

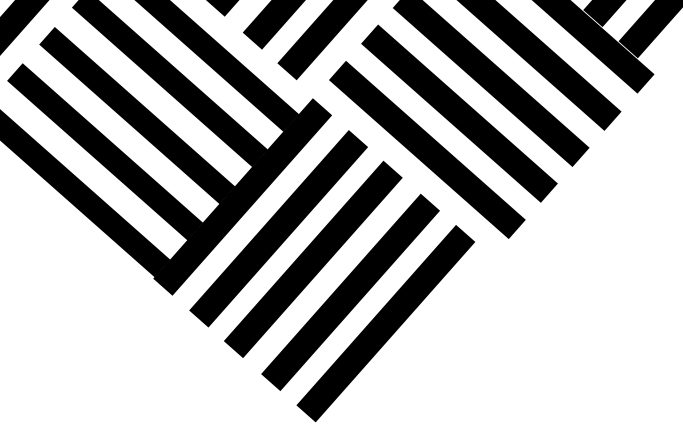


PRICE "LESS" FASHION

Determination.
Dedication. Discipline.

V-Mart Retail Limited | Annual Report 2015-16





Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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The financial year 2015-16 was full of challenges.

However, V-Mart successfully resisted the full brunt of the sectoral slowdown through proactive counter-measures, business model robustness and store expansion.

And that made all the difference.

At V-Mart we believe in turning challenges into opportunities; the larger the challenge, the greater the growth opportunity!





A segment of India is extensively serviced with contemporary apparel trends.

There is another Indian segment that is relatively under-serviced.

V-Mart ventured into business to service the widening lifestyle apparel needs of the relatively under-serviced India.

An India beyond metro cities.
An increasingly prosperous India.
An aspiring India.
A willing-to-spend India.

Servicing this 'other India' through product affordability, accessibility and availability.

Emerging as one of the fastest growing organized retail companies in India today.

Our vision
Create value and make
our ecosystem proud

Our mission

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

Who we are

V-Mart Retail Limited was established in 2002 as Varin Commercial Private Limited (later renamed). The Company emerged as one of the pioneers in extending its retail footprint beyond metros into Tier-II and III locations.

What we do

V-Mart Retail Limited's business is spread across three verticals – apparel, general merchandise (non-apparel and home mart) and kirana bazaar (FMCG and pack staple food).

The fashion segment is the largest, accounting for 92 per cent of revenues in 2015-16.

The Company's unique selling proposition is the provision of an

exclusive range of reasonably-priced products, making it a destination-of-choice in Tier-II and Tier-III locations of India.

The Company caters to the aspiring middle-class population targeting the fashion-led aspirations of the youth and young families.

Where we are

The Company enjoys a pan-India presence across Tier-II and Tier-III locations.

As on 31st March 2016, the Company's 123 stores spread across 106 cities in 14 states and Union Territories.

The company's store coverage was 10.14 lac square feet at the close of the year under review.

Our stores



V-MART ASPIRE

V-Mart Aspire caters to the youth segment with apparel which is in-sync with the latest trends. We stay abreast of market developments to purchase and stock merchandise accordingly.

V-MART PLUS

V-Mart Plus caters to all age groups and serves the basic as well as discretionary needs of customers. Since these stores serve customers of all age groups and sections of the society, the Company stocks merchandise accordingly and are situated in selective areas which are highly populated with kids and senior citizens.

V-MART CORPORATE

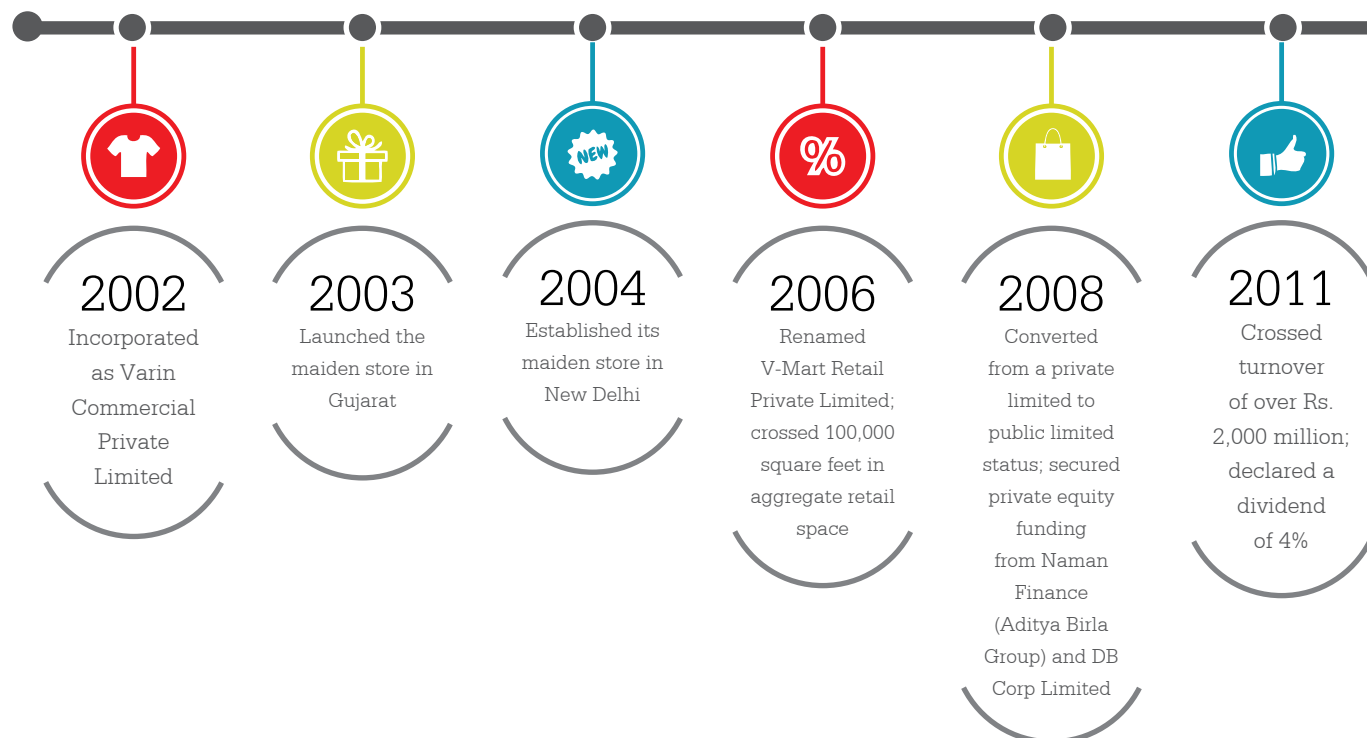
V-Mart Corporate targets office goers (both male and female) and the product line has been internally termed as Gold Line Fashion. These stores are located in areas where the population mostly comprises working professionals.

V-MART VALUES

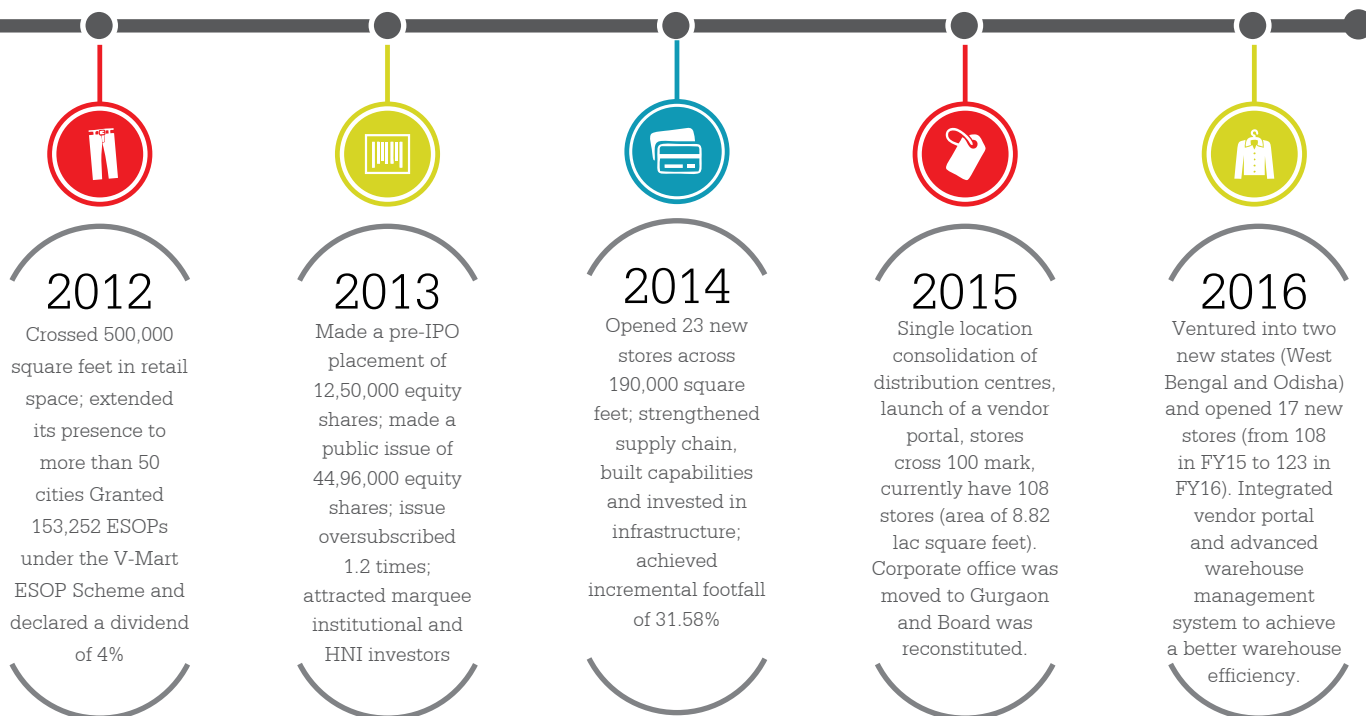
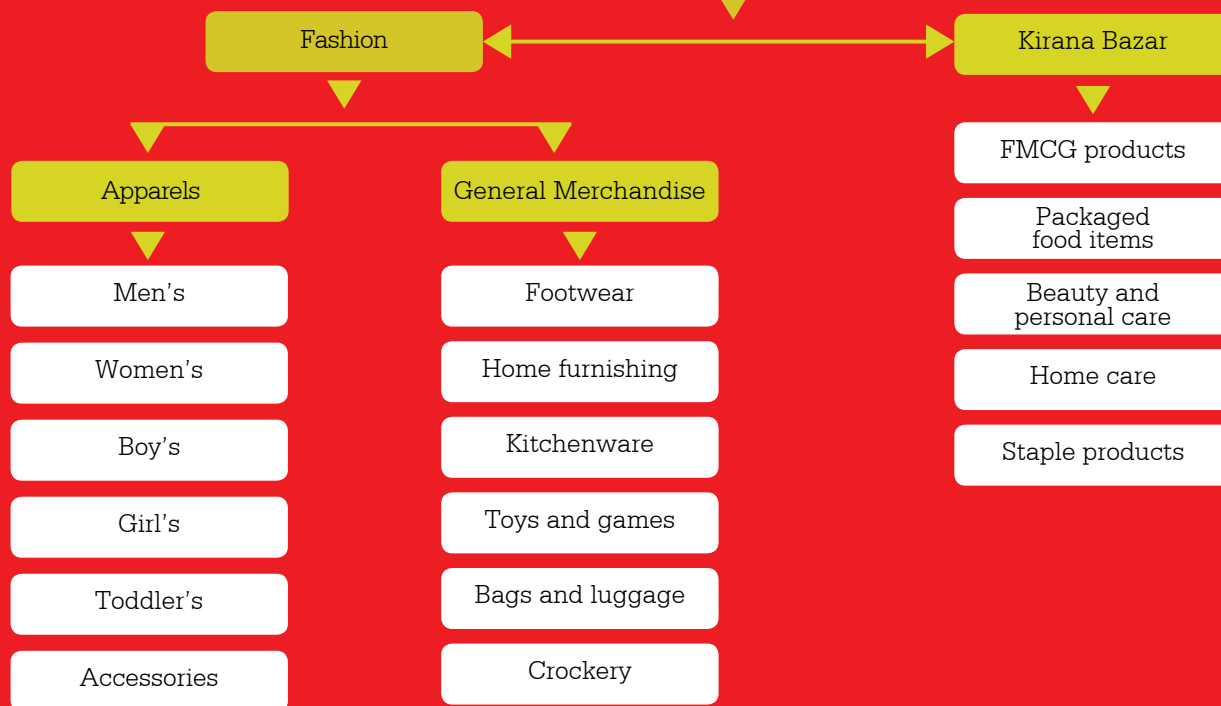
V-Mart Values caters to all age groups and focuses on cost-competitive quality products keeping in mind the economic profile of the inhabitants of the region.



How we have grown over the years



V-MART



A portrait of Lalit Agarwal, Chairman & Managing Director, smiling and wearing a dark blue suit, a blue shirt, and a red tie. He is seated and looking towards the camera.

Lalit Agarwal

Chairman & Managing Director

Chairman's message

Our three
Ds to success:
Determination.
Dedication.
Discipline.

Dear Shareholders

I present my overview as a part
of the 14th Annual Report of the
Company.

I must communicate to shareholders
the challenges we faced and the
strength we gained during the year.

Sectoral weakness

There were a number of challenges that our business encountered in 2015-16.

One, the successive failure of the monsoon began to reflect in not only lower rural and semi-urban incomes, which, in turn, affected their core product purchases, but affected their overall sentiment as well, translating into a deferment of purchases and down trading. The result was a general sluggishness in the country's retail sentiment that affected our company's revenues as well.

Two, rural incomes were stretched on account of the government plugging subsidy leaks. Through a combination of enhanced vigilance and online cash transfers, the government indicated that it saved Rs. 16,000 cr in lower subsidy scheme spending. We believe that this affected rural cash flows, which, in turn, led to lower consumption.

Three, the government's much-awaited rural infrastructure thrust did not materialize in the form and scale that one had expected. The result was local and rural employment was not correspondingly strengthened; it did not enhance incomes at the grassroots and kickstart the much-awaited rural income generation.

Four, at a time when semi-urban sales weakened, competition became increasingly aggressive with the objective to liquidate whatever inventories it possessed to keep their cash flows moving. The result was a general erosion in sectoral margins.

Five, there was a novelty factor about e-commerce in semi-urban Indian, which we believe contributed to the

organized retail sentiment weakness.

There were two specific instances that also contributed to the downtrend.

As per the Hindu calendar, the *Adhik maas* period transpired between mid June and mid July. During the year under review, a number of rural consumers selected to defer purchases. Normally what would have been a busy marriage season marked by attractive retail offtake was now marked by weak spending during the first and second quarters of the financial year under review, which surprisingly extended into the third quarter as well.

Besides, a weak winter affected the offtake of all those products that are generally consumed during that season.

Impact

The combination all these downsides – some of them unprecedented – translated into weak same store sales growth (result of a store's volume growth on the one hand and average selling prices on the other).

For the last number of years, the company had been experiencing same store sales growth of around 8 to 10 per cent, riding growing disposable incomes across semi-urban India.

During the last financial year, volume growth was affected by the various reasons that have been enumerated. Average selling prices declined on the back of a decline in the cost of commodities and products purchased by the company for onward sale, which had to be passed on to consumers.

The combination of these two realities was a negative 1% in same store sales growth (fashion) for the full year - the

first time the company experienced such a decline in its existence.

Business health

In the retail business, the need to run faster is a critical element in overall sustainability. Faster offtake and revenue growth translates into a capacity to procure larger volumes and cheaper prices for onward sale, a virtuous cycle that strengthens value in the hands of customers and the brand and vice-versa.

The Company embarked on a number of initiatives to protect its business in 2015-16.

I am pleased to state that despite the sectoral weakness and decline in the company's profitability, the critical mechanics of the company's business health were largely protected. Despite the extent and tenure of the sectoral weakness, we are proud to state that there was just a Rs 1.71 cr decline in EBITDA during the year under review.

Inventory: There is always the danger of an increase in inventory during a sales slowdown. The Company responded to a weak retail sentiment through various initiatives. The Company had moderated the number of warehouses from four to a centralized Bilaspur (Haryana) facility in 2014-15, the impact of which began to kick in during the financial year under review. Not only did the company more than double warehousing space, but was able to generate a number of upsides related to storage efficiency. The result was our overall inventory stayed around the same level as the previous year. During FY 2015-16 our winter end inventory was Rs. 31 crore in comparison to Rs. 21 crore during same period in FY 2014-15.

Vendor management: During a slow-down year when inventory begins to accumulate, there is a premium on clarity of which vendor's output lies where, of what design and in what quantity. In a business-strengthening initiative, the company launched a vendor-dedicated portal to enhance vendor-centric merchandise visibility across each store. This information, available at the click of a button, made it possible for vendors to take proactive calls in re-pricing their stock to accelerate sales flows; besides, stock movements generated leads of which vendors should deliver when their next consignment to the centralised warehouse facility (neither over-stocking nor stocking out), resulting in a better warehouse space efficiency. Besides, the company moderated the number of vendors from 1200 to 850 in exchange for superior value; it focused on the fastest moving SKUs (as opposed to providing the entire range), helping move stocks faster.

Free cash flow: When sales decline, generally there is less cash within the system to manage the business. When this transpires, the immediate casualty is a cash strain that sets off a number of other triggers: need for higher borrowings, higher interest outflow, lower margins, skew in the gearing and possibly lower credit rating. During the year under review, we rallied the organization around to save every rupee and enhance our liquidity. Our free cash flows have increased by Rs. 13.61 crore. It was

Rs. 20.01 crore during FY 2015-16 and Rs. 6.40 crore during FY 2014-15.

Net debt: During a down year, there is a premium on protecting the Balance Sheet that does not compromise the ability of the company to compete in the future. During the year under review, we continued to stay attractively liquid from a net debt perspective – the aggregate value of cash and cash equivalents and investments on our book (Rs. 37 cr) was larger than the value of total debt (Rs 27 cr).

Working capital management: During a challenging year, there is a need to

ensure that the velocity of cash inflows is higher than the speed of outflows, ensuring that there is always adequate liquidity within the system to address short-term needs. During 2015-16, the

company not just protected its working capital management but strengthened it by 113 BPS.

V-Mart
strengthened free
cash flow and
working capital
management.

Determination

This performance was the result of a determined focus: to derive higher productivity from each season's collection leveraging the established supply chain.

Dedication

This performance was also the result of the dedication of our people, derived from the attraction, retention and motivation of the best industry talent, which makes all the other objectives realisable.

Discipline


At V-Mart, we believe that outperformance – whether it is against our own retrospective average or that of the sector – comes primarily from discipline.

At our company, one of the biggest discipline-enhancing initiatives has been in wiring the organization, extracting relevant data for informed action and focusing on capital efficiency.

Over the last few years, the Company has strengthened its ERP application for informed decision making. During the year under review, we implemented, an advanced warehouse management system to enhance our visibility of inventory – colour, fabric, style and size - across the organization with the objective to replenish shelves faster following sales. The benefits were evident: during the financial year under review, we did not necessarily replenish sales with fresh purchase; we sought to locate whether we had similar merchandise within, as a result of which we saved expenditure on the one hand and time (that would have been spent in initiating a fresh procurement cycle) on the other, strengthening our responsiveness to marketplace realities.

We defined each organisational function around a standard operating procedure – how the function is needed to be consistently operated. This made it possible to ensure compliance and eliminate deviations and, in turn, reduce operational risks. This strengthened the foundation around operational predictability and reduced the management time that would otherwise have been invested in firefighting.

Besides, we graduated the concept of evaluating profitability from corporate return on capital employed to store-level viability. Further, we analysed store-level profitability: was it being driven by revenue growth or was it being driven by margins; was it being driven by a growing purchase or value-added purchases or the sheer quantum of mass offtake that was in turn strengthening amortization and viability? This understanding made it possible for us to develop a sensitized appraisal of the nature of our stores: the revenue drivers on the one hand and profit builders on the



The prediction of above-average monsoons holds out hopes of agricultural growth, enhanced incomes and revival in spending.

other, inspiring customized responses in terms of merchandise, retail space and store ambience.

During the year under review, the Company continued to invest in its business. It raised the number of stores from 108 to 123 by making extensions into West Bengal and Odisha, which we believe represent attractive opportunities based on hinterland incomes and aspirations.

V-Mart offers great value for money which it achieves by: incurring low advertising costs, instead relying on its customers 'doing the talking' about its

products; buying in vast quantities and passing on the cost savings to customers; keeping overheads to a minimum but investing in state-of-the-art supply chain to enable its stores to replenish stocks quickly.

Outlook

During the year under review, the company transformed its DNA, strengthened back-end efficiencies, generated positive change in organisational pockets and expects to widen this impact in 2016-17.

The prediction of above-average 2016-17 monsoons holds out hopes of agricultural growth, enhanced incomes and revival in consumer spending.

V-Mart is attractively positioned to benefit through wider store coverage, presence in attractive (population-dense and income-affluent) geographic pockets and lean operational efficiency that is expected to translate consumer preferences into relevant merchandise into enhanced profitability.

Acknowledgements

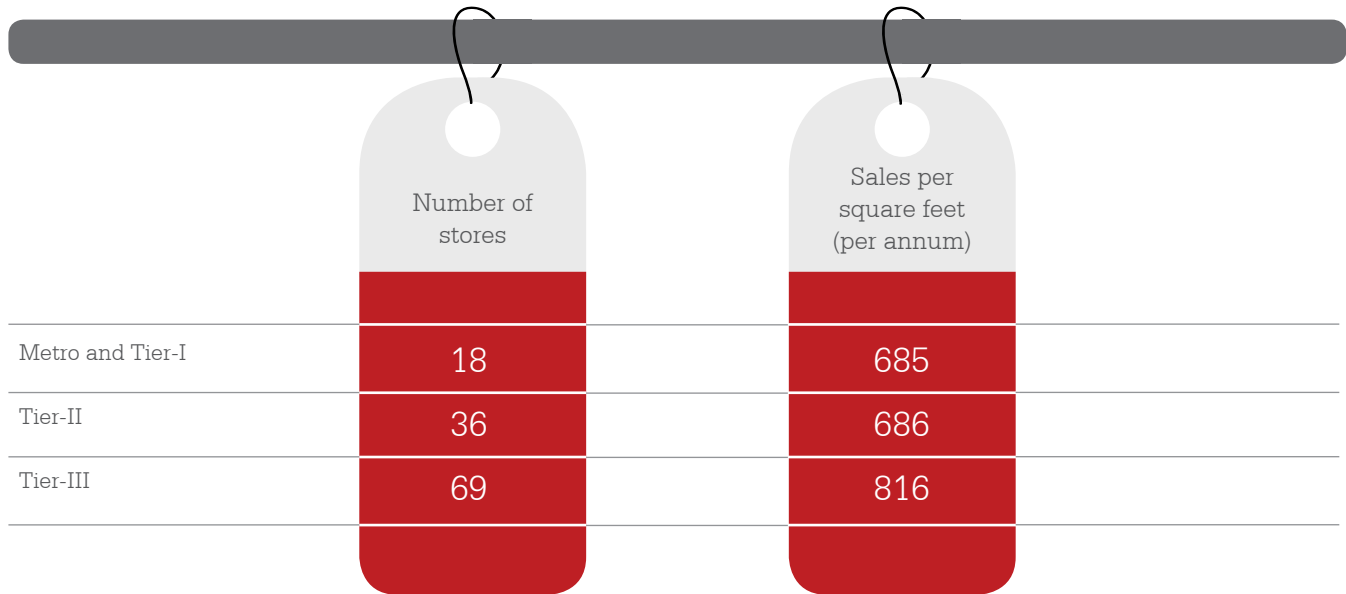
I wish to express my gratitude to all our stakeholders – shareholders, customers, vendors, employees and society at large - who have continued to provide their unstinted support to our business. I am grateful for the guidance extended by governmental bodies, regulatory authorities and the internal and external auditors.

