leases**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 34 COMMITMENTS AND CONTINGENCIES

i) **Commitments**

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Estimated amount of contracts remaining to be executed on capital account not provided in books (including acquisition of land remaining land)	3,460.21	33.86
	<b>3,460.21</b>	<b>33.86</b>

ii) **Contingent liabilities**

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Income tax <sup>1</sup>	754.90	74.97
Value added tax <sup>2</sup>	565.01	450.30
Service tax <sup>3</sup>	30.33	30.33
Payment of Bonus (Amendment) Act, 2015 <sup>4</sup>	107.61	107.61
Minimum Wages Act, 1948 <sup>5</sup>	107.48	94.45
	<b>1,565.33</b>	<b>757.66</b>

Note: The Company does not believe any liability devolving against it.

**Income Tax<sup>1</sup>**

₹ 21.75 lakhs [net of deposited of ₹ 76.13 lakhs (31<sup>st</sup> March, 2020 : ₹Nil)] represents demand raised by the income tax department for AY 14-15 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and other disallowances. The Company has filed an appeal before CIT (A).

₹ 600.63 lakhs (31<sup>st</sup> March, 2020: ₹ Nil) represent reassessment order received by the Company under section 263 of Income Tax Act, 1961 for AY 16-17 wherein the Commissioner of Income has made certain additions with respect to

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

non-deduction of TDS on director's commission, Inventory write-off and claims and contingencies. The Company is in the process of filing an appeal before ITAT against the said order and believes that there are apparent mistakes in the said order.

₹ 74.97 lakhs (31<sup>st</sup> March, 2020 : ₹74.97 lakhs) was raised by the income tax department for AY 12-13 in respect of addition made on disallowance of certain purchases based on inadvertent assumption. The Company has filed an appeal an appeal before CIT (A).

₹ 57.55 lakhs (31<sup>st</sup> March, 2020 : ₹Nil) represents demand raised by the income tax department for AY 18-19 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and disallowance of expenditure on ESOP. However, the Company has filed an appeal before CIT (A).

#### **Demand netted off with refund**

₹ Nil (31<sup>st</sup> March, 2020: ₹ Nil) represents demand amounting to ₹ 4.80 lakhs (31<sup>st</sup> March, 2020: ₹4.80 lakhs) raised by the income tax department for AY 13-14 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and other non deductible expenses. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal before CIT (A).

₹ Nil (31<sup>st</sup> March, 2020: ₹ Nil) represents demand amounting to ₹ 12.58 lakhs (31<sup>st</sup> March, 2020: ₹4.80 lakhs) raised by the income tax department for AY 16-17 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and other non deductible expenses. The Company has reduced the refund due to it against such demand. However, However, the Company has filed an appeal before CIT (A).

₹ Nil (31<sup>st</sup> March, 2020: ₹ Nil) represents demand amounting to ₹ 80.20 lakhs (31<sup>st</sup> March, 2020 : ₹80.20 lakhs) raised by the income tax department for AY 17-18 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961, allowance of education cess, delay in payment of PF and disallowance of interest on delayed payment of Income Tax. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal an appeal before CIT (A).

#### **Value added tax<sup>2</sup>**

₹ 565.01 lakhs (31<sup>st</sup> March, 2020: ₹ 450.30 lakhs) represents demand relating to the appropriateness of forms/ declaration made by the Company under relevant sales tax legislations which were primarily procedural and on interstate movement of goods. Pending final decisions, the Company has deposited amounts under protest with statutory authorities for certain cases amounting to ₹ 115.45 lakhs (31<sup>st</sup> March, 2020: ₹ 120.26 lakhs).

#### **Service tax<sup>3</sup>**

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1<sup>st</sup> 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<sup>th</sup> October, 2011, directing to deposit 50% of the arrears of service tax due upto 30<sup>th</sup> 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<sup>st</sup> June, 2007 till 30<sup>th</sup> September, 2011 amounted to ₹108.26 lakhs of which ₹77.93 lakhs has been provided for in the Statement of Profit and Loss till 31<sup>st</sup> March, 2017 and the balance ₹30.33 lakhs has been disclosed as contingent liability in current and previous year. As per directions of the Hon'ble Supreme Court, the Company, has deposited ₹37.69 lakhs under protest with the concerned authorities and has disclosed this balance as "Service tax deposit" under other non-current assets.

#### **Payment of Bonus (Amendment) Act, 2015<sup>4</sup>**

The Payment of Bonus (Amendment) Act, 2015 dated 31<sup>st</sup> December, 2015 (which was made effective from 1<sup>st</sup> 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),

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

Karnataka (Bengaluru), Uttar Pradesh (Allahabad) and Madhya Pradesh (Indore) and pending disposal of such matter, the Company, in accordance with the Payment of Bonus (Amendment) Act, 2015, has only recognized an additional expense of ₹213.81 lakhs for the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016 during previous year ended 31<sup>st</sup> March, 2016 and has not recognised the differential amount of bonus of ₹107.61 lakhs for the period 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015.