With best regards,

Chairman & Managing Director
Lalit Agarwal

V-Mart's performance in numbers, FY 2015-16

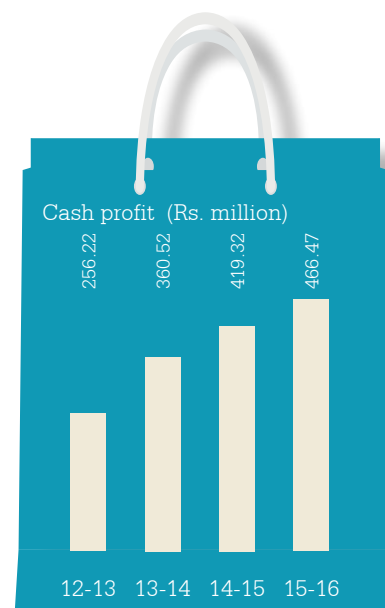
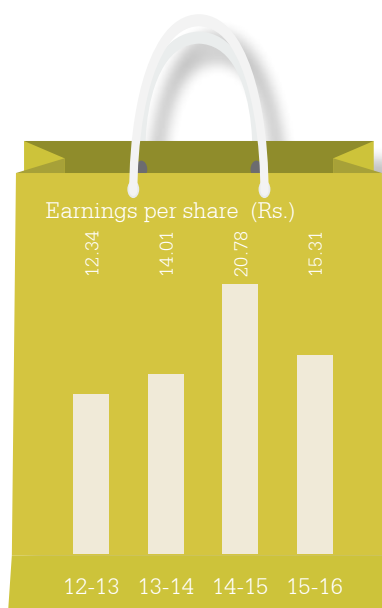
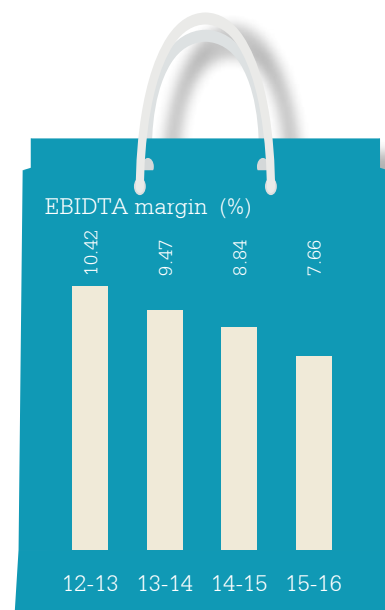
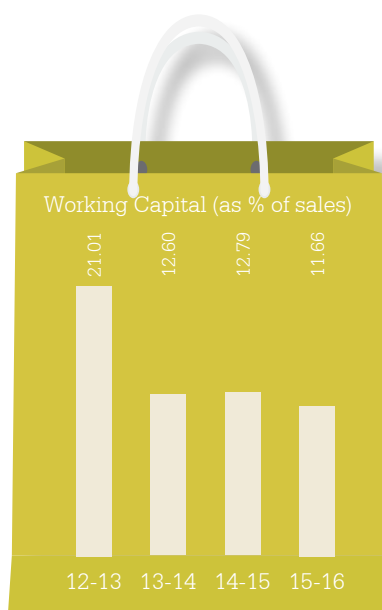
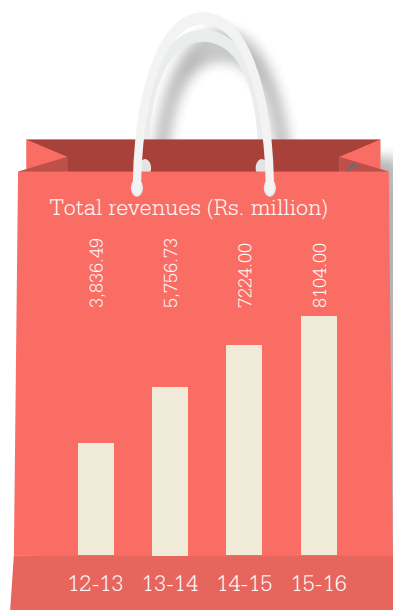
Growing urban and semi-urban presence



Product-wise growth

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

Year-on-year comparison





178

Total footfalls (in lakhs),
2014-15

200

Total footfalls (in lakhs),
2015-16

65

Conversion rate (%),
2014-15

64

Conversion rate (%),
2015-16

191

Average selling price (Rs),
2014-15

200

Average selling price (Rs),
2015-16

THE HEALTH OF

6.5

Same store sales growth
(fashion) %, 2014-15

-1.1

Same store sales growth
(fashion) %, 2015-16

2.6

Cash and cash equivalents (Rs cr),
2014-15

2.0

Cash and cash equivalents (Rs cr),
2015-16

50

Payables days (on the basis of
COGS), 2014-15

55

Payables days (on the basis of
COGS), 2015-16

1.8

Shrinkage (% of sales), 2014-15

1.9

Shrinkage (% of sales), 2015-16

**91**Presence in Indian cities and towns
as on 31 March 2015**106**Presence in Indian cities and towns
as on 31 March 2016**625**Transaction size (Rs),
2014-15**663**Transaction size (Rs),
2015-16**792**Sales per square feet (average in Rs.),
2014-15**756**Sales per square feet (average in Rs.),
2015-16

OUR BUSINESS

4095Total workforce as on
31 March 2015**4254**Total workforce as on
31 March 2016**3.4**Cash on books (Rs cr),
2014-15**4.3**Cash on books (Rs cr),
2015-16**126**Working capital cycle (on cost of
goods sold basis), 2014-15**124**Working capital cycle (on cost of
goods sold basis), 2015-16**87**Inventory turns (x),
2014-15**88**Inventory turns (x),
2015-16

V-Mart.

Addressing weakness with investments

There are many Indias within one India. The one India within the country that possesses the biggest potential for sustainable transformation is the one that lives outside its metro cities.

For a number of reasons.

One, this urban India accounts for an estimated 400 mn people, the largest population cluster of aspiring people possibly in any country.

Two, this India accounts for 45% of the country's total luxury market revenue, which is a staggering contribution when you consider that India is the world's seventh largest economy.

Three, this India is now getting connected faster than before through broadband and wireless telephony, shrinking the time taken for fashion trends to extend from global capitals to India's vast hinterlands.

Four, the smaller Indian cities may not be metro scale by Indian standards but - Surat, Jaipur, Lucknow, Kanpur, Indore, Vadodara, Madurai, Nashik and Trichy – figure among the 200 largest urban centres of the world.

Five, in these tier 2 and 3 Indian cities, the highest demand for luxury products comprises automobiles, apparel and accessories for both genders.

Six, malls in smaller Indian cities generate a return of 18-24 per cent compared with around 10 per cent in large Indian cities, translating into lower occupancy costs for retail companies.





During the year under review, even as the industry's financials were temporarily affected, the company continued to keep faith and invest in its business model.

At V-Mart, we continued to invest in our distinctive business model that is completely focused on retail opportunities in this non-metro India.

During the year under review, even as the industry's financials were temporarily affected, the company continued to keep faith and invest in its business model. The company commissioned 17 stores (and closed two) in Tier 2 and 3 Indian geographies, a 13.89 per cent increase in the number of stores and a corresponding 14.84 per cent increase by retail space.

We believe this investment will widen our organized retail presence across relatively under-penetrated locations, accelerating our revenues and building a stronger company.

V-Mart.

Countering volatility with 'intelligence'

While the long-term direction of India's retail industry continues to be positive, we believe that the robust growth will be punctuated by short-term aberrations.

In a sector as large, hundreds of variables are at work.

Weak monsoon. Change in government schemes. Industrial growth. Multi-currency movements. Multi-sectoral trends. Interest rates. Inflation. Seasonal deviations.

The overwhelming impact of even one of these factors can stagger the growth of the sector for a period of time. When this transpires, it affects the sector's inventory management, cash flows, store rollout and overall competitiveness.

At V-Mart, we had foreseen that such periods would transpire; when they did, they could potentially set the company back by years.

In view of this, the company had invested in its biggest insurance: intelligence.

The company proactively invested in an information technology backbone with the objective to recognise virtually in real-time the first feelers of a slowdown, sending messages within on how best to align the entire organisation to cope with such situations and to make changes in inventory liquidation, cash management and procurement, among others.

The effectiveness of this 'intelligent' strategy was validated during the financial year under review.

Even as revenues were flat and profit declined, the company





While this strategy will address the short-term, the company continues to be optimistic about the long-term: India is at a nascent point in its transition from unorganised to organized retail; organized retail accounts for around only 10 per cent of India's overall retail offtake.

reported virtually no change in its inventory, strengthened its working capital cycle, invested in additional store rollout and still had more cash on its books by the close of the year.

While this strategy will address the short-term, the company continues to be optimistic about the long-term: India is at a nascent point in its transition from unorganised to organized retail; organized retail accounts for around only 10 per cent of India's overall retail offtake.

V-Mart expects, to operate in areas where large organized retail brands will be challenged, in these geographic pockets and outperform the growth of its unorganised competition through wider choice, superior products, online purchase possibility, excellent service, accessibility, loyalty-driven scheme and trust.

The V-Mart business model

The retail business is one of the most challenging.

The sector is marked by variables on the one hand and growing need for sustained increase in stakeholder value on the other.

The number of variables are many. Evolving consumer preferences. Changing cost of funds. Capital intensiveness. Service intensity. Premium on partnership (over vendorship).

At V-Mart, we graduated to a business model that we believe is likely to generate multi-year growth across industry cycles, largely insulating the company's financials from external realities.



Presence

Though commissioning stores in metro locations would be easier, V-Mart's business model was built around emerging India (Tier-II and Tier-III cities), where there was a huge gap between aspirational growth and presence of organized retail. In FY16, the Company's Tier III presence was 56%.

Cluster-based approach

The Company rolls out a new store within a radius of 100 -150 km of existing stores to enhance goodwill and logistics efficiency. It helps the Company in a better understanding of customer preferences across the entire cluster and effective advertisement at the lowest cost.



Store size, debt and expansion

The average size of our store is 8,000 sq. ft. In our experience, a 8000 sq ft store size is optimal for achieving required store economics.

No debt

The Company does not mobilise any long-term debt for funding store expansion. As a matter of policy, all capital expenditure is funded by internal accruals. We access working capital limits from banks for only funding inventory.

Store expansion

Store expansion is usually backed by growth in internal capabilities. The Company invests adequately in people, processes and technology, strengthening capabilities.



Controlled growth

At V-Mart, we believe that the most enduring retail businesses are those that select to grow in a sustainable manner unlike those attempting to grow the fastest in the short-run and create large inventories that need to be extensively discounted thereafter.

This short-term 'buying' of profits is eventually business-destroying. In view of this, the Company has selected to grow only to the extent that its Balance Sheet permits.



Fiscal prudence

At V-Mart, we believe that in a business that requires intensive working capital, the most profitable company is the one with the most efficient working capital use. This working capital efficiency is generally manifested in quick sales on the one hand (in turn, a play of having merchandised correctly), a high proportion of revenues derived from non-discounted sales and the ability to pay vendors over a comfortable period of time. During the year under review, payables were at 55 days (on basis of COGS).

We have reduced short- term debt by Rs. 17.17 million and increased free cash flow to the firm by Rs. 136.15 million.

Vision

In a sector marked by scale, success lies in the ability to not necessarily be the largest with the biggest Balance Sheet but the best retail company with the smallest Balance Sheet. Over time, this perspective has influenced the

company's capital allocation, product mix and locational presence, virtually defining the company's personality. The company has compromised peak one-off margins in exchange for sustained margins, strengthening its corporate stability.

Year	F14	F15	F16
Revenue (Rs) per rupee of capital employed	3.15	3.27	3.35



Drill-down

At V-Mart, it would be simplistic to believe that the company's revenue driver is its ability to accelerate store rollout. But aggressive store rollout can often mask store efficiency. We believe that the maximization of same-store sales is achieved through enhanced local visibility, attractive offers, promotions, loyalty programmes and competitions that drive footfalls and sales.

V-Mart took initiatives to enhance supply chain effectiveness, mitigating risk, promoting quality assurance and enhancing customer satisfaction.

One of the key parameters for the success of any retail chain is right store location. V-Mart has standardised the whole process, converting it into a science.



Vendor management

We owe much of our success to the development of a back-end vendor base, which we created to provide the right product, high quality, timely delivery at the right price.

As our procurement volumes increased, we progressively reduced the number of our vendors by raising our procurement standard on the one hand and generating superior mutual value – lower procurement prices for us against higher procurement volumes for vendors.

Investment in continuous innovation (supply chain, products and service) led to short time-to-market cycles, resulting in merchandise contemporariness that helped absorb impact of the slowdown during the year under review.



Merchandise

The merchandise comprises apparel, general merchandise and kirana bazaar - FMCG products, packaged food items, beauty and personal care, home care, staple products). We believe that this merchandise moves the fastest; besides, it has reinforced the Company's positioning as a family store with something for everyone with high element of fashion catering to the aspiring class.



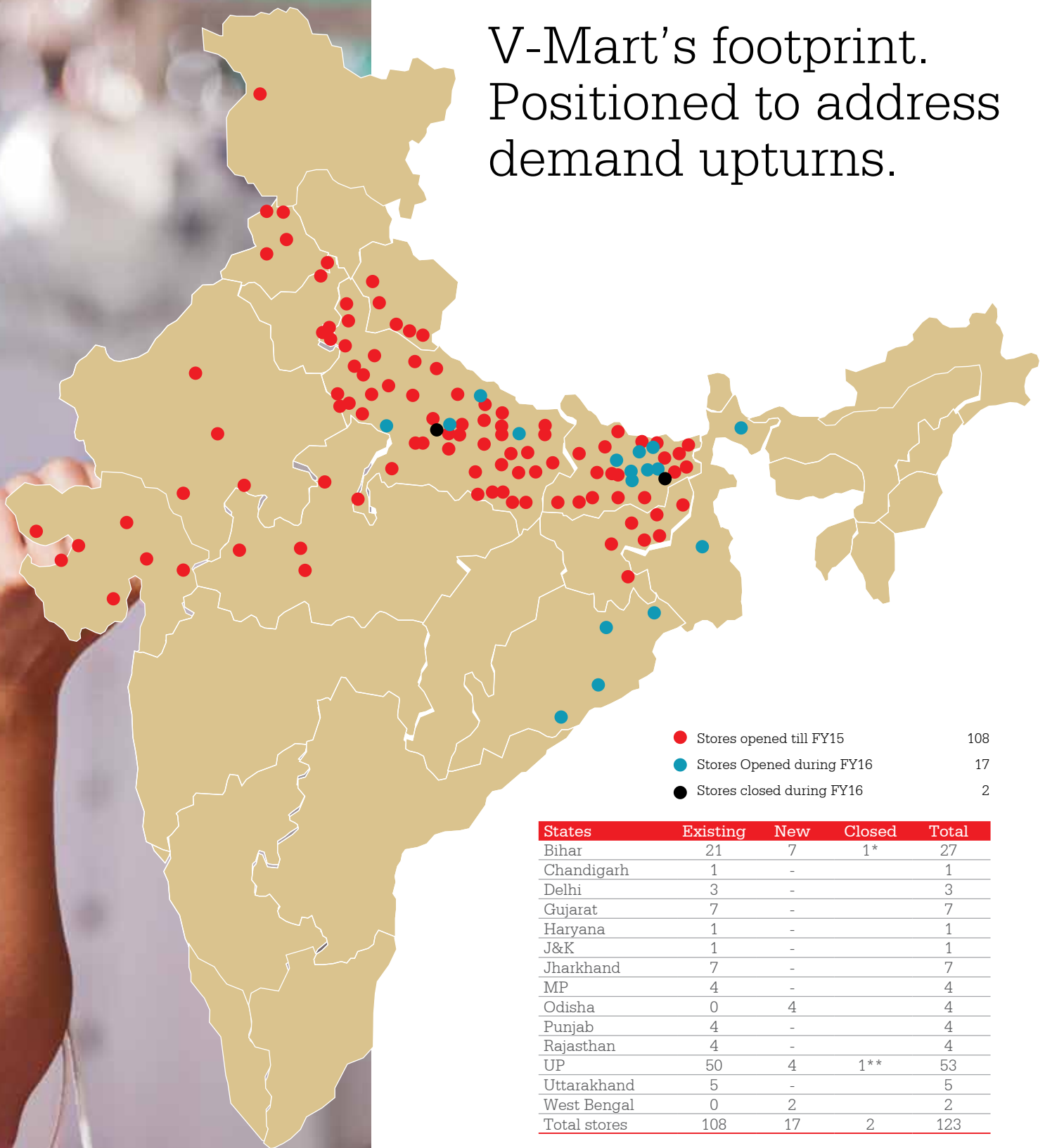
Balance and Analytics

At V-Mart, we possess a balanced management: entrepreneurial and professional. The Company's governance commitment is reflected in its rich Board of Directors, large presence of Independent Directors, day-to-day delegated and professional management and defined operating structures.

We invested in an information technology backbone to record data, interpret sales patterns, forecast demand and create a compatible supply chain leading to anytime product availability. The Company maps consumer preferences, drawing extensively from analytics to arrive at the optimal merchandise mix customized to the location in question.



V-Mart's footprint. Positioned to address demand upturns.



* Gaya (Bihar) store was closed

** Qaiserbagh (Lucknow) store was closed and relocated to Cantonment Road (Lucknow)

Financial Analysis

Accounting policy

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

Financial performance review, 2015-16

Profit & Loss statement

■ **Gross profit margin:** The Company's gross profit margin has increased by 84 bps from 28.59% in FY 2015 to 29.42% in FY 2016.

■ **Total expenses:** The total expenses for 2015-16 stood at Rs. (in millions) 7474.20 as against Rs. (in millions) 6565.18 in 2014-15, the increase mainly due to retail expansion and the opening of 17 new stores in FY 2015-16.

■ **Depreciation and amortization:** The Company's depreciation and amortization stood at Rs. (in millions) 190.14 in FY 2015-16 against Rs. (in millions) 45.65 in FY 2014-15.

■ **EBITDA:** EBITDA reduced to Rs. (in millions) 619.62 in 2015-16 from Rs. (in millions) 636.77 in 2014-15 due to increased employee benefit expense which is fixed in nature.

Balance sheet

■ **Net worth:** The net worth increased marginally to Rs. (in millions) 2,307.20 as on 31st March 2016 as compared to Rs. (in millions) 2,049.39 as on 31st March 2015.

■ **Borrowings:** There were no long term borrowings during the financial year under review; the Company's short term borrowings also reduced to Rs. (in millions) 269.11 as on 31st March 2016 as against Rs. (in millions) 286.28 as on 31st March 2015.

■ **Total non-current assets:** The total non-current assets for 2015-16 stood at Rs. (in millions) 1468.34 as against Rs. (in millions) 1207.58 in 2014-15.

Working capital management

■ **Current assets:** Current assets as on 31st March 2016 stood at Rs. (in millions) 2,363.64 against Rs. (in millions) 2,082.04 as on 31st March 2015, an increase of 13.52%. Current Ratio was 1.66 as on 31st March 2016.

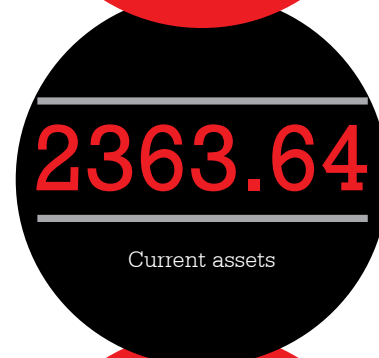
■ **Inventories:** Inventory levels increased by 11.5% to 2,044.27 as on 31st March 2016 from Rs. (in millions) 1,832.03 as on 31st March 2015 to Rs. (in millions).

■ **Short-term loans and advances:** The short-term loans and advances also increased in 2015-16 and stood at Rs. (in millions) 82.26 compared to Rs. (in millions) 53.06 in 2014-15.

■ **Current liabilities:** Current liabilities increased by 22.3% from Rs. (in millions) 1,160.59 as on 31st March 2015 to Rs. (in millions) 1,419.64 as on 31st March 2016.

■ **Cash and bank balances:** Cash and bank balance increased by 27.4% from Rs. (in millions) 42.79 as on 31st March 2016 to Rs. (in millions) 33.56 as on 31st March 2015.

FY 2015-16



All figures in millions

Management discussion and analysis



Global economic overview

Global economic growth slowed to 3.1% in 2015 on account of the measures undertaken to re-balance the Chinese economy, declining commodity realisations and financial distress in the emerging markets. Prospects for 2016 appear dim following China's sustained slowdown, currency weaknesses in emerging economies, geopolitical tensions in the Middle East and Britain's exit from the European Union.

(Sources: UN, World Bank, IMF, the Week).

Global retail sector overview

A steady rise in consumer expenditures and a rampant decline in oil prices translated into a 2% growth for the retail sector in 2015. Mergers and acquisitions played a key role in consolidating the industry space. Sales increased by 7% in 2015 and will estimatedly reach \$200 billion by 2016 end. Global retail growth

is estimated at 1.9% in 2016 and 1.7% in 2017. The Global Retail Development Index indicates that developing markets would continue to offer retailers with a plethora of growth opportunities, accounting for more than half global retail sales. India's market potential, economic growth and increasing ease of doing business in resulted in its second place in the 2016 GRDI global retail rankings.

The 2016 Global Retail Development Index

2016 rank	Country	Market size (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Population (million)	GDP per capita, PPP	National retail sales (\$ billion)
1	China	100.0	61.2	36.2	92.5	72.5	1,372	14,190	3,046
2	India	53.7	54.3	75.8	100.0	71.0	1,314	6,209	1,009
3	Malaysia	81.2	83.4	23.5	50.4	59.6	31	26,141	93
4	Kazakhstan	56.4	37.3	61.9	70.2	56.5	18	24,346	48
5	Indonesia	64.3	38.9	50.2	68.9	55.6	256	11,112	324
6	Turkey	85.9	46.4	31.9	53.1	54.3	78	20,277	241
7	United Arab Emirates	95.2	100.0	1.3	18.0	53.6	10	66,997	69
8	Saudi Arabia	91.2	64.9	21.9	31.5	52.2	32	53,565	109
9	Peru	47.3	52.8	50.4	57.2	51.9	31	12,077	70
10	Azerbaijan	33.9	30.8	80.9	59.3	51.2	10	18,512	17

Indian economic overview

Amid global turbulence, India reported a 7.6% GDP growth in 2015-16 (7.3% in 2014-15) and 7.9% in Q4 FY16. This improvement was due to enhanced farm output, mining activity and electricity, gas and water generation. Infrastructure grew 8.5%, the highest growth in the past 17 months.

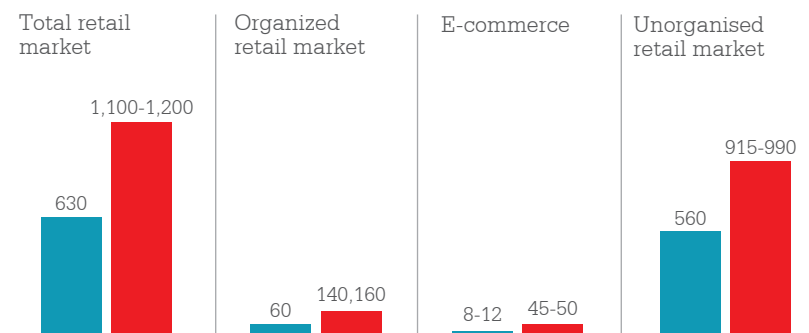
Agriculture remained the highest contributor to the country's GDP. A forecast of normal monsoons (after two weak years) could revive agricultural output; the implementation of the Seventh Pay Commission could enhance public spending.

Market break-up

Figures in \$ billion

■ 2015

■ 2020 (estimate)



(Source: Livemint, IBEF, indianchamber.org, LinkedIn Pulse)

Indian retail industry

The \$600 billion-worth Indian retail sector is one of the most dynamic in the world, accounting for approximately 10% of the country's GDP. India ranks fifth globally in terms of market size and

is pegged to grow at a rate of 12% per annum. Online retail sales are expected to remain at par with physical stores over the next five years. An estimated \$1.01 trillion worth in FDI has catalysed growth in the sector.

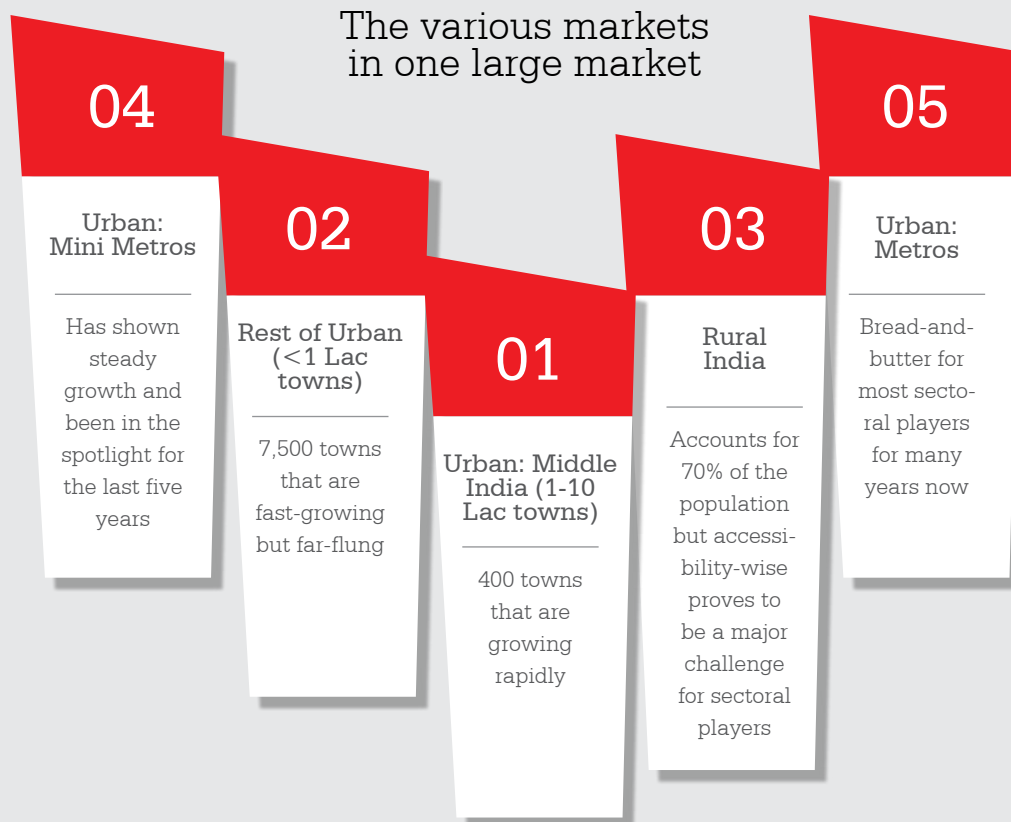
Smaller Indian towns with a population of less than 1 lac people led are leading the Indian retail growth story from the front (19% in value terms versus 15% in rural India and 12% in the metros). Even though distribution has grown marginally faster in rural India (4% in villages compared to 3% in these smaller towns), the demand pull has

undoubtedly been the strongest in the smallest of Indian towns.

Small town India (towns with 10 lac people or below) contributes to 38% of the Indian FMCG market today. 'Middle India', a region made up of approximately 400 towns with populations between 1 and 10 lac

people are home to 100 million Indians and constitute up to 20% of the country's FMCG consumption. This 'Middle India' could account for FMCG sales worth Rs. 4 trillion by 2026.

The various markets in one large market



Numbers that matter

- 15 million+ – total retail outlets in India
- 92% – unorganised component of the Indian retail sector
- Cash-and-carry stores – dominant retail format
- 2nd – among largest e-commerce markets in the world (ahead of the US)

(Sources: Livemint, Deloitte, Indianmirror).

Growth drivers

Luxury over necessity: Over the last couple of years, shoppers, especially in 21-35 year age group, influenced the retailing landscape with their distinctive shopping behaviours. Due to higher disposable incomes, shoppers have been graduating from unbranded to branded and from

mass to premium (and even luxury) segments. The result: India has emerged as the fourth fastest-growing luxury retail market in the Asia-Pacific region.

Rising per capita incomes: The

Indian economy has seen a steady increase in per capita incomes. A CII-BCG study estimated that by 2020, there would be a 70% rise in incomes while 100 million more youths would enter the workforce. Moreover,

FMCG Value Sales (Rupees Billion)	Year 2002	Year 2010	Multiple Increase
All India	442	1,425	3.2
Metro	110	412	3.8
Middle India	83	287	3.5
Rest of Urban	98	245	2.5
Rural	151	480	3.2

Disclaimer: Based on performance in 2011 (Q4 over Q1).

Source: *Emerging consumer demand: Rise of the small town Indian* – Nielsen and CII

average household incomes would reach \$18,448 by 2020, bolstering the retail industry.

Easy availability of loans: Consumer offtake has been facilitated by easy availability of personal loans, EMI options and credit cards.

Rapid urbanisation: Urbanisation is expected to increase to 40% in India by 2030 (31% in 2015), which could potentially double India's retail market from \$630 billion in 2015 to \$1.1-1.3 trillion by 2020.

Rise in nuclear families: India's urbanisation is leading to a rise in nuclear families and increase in per capita expenditures. It has been estimated that by 2020, more than 200 million households would be nuclear, representing a 25-50% higher spending per capita.

Demographic dynamics: India is one of the youngest and largest consumer markets in the world. Besides, there are increasing instances of double incomes in most nuclear families, catalysing household retail spending.

Organised retail: Initially the retail revolution began in the Tier-I cities but is now extending to Tier-II and Tier-III locations.

Opportunities

Goods and Services Tax: The introduction of GST would enhance the ease of movement of goods and services across the country, strengthening competitiveness of organised retail brands over unorganised ones.

FDI reforms: Attractive government incentives like 100%-FDI in the realm of e-commerce and 51%-FDI in multi-brand retail has ensured adequate access to funds.

Consumer Confidence Index: India enjoys the top spot on the Consumer Confidence Index, indicating substantial headroom for growth.

Employment opportunities: The country's retail sector is a major employer of skilled, semi-skilled and unskilled personnel, catalysing socioeconomic development.

Financial performance

(Rs. crore)

Particulars	2015-16	2014-15	% growth (rounded)
Income from Operations	808.16	718.97	12%
PBT	40.87	57.14	(28%)
Net Cash Flow from operating activities	51.30	39.94	28%

Outlook

Organised retail and e-commerce segments are expected to grow exponentially, driven by a largely youthful population, a 70% increase in income levels and increasing urbanisation. India's retail market is projected to grow to 1.3 trillion US\$ by 2020 making India the world's fastest-growing major developing market. The single brand retail segment has seen an inflow of \$344.9 million between April 2000 and September 2015, marking a significant growth in investments. The gross merchandise value of the top-three e-commerce companies was more than that of the top-10 offline retailers in 2015. (Sources: IBEF, ET)

Risk management and internal control

Running any organisation is a team activity and it is equally important for it to have effective governance measures in place as it's for the management and the staff to understand what constitutes effective corporate governance. As any organisation becomes bigger, there are more compliances and pressures from investors and stakeholders to ensure transparency and disclosure. Subsequently, the organisation's management and staff are tasked with the responsibility to ensure compliance with stringent norms so as to ensure that the business runs smoothly.

The Company has a stringent risk management framework with homogeneous definitions of internal controls. There is a systematic framework for risk management and regulatory compliance in place with regular risk assessments, updating of policies, proper channels for the flow of information and communication and an intricate monitoring mechanism.



The Company has in place a systematic framework for risk management and regulatory compliances.

The Company constantly strives to strengthen its internal systems and controls which would lead to efficient reporting of transactions which enhances operational efficiency, besides compliance with the relevant rules and regulations as applicable to the business. This constant drive towards compliance and efficiency has ensured the proper use of Company's resources and accuracy and sharpness of financial reporting.

All of the parameters governing the Company's operations were checked and controlled with minor deviations which were promptly reported to the Board on a quarterly basis. Reports presented by the internal auditors were reviewed by the Audit Committee and effective measures were taken for filling gaps identified in the systems and procedures. The Board recognised the work of the auditors as an independent check on the information collected from the management associated with the performance of the Company.

Cautionary statement

This discussion contains certain forward-looking statements based on assumptions and current situations and expectations. The various risks and uncertainties associated thereto could cause the actual results to differ materially from those projected in forward-looking statements. Market data and product information contained in this report is gathered from published and unpublished reports and their accuracy cannot be assured. The management reserves every right to revisit any predictive statement as may be deemed fit.



Corporate Social Responsibility at V-Mart

“Touching lives, sharing values”

Business has a responsibility beyond its basic responsibility to shareholders, a responsibility to a broader constituency that includes key stakeholders: employees, suppliers, customers, government, NGOs, environment groups, special interest groups and the people of the communities in which it operates. At V-Mart, we believe in giving back to society with constant innovation and sustainability - the two benchmarks which drive our CSR agenda. We want our presence to be felt across every pocket of the footprints that we cover. For this, V-Mart incorporated a balanced emphasis on all aspects of Corporate Social Responsibility with

regard to internal operations, activities and processes as well as undertake initiatives and projects for children welfare, promoting education, rural development, inclusive socio-economic growth, environment protection, empowerment of persons with disabilities and women empowerment.

Capacity building of differently abled persons

We live in a society where persons with disabilities face discrimination on a daily basis. Persons with disabilities have remained largely ‘invisible’, often side-lined in the rights debate and unable to enjoy the full range of opportunities.

This discrimination was recognized by V-Mart. For the betterment of the differently abled, V-Mart initiated various programs such as Special Retail Training program, this unique training program aiming to provide employability to people with all kinds of disabilities.

V-Mart initiated other programs with the aim of empowering and making life easy for persons with visual impairment. V-Mart aims to ensure easy availability of assistive and utility products for persons with visual impairment across its retail chain on a no-profit / no-loss basis in collaboration with Saksham Charitable Trust.

Women's empowerment

Women constitute half the country's population and need to be independent in every area for the holistic development of women, children, family, society and country.

V-Mart embarked on an initiative to ensure women empowerment by enriching them with vocational skill sets and ensuring economic independence. V-Mart, in association

with NGO Giriraj Seva Sadan set up a sewing centre for women, where the target group is being provided with infrastructure and sewing machines and training in tailoring.



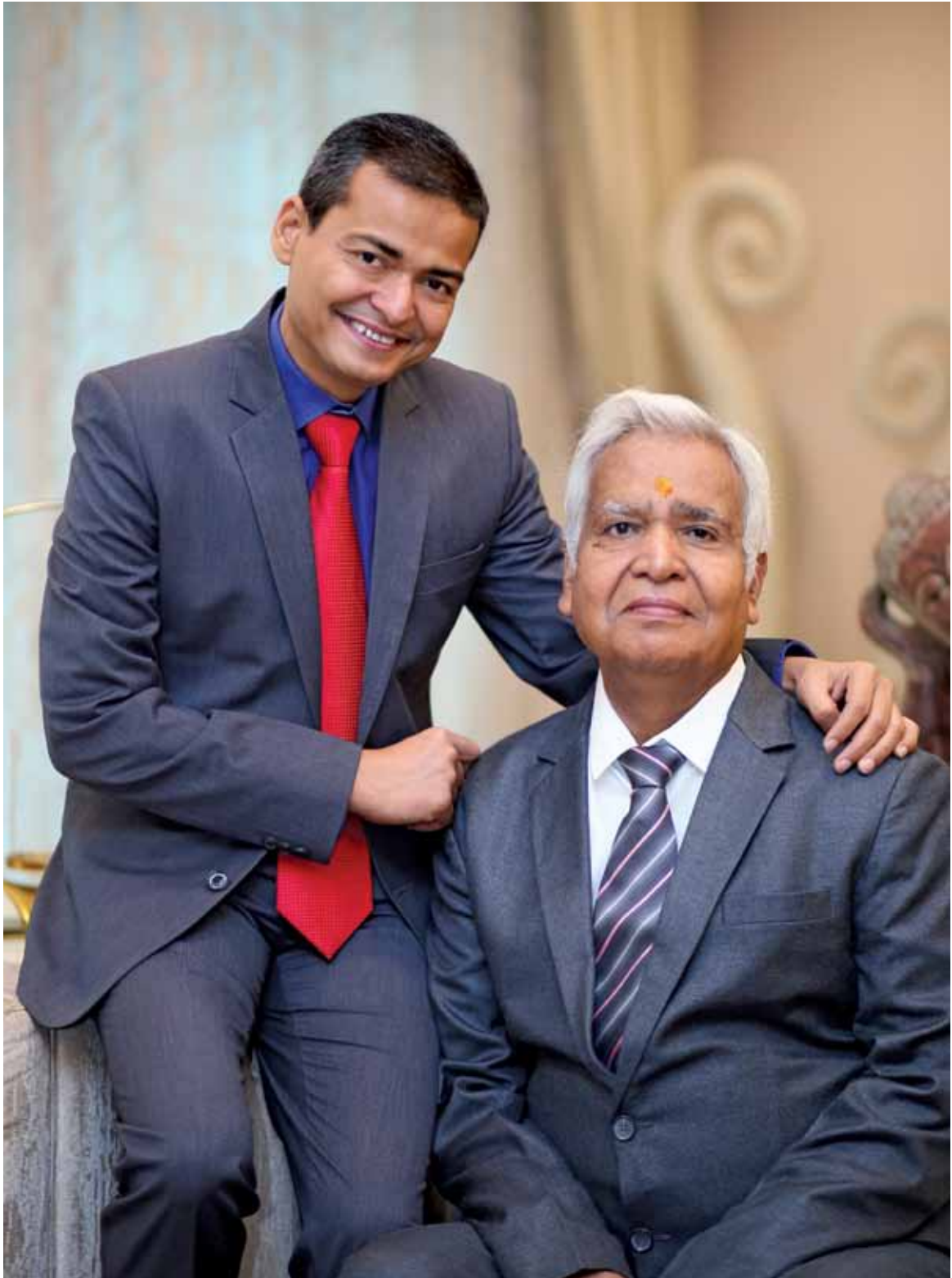
Children's education

In India, 75% children study in government schools. In spite of enormous efforts by the government, a large number of schools, especially in rural areas, are do not enjoy even basic amenities. Basic amenities like toilets, access to water and basic infrastructure

create an unwelcome environment in schools, which leads to higher absenteeism, resulting in drop outs. This is where the notion of the Adopt a School program was born. During the year under review, V-Mart teamed up with Radha Education Foundation,

an NGO, to adopt schools, a program conceptualized to revive schools in rural towns and improve their sanitary and water efforts in ensure positive learning experiences leading to greater opportunities for the underprivileged children.

Our Executive Directors



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

Senior management personnel



Mr. Rajan Sharma
President (Procurement & Sourcing)



Mr. Deepak Sharma
Chief Financial Officer



Mr. Rakesh Kalra
*Sr. Vice President
(Digital Initiatives)*



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



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



Mr. Ramesh Agarwal
Vice President - (SCM)



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



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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sudhir Kumar

STATUTORY AUDITORS

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

BANKERS

State Bank of India
ICICI Bank
Deutsche Bank
HDFC Bank

REGISTRAR & SHARE TRANSFER AGENT

M/s Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32 Financial District,
Nanakramguda, Gachibowli, Hyderabad, Telangana – 500 032
Phone No.: 040 67162222 Toll Free: 180 0345 4001
Fax No.: 040 23420814
Email: support@karvy.com, Website: www.karvy.com

SENIOR MANAGEMENT PERSONNEL

Mr. Rajan Sharma, President (Procurement & Sourcing)
Mr. Deepak Sharma, Chief Financial Officer
Mr. Rakesh Kalra, Sr. Vice President (Digital Initiatives)
Mr. Snehal Shah, Sr. Vice President (Operations & Marketing)
Mr. Venugopal Konchada, Vice President (Retail Store Operations)
Mr. Ramesh Agarwal, Vice President - (SCM)
Mr. M. Srinivasan – Vice President (SCM & Planning)
Ms. Anjali Goel, Assistant Vice President (Human Resource)

BOARD COMMITTEES

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

REGISTERED OFFICE

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

CORPORATE OFFICE

Plot No. 862, Udyog Vihar, Industrial Area,
Phase – V, Gurgaon, Haryana, 122016, India.
Tel: +91 124 - 4640030, Fax: +91 124 - 4640046
Email: info@vmart.co.in
Website: www.vmart.co.in
CIN - L51909DL2002PLC163727

WAREHOUSE

Bilaspur, Haryana



V-MART RETAIL LIMITED

(CIN - L51909DL2002PLC163727)

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

Corp. Office: Plot No. 862, Udyog Vihar, Industrial Area, Phase – V, Gurgaon – 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 Fourteenth Annual General Meeting of the Members of the Company will be held on Wednesday, 28th September, 2016 at 9:30 am at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi - 110022 to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 along with the Reports of the Auditors and Directors thereon.
2. To declare a final dividend of Rs. 0.10/- per equity share for the financial year 2015-16 and to confirm the interim dividend of Rs. 1.15/- per equity share declared and paid during the year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Madan Gopal Agarwal (holding DIN 02249947) who retires by rotation and being eligible offers himself for re-appointment.
4. To ratify the appointment of M/s Walker Chandiok & Co. LLP, Chartered Accountants (Firm Reg. No. 001076N/ N500013) as Statutory Auditors of the Company (already appointed for 3 consecutive years by the shareholders in their 12th Annual General Meeting held on 23rd September, 2014 till the conclusion of 15th Annual General Meeting to be held in 2017) to hold the office from the conclusion of this Annual General Meeting until the conclusion of forthcoming Annual General Meeting to be held in the year 2017 and to fix their remuneration.

SPECIAL BUSINESS:

5. To approve the revision/variation in the remuneration of

Mr. Lalit Agarwal, Chairman & Managing Director and in this regard to consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED THAT in accordance with provisions of Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V to the said Act and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such other statutory approvals/sanctions as may be necessary, consent of the Company be and is hereby accorded to approve the revision/ variation in the remuneration of Mr. Lalit Agarwal, (holding DIN 00900900) Managing Director of the Company, designated as Chairman & Managing Director, with effect from 1st April, 2016 till his remaining tenure i.e. upto 31st May, 2017 as Managing Director of the Company as approved and recommended by the Nomination & Remuneration Committee and noted hereunder :

A. Salary :

Basic salary of Rs. 68,31,000/- per annum.

B. Commission :

1(one) per cent commission on the net profits of the Company in each financial year, subject to the overall limit as stipulated in Section 197 of the Companies Act, 2013.

C. Perquisites :

In addition to salary and commission, the Managing

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

D. Other terms and conditions :

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the above terms and conditions where, in any financial year, during Mr. Lalit Agarwal's term of office, the Company makes no profits or its profits are inadequate, the Company may pay Mr. Lalit Agarwal minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Schedule V to the Companies Act, 2013, and in compliance with the provisions stipulated therein as applicable to the Company at the relevant time depending upon the capital of the Company, subject to the necessary approval of the Central Government under the provisions of Companies Act, 2013.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Lalit Agarwal (holding DIN 00900900) as Managing Director, as approved by the Board of Directors and Shareholders of the Company in their meetings held on 21st May, 2012 and 22nd May, 2012, respectively remain the same.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Lalit Agarwal (holding DIN 00900900) as Managing Director, as recorded in the employment agreement dated 30th May, 2012 executed between the Company and Mr. Lalit Agarwal (holding DIN 00900900) shall remain same.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, things as may be necessary and expedient to give effect to this resolution.”.

6. To approve the revision/variation in the remuneration of Mr. Madan Gopal Agarwal, Whole-time Director and in this regard to consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED THAT in accordance with provisions of Section 196, 197, and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V to the Act and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such other statutory approvals/ sanctions as may be necessary, consent of the Company be and is hereby accorded to approve the revision/ variation in the remuneration of Mr. Madan Gopal Agarwal (holding DIN 02249947) Whole-time Director, with effect from 1st April, 2016 till his remaining tenure i.e. upto 31st May, 2017 as Whole-time Director of the Company as approved and recommended by the Nomination & Remuneration Committee and noted hereunder :

A. Salary :

Basic salary of Rs. 22,77,000/- per annum.

B. Commission :

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

C. Perquisites :

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

D. Other terms and conditions :

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the above terms and conditions where, in any financial year, during Mr. Madan Gopal Agarwal's term of office, the Company makes no profits or its profits are inadequate, the Company may pay Mr. Madan Gopal Agarwal minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Schedule V to the Companies Act, 2013, and in compliance with the provisions stipulated therein as applicable to the Company at the relevant time depending upon the capital of the Company, subject to the necessary approval of the Central Government under the provisions of Companies Act, 2013.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Madan Gopal Agarwal (holding DIN 02249947) as Whole-time Director, as approved by the Board of Directors and Shareholders of the Company in their meetings held on 21st May, 2012 and

22nd May, 2012, respectively remain the same.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Madan Gopal Agarwal (holding DIN 02249947) as Whole-time Director, as recorded in the employment agreement dated 30th May, 2012 executed between the Company and Mr. Madan Gopal Agarwal (holding DIN 02249947) shall remain same.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, things as may be necessary and expedient to give effect to this resolution".

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

Sudhir Kumar

Company Secretary

M. No. ACS 25125

Place : Gurgaon

Date : 5th August, 2016

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 5 & 6 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") & Secretarial Standard-2 of the person seeking re-appointment as Director under Item No. 3 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. DULY COMPLETED, SIGNED AND STAMPED PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE THE TIME FOR HOLDING THE MEETING. PROXIES SUBMITTED ON BEHALF

OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION / AUTHORITY, AS APPLICABLE, ISSUED BY THE MEMBER ORGANIZATION.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Each member present at meeting shall be entitled to one vote for every equity share held.
5. The Company has notified closure of Register of Members and Share Transfer Books from Thursday, 22nd September, 2016 to Wednesday, 28th September, 2016 (both days

inclusive) in connection with Annual General Meeting and for the purpose of Dividend.

6. The Board of Directors of the Company at their Meeting held on 27th May, 2016 has recommended a dividend of Rs 0.10/- per equity share as final dividend for the financial year 2015-16. The dividend, if approved by the Shareholders at the ensuing Annual General Meeting, shall be paid to those members/beneficial owners whose names appear on the register of members/depository records as on 21st September, 2016 as under :
 - (i) to all shareholders in respect of equity shares held in electronic form, as per the data made available by the National Securities Depository Limited and Central Depository Services (India) Limited, as the close of business hours on 21st September, 2016; and
 - (ii) to all shareholders in respect of shares held in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the Close of business hours on 21st September, 2016.
7. Members are requested to send all communications relating to shares (Physical & Electronic Mode) to our Registrar & Share Transfer Agent (R & T Agent) at the following address:

Karvy Computershare Private Limited
 Karvy Selenium Tower- B, Plot No. 31 & 32,
 Financial District, Nanakramguda, Gachibowli,
 Hyderabad, Telengana – 500 032
 Phone No. +91-40-67162222, 33211000
 Toll Free: 1800345 4001
 Fax No. +91-40-2342-0814
 E-mail: support@karvy.com
 Website: www.karvy.com
8. Members/Proxies are requested to bring their attendance slip duly filled in to the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to remote e-voting are given in this Notice. The Company will also send communication

relating to remote e-voting which inter alia would contain details about User ID and Password along with a copy of this Notice to the members, separately.

10. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
11. In terms of Section 152 of the Companies Act, 2013, Mr. Madan Gopal Agarwal (holding DIN 02249947), Director, retire by rotation at the Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his re-appointment.
12. Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
13. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
14. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy.
15. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers

most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agents.

16. Members holding Shares in Physical form may write to Company's Share Transfer Agents / the Company for any change in their address and bank mandates; members having shares in Electronic Form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
17. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting.
18. Members desirous of getting any information on the accounts of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
19. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all rights in the shares shall vest in the event of death of sole holder or all joint holders. Member(s) holding shares in demat form may contact their respective DP's for availing this facility.
20. Electronic copy of the Annual Report for the financial year 2015-16 along with Notice for 14th Annual General Meeting is being sent to all those members who have opted to receive electronic communication or who have registered their email addresses with the Company/ Depository Participants. The Copy of Annual Report is also available on the website of the Company, i.e. www.vmart.co.in. For members who have not registered their email address, physical copies of the Annual Report and Notice for the Annual General Meeting is being sent in the permitted mode.
21. Electronic copy of the Notice for 14th Annual General Meeting of the Company inter-alia indicating the process and the manner of remote e-voting along with Attendance

Slip and Proxy Form is being sent to all those members who have opted to receive electronic communication or who have registered their email addresses with the Company/ Depository Participants. The Notice of the 14th Annual General Meeting of the Company is also available on the website of the Company, i.e. www.vmart.co.in. For members who have not registered their email address, physical copies of the Notice for the 14th Annual General Meeting of the Company inter alia indicating the process and the manner of remote e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

22. In terms of the Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 issued by the Securities and Exchange Board of India, Listed Companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS)/ RECS (Regional ECS) / NECS (National ECS)/ NEFT etc. for making cash payments like dividend etc. to the members.
23. Members are requested:
 - (a) To bring Attendance slip duly completed and signed at the meeting and not to carry brief case or bag inside the meeting venue for security reasons; and
 - (b) To quote their Folio No. / DP-ID – Client ID in all correspondence.

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

24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
25. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order

of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

26. Non-Resident Indian Members are requested to inform Karvy, immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
27. Members who have not registered their e-mail addresses so far, are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
28. Members are informed that the unpaid dividend amount remaining unclaimed relating to the financial year 2015-16 onwards can be claimed from R & T Agent after submission of necessary information and documents. Unclaimed and unpaid dividend shall become due for transfer to the Investor Education and Protection Fund established by the Central Government in terms of Section 124(5) of the Companies Act, 2013 on expiry of seven years from the date of its transfer to unpaid dividend account by the Company.
29. Voting through electronic means
 In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of Companies Act, 2013 and pursuant to the provisions of Regulation 44 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 14th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote E-Voting Services provided by Karvy Computershare Private Limited.

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

The E-voting rights of the shareholders/beneficiary owners

shall be reckoned on the equity shares held by them as on 21st September, 2016 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically. The members as on the cut-off date viz 21st September, 2016, shall only be eligible to vote on the resolution mentioned in Notice of AGM through e-voting as well as at the AGM.

The instructions for remote e-voting are as under:

1. To use the following URL for remote e-voting:
<https://evoting.karvy.com>
2. Enter the login credentials i.e., User Id and Password mentioned in the e-voting sheet attached along with this communication. Your Folio No/DP ID Client ID will be your User ID.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVENT i.e., V-Mart.
7. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option "ABSTAIN" in case you wish to abstain from voting.

8. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
9. 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, shareholders can login any number of times till they have voted on the resolution.
10. Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutinizer through e-mail scrutinizer.vmart@gmail.com.
11. The Portal will remain open for voting from: 9.00 a.m. on 25th September, 2016 to 5.00 p.m. on 27th September, 2016 (both days inclusive).
12. 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.karvy.com> or send email to evoting@karvy.com or contact Mr. Padala Srirama Murthy of Karvy Computershare Pvt. Ltd. at 040-67161606 or at 1800 3454001 (toll free).
13. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
14. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
15. The voting rights of shareholders shall be in proportion to their shares of the paid equity share capital of the company as on cut-off date (record date) of 21st September, 2016.
16. The scrutinizer shall within the period not exceeding three (3) working days from the conclusion of e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in Favor or Against, if any, forthwith to the Chairman to the Company.
17. The members who have acquired shares after the dispatch of notice of the Annual General Meeting and holding shares as on cut-off date i.e. 21st September, 2016, may obtain the e-voting user id and password by sending a request at e-voting@karvy.com.
18. The Results of E-Voting shall be declared on or after the AGM of the Company. The Result declared along with the Scrutinizer's Report shall be placed on the Company's website (www.vmart.co.in) and on the website of Karvy within two (2) days of passing of resolution at the AGM of the Company and communicated to the Stock Exchange.
19. Kindly note that once you have cast your vote you cannot modify or vote on poll at AGM. However, you can attend the meeting and participate in discussions, if any.

Important Communication to Members

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

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

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

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

Item No. 5 & 6

The Board of Directors and Shareholders of the Company in their meetings held on 21st May, 2012 & 22nd May, 2012, respectively, have approved the appointment of Mr. Lalit Agarwal (DIN 00900900), as Managing Director, designated as Chairman & Managing Director and Mr. Madan Gopal Agarwal (DIN 02249947), as Whole-time Director of the Company w.e.f. 1st June, 2012 for a period of five years each.

In the light of enhanced responsibilities of the top management, and having regard to valuable contribution in growth of the Company made by Mr. Lalit Agarwal (DIN 00900900), Managing Director, and Mr. Madan Gopal Agarwal (DIN 02249947), Whole-time Director of the Company, it is proposed for the approval of the members to revise the remuneration of the above Executive Directors of the Company, w.e.f. 1st April, 2016.

The Board of Directors of the Company at its meeting held on 5th August, 2016, has pursuant to the provisions of Section 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 (Act) and other laws, regulations and as recommended by the Nomination & Remuneration Committee, approved the revision/variation in the payment of remuneration to Mr. Lalit Agarwal (DIN 00900900) as Managing Director, (designated as Chairman & Managing Director) and Mr. Madan Gopal Agarwal (DIN 02249947) as Whole-time Director of the Company for the period from 1st April, 2016 till their remaining tenure i.e. upto 31st May, 2017, the details of

revised remuneration are mentioned in the resolution no's. 5 & 6.

Thus, in view of the above your Directors proposed for the approval of members for the resolution nos. 5 & 6 with regard to payment of revised remuneration to Mr. Lalit Agarwal (DIN 00900900), Managing Director, Mr. Madan Gopal Agarwal (DIN - 02249947), Whole-time Director of the Company. The relevant disclosures pursuant to Companies Act, 2013 and rules made thereunder, SEBI (LODR) Regulations, 2015 and Secretarial Standard - 2 are given below.

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

Inspection

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

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

Sudhir Kumar
Company Secretary
M. No. ACS 25125

Place : Gurgaon
Date : 5th August, 2016

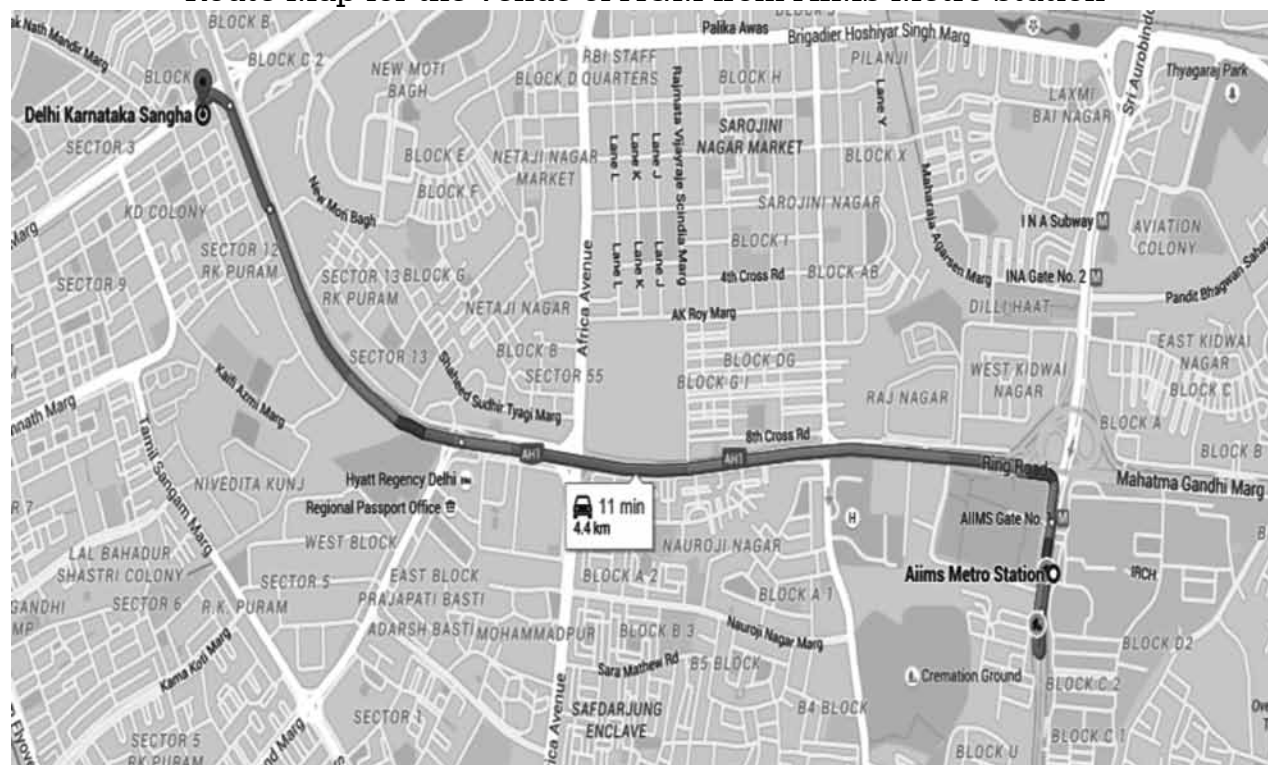
Details of Directors seeking Appointment / Re-appointment/Revision – Variation in remuneration at the forthcoming Annual General Meeting

(Pursuant to Companies Act, 2013, SEBI (LoDR) Regulations, 2015 & Secretarial Standard-2)

Sr. No.	Particular	Mr. Madan Gopal Agarwal	Mr. Lalit Agarwal
1	DIN	2249947	900900
2	Age	73	46
3	Qualification	Bachelor's Degree in Arts from the City College, the University of Calcutta	Bachelor's Degree in Commerce from Bombay University, and a Diploma in Financial Management from the Narsee Monjee Institute of Management Studies, Mumbai
4	Experience	He has more than 3 decades of experience in retail industry.	He has more than 16 years of rich experience in the retail industry.
5	Term and conditions of appointment	As per the resolution	As per the resolution
6	Details of remuneration to be paid	As per the resolution	As per the resolution
7	Remuneration last drawn (during the FY 2015-16)	Rs. 3,516,332	Rs. 12,520,443
8	Date of appointment at Board	21/05/2012	21/05/2012
9	Shareholding in the company as on 31st March, 2016.	3.80%	12.37%
10	Relationship with other Directors/ KMP/Managers	Father of Mr. Lalit Agarwal, Chairman & Managing Director of the Company	Son of Mr. Madan Gopal Agarwal, Whole-time Director of the Company
11	No. of Board Meeting attended during the year (2015-16)	5	5
12	Other Directorship	Nil	Nil
13	Membership / chairmanship of committee of other Board	Nil	Nil

ROUTE MAP/DIRECTIONS FOR THE VENUE OF AGM FROM NEAREST METRO STATION

Route Map for the venue of AGM from AIMS Metro Station



DIRECTOR'S REPORT

Dear members

We are pleased to present the 14th annual report of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

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

(₹ in lacs)

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue	81042.54	72,239.84
Profits/(Loss) before Depreciation & Tax	6132.64	5989.56
Less: Depreciation	1901.44	456.54
Less: Provision for Tax	1467.95	1796.31
Prior period items-(income)/expenses	19.46	(7.38)
Net profit for the period	2763.25	3,736.71
Less: Utilized for Dividend Issue	226.42	270.24
Balance carried forward to Balance Sheet	2536.83	3466.47

V-MART IPO

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

The means of finance for the objects of IPO and status of utilization of proceeds raised through the IPO by the Company as on 31st March, 2016 as referred above are as follows:

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

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

The utilization of the afore-mentioned means of finance as on 31st March, 2016 is as under:

(₹ in lacs)

Particulars	Utilization planned as per prospectus	Utilization of IPO proceeds as on 31st March, 2016	Adjustments (utilization of surplus towards other objects)	Balance amount to be utilized as on 31st March, 2016
To open new stores	6970.40	(7044.67)	74.27	-
Expansion of distribution centre	438.70	(371.03)	(67.67)*	-
Working capital	1000.00	(1,000.00)	-	-
Share issue expenses	731.60	(725.00)	(6.60)*	-
Total	9140.70	(9140.70)	-	Nil

* Surplus available after actual expenses incurred will be utilized towards other objects of the issue.

PERFORMANCE REVIEW

The Retail Sector has been at the helm of India's growth story. The sector has evolved dramatically from traditional village fairs, street hawkers to resplendent malls and plush outlets, growing from strength to strength.

According to a recent study, by 2018, the Indian retail sector is likely to grow at a CAGR of 13 per cent to reach US\$ 950 billion. The reports added overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent. The sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities.

Considering the case, the Net Sales of the Company increased by 12% to Rs. 808.16 crores in FY 2015-16 from Rs. 718.98 crores in FY 2014-15. The Company has posted Operating Profits (EBITDA) of Rs. 61.96 crores in FY 2015-16. The Company posted Profit after Tax (PAT) of Rs. 27.63 crores in the current financial year as against the Profit after Tax of Rs. 37.37 crores 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 this Annual Report.

OPERATIONS REVIEW

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

During the year, the Company opened 17 (Seventeen) new stores under the brand V-Mart with spread over an area of 1.48 lacs sq. ft. The Company closed two stores during the year.

During the year under review, the Company continues to focus

on enhancing the capability of the organization and towards the achievement of this goal, the Company has been taking number of initiatives.

AWARDS & ACHIEVEMENTS

Your Company is delighted to receive the below stated recognitions and awards during the year:

- 1) "One of the Fastest Growing Companies by Outlook Business Magazine during the year 2016"
- 2) "India's No. 1 Brand Awards 2016 under Best Retail Format Store Chain Category by IBC InfoMedia, a Division of International Brand Consulting Corporation, New Jersey, USA"

OPERATING RESULTS AND BUSINESS

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

DIVIDEND

The Board in its meeting held on 27th May, 2016, recommended a final dividend of Rs 0.10/- per equity share (@1%) excluding the dividend distribution tax, which is to be paid out of the profits of the Company for the financial year ended 31st March, 2016 on equity shares of the Company, subject to approval of shareholders at the ensuing Annual General Meeting.

The Board in its meeting held on 17th March, 2016 has also declared an interim dividend of Rs. 1.15/- per equity share (@11.50%) excluding the dividend distribution tax, which has been paid out of the profits of the Company for the financial year ended 31st March, 2016. The Interim Dividend was paid to the shareholders of the Company as per the record date of 29th March, 2016.

RESERVES

The Company during the year transferred Rs. 25 crores to the general reserves. Post transfer, the general reserves of the Company stood at Rs. 212.65/- crores for FY. 2015-16.

MANAGEMENT DISCUSSION AND ANALYSIS

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

LISTING

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

The Company has paid the requisite listing fee to the Stock Exchanges for the financial year 2016-17.

EXTRACT OF ANNUAL RETURN

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

CORPORATE GOVERNANCE

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

NUMBER OF MEETINGS OF THE BOARD

The Board met five times during the FY 2015-16, the details of which are given in Corporate Governance report that forms part of this report. The intervening gap between any two meetings was within the time period prescribed by the Companies Act, 2013 & SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, Board Committees and the Directors individually pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations").

The Board and the Nomination & Remuneration committee reviewed the performance of the individual directors on the basis of the criteria and framework adopted by the Board.

The evaluation criteria included various aspects such as, functionality of Board, compositions, process & procedures including adequate & timely information, attendance, delegation of responsibilities, decision-making, roles & responsibilities including monitoring, benchmarking, feedback, relationship with the stakeholder's.

In a separate meeting of the Independent Directors, performance of the Non-Independent Directors, the Board as a whole and the Chairman were evaluated.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consists of five members, of which three are Independent Directors. The Board also comprises of One Women Director.

In pursuance of section 149 of the Companies Act, 2013 Mr. Murli Ramachandran and Ms. Sonal Mattoo, were appointed as the Independent Directors of the Company for a term of 5 years at the Annual General Meeting of the Company held on 29th September, 2015.

Further, during the year, Mr. Hemant Agarwal, Non-Executive Director of the Company resigned from the office of director w.e.f. 17th March, 2016. The Board appreciated his efforts in delivering excellent and valuable contribution towards the Company.

In pursuance of section 203 of the Companies Act, 2013, the key managerial personnel of the Company are – Mr. Lalit Agarwal, Chairman & Managing Director, Mr. Deepak Sharma, Chief Financial Officer and Mr. Sudhir Kumar, Company Secretary.

Further, there has been no change in the key managerial personnel during the period under review.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary disclosures from each of its 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 directors during the year.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The current policy 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 includes the criteria for determining the qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 which is hereby appended as **Annexure-B** to this report.

The appointments of the Directors and remuneration paid during the financial year 2015-16 is as per the provisions of the Companies Act, 2013 and as per the terms laid down in Nomination & Remuneration policy of the Company.

TRAINING OF INDEPENDENT DIRECTORS

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

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

RETIREMENT BY ROTATION

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Associations of the Company, Mr. Madan Gopal Agarwal (DIN 02249947), Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

The necessary resolution for obtaining approval of the Members has been incorporated in the notice of the ensuing Annual General Meeting. The Company has received requisite disclosures and undertakings from the Directors in compliance with the provisions of the Companies Act, 2013.

COMMITTEES OF THE BOARD

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

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

DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, corporate governance report with practising Company Secretary certificate thereon and management discussion and analysis are attached, which form part of this report.

The Company have also complied with disclosing the required

details on the website of the Company on www.vmart.co.in which are as follows:

- Details of its business
- Composition of various committees

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

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

SHARE CAPITAL

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

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 2nd July, 2012 and 10th July, 2012 which is commonly referred to as 'the V-Mart ESOP Scheme 2012', pursuant to which 300,000 equity shares of ₹10 each will be granted upon exercise of stock options (ESOPs) to eligible employees. The exercise price of these options will be determined by the Nomination & Remuneration Committee and the options will vest over a period of 12 months to 36 months of continued employment from the grant date. The grant details under the scheme during the year are as follows:

Grants	Vesting	Time line
As on 31st March, 2016 – 3 grants have been made comprising total 1,89,247 options	30% of the Total Grant	After 12 months from the date of grant
	30% of the Total Grant	After 24 months from the date of grant
	40% of the Total Grant	After 36 months from the date of grant

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

Sr. No.	Date of Allotment	No. of shares allotted
1	4th May, 2015	14,237
2	3rd August, 2015	24,687
3	9th February, 2016	12,083

Pursuant to the above allotment of shares, the paid up share capital of the Company stands increased to Rs. 18,06,66,960 as on 31st March, 2016.

The information required to be disclosed under SEBI (Share Based Employee Benefits) Regulations, 2014 as on 31st March, 2016 are as follows:

Particulars	Details
Date of Shareholders Approval	10th July, 2012
Maximum Terms of options granted	Options to be exercised within 8 years of vesting
Sources of Shares	Primary Issuance
Variation of terms of options	Nil
Number of options outstanding at the beginning of the year	90,477
Number of options granted during the year	13,645
Number of options forfeited / lapsed during the year	1,774
Number of options vested during the year	68,006
Number of options exercised during the year	51,007
Number of shares arising as a result of exercise of options	51,007
Money realized by exercise of options (INR)	76,51,050
Number of options outstanding at the end of the year	51,341
Number of options exercisable at the end of the year	22,051
Pricing Formula	The Nomination & Remuneration Committee has been authorized to determine the exercise price of ESOPs.
Person-wise details of options granted during the FY 2015-16:	
i) Senior Managerial Personnel/Key Managerial Personnel	Mr. M. Srinivasan Vice-President- SCM & Planning
No of options granted and its exercise price	8860 Options exercisable at a Price of Rs. 573/- per option
ii) Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year	Nil
iii) Identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
Fully-diluted EPS pursuant to issue of shares on exercise of options in accordance with relevant Accounting Standards	15.31
Lock-in	Nil
Impact on profits and EPS of the last three years	Impact on profit: Rs. 30,98,600/- Impact on EPS: 0.17
Impact of the difference on the profits of the Company and on the EPS	Impact on profit: Rs. 30,98,600/- Impact on EPS: 0.17

Particulars	Details			
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)	There is no difference between employee compensation cost using intrinsic value of stock options and fair value of stock options.			
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: 150			
Weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Exercise price exceeds market price : Not applicable Exercise price equals market price : Not applicable Exercise price is less than market price : 150			
Method and significant assumptions used to estimate the fair value of options granted during the year	The fair market value has been calculated on the basis of the 'Black Scholes model', Details are as follows:			
	Particulars	ESOP Grant I	ESOP Grant II	ESOP Grant III
	Price per option (In Rs.)	150	450	573
	Risk free return (In%)	8.42	8.32	8.16
	Expected Life (In years)	4	4	4
	Expected Volatility	25%	41%	38.74%
	Dividend Yield	0.27%	0.20%	0.20%
	Closing market price of share on date of option grant	210 (IPO)	539.30	615.40 (NSE) 614.00 (BSE)

EMPLOYEE STOCK OPTIONS DETAILS :

Grant Date	Exercise price	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
20th July, 2012	150	1,53,252	1,53,252	-	1,07,918	29,988	15,346
5th January, 2015	450	22,350	6,705	15,645	-	-	22,350
28th December, 2015	573	13,645	-	13,645	-	-	13,645
Total		1,89,247	1,59,957	29,290	1,07,918	29,988	51,341

MOVEMENT OF STOCK OPTIONS DURING THE YEAR :

Total for all grants	No. of options	Range of exercise prices (K)	Weighted average exercise price (K)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	90,477	150-450	224.11	Nil
Granted during the year	13,645	573	573	4
Forfeited/ Cancelled during the year	1,774	150	150	4
Expired during the year	Nil	Nil	Nil	Nil
Exercised during the year	51,007	150	150	Nil
Outstanding at the end of the year	51,341	150-573	150	Nil
Exercisable at the end of the year	22,350	150-450	241.22	Nil

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the year were on arm's length basis and were in the ordinary course of the business. There were no materially significant related party transactions made by the Company with the Promoters, Key Management Personnel or other designated persons which may have potential conflict with interest of the Company at large. The Company has formulated a policy on Related Party Transaction which is available on the website of the Company at the link <http://www.vmart.co.in/corporate.html>. The details of related party transactions entered during the year are provided in the accompanying financial statements.

DEPOSITS

During the FY.2015-16, your Company has not accepted any deposits from the public within the meaning of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable laws and as such no amount of principal or interest was outstanding as on date of the Balance Sheet.

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

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN 31ST MARCH, 2016 AND THE DATE OF BOARD'S REPORT

There have been no such material changes and commitments which can affect the financial position of the Company which have occurred between the end of the financial and the date of this report.

SUBSIDIARY COMPANIES, JOINT VENTURES & ASSOCIATE COMPANIES

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

REGISTERED OFFICE

During the year, the Company has shifted its Registered Office pursuant to the provision of Section 12 of the Companies Act, 2013 within the state of Delhi itself.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has constituted a Corporate Social Responsibility Committee of the Board comprising of four members, namely: Mr. Lalit Agarwal (Chairman), Mr. Madan Gopal Agarwal, Mr. Aakash Moondhra and Ms. Sonal Mattoo (Members). The Committee is inter-alia responsible for formulating and monitoring the CSR policy of the Company. Details about the CSR policy of the Company and initiatives taken by the

Company on CSR during the year are available on our website.

As per the Companies Act, 2013, Every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during any financial year shall spend in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial year, in pursuance of its Corporate Social Responsibility Policy. Accordingly, your Company was required to spend Rs.7,903,840/- on the CSR activities during the year.

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

JUSTIFICATION FOR NOT SPENDING THE PRESCRIBED AMOUNT ON CSR ACTIVITIES

In order to reach out a large number of people and to provide a much needed support to the poor/needy people particularly in the areas focused towards Capacity building of the differently abled person, Education, Women empowerment, the company has been actively engaged in carrying out a detailed survey/analysis so that the needy people could be identified and the relevant steps may be initiated to give relief/support to them.

Further, the amount as was required to be spend on the CSR activities (detailed out in the annexure) could not be spent out entirely as, some of the activities in the areas of Capacity building of the differently abled person, Education, Women empowerment, employment enhancing vocational skills are on-going and multi-year projects.

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

Sr. No.	Particulars	Foreign Exchange Earning (Amount in ₹)	Foreign Exchange outgo (Amount in ₹)
1	Purchase of Capital Goods	NIL	1,603,095
	Total		1,603,095

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 the day to day business operations of the Company. The Company believes in “Zero Tolerance” against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has been posted on the Company’s website.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

PREVENTION OF INSIDER TRADING

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate the dealing in its securities by the Directors and the designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Members and the designated employees have confirmed compliance with the code.

RISK MANAGEMENT

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

HUMAN RESOURCE MANAGEMENT

We are focused to attract and retain talented skills and make them motivated through various skill-development programmes. We provide quality workplace to our employees and provide platform to develop and to grow.

The statement containing the names and other particulars of employees in accordance with section 197 (12) of the Companies

Act, 2013, read with rules 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure-D** to the Board Report.

No employee of the Company employed throughout the financial year was in receipt of remuneration of Rs. 60 Lakhs or more, or employed for the part of the year and in receipt of Rs. 5 lakhs or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, except Mr. Lalit Agarwal, Chairman & Managing Director of the Company.

AUDITORS

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

AUDITORS REPORT

There are no observation or qualifications in the Auditors Report for the financial year ended 31st March, 2016. The Notes on Financial Statements referred to in the Auditors’ report are self-explanatory and therefore do not require any further comments.

SECRETARIAL AUDITORS & REPORT

M/s. V. K. Chaudhary & Co., Company Secretaries, was appointed as the Secretarial Auditors to conduct the Secretarial Audit of the Company for the Financial Year 2015-16, pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit report in form MR-3 is enclosed herewith as **Annexure-E** to this report.

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

INTERNAL FINANCIAL CONTROL

The Board has adopted adequate policies and procedures for ensuring orderly and efficient conduct of its business. These controls have been designed to provide reasonable assurance with regard to adherence to the Company’s policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

SIGNIFICANT AND MATERIAL ORDERS

There was no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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

The Company has in place a Sexual Harassment Policy in compliance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committees (ICC) have been set up to redress complaints regarding sexual harassment, if any.

The disclosure 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: 3
- (b) Number of complaints disposed off during the year: 3
- (c) Number of cases pending for more than ninety days: NIL
- (d) Number of workshops on awareness program against sexual harassment carried out: 1
- (e) Nature of action taken by the employer or district officer: Appropriate Action taken by the Company

INCIDENT OF FRAUD

The statutory Auditors of the Company has reported the following incident of fraud to the Audit Committee of the Company during the period under review:

Sr. No.	Brief Facts	Action Taken	Nature of Fraud	Amount Involved in the Fraud
1	Mr. Manmohan Singh, was designated as Retail Coordinator (RC) – UP1. He was responsible for approval of expenses under his region. Retail Coordinator (RC) – UP1 was found involved in some unethical/fraud related activities.	The RC has been terminated from the services of the Company & the money has been recovered from him.	Financial Fraud	Approx Rs. 75,000/-

DIRECTOR'S RESPONSIBILITY STATEMENT

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

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

financial controls are adequate and operating effectively.

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-ordination extended by the shareholders, customers, suppliers, bankers and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by the Central Government and State Government and all regulatory authorities. Your Directors also place on record their appreciation for the contribution made by employees at all levels.