## Minimum Wages Act, 1948<sup>5</sup>

₹107.48 lakhs (31<sup>st</sup> March, 2020 : ₹94.45 lakhs) represents demand under imposed by the labour enforcement officer under The Minimum Wages Act, 1948 mainly on classification of employees into skilled, semi-skilled and un-skilled. The Company has received an order during the year stating that the differential amount has been paid by it, however, it has not paid any such amount since, the Management believes that the classification done by the labour officer was not appropriate and it is in process of filing its reply to labour department to correct the said orders. Further, it does not anticipate any material liability devolving on the Company.

Further there are various labour, legal metrology, food adulteration and cases under other acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

## 35 RELATED PARTY DISCLOSURES

### (a) Names of related parties and related party relationship

#### Names of related parties where control exists

Name of the party	Relationship
Conquest Business Services Private Limited	Entity along with promotor holding having control

#### Key managerial personnel

Mr. Lalit M Agarwal	Managing Director
Mr. Madan Gopal Agarwal	Whole-time Director
Mr. Aakash Moondhra	Independent Director
Mr. Murlu Ramachandran	Independent Director
Ms. Sonal Mattoo	Independent Director
Mr. Govind Shridhar Shrikhande	Independent Director
Mr. Anand Agarwal	Chief financial officer
Mrs. Megha Tandon	Company Secretary

#### Relative of Key managerial personnel

Mr. Snehal Shah	Son-in-law of Mr. Madan Gopal Agarwal
Mr. Hemant Agarwal	Son of Mr. Madan Gopal Agarwal and Brother of Mr. Lalit Agarwal
Mrs. Smiti Agarwal	Daughter -in-law of Mr. Madan Gopal Agarwal

#### Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel\*

Lalit M Agarwal (HUF)	HUF in which Mr. Lalit M Agarwal is Karta
Hemant Agarwal (HUF)	HUF in which Mr. Hemant Agarwal is Karta

\*Where transactions have occurred.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

**(b) The following transactions were carried out with related parties in the ordinary course of business:**

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Managerial remuneration*</b>						
Mr. Lalit M Agarwal	154.04	249.65	-	-	-	-
Mr. Madan Gopal Agarwal	28.57	55.81	-	-	-	-
<b>Post employment benefits - Gratuity</b>						
Mr. Lalit M Agarwal	0.01	14.28	-	-	-	-
Mr. Madan Gopal Agarwal	(0.05)	18.93	-	-	-	-

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 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>Independent directors' commission**</b>						
Mr. Aakash Moondhra	0.72	12.33	-	-	-	-
Mr. Murlu Ramachandran	0.59	12.33	-	-	-	-
Ms. Sonal Mattoo	0.59	12.33	-	-	-	-
Mr. Govind Sridhar Shrikhande	0.59	12.33	-	-	-	-
<b>Director sitting fees</b>						
Mr. Aakash Moondhra	3.00	2.00	-	-	-	-
Mr. Murlu Ramachandran	3.00	2.00	-	-	-	-
Ms. Sonal Mattoo	3.00	2.00	-	-	-	-
Mr. Govind Sridhar Shrikhande	3.00	2.00	-	-	-	-
<b>Salaries, wages and bonus #</b>						
Mr. Anand Agarwal	97.65	101.52	-	-	-	-
Mr. Snehal Shah	-	-	61.45	62.53	-	-
Mrs. Megha Tandon	6.19	6.99	-	-	-	-
<b>ESOP issued</b>						
Mr. Anand Agarwal	-	16.99	-	-	-	-
Mr. Snehal Shah	-	-	-	7.66	-	-
<b>Dividend paid</b>						
Mr. Hemant Agarwal	-	-	-	0.94	-	-
Lalit M Agarwal (HUF)	-	-	-	-	-	21.71
Hemant Agarwal (HUF)	-	-	-	-	-	5.73
Mrs. Smiti Agarwal	-	-	-	6.18	-	-
Conquest Business Services Pvt. Ltd.	-	-	-	-	-	127.33

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

\*Managerial remuneration comprises of the following:-

	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Remuneration (excluding post employment benefits)	196.44	242.20
Commission	-	98.76
Perquisites	90.00	90.00
	<b>286.44</b>	<b>430.96</b>

# Gross salary as per pay sheet including bonus, contribution to PF and LWF. It does not include the provisions made for gratuity, employee stock option scheme and leave benefits as they are determined for the company as a whole. Further, it does not include perquisites on ESOP considered for income tax purposes on the date of exercise of option.

\*\* Commission to independent director's amounting to ₹ 2.49 lakhs represents arrear of Commission paid with respect to FY 2019-20 approved in the Annual General Meeting dated September 30, 2020.