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

Lalit Agarwal

Place: Gurgaon

Chairman & Managing Director

Date: 27th May, 2016

DIN: 00900900

ANNEXURE - A TO BOARD REPORT

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on Financial Year ended on 31st March, 2016

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

I. REGISTRATION & OTHER DETAILS:

i	CIN	L51909DL2002PLC163727
ii	Registration Date	24/07/2002
iii	Name of the Company	V-Mart Retail Limited
iv	Category/Sub-category of the Company	Limited by Shares/Indian Non- Government Company
v	Address of the Registered office & contact details	610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092 Tel No.- +011-45580999 Fax No.- +911244640046 E-mail - info@vmart.com
vi	Whether Listed Company	Listed
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium, Tower- B, Plot No 31 & 32., Financial District, Nanakramguda, Gachibowli, Hyderabad, Telangana 500032 Tel No.- +91-40-67162222, 33211000 Toll Free - 1800 345 4001 E-mail - support@karvy.com, Website - www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: RETAIL TRADE

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

Sr. No.	Name & Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
1.	Retail Sale Via Stalls & Markets	478	100

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

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

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

Category of Shareholders	No. of Shares held at the beginning of the FY 2015-16				No. of Shares held at the end of the FY 2015-16				% change during the year	
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	No. of Shares	in %
A. PROMOTERS										
(1) Indian										
a) Individual/HUF	10469063	0	10469063	58.11%	10219063	0	10219063	56.56%	-250,000	-2.39%
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	10469063	0	10469063	58.11%	10219063	0	10219063	56.56%	-250,000	-2.39%
(2) Foreign										
a) NRI- Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	10469063	0	10469063	58.11%	10219063	0	10219063	56.56%	-250,000	-2.39%
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	1128386	0	1128386	6.26%	919911	0	919911	5.09%	-208475	-18.48%
b) Banks/FI	110	0	110	0%	1554	0	1554	0.01%	1444	1313%
c) Central govt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FII's	4187436	0	4187436	23.24%	5244277	0	5244277	29.03%	1056841	25.24%
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	5315932	0	5315932	29.51%	6165742	0	6165742	34.13%	849810	15.99%
(2) Non Institutions										
a) Bodies Corporates	1109009	0	1109009	6.16%	893253	0	893253	4.94%	-215756	-19.45%
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	671476	68	671544	3.73%	484673	68	484741	2.35%	-186803	-27.82%
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	265394	0	265394	1.47%	265199	0	265199	1.80%	-195	-0.07%
c) Others (specify)										
Non- Resident Indians	177861	0	177861	0.99%	34931	0	34931	0.19%	-142930	-80.36%
Clearing Members	6886	0	6886	0.04%	2767	0	2767	0.02%	-4119	-59.82%
NBFC	0	0	0	0	1000	0	1000	0.01%	1000	100%
SUB TOTAL (B)(2)	2230626	68	2230694	12.38%	1681823	68	1681891	9.31%	-548803	-24.60%
Total Public Shareholding (B)= (B)(1)+(B)(2)	7546558	68	7546626	41.89%	7847565	68	7847633	43.44%	301007	3.99%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	18015621	68	18015689	100%	18066628	68	18066696	100%	51007	0.28%

ii. SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the FY 2015-16			Shareholding at the end of the FY 2015-16			% change in share holding during the year
		No. of shares	% of total shares	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	LALIT AGARWAL	2234113	12.40	0	2234113	12.37	0	0.00%
2	SANGEETA LALJI AGARWAL	1469878	8.16	0	1469878	8.14	0	0.00%
3	UMA DEVI AGARWAL	1355460	7.52	0	1355460	7.50	0	0.00%
4	LALIT M AGARWAL HUF	1277275	7.09	0	1277275	7.07	0	0.00%
5	MADAN GOPAL AGARWAL HUF	1041675	5.78	0	1041675	5.77	0	0.00%
6	SANGEETA AGRAWAL	702297	3.90	0	702297	3.89	0	0.00%
7	SMITI AGARWAL	698505	3.88	0	448505	2.48	0	-35.80%
8	HEMANT AGARWAL	579500	3.22	0	579500	3.21	0	0.00%
9	HEMANT AGARWAL	423985	2.35	0	423985	2.35	0	0.00%
10	MADAN GOPAL AGARWAL	380361	2.11	0	380361	2.11	0	0.00%
11	MADAN GOPAL KANDOI	306014	1.70	0	306014	1.69	0	0.00%
	Total	10469063	58.11%	0	10219063	56.56%	0	

iii. CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year					Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	Date (mm/dd/yy)	Increase/Decrease	Reason	No of shares	% of total shares of the company
1	SMITI AGARWAL							
	At the beginning of the year (01.04.2015)	698505	3.88%					
	Change			4/24/15	-50000	Transfer	648505	3.58%
				5/15/15	-5000	Sold	643505	3.57%
				5/22/15	-20000	Sold	623505	3.46%
				5/29/15	-15000	Sold	608505	3.37%
				7/24/15	40000	Transfer	648505	3.60%
				11/6/15	-10000	Sold	638505	3.54%
				11/27/15	-25000	Sold	613505	3.40%
				12/4/15	-10000	Sold	603505	3.34%
				12/31/15	-50000	Sold	553505	3.07%
				3/18/16	-15000	Sold	538505	2.98%
				3/25/16	-90000	Sold	448505	2.48%
	At the end of the year			3/31/16			448505	2.48%

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	HSBC BANK (MAURITIUS) LIMITED A/C JWALAMUKHI INVES							
	At the beginning of the year	1788102	9.93%					
	Change: NIL							
	At the end of the year (or on the date of separation, if separated during the year)						1788102	9.90%*

* The decrease in % of total shares of the Company from 9.93 % to 9.90 % is due to allotment of shares, under ESOP

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
2.	KOTAK MAHINDRA (INTERNATIONAL) LIMITED							
	At the beginning of the year	1709002	9.49%					
	Change: NIL							
	At the end of the year (or on the date of separation, if separated during the year)						1709002	9.46%*

* The decrease in % of total shares of the Company from 9.49 % to 9.46 % is due to allotment of shares, under ESOP

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
3.	NAMAN FINANCE & INVESTMENT PRIVATE LIMITED							
	At the beginning of the year	669690	3.72%					
	Change			12/31/15	-36527	Sold	633163	3.50%
				1/1/16	-67942	Sold	565221	3.13%
				3/11/16	-739	Sold	564482	3.12%
	At the end of the year (or on the date of separation, if separated during the year)			3/31/16			564482	3.12%

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
4.	IDFC STERLING EQUITY FUND							
	At the beginning of the year	625301	3.47%					
	Change			8/7/15	4794	Purchase	630095	3.49%
				8/14/15	5000	Purchase	635095	3.51%
				8/21/15	-567	Sold	634528	3.51%
				8/28/15	-1653	Sold	632875	3.50%
				9/4/15	-1764	Sold	631111	3.50%
				9/11/15	-1917	Sold	629194	3.49%
				9/18/15	-194	Sold	629000	3.48%
				12/31/15	-111580	Sold	517420	2.86%
				1/1/16	-22	Sold	517398	2.86%
				1/15/16	-77696	Sold	439702	2.43%
				2/5/16	-96	Sold	439606	2.43%
				2/12/16	-131772	Sold	307834	1.70%
				2/26/16	3957	Purchase	311791	1.73%
				3/4/16	3695	Purchase	315486	1.75%
				3/11/16	2928	Purchase	318414	1.76%
	At the end of the year (or on the date of separation, if separated during the year)			3/31/16			318414	1.76%

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/ dd/yy)	Increase/ Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	FIL INVESTMENTS (MAURITIUS) LTD							
	At the beginning of the year	500000	2.77%					
	Change: NIL							
	At the end of the year (or on the date of separation, if separated during the year)						500000	2.76%*

* The decrease in % of total shares of the Company from 2.77 % to 2.76 % is due to allotment of shares, under ESOP.

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
6.	ROHINTON SOLI SCREWVALA							
	At the beginning of the year	134960	0.75%					
	Change: NIL							
	At the end of the year (or on the date of separation, if separated during the year)						134960	0.75%

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
7.	SRIHARI KUMAR							
At the beginning of the year Change	118322	0.66%						
			5/1/15	-14549	Sold	103773	0.58%	
			5/8/15	-2010	Sold	101763	0.56%	
			5/15/15	-9951	Sold	91812	0.51%	
			5/22/15	-5840	Sold	85972	0.48%	
			6/12/15	-5100	Sold	80872	0.45%	
			6/19/15	-2045	Sold	78827	0.44%	
			7/10/15	-4532	Sold	74295	0.41%	
			7/24/15	-2243	Sold	72052	0.40%	
			8/28/15	-10696	Sold	61356	0.34%	
			9/4/15	-4349	Sold	57007	0.31%	
			9/18/15	-1074	Sold	55933	0.31%	
			10/2/15	-15258	Sold	40675	0.23%	
			10/9/15	-2859	Sold	37816	0.21%	
			10/30/15	-1666	Sold	36150	0.20%	
			1/8/16	-10496	Sold	25654	0.14%	
			1/15/16	-13884	Sold	11770	0.06%	
		1/22/16	-11770	Sold	0	0%		
At the end of the year (or on the date of separation, if separated during the year)			3/31/16			0	0%	

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
8.	FIDELITY FUNDS - ASIAN SMALLER COMPANIES POOL							
	At the beginning of the year	107482	0.60%					
	Change			1/15/16	1241	Purchase	108723	0.60%
				1/22/16	1891	Purchase	110614	0.61%
				2/19/16	12441	Purchase	123055	0.68%
				3/4/16	3440	Purchase	126495	0.70%
				3/25/16	34689	Purchase	161184	0.89%
	At the end of the year (or on the date of separation, if separated during the year)			3/31/16			161184	0.89%

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
9.	TATA TRUSTEE CO. LTD. A/C TATA MUTUAL FUND A/C TA							
	At the beginning of the year	100000	0.55%					
	Change			7/17/15	25000	Purchase	125000	0.69%
				11/27/15	25000	Purchase	150000	0.83%
	At the end of the year (or on the date of separation, if separated during the year)			3/3/16			150000	0.83%

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
10.	DINERO WEALTH ADVISORS PRIVATE LIMITED							
	At the beginning of the year	80782	0.45%					
	Change			4/17/15	-36000	Sold	44782	0.25%
				4/24/15	-20000	Sold	24782	0.14%
				5/1/15	-20000	Sold	4782	0.03%
				7/24/15	-1113	Sold	3669	0.02%
				7/31/15	-3669	Sold	0	0%
	At the end of the year (or on the date of separation, if separated during the year)			3/31/16				0%

V. Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	LALIT AGARWAL							
	At the beginning of the year	2234113	12.40%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						2234113	12.37%*

* The decrease in % of total shares of the Company from 12.40 % to 12.37 % is due to allotment of shares, under ESOP

V. Shareholding of Directors & KMP

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
2.	MADAN GOPAL AGARWAL							
	At the beginning of the year	686375	3.81%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						686375	3.80%*

* The decrease in % of total shares of the Company from 3.81 % to 3.80 % is due to allotment of shares, under ESOP.

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
3.	HEMANT AGARWAL**							
	At the beginning of the year	579500	3.22%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						579500	3.21%*

* The decrease in % of total shares of the Company from 3.22 % to 3.21 % is due to allotment of shares, under ESOP.

** Resigned w.e.f. 17th March, 2016

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
4.	AAKASH MOONDHRA							
	At the beginning of the year	924	0.01%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						924	0.01%

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	MURLI RAMACHANDRAN							
	At the beginning of the year	NIL	NIL					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						NIL	NIL

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
6.	SONAL MATTOO							
	At the beginning of the year	NIL	NIL					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)- NIL							
	At the end of the year						NIL	NIL

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
7.	DEEPAK SHARMA							
	At the beginning of the year	21079	0.12%					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)			8/28/15	13438	Allotted pursuant to ESOP exercise	34517	0.19%
	At the end of the year			3/31/16			34517	0.19%

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Date (mm/dd/yy)	Increase/Decrease	Reason	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the Company				No. of shares	% of total shares of the Company
8.	SUDHIR KUMAR							
	At the beginning of the year	NIL	NIL					
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)-NIL							
	At the end of the year						NIL	NIL

v. INDEBTEDNESS

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

(in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	286,283,460.30	NA	NA	286,283,460.30
ii) Interest due but not paid	NA	NA	NA	NA
iii) Interest accrued but not due	NA	NA	NA	NA
Total (i + ii + iii)	286,283,460.30	-	-	286,283,460.30
Change in Indebtedness during the financial year				
Additions	14,389,627,204.81	NA	NA	14,389,627,204.81
Reduction	14,406,797,386.10	NA	NA	14,406,797,386.10
Net Change	-17,170,181.29	-	-	-17,170,181.29
Indebtedness at the end of the financial year				
i) Principal Amount	269,113,279.01	NA	NA	269,113,279.01
ii) Interest due but not paid	NA	NA	NA	NA
iii) Interest accrued but not due	NA	NA	NA	NA
Total (i + ii + iii)	269,113,279.01	0.00	0.00	269,113,279.01

vi. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lac)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		
		LALIT AGARWAL (MD)	MADAN GOPAL AGARWAL (WTD)	Total Amount
1	Gross salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961.	62.1	20.7	82.8
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	19.28	NA	19.28
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	NA	NA	NA
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission as % of profit	43.83	14.46	58.29
5	Others, please specify	-	-	-
	Total (A)	125.21	35.16	160.37
	Ceiling as per the Act	(being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

B. Remuneration to other directors:

(₹ in lac)

Sl. No.	Particulars of Remuneration	Name of the Directors		
1	Independent Directors	AAKASH MOONDHRA	MURLI RAMACHANDRAN	SONAL MATTOO
	(a) Fee for attending board / committee meetings	2	2.5	2.5
	(b) Commission	8.46	6.76	6.69
	(c) Others, please specify	N.A	N.A	N.A
	Total	10.46	9.26	9.19
	Total (1)	28.91		
2	Other Non Executive Directors	HEMANT AGARWAL*		
	(a) Fee for attending board committee meetings	2		
	(b) Commission	NIL		
	(c) Others, please specify	NIL		
	Total (2)	2		
	Total (B)=(1+2)	30.91		
	Overall Ceiling as per the Act.	(being 1% of the Net Profits of the Company calculated as per section 198 of the Companies Act, 2013)		

* Resigned w.e.f.17th March, 2016

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
1	Gross salary	DEEPAK SHARMA	SUDHIR KUMAR
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	3334233	717333
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	2015700	-
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
5	Others, please specify	-	-
	Total	5349933	717333

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties / punishment/ compounding of offences for the year ending 31st March, 2016

ANNEXURE - B TO BOARD REPORT

Nomination & Remuneration Policy for the Members of Board and Executive Management

1. Preamble

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

2. Aims & Objectives

- 2.1 The aims and objectives of this Nomination & Remuneration policy may be 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 & Remuneration Committee

- 4.1 The Board of Directors has constituted the Nomination & Remuneration Committee by renaming the existing Remuneration Committee. The members of the Committee comprises of three independent directors.
- 4.2 The Committee is responsible for:
 - 4.2.1 Formulating framework and/or policy for remuneration, terms of employment including service contracts, policy for and scope of pension arrangements, etc. for Executives and reviewing it on a periodic basis;
 - 4.2.2 Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Director.

4.2.3 Identifying persons who are qualified to become directors and who may be appointed as Executives in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out their evaluation.

4.2.4 Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;

4.3 The Committee shall:

4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;

4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions; are fulfilled;

4.3.3 obtain reliable, up-to-date information about remuneration in other companies;

4.3.4 ensure that no director or Executive is involved in any decisions as to their own remuneration.

4.4 Without prejudice to the generality of the terms of reference to the Nomination & 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 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, 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.

6.2 The Committee may conduct a wide-ranging search for candidates for the positions of Employees within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, if any, and on the human resources market;

- 6.3 The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- 6.4 A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of the Employees;
- 6.5 Before the selection of Employee, the recommendations and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- 6.6 The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

7. Compensation Structure

(a) Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors. The sitting fees paid to the Non-executive Directors for attending meetings of Board of Directors is Rs.50000/- per meeting. Beside the sitting fees they are also entitled to reimbursement of expenses. The Non-executive Directors of the Company may also be paid other remuneration or profits based commission, subject to requirements of applicable laws.

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

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

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

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

8. Role of Independent Directors

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

9. Approval and publication

- 9.1 This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2 This policy shall be hosted on the Company's website.
- 9.3 The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013.

10. Supplementary provisions

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

ANNEXURE - C TO THE BOARD REPORT

Annual Report on CSR activities

Pursuant to Section 135 of the Companies Act, 2013

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

FINANCIAL DETAILS

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribes that every Company having a Net Worth of Rs. 500 Crores or more or Turnover of Rs. 1000 Crores or more or Net Profit of Rs. 5 Crores or more during any financial year shall ensure that the Company spends, in every financial year, at least 2% of the Average Net Profits made during the immediately preceding three Financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to Corporate Social Responsibility as prescribed under the Companies Act, 2013 are applicable to V- Mart Retail Limited. The financial details as sought under the Companies Act, 2013 are as follows:

Particulars	Amount (₹)
Average net profit of the Company for last three financial years	39,51,91,996
Prescribed CSR Expenditure (Two percent of the average net profit as computed above)	79,03,840
Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year :	79,03,840
(b) Amount spent	28,66,383
(b) Amount unspent, if any ;	50,37,457

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

(in ₹)

CSR project or activity identified	Sector in which the project is covered	Location of the Project or Programs	Amount outlay (budget) Project or Programs	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent direct/ implementing agency
Project activity through Giriraj Seva Sadan	Old age home	NCR	–	15,00,000	15,00,000	Directly
Project activity through Radha Education Foundation Pvt. Ltd.	Water facility in schools	Bihar & West Bengal	–	5,00,000	20,00,000	Directly
Activity for individual	Individual help	NCR	–	40,000	20,40,000	Directly
Project activity through Sai Swayam Society	For hearing impaired	NCR	–	5,03,050	25,43,050	Directly
Project activity through National Association for the Blind	Blind association	NCR	–	3,00,833	28,43,883	Directly
Project activity through Chatrapati Shivaji Samaaj Kalyan Avam Shiksha Prachar Samati	Education promotion	NCR	–	22,500	28,66,383	Directly
Total				28,66,383		

JUSTIFICATION FOR NOT SPENDING THE PRESCRIBED AMOUNT ON CSR ACTIVITIES

In order to reach out a large number of people and to provide a much needed support to the poor/needly people particularly in the areas focused towards Capacity building of the differently abled person, Education, Women empowerment, the company has been actively engaged in carrying out a detailed survey/analysis so that the needy people could be identified and the relevant steps may be initiated to give relief/support to them.

Further, the amount as was required to be spend on the CSR activities (detailed out in the annexure) could not be spent out entirely as, some of the activities in the areas of Capacity building of the differently abled person, Education, Women empowerment, employment enhancing vocational skills are on-going and multi-year projects.

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

OUR CSR RESPONSIBILITIES

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

Lalit Agarwal

Chairperson CSR Committee & CMD

DIN:00900900

Place : Gurgaon

Date : 27th May, 2016

ANNEXURE - D TO BOARD REPORT

Disclosures in Board Report as per Section 197 (12) of the Companies Act, 2013 and Rules made thereunder:

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the FY 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2015-16 are as under:

Sr. No.	Name of Director, KMP & Designation	% increase/decrease in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. Lalit Agarwal Chairman & Managing Director	15%	1835.84
2	Mr. Madan Gopal Agarwal Whole-time Director	-5%	515.59
3	Mr. Hemant Agarwal* Director	No Remuneration, only sitting Fees	N.A
4	Mr. Aakash Moondhra Independent Director	No Remuneration, only sitting Fees	N.A
5	Mr. Murli Ramachandran Independent Director	No Remuneration, only sitting Fees	N.A
6	Ms. Sonal Mattoo Independent Director	No Remuneration, only sitting Fees	N.A
7	Mr. Deepak Sharma Chief Financial Officer	15.77%	N.A
8	Mr. Sudhir Kumar Company Secretary	30.43%	N.A

*Resigned w.e.f. 17th March, 2016

2. The median remuneration of employees of the Company during the financial year 2014-15 was Rs. 6420/- whereas in FY 2015-16 it is Rs. 6820/-. Therefore in the FY 2015-16, there is an increase of 6.23% in the median remuneration of employees.
3. Number of Permanent Employees on the roll of Company as on 31st March, 2016 : 4254
4. Explanation in the average amount of remuneration increased in relation to the performance of the Company: The net sales of the Company increased by 12% in the FY 2015-16 in comparison to previous financial year, further the Company posted EBITDA of Rs. 62.00 crores during the year. Therefore, average remuneration increased in relation to the performance of the Company is justified/desirable.
5. The Profit before Tax for the financial year ended 31st March, 2016 decreased by 23% whereas the increase in median remuneration was 6.23%. The average increase in median remuneration was in line with the performance of the Company. The increase in median remuneration is not only based on increase/decrease in profits/revenues, however other factors such as industry practices/benchmarking and other variable factors shall also be considered.
6. Comparison of the remuneration of the KMP against the performance of the Company.

The total remuneration of Key Managerial Personnel increased by 3.72% in 2015-16 whereas the Net sales increased by 12% in FY 2015-16.

- 7) a) Variations in the market capitalization (Mkt. Cap full (in cr.) of the Company : The market capitalization as on 31st March, 2016 was Rs. 849.41 Cr. /- which was Rs. 1026.354 Cr. /- as on 31st March, 2015.

b) Price Earning ratio of the Company was 30.71% as at 31st March, 2016 and was 27.4% as at 31st March, 2015.

(c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year-

The Company had come out with initial public offer (IPO) in 2013. An amount of Rs. 210/- invested in the said IPO would be worth Rs.470.15/- as on 31st March, 2016 indicating a Compounded Annual Growth Rate of 49.63%. This is excluding the dividend accrued thereon.

8. The Average percentile increase in the salaries of the employees (other than Managerial Personnel) for FY 2015-16 is 10% whereas the average percentile increase in the managerial remuneration for the FY 2015-16 is 7.93%. The Company's variable compensation philosophy for its managerial personnel is to ensure its competitiveness in the markets in which it operates for attracting & retaining the best talent.

9. Comparison of the each remuneration of the Company of KMP against the performance of the Company.

(in ₹)

Name of KMP	Managerial Remuneration		Commission		Other Perquisites		Total Remuneration		
	Amount in ₹	As a % of Revenues	Amount in ₹	As a % of Revenues	Amount in ₹	As a % of Revenues	Amount in ₹	As a % of Revenues	As a % of Net Profit
Mr. Lalit Agarwal	62,10,000	0.08%	43,82,824	0.05%	19,27,619	0.02%	1,25,20,443	0.15%	4.53%
Mr. Madan Gopal Agarwal	20,70,000	0.03%	14,46,332	0.02%	-	-	35,16,332	0.04%	1.27%
Mr. Deepak Sharma	33,34,233	0.04%	-	-	-	-	33,34,233	0.04%	1.21%
Mr. Sudhir Kumar	7,17,333	0.01%	-	-	-	-	7,17,333	0.01%	0.26%

10. No Director is in receipt of any variable component of remuneration (except commission based on net profit)

11. Ratio of the remuneration of highest paid director to that of highest paid employee who receive more than the highest paid director but he himself is not the director (if any): N.A.

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

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

1. The details of Employees who were employed throughout the FY 2015-16 and were in receipt of minimum aggregate Remuneration of Rs. 60 Lacs : NIL
2. The details of Employees who were employed for the part of FY 2015-16 and for that part they received minimum aggregate remuneration of Rs. 5 lacs per month : NIL
3. The details of Employees who were employed during FY 2015-16 (whether for full year or part thereof) and were drawing remuneration [i.e. either Rs. 60 lacs or 5 lacs per month] which is in excess of the remuneration drawn by MD or WTD or Manager and along with this, he is holding minimum 2% of the equity shares of the Company together with his wife & dependent children : NIL

ANNEXURE - E TO THE BOARD REPORT

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT FOR THE F.Y. 2015-16

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

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

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

Based on our verification of the Company's books, papers, minutes 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, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not Applicable
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not Applicable
 - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008; - Not Applicable
 - (h) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (i) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; - Not Applicable
 - (j) The Securities and Exchange Board of India (Buy back of securities) Regulations, 1998; - Not Applicable

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

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

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

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

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

We further report that:

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

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

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

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

We further report that during the audit period the Company has the following specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. referred to above:

- (i) During the financial year the Company has changed its registered office within the local limits of City, Town & Village with effect from May 7, 2015 from F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110041 to 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, (East Delhi) New Delhi – 110092, India.
- (ii) On May 4, 2015, Company has issued 14,237 Equity Shares of 10/- each at a price of 150/- per share aggregating to Rs. 2,135,550/- pursuant to V-Mart ESOP Scheme, 2012.
- (iii) On August 3, 2015, Company has issued 24,687 Equity Shares of Rs. 10/- each at a price of 150/- per share aggregating to Rs. 3,703,050/- pursuant to V-Mart ESOP Scheme, 2012.
- (iv) On February 9, 2016, Company has issued 12,083 Equity Shares of Rs. 10/- each at a price of 150/- per share aggregating to Rs. 1,812,450/- pursuant to V-Mart ESOP Scheme, 2012.

FOR V. K. CHAUDHARY & Co.
(Company Secretaries)

Vineet K Chaudhary
FCS No.5327
C P No.4548

Date: May 27, 2016

Place: Gurgaon

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

ANNEXURE - A

To

The Members

V-Mart Retail Limited

CIN L51909DL2002PLC163727

610-611, Guru Ram Dass Nagar, Main Market,

Opp. SBI Bank, Laxmi Nagar, New Delhi (East Delhi) -110092, India

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

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

For V. K. Chaudhary & Co.

(Company Secretaries)

Date: May 27, 2016

Place: Gurgaon

Vineet K. Chaudhary

FCS No. 5327

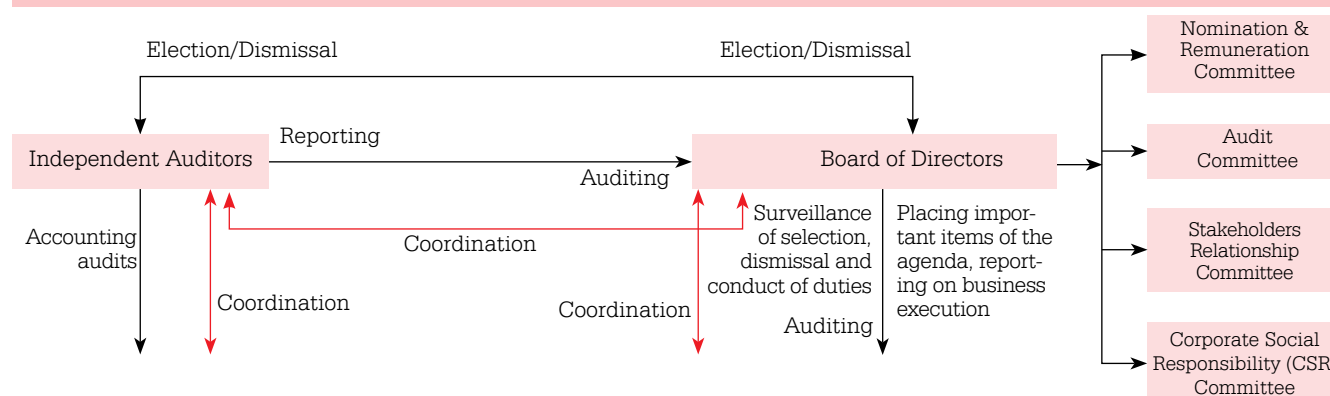
C P No. 4548

CORPORATE GOVERNANCE REPORT

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

THE CORPORATE GOVERNANCE FRAMEWORK

GENERAL MEETING OF SHAREHOLDERS



INTERNAL AUDITING DIVISION

FRAMEWORK FOR EXECUTIVE OF BUSINESS

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

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

The Corporate Governance Report of the Company for the period of 12 months ended March 31, 2016 is as follows:

BOARD OF DIRECTORS

Composition of Board

The composition of the Board as on 31st March, 2016 is as follows:

- 1) Executive Promoter Directors - 2
- 2) Independent Directors - 3

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

Board Procedures

Detailed agenda with explanatory notes and all other related information is circulated to the members of the Board in advance of each meeting. Detailed presentations are made to the Board covering all major functions and activities. The requisite strategic and material information is made available to the Board to ensure transparent decision making by the Board.

Number of Board Meetings

During the financial year 2015-16, five Board Meetings were held. The maximum time gap between any two Board Meetings was not more than four months. These meetings were held on 04/05/2015, 30/07/2015, 30/10/2015, 09/02/2016 and 17/03/2016.

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 2015-16	No. of other directorships in public companies* as on 31/03/2016	Attendance in the last AGM	No. of Committee** positions held in other public companies as on 31/03/2016	
					Chairman	Member
Mr. Lalit Agarwal (Chairman & Managing Director)	Promoter Executive	5	-	Yes	-	-
Mr. Madan Gopal Agarwal (Whole-time Director)	Promoter Executive	5	-	Yes	-	-
#Mr. Hemant Agarwal (Director)	Promoter-Non-Executive	4	-	Yes	-	-
Mr. Aakash Moondhra	Independent Non-Executive Director	4	-	Yes	-	-
Ms. Sonal Mattoo	Independent Non-Executive Director	5	3	Yes	1	1
Mr. Murli Ramachandran	Independent Non-Executive Director	5	0	No	-	-

* Alternate directorships and directorships in private companies, foreign companies and Section 8 companies are excluded.

**Includes chairmanships/memberships of only Audit Committee and Stakeholders Relationship Committee.

#Resigned from the Board of Directors w.e.f. 17th March, 2016.

During the year 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company prepared by the Company.

The number of Directorship, Committee Membership and Chairmanship of all the Directors of the Company are within the respective limits prescribed under Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

INDEPENDENT DIRECTORS

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

An Independent Director shall possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.

The Company Board has adopted a Familiarization Programme for Independent Directors, ("The Familiarization Programme").

The Programme lays down, in detail, the Familiarization procedure of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

A copy of the Programme has been posted on the Company's website www.vmart.co.in.

Meeting

The Independent Directors met on 9th February, 2016 during the year. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

Information provided to the Board

The information being provided to the Board includes:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board of directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including

appointment or removal of Chief Financial Officer and the Company Secretary.

- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Details of Equity shares held by the Directors in the Company as on March 31, 2016 are as follows:

Name of Director*	No. of Equity Shares held
Mr. Lalit Agarwal	22,34,113
Mr. Madan Gopal Agarwal	6,86,375
Mr. Hemant Agarwal	5,79,500
Mr. Aakash Moondhra	924
Mr. Murli Ramachandran	Nil
Ms. Sonal Mattoo	Nil

*includes only as director not include HUF and spouse shares.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Company has constituted an Audit Committee in line with the provisions of Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee include:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions;
 - (g) Observation/Qualification in the draft audit report;
- (5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate

recommendations to the Board to take up steps in this matter;

- (7) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (8) Approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) Scrutiny of inter-corporate loans and investments;
- (10) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) Evaluation of Internal Financial Controls and Risk Management Systems;
- (12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems, discussion on any significant findings of them and further follow up;
- (13) Reviewing the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (14) To look into the reasons for substantial defaults in the payment shareholders (in case of non-payment of declared dividends) and creditors;
- (15) To review the functioning of the whistle blower mechanism;
- (16) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The Audit Committee shall mandatorily review the following information:

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
- (4) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (5) Statement of deviations, if any.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report,

are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be recorded in the Board minutes and the same has to be communicated to the Shareholders. The Chairman of the Committee is required to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

Meetings of the Committee:

During the financial year 2015-16, four Audit Committee Meetings were held. The meetings were held on 04/05/2015, 30/07/2015, 30/10/2015, and 09/02/2016. The time gap between any two meetings was not more than 120 days.

The composition of the Committee and details of attendance at the Meetings are as follows:

Name of Members	Category	Status	No. of meeting attended
Mr. Aakash Moondhra	Independent	Chairman	4
Mr. Murli Ramachandran	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4

The Chief Financial Officer, Statutory Auditors and the Internal Auditors are permanent invitees to the Committee Meetings.

The Company Secretary acts as the Secretary to the Audit Committee.

AUDIT COMMITTEE REPORT

Dear Shareholders,

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

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

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

Aakash Moondhra
Chairman - Audit Committee

NOMINATION & REMUNERATION COMMITTEE

The Company has constituted Nomination & Remuneration Committee in accordance with provisions of Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

Brief description of terms

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

The Committee makes recommendations to the Board on candidates for (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled. It may act on its own identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board. The Nomination & Remuneration Committee annually reviews and approves for the Chairman & Managing Director, the executive directors and executive officers : (a) the annual base salary; (b) the annual incentive bonus, including the specific performance based goals and amount; (c) equity compensation; (d) employment agreements, severance arrangements, and change in control agreements/provisions; and (e) any other benefits, compensation or arrangements. It reviews and discusses all matters pertaining to candidates and evaluates the candidates. The Nomination & Remuneration Committee coordinates and oversees the annual self-evaluation of the Board and of individual directors. It also reviews the performance of all the executive directors on such intervals as may be necessary on the basis of the detailed performance parameters set for each executive director. The Nomination & Remuneration Committee may also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

Meetings of the Committee:

The Nomination & Remuneration Committee met six times on 04/05/2015, 30/07/2015, 03/08/2015, 30/10/2015, 28/12/2015 and 09/02/2016 during the financial year 2015-16.

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	5
Mr. Aakash Moondhra	Independent	Member	6
Ms. Sonal Mattoo	Independent	Member	6

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

Remuneration to Directors

Overall remuneration should be reflective of the size of the Company, complexity of the sector/industry/company's operations and the Company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") maybe 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 recommended by the Nomination & Remuneration Committee.

The Non-Executive Directors (Including Independent Directors) are paid sitting fees of Rs. 50,000/- per meeting for attending the meetings of the Board.

Further, shareholders at the Annual General Meeting held on 29th September, 2015 approved a sum not exceeding 1% per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, to be paid and distributed among some or all of the directors of the Company (other than the Managing director and Whole-time Directors) in a manner decided by the Board of Directors & its committee and this payment will be made with respect to the profits of the Company for each year. The criteria for the above mentioned commission to be paid to Non – Executive Directors has been considered based on the following factors:

- Revenue achieved by the Company during the year;
- Profits for the year;
- Performance/contribution of the each Director;
- Any other, if applicable.

The details of remuneration paid (including commission due as on 31/03/2016 but not paid) to the Directors (including Independent Directors) for the period of 12 months ended on March 31, 2016 are given below:

(₹ in lac)

Name of Members	Salary	Commission	Value of perquisites u/s 17(2) of the Income tax Act, 1961	Sitting Fee	Total Amount
Mr. Lalit Agarwal	62.10	43.83	19.28	N.A.	125.21
Mr. Madan Gopal Agarwal	20.70	14.46	0.00	N.A.	35.16
Mr. Hemant Agarwal*	Nil	0.00	0.00	2.00	2.00
Mr. Aakash Moondhra	Nil	8.46	N.A.	2.00	10.46
Mr. Murli Ramachandran	Nil	6.76	N.A.	2.50	9.26
Ms. Sonal Mattoo	Nil	6.69	N.A.	2.50	9.19

*Resigned w.e.f. 17th March, 2016.

REPORT OF THE COMMITTEE

NOMINATION & REMUNERATION COMMITTEE REPORT

Dear Shareholders,

During the FY.2015-16, the Nomination & Remuneration Committee dealt with the following issues under consideration:

- Regularization of new Non-executive Directors in the capacity of Independent Directors of the Company and cessation of one Non-Executive Director;
- Amendment in ESOP Scheme;
- Payment of commission to Non – Executive Directors; and
- Board evaluation cycle.

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

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

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

Murli Ramachandran

Chairman - Nomination & Remuneration Committee

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted Stakeholders Relationship Committee in accordance with provisions of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Stakeholders Relationship Committee has been constituted to specifically look into the Redressal of Shareholders and Investors complaints and other Shareholder related issues. The Committee approves transfer, transmission of shares and issues like split, sub-division, consolidation of securities, issue of duplicate share certificates, dematerialization/re-materialization of shares etc.

The Stakeholders Relationship Committee comprises of one Independent Director and two Executive Directors.

Meeting of the Committee

The meeting of the Committee was held on 04/05/2015 during the financial year 2015-16. The composition and attendance of the Stakeholders Relationship Committee is as under:

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

*Ceased to be member of the Committee w.e.f. 17th March, 2016

STAKEHOLDERS RELATIONSHIP COMMITTEE REPORT

Dear Shareholders,

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

Particulars	Complaints
Received during the year	5
Disposed off during the year	5
Remaining unresolved as on 31st March, 2016	Nil

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

Sonal Mattoo

Chairperson - Stakeholders Relationship Committee

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with Section 135 of the Companies Act, 2013 read with (Corporate Social Responsibility Policy) Rules, 2014 (including any statutory modification(s) or re-enactment(s)

thereof for the time being enforce), the Corporate Social Responsibility (CSR) Committee has been constituted by the Board of Directors to formally look into the CSR activities of the Company in line with requirements of the Companies Act, 2013.

Meeting of the Committee

The committee met four times on 04/05/2015, 30/07/2015, 30/10/2015 and 09/02/2016 during the FY. 2015-16.

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

Name of Members	Category	Status	No. of meeting attended
Mr. Lalit Agarwal	Promoter Executive	Chairman	4
Mr. Madan Gopal Agarwal	Promoter Executive	Member	4
Mr. Aakash Moondhra	Independent	Member	4
Ms. Sonal Mattoo	Independent	Member	4

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE REPORT

Dear Shareholders,

At V- Mart, we have been focusing on sustainable business practices encompassing economic, environmental, and social imperatives that not only cover business, but also to that of communities around us. Our Corporate Social Responsibility, thus is not limited to philanthropy, but also includes various initiatives, that lead to social development & welfare.

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

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

Lalit Agarwal

Chairman - Corporate Social Responsibility Committee

COMPLIANCE OFFICER

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

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
2014-15	Tuesday, 29th September, 2015	9:30 a.m.	Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022	Yes
2013-14	Tuesday, 23rd September, 2014	10:00 a.m.	YMCA Tourist Hostel, Jai Singh Road, New Delhi-110001	Yes
2012-13	Monday, 30th September, 2013	10:00 a.m.	Tecnia Institute of Teacher Education, F-19, Sector-8, Rohini, Delhi -110085	No

During the period of last three years, no Extra-Ordinary General Meeting of the members was held.

POSTAL BALLOT

During the year under review, no resolution has been passed through the exercise of postal ballot.

Code of Conduct

The Company Board has adopted a Code of Conduct for members of the Board and Senior Management ("Code"). The Code lays down, in detail, the standards of business conduct, ethics and governance.

A copy of the Code has been posted on the Company's website www.vmart.co.in.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Chairman & Managing Director to this effect is given below:

I hereby confirm that :

The Company has obtained from all the members of the Board and Senior Management an affirmation that they have complied with the Code in the financial year 2015-16.

Lalit Agarwal

Chairman & Managing Director

INFORMATION TO SHAREHOLDERS

1. Date, time and Venue of the 14th Annual

General Meeting:

Wednesday, 28th September, 2016 at 9:30 a.m.

At Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022

2. Financial Year:

1st April to 31st March

3. Date of Book Closure:

From 22nd September, 2016 to 28th September, 2016 (both days inclusive)

4. Dividend:

■ Interim Dividend

The Board considering the financial position declared an interim dividend of Rs. 1.15/- per equity share (@11.50%) excluding the dividend distribution tax, in its meeting held on 17th March, 2016 which has been paid out of the profits for the financial year ended 31st March, 2016 on equity shares of the Company.

The Interim Dividend has been paid on the basis of record date of 29th March, 2016.

■ Final Dividend

The Board of Directors of the Company has recommended a final dividend of 0.10/- per equity share, subject to approval of shareholders at the ensuing Annual General Meeting. The Dividend, if approved, at the ensuing Annual General Meeting, will be paid/credited to those members/beneficial owners whose names appear on the register of members/depository records as on 21st September, 2016.

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

5. Registered office:

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

6. Corporate office:

Plot No. 862, Udyog Vihar, Industrial Area, Phase V, Gurgaon-122016 (Haryana)

LISTING IN STOCK EXCHANGES

The Equity Shares of the Company are listed in the following Stock Exchanges:

National Stock Exchange of India Limited

"Exchange Plaza"

Bandra-Kurla Complex

Bandra (E), Mumbai-400 051

Scrip Code: VMART

AND

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai-400 001

Scrip code: 534976

ISIN No. INE665J01013

LISTING FEES

Listing fees, as prescribed for the F.Y. 2016-17, has been paid to all Stock Exchanges where the shares of the Company are listed.

SHAREHOLDER'S ISSUE

The Shareholder's may send their queries to the e-mail address – compliance@vmart.co.in, proactively managed by the Company under the Investor section of Company's website.

ANALYST

Analyst may schedule their conference calls and meeting with:

- 1) Mr. Deepak Sharma, Chief Financial Officer and
- 2) Mr. Girish Garg, Finance Controller;

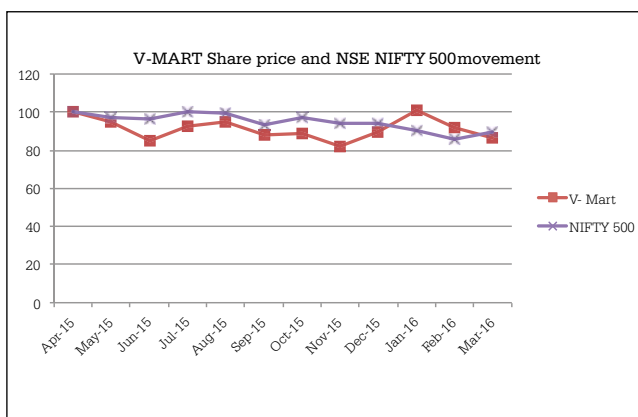
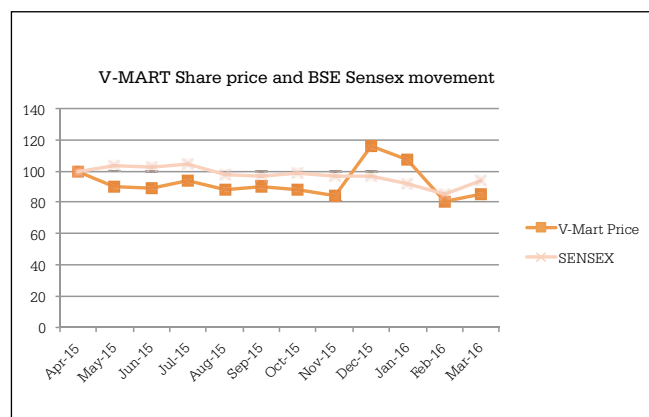
through the e-mail addresses compliance@vmart.co.in and girish.garg@vmart.co.in respectively under the Investor section of Company's website.

STOCK MARKET DATA

Monthly High and Low Share Price of V-Mart Retail Ltd. for the 2015-2016 at BSE and NSE

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-15	579.00	495.00	583.35	495.55
May-15	577.75	490.00	578.05	489.90
Jun-15	519.70	430.70	520.00	434.50
Jul-15	578.90	435.00	575.55	439.35
Aug-15	574.75	452.50	580.10	460.00
Sep-15	597.90	455.00	527.90	457.00
Oct-15	531.00	474.00	520.00	471.00
Nov-15	492.70	429.40	488.00	425.00
Dec-15	682.80	435.00	684.90	436.05
Jan-16	641.00	518.00	644.00	523.00
Feb-16	608.00	440.00	615.00	436.20
Mar-16	549.80	447.00	550.00	444.40

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



SHAREHOLDING PATTERN AS ON 31st MARCH, 2016

Sl. No.	Category	Total Shares	% To Equity
1	PROMOTERS HOLDING (INCLUDING EMPLOYEES)	10,286,298	56.94%
2	FOREIGN INSTITUTIONAL INVESTORS	694,360	3.84%
3	BODIES CORPORATES	893,253	4.94%
4	MUTUAL FUNDS	919,911	5.10%
5	RESIDENT INDIVIDUALS	653,265	3.61%
6	NON RESIDENT INDIANS	34,931	0.20%
7	HUF	29,440	0.16%
8	CLEARING MEMBERS	2,767	0.01%
9	BANK	358	0.00%
10	FOREIGN PORTFOLIO INVESTMENT	4,549,917	25.18%
11	INDIAN FINANCIAL INSTITUTIONS	1,196	0.01%
12	NBFC	1,000	0.01%
	TOTAL	18,066,696	100.00%

DISTRIBUTION SCHEDULE AS ON 31st MARCH, 2016

Sl. No.	Category	Cases	% of Cases	Amount	% Amount
1	1 - 5000	3561	93.91	2420860.00	1.34
2	5001 - 10000	84	2.22	658030.00	0.36
3	10001 - 20000	54	1.42	781390.00	0.43
4	20001 - 30000	13	0.34	340800.00	0.19
5	30001 - 40000	12	0.32	426470.00	0.24
6	40001 - 50000	5	0.13	224400.00	0.12
7	50001 - 100000	8	0.21	541170.00	0.30
8	100001 & ABOVE	55	1.45	175273840.00	97.02
	Total	3792	100.00	180666960.00	100.00

UNCLAIMED SHARES

Disclosure in regard to the provisions of Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Schedule V (F) are given below:

- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil
- Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Nil
- Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Nil
- Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

DEMATERIALISATION OF SHARES

The shares of the Company are in the compulsory demat segment. The Reconciliation of the Share Capital Audit Report of

the Company obtained from the Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time period. The below mentioned table contains detail break – up of share capital, held in dematerialized or physical mode, of the Company as on 31st March, 2016.

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	7486902	41.44
2	Shares held in dematerialized form in NSDL	10579726	58.56
3	Shares held in physical form	68	00.00
	Total	18066696	100.00%

OUTSTANDING GDRS / ADRS / WARRANTS / OPTIONS

The Company has not issued any GDRs or ADRs or Warrants or Convertible instruments.

REGISTRAR AND SHARE TRANSFER AGENT

The Company in compliance with SEBI guidelines has appointed a common Share Transfer Agent for both the physical and electronic form of Shareholding. The Company's Registrar and Share Transfer Agent (RTA) namely, Karvy Computershare Private Limited can be contacted at the following address:

Karvy Computershare Private Limited

'Karvy Selenium Tower B', Plot No. 31 & 32
Financial District, Nanakramguda, Gachibowli,
Hyderabad, Telangana – 500 032.

Tel No.: +91 40-67162222 **Toll Free:** 1800 0345 4001

Fax No.: +91 40-2342 - 0814

Email: support@karvy.com

Website: www.karvy.com

SHARE TRANSFER SYSTEM

The Company's shares held in the dematerialized form are electronically traded in the Depository. In the case of transfers in physical form which are lodged at the above offices of the Registrar and Share Transfer Agent, such transfers are processed with the stipulated time period. All share transfers are approved by the officials authorized by the Board and thereafter ratified by the Shareholders' / Investors' Grievance Committee at its next meeting.

DIVIDEND INTIMATION THROUGH E-MAIL

As a "Go Green" Initiative and as per regulatory requirements, the Company has taken initiative of sending intimation of dividend for FY 2015-16 by e-mail. Physical credit intimation will be sent to only those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail addresses with **Karvy Computershare Private Limited** (for shares held in physical form) and with their Depository Participant (for shares held in electronic form) for receiving dividend credit intimation on e-mail.

COMMUNICATION

Financial Results

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors.

The results are normally published in "Financial Express, Business Standard, Jansatta" Newspapers within 48 hours after the approval by the Board.

The details of the publications of the financial results for the year under review are as under:

Description	Date
Unaudited financial results for the first quarter ended 30th June, 2015	31st July, 2015
Unaudited financial results for the second quarter and the half year ended 30th September, 2015	31st October, 2015
Unaudited financial results for the third quarter and the nine months ended 31st December, 2015	11th February, 2016
Audited financial results for the fourth quarter and the year ended 31st March, 2016	28th May, 2016

The details of the financial results and shareholding pattern are hosted on the Company's website: www.vmart.co.in. All other official news, press releases and presentation made to the Institutional Investors or Analysts and their transcripts are available 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** to this Annual Report.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the code of conduct to regulate, monitor and report trading by insiders as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 for prevention of Insider Trading. The code prohibits purchase /sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The V-Mart Insider code is available on the Company's website.

DISCLOSURES

Disclosures of related party transactions: There have been no significant material related party transactions. The related party transactions are disclosed in the Notes to the Accounts in this Annual Report. All details relating to business transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussions nor do they vote on such matters

Details of non-compliance by the Company: During the last three years there has been no instance of non-compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

CEO/CFO Certification: Managing Director and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters as required under Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

There was no pecuniary relationship or transactions of Non-executive Directors with the Company.

The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned.

The Company has also adopted Policy on Determination of Materiality for Disclosures, Policy on Archival of Documents and Policy for Preservation of Documents as per the requirements of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 which has been disclosed on the website of the Company on the following link- (<http://www.vmart.co.in/corporate.html>).

WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a Vigil Mechanism / Whistle

blower Policy. The purpose of this mechanism is to provide framework to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethic's policy and provide adequate 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 mechanism whereby Whistle Blower may send protected disclosure directly to the Chairman of Audit Committee.

The said policy has been also put up on the website of the Company at the following link: - (<http://www.vmart.co.in/corporate.html>).

Non-mandatory requirements

- **Chairman of the Board:** The Board of Directors of the Company had appointed Mr. Lalit Agarwal as Chairman and Managing Director of the Company. As there is no separate office of the Chairman being maintained, no reimbursement of expenses is being made for maintenance of separate Chairman's office.
- **Shareholders' Rights/Information:** Information like financial results, official news releases, press releases, presentation to analyst etc. is displayed on the Company's website. i.e. www.vmart.co.in.
- **Unmodified audit opinions / reporting:** The Company follows a regime wherein the opinion whether modified or unmodified is reported to the members of the Board and its committee formed for this purpose.
- **Internal Auditor Reporting:** The Internal auditor presents reports on the audit being done for the time period directly to the audit committee wherein the detailed discussion takes place.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members

V-MART RETAIL LIMITED

We have examined the compliance of conditions of Corporate Governance by **V-Mart Retail Limited** ("the Company") for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreements ('Listing Agreement') of the Company entered with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements/ Listing Regulations, as applicable.