## (c) Balance at the end of year

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Remuneration/salary payable (net of TDS)</b>						
Mr. Lalit M Agarwal	-	27.12	-	-	-	-
Mr. Madan Gopal Agarwal	-	18.39	-	-	-	-
<b>Loan and Advance</b>						
Mr. Lalit M Agarwal	17.51	-	-	-	-	-
<b>Independent directors' commission payable (net of TDS)</b>						
Mr. Aakash Moondhra	-	8.21	-	-	-	-
Mr. Murlu Ramachandran	-	8.21	-	-	-	-
Mr. Govind Shridhar Shrikhande	-	11.65	-	-	-	-
Ms. Sonal Mattoo	-	11.65	-	-	-	-

## 36 EMPLOYEE BENEFITS

### Employee benefits obligation

	Non-current		Current	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Employer's Contribution to provided fund	-	-	73.92	66.41
Gratuity	734.27	612.26	123.47	104.97
Compensated absences	-	-	197.19	149.95
	<b>734.27</b>	<b>612.26</b>	<b>394.58</b>	<b>321.33</b>

### Gratuity an other post-employment benefit plans

The Company has a defined benefit gratuity plan which is not funded. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Changes in the present value of the defined benefit obligation are as follows:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Change in benefit obligation		
Opening defined benefit obligation	717.23	588.48
Service cost	158.74	156.17
Interest expenses	40.49	41.29
Benefits paid	(99.79)	(70.23)
Actuarial changes arising from changes in demographic assumptions	-	(0.23)
Actuarial changes arising from changes in financial assumptions	(18.81)	(41.11)
Experience adjustments	59.88	42.86
<b>Closing defined Benefit obligation</b>	<b>857.74</b>	<b>717.23</b>

## Balance sheet - Benefit Asset / (Liability)

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Present value of defined benefit obligation	857.74	717.23
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	<b>857.74</b>	<b>717.23</b>

## Statement of profit and loss

Net employee benefit expense recognized in employee cost (recognised in statement of profit and loss)

	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Current service cost	158.74	156.17
Interest cost on benefit obligation	40.49	41.29
<b>Net benefit expense</b>	<b>199.23</b>	<b>197.46</b>

## Remeasurement (gain)/loss recognised in other comprehensive income

	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
Actuarial changes arising from changes in demographic assumptions	-	(0.23)
Actuarial changes arising from changes in financial assumptions	(18.81)	(41.11)
Experience adjustments	59.88	42.86
	<b>41.07</b>	<b>1.52</b>

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

## Financial assumptions

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Discount rate	5.95%	5.65%
Salary escalation rate:		
First year	3.00%	0.00%
Thereafter	3.00%	3.00%

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Demographic assumptions

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Retirement age	60	60
Withdrawal rate, based on period of service		
up to 5 years	40.00%	40.00%
5 years or more	10.00%	10.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Description	Change in assumption		Increase in assumption		Decrease in assumption	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount rate	- / +1%	- / +1%	800.19	668.11	923.49	773.49
Salary growth rate	- / +1%	- / +1%	923.05	772.81	799.77	668.02
Attrition Rate	- / +1%	- / +1%	850.30	698.73	826.09	713.45
Mortality Rate	- / +1%	- / +1%	858.08	717.50	857.40	716.95

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to demographics are insignificant. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected credit unit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## Risk exposure

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Weighted average duration (based on discounted cashflows)	7 years	7 years

The following are defined benefit payments in future years:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Within one year	123.47	104.97
More than 1 year but less than 5 years	361.31	290.20
5 years and more	958.89	788.61
	<b>1,443.67</b>	<b>1,183.78</b>

### (i) Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

#### Interest rate risk

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields falls, the defined benefit obligation will tend to increase.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## Salary Inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

## Demographic risk

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary Increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Detailed information to the extent provided by the actuary in the actuarial certificate has been included in the disclosure given above.

## 37 SHARE BASED PAYMENTS

### Employee Stock Options (ESOP)

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 2<sup>nd</sup> July, 2012 and 10<sup>th</sup> 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. Further, the Members of the Company in its meeting held on 18<sup>th</sup> September, 2017 had further approved the amendment in V-Mart ESOP scheme, 2012 by increasing the total number of options from 300,000 (Three Lakhs) to 600,000 (Six Lakhs) options The exercise price of these options will be determined by the Remuneration Committee and the options will vest over a period of twelve months to thirty six months of continued employment from the grant date.

The Company has introduced new Employee Stock Option Scheme which was approved by Board of Directors and the shareholders vide resolution dated 10<sup>th</sup> August, 2020 and 30<sup>th</sup> September, 2020 respectively ('the V-Mart ESOP Scheme 2020' or the "Scheme"), consequent to which 185,950 equity shares with the nominal value of ₹ 10 each was granted to all the employees above certain level and based on certain portion of their remuneration subject to achievement of Company's performance and individual performance at the cut-off date. The option will vest over a period of 1 to 4 years in the ratio of 10:20:30:40 at a exercise price of ₹ 1,244 which is approved by the Nomination and Remuneration Committee vide resolution dated 24<sup>th</sup> December, 2020.