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

For V.K. Chaudhary & Co.
Company Secretaries

Date: 27th May, 2016
Place: Noida

Vineet K. Chaudhary
FCS No. 5327
CP No. 4548

Financial Statement

Independent Auditor's Report

To the Members of V-Mart Retail Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of V-Mart Retail Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which

are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 27 May 2016 as per Annexure B expressed an unqualified opinion; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note 37(b) to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Sumit Mahajan

Partner

Membership No.: 504822

Place: Gurgaon

Date: 27 May 2016

Annexure A to the Independent Auditor's Report of even date to the members of V-Mart Retail Limited, on the financial statements for the year ended 31 March 2016

Annexure A

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service tax	6,885,520	3,768,918	1 June 2007 to 31 March 2010	Supreme Court of India
Income Tax Act, 1961	Income tax	1,456,510	-	Financial year 2008-09	Commissioner of Income Tax (Appeals), Kolkata
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	189,625	-	Financial Year – 2009-10	Additional Commissioner Tax-Muzaffarnagar
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	866,320	866,320	Financial year 2011-12	Appellate Tribunal, Lucknow
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	613,677	613,677	Financial year 2012-13	Assistant Commissioner, Commercial Tax, Ghaziabad
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	876,000	876,000	Financial year 2013-14	Assistant Commissioner Tax, Muzaffarnagar

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	342,455	-	Financial Year 2013-14	Additional Commissioner Tax-Muzaffarnagar
The Uttar Pradesh Value Added Tax Act, 2008	Value added tax	1,254,661	1,254,661	Financial Year 2015-16	Assistant Commissioner (Mobile Squad), Commercial Tax, Lucknow.
The Bihar Value Added Tax Act, 2005	Value added tax	223,000	-	Financial year 2011-12	Joint commissioner of commercial tax (appeal)-Patna
The Bihar Value Added Tax Act, 2005	Value added tax	604,000	-	Financial Year 2012-13	Joint commissioner of commercial tax (appeal)-Patna
The Bihar Value Added Tax Act, 2005	Value added tax	3,990,423	3,990,423	Financial year 2013-14	Patna, High Court
The Bihar Value Added Tax Act, 2005	Value added tax	102,685	102,685	Financial year 2014-15	Assistant Commissioner Commercial Tax, Dalkola (Purnia)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company did not have any loans or borrowings from government or outstanding debentures during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of initial public offer and the term loans for the purposes for which these were raised. The Company did not raise moneys by way of further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit, except for certain cases of misappropriation of inventory at certain stores by employees of the Company, identified by the management, as stated in Note 50 to the financial statement, impact of which is not ascertainable separately, and is included in "Stock written off" disclosed under "Purchase of traded goods and other direct expenses" under Note 27 to the financial statements. Further, an instance of defalcation of Company's funds by an employee of the Company amounting ₹75,000 (approx.), was also identified by the management, as detailed in Note 50 to the financial statements, which has subsequently been recovered from such employee, whose services have since been terminated.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

per Sumit Mahajan
Partner

Place: Gurgaon
Date: 27 May 2016

Membership No.: 504822

Annexure B to the Independent Auditor's Report of even date to the members of V-Mart Retail Limited, on the financial statements for the year ended 31 March 2016

Annexure B

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

1. In conjunction with our audit of the standalone financial statements of V-Mart Retail Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial

reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Place: Gurgaon
Date: 27 May 2016

per Sumit Mahajan
Partner
Membership No.: 504822

Balance Sheet as at 31 March 2016

(All amounts in ₹, unless stated otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
Share capital	3	18,06,66,960	18,01,56,890
Reserves and surplus	4	2,12,65,29,854	1,86,92,33,199
		2,30,71,96,814	2,04,93,90,089
(2) Non-current liabilities			
Long-term borrowings	5	-	1,52,49,514
Other non-current liabilities	7	8,38,67,722	4,96,73,683
Long term provisions	6	2,12,83,500	1,47,09,337
		10,51,51,222	7,96,32,534
(3) Current liabilities			
Short-term borrowings	8	26,91,13,278	28,62,83,460
Trade payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises	9A	-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	9B	95,64,65,835	75,17,99,137
Other current liabilities	10	13,34,46,095	6,95,46,370
Short-term provisions	11	6,06,13,158	5,29,61,947
		1,41,96,38,366	1,16,05,90,914
		3,83,19,86,402	3,28,96,13,537
II. ASSETS			
(1) Non-current assets			
Fixed assets			
Tangible assets	12A	1,07,55,32,724	96,54,42,228
Intangible assets	13	2,74,78,203	1,52,10,814
Capital work-in-progress	12B	2,34,56,176	72,07,558
Non-current investments	14	13,03,00,000	5,53,00,000
Deferred tax assets (net)	15	4,22,05,247	64,28,131
Long term loans and advances	16	16,84,10,162	15,73,33,812
Other non-current assets	17	9,61,024	6,53,406
		1,46,83,43,536	1,20,75,75,949
(2) Current assets			
Current investments	18	19,33,69,647	16,27,00,000
Inventories	19	2,04,42,71,038	1,83,20,27,476
Cash and bank balances	20	4,27,91,780	3,35,62,442
Short-term loans and advances	21	8,22,65,836	5,30,63,492
Other current assets	22	9,44,565	6,84,178
		2,36,36,42,866	2,08,20,37,588
		3,83,19,86,402	3,28,96,13,537
Notes 1 to 51 form an integral part of these financial statements.			

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

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co)
Chartered Accountants

per **Sumit Mahajan**
Partner

Place: Gurgaon
Date : 27 May 2016

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

Madan Gopal Agarwal
Director
DIN No. 02249947

Deepak Sharma
Chief Finance Officer

Lalit Agarwal
Managing Director
DIN No. 00900900

Sudhir Kumar
Company Secretary
Membership No. A25125

Statement of Profit and Loss for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
REVENUE:			
Revenue from operations	23	8,09,38,27,502	7,20,19,60,253
Other income	24	1,04,26,838	2,20,22,778
		8,10,42,54,340	7,22,39,83,031
EXPENSES:			
Cost of raw material consumed	25	2,18,206	69,36,482
Production expense	26	5,10,294	25,14,229
Purchase of traded goods and other direct expenses	27	5,92,42,89,069	5,30,74,95,075
Increase in inventories	28	(21,24,61,768)	(17,36,84,550)
Employee benefits expenses	29	62,25,41,603	48,93,63,840
Other expenses	30	1,13,71,63,231	93,32,96,683
Prior period items (net)	31	19,46,348	(7,37,857)
		7,47,42,06,983	6,56,51,83,902
Earnings before interest, tax, depreciation and amortization (EBITDA)		61,96,20,519	63,67,76,351
Depreciation and amortization expense	32	19,01,43,830	4,56,53,727
Finance costs	33	3,11,48,170	4,16,67,686
Profit before extra-ordinary items and tax		40,87,55,357	57,14,77,716
Extra-ordinary items	34	(1,43,64,930)	1,81,75,836
Profit after extra-ordinary items and before tax		42,31,20,287	55,33,01,880
Tax expense			
- Current tax		18,17,35,000	16,43,95,000
- Current tax earlier years		8,37,560	-
- Deferred tax (credit)/expense		(3,57,77,118)	1,52,36,277
Total tax expense		14,67,95,442	17,96,31,277
Profit for the year		27,63,24,845	37,36,70,603
Earnings per share (before extra-ordinary items)	35		
- Basic		14.79	21.45
- Diluted		14.79	21.45
Earnings per share (after extra-ordinary items)			
- Basic		15.31	20.78
- Diluted		15.31	20.78
Notes 1 to 51 form an integral part of these financial statements.			

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

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co)
Chartered Accountants

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

per Sumit Mahajan
Partner

Madan Gopal Agarwal
Director
DIN No. 02249947

Lalit Agarwal
Managing Director
DIN No. 00900900

Place: Gurgaon
Date : 27 May 2016

Deepak Sharma
Chief Finance Officer

Sudhir Kumar
Company Secretary
Membership No. A25125

Cash Flow Statement for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	42,31,20,288	55,33,01,880
Adjustment for:		
Depreciation and amortization	19,01,43,830	4,56,53,727
Stock written off	15,70,63,042	13,29,78,653
Extra-ordinary items	(35,62,872)	1,81,75,836
Profit on sale of fixed assets	(2,07,650)	-
Profit on sale of investments	(37,43,309)	(1,80,15,910)
Fixed assets written off	3,15,968	14,15,896
Rent straight-line expense	2,56,42,037	2,98,97,949
Employee compensation expense under ESOP	10,51,552	2,74,162
Balances written off	14,00,648	16,76,004
Dividend income	(9,45,476)	-
Interest income	(18,24,550)	(9,44,878)
Liabilities written (back)/off	(37,05,853)	(50,33,220)
Interest expense	3,02,71,893	3,69,38,802
Corporate social responsibility	-	(21,00,000)
Prior period items (net)	16,17,121	(7,37,857)
Operating profit before working capital changes	81,66,36,669	79,34,81,044
Movements in working capital :		
Increase in trade payables	20,83,72,551	10,96,98,815
Increase in other current liabilities	4,80,14,290	1,28,01,808
Increase in inventories	(36,93,06,603)	(30,11,92,661)
Increase in loans and advances	(4,16,79,343)	(4,79,67,737)
Cash generated from operations	66,20,37,564	56,68,21,269
Taxes paid	(14,90,16,573)	(16,73,78,639)
Net cash flow from operating activities	51,30,20,991	39,94,42,630
B. CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	(31,31,28,484)	(33,54,60,345)
Purchase of investments	(33,95,07,650)	(21,80,00,000)
Proceeds from sale of investments	23,85,26,786	36,27,96,236
Proceeds from sale of fixed assets	2,35,000	-
Interest received	15,47,729	3,95,217
Redemption of/(investment in) bank deposits (having original maturity of more than three months)	(1,27,000)	(13,23,009)
(Increase)/decrease in pledged fixed deposits	(1,53,14,916)	10,65,206
Insurance claim received in respect of fixed assets (refer note 34)	35,62,872	-
Net cash flow used in investing activities	(42,42,05,663)	(19,05,26,695)

Cash Flow Statement for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
C. Cash flows used in financing activities		
Proceeds from issue of shares including securities premium against ESOPs	76,51,050	85,36,650
Repayment of long term borrowings	(30,65,631)	(24,13,813)
Repayments of short term borrowings (net)	(1,71,70,182)	(14,71,41,761)
Equity dividend paid	(4,78,58,620)	(1,79,58,778)
Corporate dividend tax paid	(55,13,242)	(30,52,094)
Finance charges paid	(2,87,86,498)	(3,69,38,802)
Net cash used in financing activities	(9,47,43,123)	(19,89,68,598)
D. Net increase/(decrease) in cash and cash equivalents (A+B+C)	(59,27,795)	99,47,337
E. Cash and cash equivalents at the beginning of the year	2,63,36,818	1,63,89,481
F. Cash and cash equivalents at the end of the year (D+E) {refer note (b) below}	2,04,09,023	2,63,36,818

Notes:

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

- b) **Cash and cash equivalents comprises of:**

Balances with banks in:		
- Current accounts	1,08,708	43,08,348
Cash in hand	2,03,00,315	2,20,28,470
Deposits with original maturity for more than 3 months	17,86,871	16,59,871
Margin money deposits	2,05,82,843	55,59,111
	4,27,78,737	3,35,55,800
Less:		
Deposits with original maturity for more than 3 months	(17,86,871)	(16,59,871)
Margin money deposits	(2,05,82,843)	(55,59,111)
Total of cash and cash equivalents	2,04,09,023	2,63,36,818

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

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co)
Chartered Accountants

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

per Sumit Mahajan
Partner

Madan Gopal Agarwal
Director
DIN No. 02249947

Lalit Agarwal
Managing Director
DIN No. 00900900

Place: Gurgaon
Date : 27 May 2016

Deepak Sharma
Chief Finance Officer

Sudhir Kumar
Company Secretary
Membership No. A25125

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

1. Corporate information

V-Mart Retail Limited (the "Company") was incorporated on 24 July 2002. The Company retails readymade garments, accessories etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various places in India.

2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Fixed assets

Tangibles

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

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

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Intangibles

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on the straight-line method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to adjustments arising out of transitional provisions of Schedule II.

Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets – the Company has

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

assessed the useful lives (as mentioned in the table below) lower than as prescribed in the Schedule II, based on the technical assessment.

Assets category	Useful life estimated by the management based on technical assessment (years)	Useful Life as per Schedule II (years)
Plant and equipment	6-9 years	15 years
Office equipment	5 years	5 years
Computers	3-6 years	Servers and networks – 6 years End user device – 3 years
Furniture and fixtures	9-10 years	10 years
Vehicles	8-10 years	10 years

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

Depreciation on intangible assets

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

(c) Leases

Operating lease:

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

Finance lease:

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

(d) Borrowing costs

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

(e) Impairment

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

(f) Investments

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

For current investments, any reduction to fair value and any reversal of such reductions are included in the statement of profit and loss. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

(g) Inventories

Inventories are valued as follows:

Raw materials and packing materials are valued at lower of cost and net realizable value. Cost is determined based on first in first out method.

Finished goods are valued at lower cost and net realizable value. Cost includes direct materials, labour, and all other costs of purchase incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(h) Revenue recognition

Revenue from sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on delivery of goods to customers, revenue is recognized net of returns and trade discounts.

Others:

- Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.
- Store display income and insurance claims are accounted on receipt basis.
- Dividend income is recognized when the right to receive payment is established.

(i) Foreign currency transactions:

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

(j) Employee benefits

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

Provident fund

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

Gratuity

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

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

Compensated absences

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

loss in the year in which such gains or losses arise. Provision related to short term compensated absences of workers is made on the basis of actuarial valuation as at the end of the year.

Other short term benefits

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

Employee Stock Option Scheme (ESOP)

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

(k) Income taxes

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

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

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

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

(l) Minimum Alternate Tax (MAT)

Minimum alternate tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

(m) Earnings per share

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

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

(n) Provisions

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

(o) Contingent liabilities

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

(p) Cash and cash equivalents

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

(q) Measurement of EBITDA

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

3. Share capital

	As at 31 March 2016	As at 31 March 2015
Authorized		
20,000,000 (Previous year 20,000,000) equity shares of ₹10 each	2,00,00,000	2,00,00,000
Issued, subscribed and fully paid up shares		
18,066,696 (Previous year 18,015,689) equity shares of ₹10 each	18,06,66,960	18,01,56,890

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

	As at 31 March 2016		As at 31 March 2015	
	Nos.	Amount (₹)	Nos.	Amount (₹)
At the beginning of the year	1,80,15,689	18,01,56,890	1,79,58,778	17,95,87,780
Shares issued on exercise of Employee Stock Option Plan 2012 (ESOP)	51,007	5,10,070	56,911	5,69,110
Outstanding at the end of the year	1,80,66,696	18,06,66,960	1,80,15,689	18,01,56,890

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2016, the amount of per equity share dividend recognized as distributions to Equity shareholders is ₹1.25 per share (Previous year: ₹1.50 per share) i.e. interim dividend of ₹1.15 per share (previous year ₹ Nil per share) and final dividend of ₹0.10 per share (previous year ₹1.5 per share).

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

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

	2015-16	2014-15	2013-14	2012-13	2011-12
	Nos.	Nos.	Nos.	Nos.	Nos.
Equity shares allotted as fully paid bonus shares by capitalization of free reserves	Nil	Nil	Nil	66,06,842	Nil

d) Details of equity shareholders holding more than 5% shares in the Company as at 31 March 2016

Name of the Shareholder	As at 31 March 2016		As at 31 March 2015	
	Nos.	% holding	Nos.	% holding
Lalit Madangopal Agarwal	22,34,113	12.37%	22,34,113	12.40%
Sangeeta Lalji Agarwal	21,72,175	12.02%	21,72,175	12.06%
Jwalamukhi Investment Holding	17,88,102	9.90%	17,88,102	9.93%
Kotak Mahindra (International) Limited	17,09,002	9.46%	17,09,002	9.49%
Uma Devi Agarwal	13,55,460	7.50%	13,55,460	7.52%
Lalit M Agarwal (HUF)	12,77,275	7.07%	12,77,275	7.09%
Madan Gopal Agarwal (HUF)	10,41,675	5.77%	10,41,675	5.78%

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

e) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 44.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

4. Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
Amalgamation reserve	1,54,75,967	1,54,75,967
Securities premium account		
Balance at the beginning of the year	88,00,30,731	87,20,63,191
Add: Additions on ESOP exercised	71,40,980	79,67,540
	88,71,71,711	88,00,30,731
Employee stock options outstanding*		
Gross employee stock compensation for options granted	21,77,334	19,95,855
Less: Deferred employee stock compensation	(8,51,620)	(17,21,693)
	13,25,714	2,74,162
Surplus in the statement of profit and loss		
Balance at the beginning of the year	97,34,52,339	63,44,36,987
Add: Profit for the year	27,63,24,846	37,36,70,603
Less: Appropriations		
Transfer to general reserve	-	-
Proposed dividend on equity shares ₹0.10 per share (previous year ₹1.50 per share)*	18,06,670	2,70,23,534
Final dividend on equity shares ₹1.50 per share	58,386	-
Interim dividend on equity shares ₹1.15 per share #	2,07,76,700	-
Dividend distribution tax	45,78,967	55,31,717
Corporate social responsibility (refer note 49)	-	21,00,000
Net surplus in the statement of profit and loss	1,22,25,56,462	97,34,52,339
	2,12,65,29,854	1,86,92,33,199

* The Board of Directors of the Company, in their meeting dated 27 May 2016, recommended a final dividend of ₹0.10 per equity share amounting to ₹1,806,670 subject to approval of the shareholders at the ensuing Annual General Meeting.

The Board of Directors of the Company, in their meeting held on 17 March 2016 have declared interim dividend of ₹1.15 per fully paid up equity share of ₹10 each, aggregating to ₹25,006,348, including dividend distribution tax for the year ended 31 March 2016. Further, the Board of Directors of the Company, in their meeting held on 27 May 2016, recommended a final dividend of ₹0.10 per fully paid up equity share of ₹10 each, aggregating to ₹2,174,465, including dividend distribution tax for the year ended 31 March 2016, subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

For details on Employee Stock Option Plan 2012 (ESOP) of the Company, refer note 44.

5. Long term borrowings

	Non-current portion		Current maturities	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Term loan				
Vehicle loans from banks (secured)	-	5,40,618	5,40,628	12,17,513
Finance lease obligations (secured) (refer note 12.A.1)	-	1,47,08,896	-	28,18,449
	-	1,52,49,514	5,40,628	40,35,962
The above amount includes				
Secured borrowings	-	1,52,49,514	5,40,628	40,35,962
Amount disclosed under the head "other current liabilities" (refer note 10)	-	-	(5,40,628)	(40,35,962)
Net amount	-	1,52,49,514	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

5. Long term borrowings (contd.)

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

As at 31 March 2016	Installments	Amount outstanding (₹)	No. of installments	Installment amount (₹)	Date of loan	Rate of interest	Hypothecation of
Vehicle Loan Monthly	Monthly	2,70,307	36	35,165	20 November 2013	11%	Vehicle
Vehicle Loan Monthly	Monthly	2,70,307	36	35,165	20 November 2013	11%	Vehicle

As at 31 March 2015	Installments	Amount outstanding (₹)	No. of installments	Installment amount (₹)	Date of loan	Rate of interest	Hypothecation of
Vehicle Loan Monthly	Monthly	14,529	36	15,300	31 March 2012	11%	Vehicle
Vehicle Loan Monthly	Monthly	30,640	36	30,930	31 March 2012	11%	Vehicle
Vehicle Loan Monthly	Monthly	90,445	36	23,120	31 July 2012	12%	Vehicle
Vehicle Loan Monthly	Monthly	89,176	36	22,796	31 July 2012	11%	Vehicle
Vehicle Loan Monthly	Monthly	2,50,791	36	37,146	07 November 2012	11%	Vehicle
Vehicle Loan Monthly	Monthly	6,41,275	36	35,165	20 November 2013	11%	Vehicle
Vehicle Loan Monthly	Monthly	6,41,275	36	35,165	20 November 2013	11%	Vehicle
Finance lease obligation Monthly	Monthly	1,75,27,345	60	4,69,080	01 October 2014	17%	Specific assets taken on finance lease

6. Other non-current liabilities

	As at 31 March 2016	As at 31 March 2015
Provision for lease equilisation	8,38,67,723	4,96,73,683
	8,38,67,723	4,96,73,683

7. Long term provisions

	As at 31 March 2016	As at 31 March 2015
Provision for gratuity (refer note - 42)	2,04,77,735	1,40,88,871
Provision for compensated absences (refer note - 42)	8,05,765	6,20,466
	2,12,83,500	1,47,09,337

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

8. Short term borrowings

	As at 31 March 2016	As at 31 March 2015
Cash credits from banks (secured)	26,91,13,278	28,62,83,460
	26,91,13,278	28,62,83,460
The above amount includes		
Secured borrowings	26,91,13,278	28,62,83,460
Loans guaranteed guaranteed by directors or relative of directors:-		
Rupee loan from bank	22,36,08,305	19,96,90,926
Rupee loan from others	-	-

- (1) Fund based credit facility of ₹420,000,000 (previous year - ₹350,000,000) from State Bank of India comprising of vendor financing scheme (VFS) amounting to ₹370,000,000 (previous year: nil) and cash credit (CC) facility of ₹50,000,000 (previous year: ₹350,000,000), carries an interest for Vendor Financing Scheme (VFS) at base rate (9.30% p.a.) upto 90 days, base rate (9.30% p.a.) plus 0.25% for period above 90 days to 180 days and interest rate as applicable to Cash Credit (CC) account for outstanding more than 180 days and carries an interest rate (9.30% p.a.) plus 125 basis point (1.25%) for Cash Credit as on 31 March 2016 and is repayable on demand. The fund based credit facility has increased from ₹350,000,000 to ₹420,000,000 with effect from 2 July 2015 from which ₹370,000,000 is towards VFS and ₹50,000,000 is towards Cash Credit account. The outstanding book balance as on 31 March 2016 for CC account is ₹24,616,852 (previous year - ₹199,690,926) and for VFS is ₹198,991,453 (previous year - Nil).

These facilities are secured by way of :-

- Primary – Exclusive Hypothecation charge over Company's all current assets (present and future) including/inter alia stock of raw materials, finished goods etc. lying in their warehouse, shop, godown, and elsewhere including goods in transit (present and future).
- Collateral –
 - Exclusive charge on all the present and future fixed assets of the company excluding those financed by other term lenders.
 - Equitable mortgage of residential property in the name of Mr. Lalit Agarwal (Managing director) , Mrs.Sangeeta Agarwal (Wife of Mr. Lalit Agarwal) & Mr. Madan Gopal Agarwal (Director) in Gurgaon.
 - Lien on Mutual funds (in name of the company) of ₹5,300,000. (Market value: ₹6,151,975).
 - Lien on Fixed deposits receipts (with SBI) of ₹19,800,000.

Further, personal guarantees have been given by Mr. Lalit Agarwal (Managing director), Mr. Hemant Agarwal (Director) (till 17 March 2016), Mr. Madan Gopal Agarwal (Director), Mrs. Sangeeta Agarwal (Wife of Lalit Agarwal) and Mrs. Smiti Agarwal (Wife of Hemant Agarwal)."

- (2) Overdraft facility/Short term loan of ₹58,975,000 (previous year - ₹NIL) from HDFC Bank Limited carries an interest at rate of 10% (Subject to minimum base rate of HDFC Bank Limited) as on 31 March 2016 and is repayable on demand. The outstanding book balance as on 31 March 2016 is of ₹10,406,048 (previous year - ₹NIL).

This facility is secured by the way :

Debt FMPs (Fixed Maturity Product) wholly owned by the Company and acceptable by bank. The Company has pledged FMP's amounted to ₹50,000,000 to bank.

- (3) Fund based cash credit facility of ₹128,492,375 (previous year - ₹117,512,500) from Deutsche Bank AG carries an interest at the rate MIBOR plus 1.5% or Deutsche Bank base rate (9.20%) whichever is higher as on 31 March 2016 and is repayable on demand. The outstanding book balance as on 31 March 2016 is of ₹35,098,925 (previous year - ₹86,592,534).