### (a) Below are the details in respect of ESOPs granted and outstanding as at 31<sup>st</sup> March, 2021

Particulars	ESOP Scheme	Grant Ratio	Vesting Period	Grant date	ESOPs granted	Exercise price (in ₹)	Market value of equity shares on the date of grant (in ₹)
Grant IV	Scheme 2012	30:30:40	1 to 3 Years	30 <sup>th</sup> January, 2017	76,225	470	522.35
Grant V	Scheme 2012	30:30:40	1 to 3 Years	12 <sup>th</sup> July, 2017	6,395	900	1,243.90
Grant VI	Scheme 2012	30:30:40	1 to 3 Years	9 <sup>th</sup> November, 2017	9,300	1,260	1,412.60
Grant VII	Scheme 2012	30:30:40	1 to 3 Years	24 <sup>th</sup> May, 2018	18,527	2,047	2,274.05
Grant VIII	Scheme 2012	30:30:40	1 to 3 Years	23 <sup>rd</sup> July, 2018	40,764	2,044	2,270.95
Grant IX	Scheme 2012	30:30:40	1 to 3 Years	2 <sup>nd</sup> November, 2018	3,426	2,286	2,540.25
Grant X	Scheme 2012	30:30:40	1 to 3 Years	10 <sup>th</sup> May, 2019	8,228	2,347	2,594.85
Grant XI	Scheme 2012	30:30:40	1 to 3 Years	2 <sup>nd</sup> August, 2019	6,025	1,683	1,871.00
Grant XII	Scheme 2012	30:30:40	1 to 3 Years	10 <sup>th</sup> November, 2020	27,051*	1,769	1,966.80
Grant XIII	Scheme 2020	10:20:30:40	1 to 4 Years	24 <sup>th</sup> December, 2020	185,950*	1,244	2,487.55

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.

\*Granted in FY-2020-21

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

- (b) The relevant details in respect of V-Mart ESOP Scheme 2012 and ESOP Scheme 2020 are summarized below:

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number of options	Weighted average price in (₹)	Number of options	Weighted average price in (₹)
Outstanding at the beginning of the year	103,777	1,642.59	123,106	1,320.27
Granted during the year	213,001	1,310.67	14,253	2,066.32
Exercised during the year	(20,047)	470.00	(25,491)	523.91
Forfeited during the year	(27,929)	1,995.61	(8,091)	1,009.23
Expired during the year	-	-	-	-
Outstanding at the end of the year	268,802	1,430.34	103,777	1,642.59
Exercisable at the end of the year	39,013	1,721.16	44,689	1,164.78
No. of equity shares of ₹ 10 each fully paid up to be issued on exercise of option	268,802	1,430.34	103,777	1,642.59

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

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Weighted average remaining contractual life (in years)	7.15	5.99

- (c) The fair value of the options was estimated on the date of grant using the Black-Scholes Model with the following significant assumptions

Particulars	Risk free interest rates (in %)	Expected life (in years)	Volatility (in %)	Dividend yield (in %)	Weighted average exercise price (in ₹)	Weighted average fair value of stock option (in ₹)
Grant IV	7.93%	4 years	30.13%	0.24%	470.0	211
Grant V	7.80%	4 years	42.48%	0.18%	900.0	673
Grant VI	7.64%	4 years	50.76%	0.10%	1,260.0	727
Grant VII	7.45%	3 years	40.30%	0.10%	2,047.0	902
Grant VIII	7.42%	3 years	41.49%	0.10%	2,044.0	913
Grant IX	7.37%	3 years	22.23%	0.10%	2,286.0	792
Grant X	7.33%	3 years	22.90%	0.10%	2,347.0	807
Grant XI	7.26%	3 years	23.61%	0.10%	1,683.0	591
Grant XII	6.93%	3 years	25.68%	0.10%	1,769.0	443
Grant XIII	6.93%	3 years	24.32%	0.10%	1,244.0	1,473

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not also necessary be the actual outcome.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 38 SEGMENT INFORMATION

Ind AS 108 establishes standards for the way that the Company report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations comprises of only one segment i.e. Retail sale business of various merchandise products. The Company operates primarily in India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment. In view of the same, separate segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments". The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

## 39 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises (refer note 18 and 19)	5,629.47	5,106.91
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Interest paid to suppliers under MSMED Act	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

The management has obtained confirmation from majority of such vendors for principal and interest due to them.

- 40 The Company had made investment in commercial papers of Infrastructure Leasing & Financial Services (IL&FS) amounting to ₹ 979.94 lakhs, which were due for redemption on 18<sup>th</sup> September, 2018. The aforesaid amount and interest thereon have, however, not been received as on date. In view of the fact that there was significant uncertainty on recovery of the entire amount, the management had made a provision of full amount of ₹ 979.94 lakhs during the year ended 31<sup>st</sup> March, 2019. The Company, however, continues to monitor developments on this matter and is committed to take steps including further legal actions that may be necessary to ensure full recoverability.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 41 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES PURSUANT TO IND AS 7 - CASH FLOWS

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Non-current borrowings	Current borrowings	Lease Liability	Total
Net liability as at 1 <sup>st</sup> April, 2019	32.61	-	-	32.61
Transition impact on account of adoption of Ind AS 116 (refer note 47)	-	-	40,555.10	40,555.10
Addition on account of new leases during the year (refer note 47)	-	-	14,001.61	14,001.61
Interest expenses	1.34	335.03	5,142.02	5,478.39
Others	-	-	799.85	799.85
Lease payments	-	-	(3,789.89)	(3,789.89)
Interest Paid	(1.56)	(335.03)	(5,142.02)	(5,478.61)
Cash inflows	-	104.65	-	104.65
Cash outflows	(29.65)	-	-	(29.65)
<b>Net liability as at 31<sup>st</sup> March, 2020</b>	<b>2.74</b>	<b>104.65</b>	<b>51,566.67</b>	<b>51,674.06</b>
Addition on account of new leases during the year (refer note 47)	-	-	<b>10,840.02</b>	<b>10,840.02</b>
Deletion in leases liability on account of surrender / termination of leases during the year (refer note 47)	-	-	<b>(1,856.92)</b>	<b>(1,856.92)</b>
Interest expenses	-	<b>230.77</b>	<b>5,663.76</b>	<b>5,894.53</b>
Others	-	-	<b>245.13</b>	<b>245.13</b>
Lease payments (net off lease concession)	-	-	<b>(2,440.70)</b>	<b>(2,440.70)</b>
Lease concession received	-	-	<b>(1,573.84)</b>	<b>(1,573.84)</b>
Interest Paid	<b>(0.14)</b>	<b>(230.77)</b>	<b>(5,663.76)</b>	<b>(5,894.67)</b>
Cash outflows	<b>(2.60)</b>	<b>(104.65)</b>	-	<b>(107.25)</b>
<b>Net liability as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>-</b>	<b>56,780.36</b>	<b>56,780.36</b>

## 42 FINANCIAL RISK MANAGEMENT

### A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores and technology. The Company's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Long term borrowings (including current maturities)	-	2.60
Working capital demand loan	-	104.65
<b>Total debt</b>	<b>-</b>	<b>107.25</b>
Equity share capital	<b>1,970.61</b>	1,815.55
Other equity	<b>80,552.06</b>	44,077.64
<b>Total equity</b>	<b>82,522.67</b>	45,893.19
<b>Gearing ratio</b>	<b>0.00%</b>	0.23%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Further, as at 31<sup>st</sup> March, 2021, the Company has cash and cash equivalent of ₹ 2,222.83 lakhs (31<sup>st</sup> March, 2020: ₹480.83 lakhs).

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

## B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

### Market risk :

Market Risk is the risk that changes in market place could affect the future cash flows to the Company. The market risk for the Company arises primarily from interest rate risk and product price risk.

- i) Interest risk: The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short term cash credits. The Company mitigates the same through efficient use of working capital limits and regular monitoring of Interest Coverage ratio. The Company is not exposed to significant interest rate risk as at the respective reporting dates.
- ii) Product price risk: In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

### Liquidity risk:

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than one year	Between one and five years	More than five years	Carrying amounts
<b>As at 31<sup>st</sup> March, 2021</b>				
Borrowings (non current and current)	-	-	-	-
Interest payable	-	-	-	-
Lease Liabilities	3,701.90	19,818.10	33,260.36	56,780.36
Trade payables and other accruals	20,188.45	-	-	20,188.45
<b>As at 31<sup>st</sup> March, 2020</b>				
Borrowings (non current and current)	107.25	-	-	107.25
Interest payable	0.14	-	-	0.14
Lease liability	7,782.64	14,762.54	29,021.27	51,566.45
Trade payables and other accruals	22,284.37	-	-	22,284.37

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The Company has access to following financing facilities which were undrawn as at the end of the year

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Secured working capital facilities		
Amount used	-	104.65
Amount unused	21,000.00	18,395.35
<b>Total</b>	<b>21,000.00</b>	<b>18,500.00</b>

### Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of account receivables. Individual risk limits are also set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information.

The Company provides for twelve month expected credit losses for the following financial assets

### AS AT 31<sup>ST</sup> MARCH, 2021

Particulars	Estimated gross carrying amount	Expected credit loss	Carrying amount net of impairment provisions
Investments (Refer note 40)	32,878.30	979.94	31,898.36
Loans	1,347.96	10.53	1,337.43
Cash and cash equivalents	2,222.83	-	2,222.83
Fixed Deposits and Margin money deposits	7,192.12	-	7,192.12
Other receivables	157.12	-	157.12
Other bank balances	367.29	-	367.29
<b>Total financial assets</b>	<b>44,165.62</b>	<b>990.47</b>	<b>43,175.15</b>

### AS AT 31<sup>ST</sup> MARCH, 2020

Particulars	Estimated gross carrying amount	Expected credit loss	Carrying amount net of impairment provisions
Investments (Refer note 40)	1,768.95	979.94	789.01
Loans	1,196.26	4.32	1,191.94
Cash and cash equivalents	480.83	-	480.83
Fixed Deposits and Margin money deposits	125.22	-	125.22
Other receivables	8.76	-	8.76
Other bank balances	9.26	-	9.26
<b>Total financial assets</b>	<b>3,589.08</b>	<b>984.26</b>	<b>2,605.02</b>

### Concentration of financial assets

The Company's principal business activities are of retailing of fashion and FMCG products. All financial assets pertain to the retail business.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 43 FAIR VALUE MEASUREMENTS

### Financial instruments by category

	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Carrying value	Fair Value	Carrying value	Fair Value
<b>Financial assets</b>				
<b>Fair value through profit and loss</b>				
Investments				
- Mutual Funds	30,248.42	30,248.42	789.01	789.01
<b>Fair value through amortised cost</b>				
Investments				
- Bonds	1,649.94	1,649.94	-	-
Loans	1,337.43	1,337.43	1,191.94	1,191.94
Cash and cash equivalents	2,222.83	2,222.83	480.83	480.83
Other receivables	157.12	157.12	8.76	8.76
Margin money deposits	143.02	143.02	125.22	125.22
Deposits with remaining maturity of less than twelve months	7,049.10	7,049.10	-	-
Other bank balances	367.29	367.29	9.26	9.26
<b>Total financial assets</b>	<b>43,175.15</b>	<b>43,175.15</b>	<b>2,605.02</b>	<b>2,605.02</b>
<b>Financial liabilities</b>				
<b>Fair value through amortised cost</b>				
Borrowings	-	-	107.25	107.25
Lease liabilities	56,780.36	56,780.36	51,566.45	51,566.45
Trade payables	19,168.20	19,168.20	19,678.97	19,678.97
Interest payable	-	-	0.14	0.14
Other financial liabilities	1,020.25	1,020.25	2,605.40	2,605.40
<b>Total financial liabilities</b>	<b>76,968.81</b>	<b>76,968.81</b>	<b>73,958.21</b>	<b>73,958.21</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

#### The following methods and assumptions were used to estimate the fair values:

The fair value of quoted investments are based on price quotations as on the reporting date.

The security deposits paid are evaluated by the company based on parameters such as interest rate, risk factors, risk characteristics, and individual credit worthiness of the counterparty. Based on this evaluation allowances are taken into account for the expected losses of the security deposits.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 44 FAIR HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31<sup>st</sup> March, 2021:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
<b>Financial assets</b>					
Investments in mutual funds	<b>31<sup>st</sup> March, 2021</b>	<b>30,248.42</b>	<b>30,248.42</b>	-	-
	31 <sup>st</sup> March, 2020	789.01	789.01	-	-
Investments in Bonds	<b>31<sup>st</sup> March, 2021</b>	<b>1,649.94</b>	-	<b>1,649.94</b>	-
	31 <sup>st</sup> March, 2020	-	-	-	-
Loans	<b>31<sup>st</sup> March, 2021</b>	<b>1,337.43</b>	-	-	<b>1,337.43</b>
	31 <sup>st</sup> March, 2020	1,191.94	-	-	1,191.94

There have been no transfers between Level 1 and Level 2 during the year.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed traded mutual funds that have quoted price. The mutual funds are reported using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximises the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

### Note :

The carrying amount of trade receivables, trade payables, capital creditors, borrowing, employee payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**45** The Company on a periodic basis assesses the markdown of its aged and obsolete inventories (including shrinkage due to various reasons). The exercise has been carried out throughout the year and also at the year end. The estimated markdown including shrinkage in consumption of stock-in-trade amounts to ₹ 4,196.86 lakhs including provision at year end of ₹ 2,463 lakhs (31<sup>st</sup> March, 2020 : ₹ 3,502.15 lakhs including provision at year end of ₹ 2,053 lakhs). The management believes that above estimation is adequate both in line with the industry standards and as well as considering the current COVID-19 Situation. Also refer note 49 below.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

## 46 ASSETS PLEDGED AS SECURITY

The carrying amounts of asset pledged as security for current and non-current borrowings are:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Current</b>		
<b>Financial assets</b>		
Investments	31,536.41	457.47
Cash and cash equivalent	2,379.95	489.59
Deposits with remaining maturity of less than twelve months	7,049.10	-
Other bank balances	367.29	9.26
<b>Non-financial assets</b>		
Inventories	42,830.74	47,792.24
<b>Total current assets pledged as security</b>	<b>84,163.49</b>	<b>48,748.56</b>
<b>Non-current</b>		
Property, plant and equipment**	17,578.55	17,074.28
Capital work in progress**	219.04	246.69
<b>Financial assets</b>		
Investments	361.95	331.54
Other financial assets	143.02	125.22
<b>Non-financial assets</b>		
Vehicles*	-	52.87
<b>Total non-current assets pledged as security</b>	<b>18,302.56</b>	<b>17,830.60</b>
<b>Total assets pledged as security</b>	<b>102,466.05</b>	<b>66,579.16</b>

### \*Secured Loan

Vehicle loan secured against hypothecation of vehicle obtained from HDFC Bank, repayable in 36 instalment and carrying an interest rate of 8%. The loan was obtained on 31<sup>st</sup> March, 2017. The Company has repaid entire loan during the year as per the schedule.

### \*\* represents collateral security

#### Undrawn committed borrowing facilities

The Company has sanctioned working capital limits amounting to ₹ 22,000 lakhs (31<sup>st</sup> March, 2020: ₹ 15,000 lakhs) including non fund based limit of ₹1,000 lakhs from SBI, ICICI, Yes Bank, Axis Bank and HDFC Bank. An amount of ₹ 21,536.99 lakhs remains undrawn as at 31<sup>st</sup> March, 2021 (31<sup>st</sup> March, 2020: ₹ 14,769.50 lakhs). Further, the limits available is secured by way of:

- i) Pari passu hypothecation charge with all the working capital lenders on entire current assets including stock and all the present and future book debts.
- ii) Pari passu first hypothecation charge with all the working capital lenders on all the present and future fixed assets of the Company excluding vehicle and assets financed by other banks under the finance lease and term loan.
- iii) Exclusive charge over personal property of Mr. Lalit Agarwal, Mr. Madan Gopal Agarwal and Mrs. Sangeeta Agarwal to SBI only.
- iv) Personal guarantee of Mr. Lalit Agarwal and Mr. Madan Gopal Agarwal is given to SBI, ICICI and Axis bank
- v) Personal guarantee of Mr. Lalit Agarwal is given to HDFC and personal gurantee of Mrs, Sangeeta Agarwal is given to SBI.
- vi) Exclusive charge over Mutual Funds of SBI DFS - C - 48 - 1177 Days - Direct - Growth and SBI Magnum Ultra Short Duration Fund - Direct - Growth to SBI.
- vi) Exclusive charge over FDRs of ₹ 67 lakhs to SBI.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

**47** The lease terms for office premises, warehouse and store sites are for an period of nine years to fifteen years and having a lock-in period ranging from one to three years. The lease are further renewable on expiry of total lease term subject to mutual consent of both the parties. The Company also sub lease portion of retail stores. However, the sub-lease income is not material to the total lease outflows.

Further, the Company has also obtained some of the assets under operating lease from asset leasing company. Such lease agreement are cancellable by giving a three months notice and does not contain lock-in period.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Category of ROU assets		Total
	Building	Plant and Machinery/ office equipment	
As at 1 <sup>st</sup> April, 2019	-	-	-
Effect of adoption of Ind AS 116 (Modified retrospective approach as per para C8(c)(ii) of IND AS 116)	39,640.12	218.95	39,859.07
Reclassification of rent free period capitalised earlier under head property, plant and equipments (refer note 3 and 4)	670.45	-	670.45
Reclassification of prepaid protion of security deposits account of adoption of Ind AS 116	518.53	-	518.53
Reclassification of rent free period capitalised earlier under CWIP (refer note 3 and 4)	25.58	-	25.58
Total right of use as at 1 <sup>st</sup> April, 2019	40,854.68	218.95	41,073.63
Additions during the year	14,165.90	116.81	14,282.71
Depreciation	(6,041.93)	(103.35)	(6,145.28)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>48,978.65</b>	<b>232.41</b>	<b>49,211.06</b>
Additions during the year	<b>11,086.27</b>	-	<b>11,086.27</b>
Deletions during the year	<b>(1,857.82)</b>	-	<b>(1,857.82)</b>
Depreciation	<b>(6,515.43)</b>	<b>(124.21)</b>	<b>(6,639.64)</b>
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>51,691.67</b>	<b>108.20</b>	<b>51,799.87</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are as follows

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Lease liabilities		
Current portion	3,701.90	7,782.64
Non-current portion	53,078.46	43,783.81
<b>Total</b>	<b>56,780.36</b>	<b>51,566.45</b>

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

The movement in lease liabilities during the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020 are as follows:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balance at the beginning	51,566.45	-
Effect of adoption of Ind AS 116 (Modified retrospective approach as per para C8(c)(ii) of IND AS 116)	-	39,859.07
Reclassification of lease liability relating to rent free period	-	696.03
<b>Total lease liabilities as at beginning</b>	<b>51,566.45</b>	<b>40,555.10</b>
Additions	10,840.02	14,001.61
Finance cost accrued during the year	5,663.76	5,141.80
Deletions	(1,856.92)	-
Payment of lease liabilities (net of sub-lease Income)	(9,432.95)	(8,132.06)
<b>Balance as at the end of the year</b>	<b>56,780.36</b>	<b>51,566.45</b>

The effective interest rate for lease liabilities is 9.1% for leases ranging between 1 to 3 years and 11% for leases ranging from 3 to 15 years.

The details of the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2021 on an undiscounted basis are as follows:

	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Less than one year	3,701.90	7,782.64
One to five year	19,818.10	14,762.54
More than five year	33,260.36	29,021.27

The Company does not face a significant liquidity risk with regard to its lease liabilities as the company believes that it will able to generate sufficient cash to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases and the leases which are under the process of renewal was ₹1,202.56 lakhs (31<sup>st</sup> March, 2020: 1,188.38 lakhs) for the year ended 31<sup>st</sup> March, 2021. The same has been netted of from rent concession received from landlord (refer note no.50).

Rental income on assets given on operating lease to ₹ 57.02 lakhs (31<sup>st</sup> March, 2020- ₹95.56 lakhs) for the year ended 31<sup>st</sup> March, 2021 which has been adjusted against lease liability during the year ended 31<sup>st</sup> March, 2021.

- 48** The Remuneration of executive directors was approved by the shareholders by way of special resolution dated 2<sup>nd</sup> August, 2019 for the period effective from 1<sup>st</sup> April, 2019 to 22<sup>nd</sup> May, 2021, by taking into account the net profits of the Company computed under Section 198 of the Companies Act, 2013. Further, it was approved that in case of loss, the executive directors will be paid remuneration, subject to the overall limit as specified in the Schedule V to the Companies Act, 2013.

During the current year, the Company has incurred losses which in the view of management is largely on account of COVID-19 Pandemic and could not have been anticipated at the time of obtaining the special resolution as mentioned above.

While the management continues to pay the remuneration as per the resolution passed in case of profits, due to the current situation of losses, the remuneration paid to two executive directors exceeds the limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 by ₹ 36.64 lakh. The management considers that it is prudent to obtain fresh approval from shareholders in the ensuing general meeting. While it is confident that, it shall obtain the necessary approvals, it has obtained confirmation from the executive directors that the excess amount so paid will be refunded by them if the necessary approvals are not obtained in forthcoming Annual General Meeting and the excess amount is charged to Statement of Profit and Loss.

# Notes to financial statements for the year ended 31<sup>st</sup> March, 2021

(All amounts in ₹ Lakhs, except for share data, per share data and unless otherwise stated)

**49** During the year, on account of COVID-19 pandemic, lockdown of business was imposed by Government of India in various states for initial few months combined with weekend lock down has resulted severe impact on business operations and activities of the Company and the same has been reflected in decline in sales in current year and accordingly, the current year numbers are not comparable to that of last year. Subsequent to the yearend, the due to rise in number of cases due to COVID-19 pandemic, recently various state governments have again started imposing certain restrictions in various states of the country. Consequent to the uncertainties caused due to continuation of pandemic, the Company has prepared a cash flow projections for next 12 months and also, assessed recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and other financial and non-financial assets, factored assumptions used in annual impairment testing of fixed assets using the various internal and external information up to the date of approval of these financial statements.

Further, the Company has re-assessed valuation and recoverability of inventory. In its assessment the management has considered projected sales, purchase, discounts, promotion schemes, other logistic costs, etc. It has carried out sensitivity analysis and based on the same it is of the opinion that provision for markdown and shrink is sufficient and appropriate to cover any loss that may arise due to various un-certainties involved.

On the basis of this evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and does not anticipate any impairment to these financial and non-financial assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19. However, the Company will continue to closely monitor any material changes to future economic conditions, required, if any.

**50** The Company has elected to apply the practical expedient of not assessing the rent concessions as a lease modification, as per MCA notification dated 24<sup>th</sup> July, 2020 on Ind AS 116 for rent concessions which are granted due to COVID-19 pandemic. Accordingly, it has accounted ₹ 2,776.40 lakhs (₹ 1,202.56 lakhs netted from rent expenses and ₹ 1,573.84 lakhs recognised under head other income) for the year ended 31<sup>st</sup> March, 2021 with respect to unconditional rent concessions confirmed in writing by the landlord.

**51** The Indian Parliament has approved the Code on Social Security 2020, which would impact Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972, etc. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The impact of the changes, will be assessed and recognised post notification of the relevant provision and related rules are published.

## 52 STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new standards that are notified, but not yet effective, upto the date of issuance of the financial statements.

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Firm Registration No.: 301003E/E300005

Chartered Accountants

per **Vikas Mehra**

Partner

Membership Number: 094421

Place: New Delhi

Date: 28<sup>th</sup> May, 2021

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

**Madan Gopal Agarwal**

Director

DIN No. 02249947

**Anand Agarwal**

Chief Financial Officer

PAN: ADDPA0633P

**Lalit M Agarwal**

Managing Director

DIN No. 00900900

**Megha Tandon**

Company Secretary

Mem. No. F10732