This facility is secured by the way :

Approved Mutual funds(Debts/ Income/ Liquid/ FMP) and bonds in the name of the Company. The Company has pledged mutual fund amounted to ₹125,000,000 to bank.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

9. Trade payables

A. Total outstanding dues of Micro Enterprises and Small Enterprises

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'):

	As at 31 March 2016	As at 31 March 2015
i) Principal amount due to suppliers under MSMED Act	-	-
ii) Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
iii) Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
iv) Interest paid to suppliers under MSMED Act	-	-
v) the amount of further interest remaining due and payable 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.	-	-
v) Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
vi) Interest accrued and remaining unpaid at the end of the accounting year	-	-
vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-
	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

B. Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises

	As at 31 March 2016	As at 31 March 2015
Due to others	95,64,65,835	75,17,99,137
	95,64,65,835	75,17,99,137

10. Other current liabilities

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term liabilities (note 5)	5,40,628	12,17,513
Current maturities of finance lease obligation (note 5)	-	28,18,449
Interest payable on delay in payment of income tax	23,61,672	-
Unclaimed dividend*	13,043	6,642
Creditors for fixed assets	4,88,97,124	1,77,74,102
Provision for leave equilisation (current portion)	20,30,285	14,29,021
Employee related payables	4,08,16,492	1,84,79,791
Statutory liabilities	3,44,80,685	2,78,20,852
Other liabilities	43,06,166	-
	13,34,46,095	6,95,46,370

*Not due for deposit with investor education and protection fund

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

11. Short term provisions

	As at 31 March 2016	As at 31 March 2015
Income tax [net of prepaid taxes ₹135,900,000 (previous year: ₹152,500,000)]	5,26,41,546	1,90,85,559
Provision for gratuity (note no 42)	14,66,833	12,29,995
Provision for compensated absences (note no 42)	1,00,667	91,142
Proposed equity dividend	18,06,670	2,70,23,534
Dividend distribution tax payable	45,97,442	55,31,717
	6,06,13,158	5,29,61,947

12A. Tangible assets

	Plant and equipment	Office equipment	Leasehold improvements	Computers	Furnitures and fixtures	Vehicles	Total
Gross block							
As at 1 April 2014	38,27,83,712	4,18,78,248	10,67,32,854	5,62,72,320	46,89,53,278	2,26,45,373	1,07,92,65,785
Additions	13,54,09,345	76,50,675	2,26,26,340	1,49,65,933	14,72,85,819	-	32,79,38,112
Disposals/adjustments #	1,64,76,117	(1,49,28,988)	(25,26,837)	64,28,543	(1,65,81,220)	-	(1,11,32,385)
As at 31 March 2015	53,46,69,174	3,45,99,935	12,68,32,357	7,76,66,796	59,96,57,877	2,26,45,373	1,39,60,71,512
As at 1 April 2015	53,46,69,174	3,45,99,935	12,68,32,357	7,76,66,796	59,96,57,877	2,26,45,373	1,39,60,71,512
Additions	13,16,74,480	88,68,359	2,25,22,055	1,72,35,918	11,80,03,859	21,07,275	30,04,11,946
Disposals/adjustment (refer note 12A.1 below)	(7,08,123)	-	(5,03,029)	(1,65,409)	(34,86,569)	-	(48,63,130)
As at 31 March 2016	66,56,35,531	4,34,68,294	14,88,51,383	9,47,37,305	71,41,75,167	2,47,52,648	1,69,16,20,328
Accumulated depreciation							
As at 1 April 2014	12,72,80,761	81,29,213	2,53,65,119	3,67,84,650	17,84,02,295	1,22,47,418	38,82,09,456
Charge for the year	4,03,93,308	64,03,249	1,24,11,041	83,36,908	(2,04,67,158)	(16,44,371)	4,54,32,977
Disposals/adjustments#*	18,54,561	(6,58,354)	(15,95,575)	51,82,469	(77,44,866)	(51,384)	(30,13,149)
As at 31 March 2015	16,95,28,630	1,38,74,108	3,61,80,585	5,03,04,027	15,01,90,271	1,05,51,663	43,06,29,284
As at 1 April 2015	16,95,28,630	1,38,74,108	3,61,80,585	5,03,04,027	15,01,90,271	1,05,51,663	43,06,29,284
Charge for the year	8,19,93,660	73,51,360	1,23,28,565	1,42,18,519	6,71,23,233	27,09,813	18,57,25,150
Disposals/adjustments*	(7,51,949)	-	(1,87,061)	2,11,470	4,60,710	-	(2,66,830)
As at 31 March 2016	25,07,70,341	2,12,25,468	4,83,22,089	6,47,34,016	21,77,74,214	1,32,61,476	61,60,87,604
Net block							
As at 31 March 2015	36,51,40,544	2,07,25,827	9,06,51,772	2,73,62,769	44,94,67,606	1,20,93,710	96,54,42,228
As at 31 March 2016	41,48,65,190	2,22,42,826	10,05,29,294	3,00,03,289	49,64,00,953	1,14,91,172	1,07,55,32,724

Adjustments here represents re-classification of assets from one head to another head basis re-assessment performed by the management.

* includes reversal of accumulated depreciation of ₹ Nil (previous year: ₹1,290,854) and prior period depreciation of ₹740,844 (previous year: ₹1,649,492) (refer note 34).

Note 12A.1: Subsequent to 31 March 2016, the finance lease arrangement relating to the respective fixed assets has been cancelled mutually by the Company and the counter party, pursuant to which the Company had a gain of ₹3,813,101, the same has been recognised as a credit to gross block against settlement of liability outstanding in the books.

Note 12A.2: Change in method of charging depreciation on fixed assets:

"During the previous year, the Company has changed its method of charging depreciation on fixed assets from Written Down Value ('WDV') method to Straight Line Method ('SLM') method as management believes that such change in accounting policy results in a fair recognition of depreciation charge vis-a-vis its operations particularly when the Company is on the growth path and opening new stores on regular basis, which presents the financial statements more appropriately.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

12A. Tangible assets (contd.)

Accordingly, the Company has accounted for the reversal of depreciation charge of ₹249,197,148 in previous year financial statements. Had the Company continued with the previous method of charging depreciation, the charge for depreciation for the year ended 31 March 2015 would have been higher by ₹249,197,148.

Note 12A.3: Impact due to revision of useful life in accordance with the requirement of Schedule II of the Companies Act, 2013

Effective from 1 April 2014, the Company has started providing depreciation based on the revised useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to this, depreciation charge for the year ended 31 March 2015, is higher by ₹160,998,081. And, in case of assets whose life has been completed as on 31 March 2014, the carrying value (net of residual value) of those assets has been charged along with depreciation charge for the year ended 31 March 2015.

Details of assets acquired on finance lease included above

	Plant and equipment	Office equipment	Leasehold improvements	Computers	Furnitures and fixtures	Total
Gross block						
As at 1 April 2014	-	-	-	-	-	-
Additions	-	-	-	-	1,94,23,154	1,94,23,154
Disposals	-	-	-	-	-	-
As at 31 March 2015	-	-	-	-	1,94,23,154	1,94,23,154
As at 1 April 2015	-	-	-	-	1,94,23,154	1,94,23,154
Additions	13,00,995	-	-	13,35,600	87,29,248	1,13,65,843
Adjustment (refer note 12A.1 above)	(13,00,995)	-	-	(13,35,600)	(2,81,52,402)	(3,07,88,997)
As at 31 March 2016	-	-	-	-	-	-
Accumulated depreciation						
Charge for the year	-	-	-	-	10,79,064	10,79,064
As at 31 March 2015	-	-	-	-	10,79,064	10,79,064
As at 1 April 2015	-	-	-	-	10,79,064	10,79,064
Charge for the year	1,37,327	-	-	4,22,940	19,46,532	25,06,799
Adjustment (refer note 12.1 below)	(1,37,327)	-	-	(4,22,940)	(30,25,596)	(35,85,863)
As at 31 March 2016	-	-	-	-	-	-
Net block						
As at 31 March 2015	-	-	-	-	1,83,44,090	1,83,44,090
As at 31 March 2016	-	-	-	-	-	-

12B. Capital work-in-progress

Capital work-in-progress amounting to ₹23,456,176 (previous year: ₹7,207,558) comprises of expenses incurred in relation to stores under pipeline.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

13. Intangible assets

	Computer Software
Gross block	
As at 1 April 2014	1,68,45,582
Additions	68,26,246
Inter-head adjustment #	14,00,272
As at 31 March 2015	2,50,72,100
As at 1 April 2015	2,50,72,100
Additions	1,66,86,069
As at 31 March 2016	4,17,58,169
Accumulated amortization	
As at 1 April 2014	82,79,186
Charge for the year	2,20,750
Adjustment #	13,61,350
As at 31 March 2015	98,61,286
As at 1 April 2015	98,61,286
Charge for the year	44,18,680
As at 31 March 2016	1,42,79,966
Net block	
As at 31 March 2015	1,52,10,814
As at 31 March 2016	2,74,78,203

Adjustments here represents re-classification of assets from one head to another head basis re-assessment performed by the management.

14. Non-current investments

	As at 31 March 2016	As at 31 March 2015
Non-trade investment (valued at cost unless otherwise stated)		
Investment in mutual funds of:		
DWS Fixed Maturity Plan Series 56 - Direct Plan - Growth 12,500,000 units (previous year: Nil units) of ₹10 each	12,50,00,000	-
SBI Debt Fund Series - A 39 1100 - Days - Direct - Growth 530,000 units (previous year: 530,000 units) of ₹10 each	53,00,000	53,00,000
DWS Fixed Maturity Plan - Series 70 (2 years) - Growth Nil units (previous year: 5,000,000 units) of ₹10 each	-	5,00,00,000
	13,03,00,000	5,53,00,000
Aggregate market value of quoted investments	15,73,19,475	5,97,82,978
Aggregate book value of quoted investments	13,03,00,000	5,53,00,000

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

15. Deferred tax assets (net)

	As at 31 March 2016	As at 31 March 2015
Deferred tax assets arising on account of:		
Provision for lease equilisation	2,92,71,440	1,76,85,624
Employee benefits	1,80,11,223	91,40,757
	4,72,82,663	2,68,26,381
Deferred tax liabilities arising on account of:		
Depreciation and amortization of fixed assets	50,77,416	2,01,15,591
Finance lease obligation	-	2,82,659
	50,77,416	2,03,98,250
	4,22,05,247	64,28,131

16. Long term loans and advances

	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good unless otherwise stated)		
Capital advances	50,88,769	53,22,313
Security deposits	8,75,42,154	7,78,50,466
Value added tax recoverable	6,97,91,839	6,96,68,697
Service tax deposit	37,68,918	37,68,918
Other loans and advances	22,18,482	7,23,418
	16,84,10,162	15,73,33,812

17. Other non-current assets

	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good unless otherwise stated)		
Margin money deposits	8,40,959	5,49,775
Interest accrued on fixed deposits	1,20,065	1,03,631
	9,61,024	6,53,406
The deposits are pledged against :		
Bank guarantees issued to sales tax and service tax authorities and for cash credit facilities with banks.		

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

18. Current investments

	As at 31 March 2016	As at 31 March 2015
Current investments (valued at cost unless otherwise stated)		
Investment in mutual funds (quoted) of:		
DWS Fixed Maturity Plan - Series 70 (2 years) - Growth 5,000,000 units (previous year: Nil units) of ₹10 each	5,00,00,000	-
IDFC Ultra Short Term Fund - Daily Dividend (Direct Plan) 14,258,401 units (previous year: Nil units) of ₹10.061 each	14,33,69,647	-
Religare Invesco Arbitrage Fund - Direct Bonus Plan Nil units (previous year: 232,622 units) of ₹10.75 each	-	25,00,000
DWS Fixed Maturity Plan Series 56 - Direct Plan - Growth Nil units (previous year: 12,500,000 units) of ₹10 each	-	12,50,00,000
SBI Debt Fund Series - A 11 385 - Days - Direct - Growth Nil units (previous year: 2,500,000 units) of ₹10 each	-	2,50,00,000
SBI Debt Fund Series - A 22 366 - Days - Direct - Growth Nil units (previous year: 1,020,000 units) of ₹10 each	-	1,02,00,000
	19,33,69,647	16,27,00,000
Aggregate market value of quoted investments	20,23,44,648	17,95,40,607
Aggregate book value of quoted investments	19,33,69,647	16,27,00,000

#Current portion of non current investments

19. Inventories

	As at 31 March 2016	As at 31 March 2015
(valued at lower of cost or net realizable value)		
Raw materials	-	2,18,206
Packing and accessories	2,16,98,016	1,76,95,966
Traded goods [including stock-in-transit : ₹197,601,798 (previous year : ₹69,546,993)]	2,02,25,73,022	1,81,41,13,304
	2,04,42,71,038	1,83,20,27,476

20. Cash and bank balances

	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	1,08,708	43,08,348
- Cash in hand	2,03,00,315	2,20,28,470
	2,04,09,023	2,63,36,818
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	17,86,871	16,59,871
Margin money deposits	2,05,82,843	55,59,111
In unpaid dividend account	13,043	6,642
	2,23,82,757	72,25,624
	4,27,91,780	3,35,62,442
The deposits are pledged against :		
Bank guarantees issued to sales tax and service tax authorities and margin money deposited for cash credit facilities.		

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

21. Short term loans and advances

	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	7,59,35,238	4,85,20,269
Prepaid expenses	63,30,598	45,43,223
	8,22,65,836	5,30,63,492

22. Other current assets

	As at 31 March 2016	As at 31 March 2015
Interest accrued on fixed/ margin money deposits	9,44,565	6,84,178
	9,44,565	6,84,178

23. Revenue from operations

	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of products	8,08,16,35,480	7,18,97,73,252
Other operating revenue	1,21,92,022	1,21,87,001
Revenue from operations (gross)	8,09,38,27,502	7,20,19,60,253
Details of products sold		
Apparels, homemart and accessories	7,11,76,98,885	6,10,72,12,396
Others	96,39,36,595	1,08,25,60,856
	8,08,16,35,480	7,18,97,73,252

24. Other income

	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest income on		
Bank deposits	18,24,550	8,16,803
Others	-	1,28,075
Dividend income	9,45,476	-
Liabilities written back	37,05,853	30,61,990
Profit on sale of fixed assets (net)	2,07,650	-
Profit on sale of investments (net)	37,43,309	1,80,15,910
	1,04,26,838	2,20,22,778

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

25. Cost of raw material consumed

	For the year ended 31 March 2016	For the year ended 31 March 2015
Inventory at the beginning of the year	2,18,206	56,88,749
Add : Purchases during the year		14,65,939
	2,18,206	71,54,688
Less : Inventory at the end of the year	-	2,18,206
Cost of raw material consumed	2,18,206	69,36,482
Details of raw material consumed		
Fabrics	2,18,206	61,05,127
Stitching accessories	-	8,31,355
	2,18,206	69,36,482
Details of inventory		
Fabrics	-	2,18,206
	-	2,18,206

26. Production expenses

	For the year ended 31 March 2016	For the year ended 31 March 2015
Production expenses	5,10,294	25,14,229
	5,10,294	25,14,229

27. Purchase of traded goods and other direct expenses

	For the year ended 31 March 2016	For the year ended 31 March 2015
Purchase of traded goods		
Apparels, homemart and accessories	4,83,16,09,668	4,18,68,53,411
Others	82,95,78,932	90,47,79,190
Stock written off*	15,70,63,042	13,29,78,653
	5,81,82,51,642	5,22,46,11,254
Other direct expenses		
Carriage inwards	3,82,08,253	3,80,54,955
Consumables	6,21,73,373	4,16,50,038
Octroi and entry tax	37,88,067	11,74,201
Warehouse management charges	18,67,734	20,04,627
	10,60,37,427	8,28,83,821
	5,92,42,89,069	5,30,74,95,075

* Owing to the nature of Company's business and the voluminous nature of goods included in inventory, the Company carries out physical verification to cover all its retail stores and storage units over a period of one year. Shortfall identified during such physical verification is adjusted for each store/unit at the relevant time during the year after conclusion of such exercise such write-off pertain to good in transit loss, damage goods, short/excess inventory etc.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

28. Increase in inventories

	For the year ended 31 March 2016	For the year ended 31 March 2015
Inventories at the end of the year		
Traded goods (including stock in transit)	2,02,25,73,022	1,81,41,13,304
Packing material and accessories	2,16,98,016	1,76,95,966
	2,04,42,71,038	1,83,18,09,270
Inventories at the beginning of the year		
Traded goods (including stock in transit)	1,81,41,13,304	1,65,60,04,237
Packing material and accessories	1,76,95,966	1,52,81,399
	1,83,18,09,270	1,67,12,85,636
Loss of inventory on account of flood considered as extra-ordinary item (refer note - 34)	-	(1,31,60,916)
	(21,24,61,768)	(17,36,84,550)
Details of inventory (traded goods)		
Apparels	1,63,64,21,760	1,50,76,49,899
Non-apparels	30,66,68,637	23,15,67,843
Kirana	7,94,82,625	7,48,95,562
	2,02,25,73,022	1,81,41,13,304

29. Employee benefits expense

	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, wages and bonus	51,50,67,329	39,57,72,608
Employee compensation expense under ESOP	10,51,552	2,74,162
Contribution to provident and other funds	5,23,92,125	3,86,24,108
Commission to directors (refer note 39)	58,29,156	1,07,86,272
Staff welfare	4,82,01,441	4,39,06,690
	62,25,41,603	48,93,63,840

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

30. Other expenses

	For the year ended 31 March 2016	For the year ended 31 March 2015
Rent	39,99,85,555	32,83,68,853
Power and fuel expenses	22,75,89,622	19,90,33,379
Advertisement and sales promotion	19,10,55,557	14,76,57,513
Packing materials and expenses	5,39,46,699	4,30,81,846
Repairs and maintenance		
-Building		
-Others	1,76,45,596	1,81,58,566
Commission	4,58,53,098	3,55,09,488
Commission to non-executive directors	1,84,04,768	1,36,48,648
Security expenses	6,91,46,850	5,01,54,478
Communication	1,06,95,021	90,27,526
Travelling and conveyance	1,61,96,003	1,47,15,167
Credit card and cash collection charges	2,29,31,616	2,12,47,054
Rates and taxes	41,02,279	44,99,594
Vehicle running expenses	38,45,918	47,09,126
Fixed assets written off	3,15,968	14,15,896
Legal and professional expenses	2,47,53,188	2,27,99,772
Printing and stationery	38,22,110	29,65,121
Auditors remuneration		
- as auditor	28,59,500	23,89,241
- for reimbursement of expense	1,88,359	1,04,859
Directors sitting fee	10,24,220	4,15,732
Insurance	37,60,845	26,29,115
Claims and contingencies	19,00,967	-
Balances written off	14,00,648	16,76,004
Donations towards corporate social responsibility (refer note 49)	28,66,383	2,45,396
Other donations	7,63,572	-
Miscellaneous expenses	99,17,477	88,44,309
	1,13,71,63,231	93,32,96,683

31. Prior period items

	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest expense	8,76,277	-
Rent	3,29,227	-
Profit from sale of investments	-	(23,87,349)
Depreciation of tangible assets (refer note 12)	7,40,844	16,49,492
	19,46,348	(7,37,857)

32. Depreciation and amortization expense

	For the year ended 31 March 2016	For the year ended 31 March 2015
Depreciation of tangible assets (refer note 12)	18,57,25,150	4,54,32,977
Amortisation of intangible assets (refer note 13)	44,18,680	2,20,750
	19,01,43,830	4,56,53,727

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

33. Finance costs

	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest expense on:		
Cash credit facility and term loans	2,36,60,362	3,37,18,110
Finance lease	23,36,705	15,76,435
Delay in payment of income tax	23,61,672	-
Others	-	16,44,257
	2,83,58,739	3,69,38,802
Other borrowing cost	27,89,431	47,28,884
	3,11,48,170	4,16,67,686

34. Extra-ordinary items

	For the year ended 31 March 2016	For the year ended 31 March 2015
Loss on account of flood at store in Srinagar:		
- of inventory	-	1,31,60,916
- of fixed assets	-	50,14,920
	-	1,81,75,836
Insurance claim received in respect of flood at store in Srinagar:		
- of inventory	(1,08,02,058)	-
- of fixed assets	(35,62,872)	-
	(1,43,64,930)	-

Extraordinary item during the year represents the insurance claim received amounting to ₹14,364,930. The same is in respect of the loss recorded by the Company of ₹18,175,836 for Srinagar store which had been hit by heavy floods in the month of September 2014, which was provided for and shown as Extra-ordinary item during the year ended 31 March 2015.

35. Earnings per share

	For the year ended 31 March 2016	For the year ended 31 March 2015
Profit after tax (before extra-ordinary items)	26,69,31,617	38,55,55,782
Profit after tax (after extra-ordinary items)	27,63,24,845	37,36,70,603
Nominal value per share (₹)	10	10
Weighted average number of equity shares for basic earnings per share	1,80,46,682	1,79,83,278
Add: weighted average number of potential equity shares which would be issue on		
-Issue of shares under ESOP scheme	1,579	410
Weighted average number of equity shares for diluted earnings per share	1,80,48,261	1,79,83,688
Earnings per share (before extra-ordinary items)		
Basic loss per share	14.79	21.45
Diluted earnings per share	14.79	21.45
Earnings per share (after extra-ordinary items)		
Basic loss per share	15.31	20.78
Diluted earnings per share	15.31	20.78

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

36. Capital and other commitments

Particulars	31 March 2016	31 March 2015
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	16,803,700	7,490,597
(ii) Bank guarantees	800,000	2,043,061
For commitments relating to lease arrangements, please refer note 41.		

37. Contingent liabilities:

a) Contingent liabilities, not acknowledged as debt, include:

Particulars	31 March 2016	31 March 2015
Bonus as per The Payment of Bonus (Amendment) Act, 2015 for the year ended 31 March 2015*	10,760,923	-

* The Payment of Bonus (Amendment) Act, 2015 dated 31 December 2015 (which was made effective from 1 April 2014) revised the thresholds for coverage of employees eligible for Bonus and also enhanced the ceiling limits for computation of bonus. However, taking cognizance of the stay granted by Hon'ble High Courts of Kerala (Ernakulam), Karnataka (Bengaluru), Uttar Pradesh (Allahabad) and Madhya Pradesh (Indore) and pending disposal of such matter, the Company, in accordance with the Payment of Bonus (Amendment) Act, 2015, has only recognized an additional expense of ₹21,380,719 for the period 1 April 2015 to 31 March 2016 and has not recognized the differential amount of bonus (₹10,760,923) for the period 1 April 2014 to 31 March 2015.

b) Contingent liabilities (under litigation), not acknowledged as debt, include:

Particulars	31 March 2016	31 March 2015
i. Tax demands in excess of provisions:		
Income tax	1,456,510	2,294,070
Value added tax	9,062,846	7,820,505
Service tax (refer note 38 below)	3,032,733	3,032,733
ii. Demand under The Minimum Wages Act, 1948	597,547	-
iii. Demands under civil litigation	-	870,029

Further, the Company has certain litigations involving suppliers, motor vehicle accident, sale tax litigations and certain inspections under Prevention of Food Adulteration Act, 1954. Based on legal advice of in-house legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

38. Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Retailer Association of India (Company being a member of such association) has challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has passed an interim order dated 14 October 2011, directing the members to deposit 50% of the arrears of service tax due upto 30 September 2011 and the balance if any at the time of final disposal of appeal. The amount of service tax on rent in respect of rented stores from 1 June 2007 till 30 September 2011 was ₹10,825,938 of which ₹7,793,204 has been provided for in the Statement of Profit and Loss till 31 March 2012 and the balance ₹3,032,733 has been classified as contingent liability.

As per directions of Hon'ble Supreme Court, the Company after adjusting the amount already paid has made an aggregate deposit of ₹3,768,918 under protest (i.e. against the amount under dispute amounting to ₹6,885,520) with the concerned authorities and the same is being presented as "Service tax deposit" under Long term loans and advances.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

39. Related party disclosures

Information required to be disclosed under Accounting Standard 18 "Related Party Disclosures"

a) Relationship

I. Key Managerial Personnel

Lalit Agarwal	Managing Director
Hemant Agarwal	Whole-time Director (till 22 January 2015)
MadanGopal Agarwal	Whole-time Director

II. Relatives of Key Managerial Personnel

Sangeeta Agarwal	Wife of Lalit Agarwal
Hemant Agarwal	Brother of Lalit Agarwal and Non – Executive Director (w.e.f 23 January 2015 till 17 March 2016)
Uma Devi Agarwal	Wife of Madan Gopal Agarwal and Mother of Lalit and Hemant Agarwal
Snehal Shah	Son-in-law of Madan Gopal Agarwal
Smiti Agarwal	Wife of Hemant Agarwal
Sunita Shah	Sister of Lalit and Hemant Agarwal

III. Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel

Lalit Agarwal (HUF)	HUF in which Lalit Agarwal is Karta
MadanGopal Agarwal (HUF)	HUF in which Madan Gopal Agarwal is Karta
Hemant Agarwal (HUF)	HUF in which Hemant Agarwal is Karta
Wesbok Lifestyle Private Limited	Company owned by Hemant Agarwal and Smiti Agarwal

b) The following transactions were carried out with related parties in the ordinary course of business:-

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
<u>Managerial remuneration*</u>						
Lalit Agarwal	1,30,89,403	1,11,57,769	-	-	-	-
Hemant Agarwal	-	60,41,343	-	-	-	-
Madan Gopal Agarwal	35,16,332	37,00,064	-	-	-	-
<u>Director sitting fees</u>						
Hemant Agarwal	-	-	2,00,000	-	-	-
<u>Salaries, wages and bonus</u>						
Snehal Shah	-	-	34,20,963	28,20,000	-	-
<u>ESOP issued</u>						
Snehal Shah	-	-	16,23,150	15,00,000	-	-
<u>Dividend for the year</u>						
Lalit Agarwal	27,92,641	33,51,170	-	-	-	-
Hemant Agarwal	-	8,69,250	7,24,375	-	-	-
Madan Gopal Agarwal	8,57,969	10,29,563	-	-	-	-
Lalit Agarwal (HUF)	-	-	-	-	15,96,594	19,15,913
Hemant Agarwal (HUF)	-	-	-	-	5,29,981	6,35,978
Madan Gopal Agarwal (HUF)	-	-	-	-	13,02,094	15,62,513
Sangeeta Agarwal	-	-	27,15,219	32,58,263	-	-
Uma Devi Agarwal	-	-	16,94,325	20,33,190	-	-
Smiti Agarwal(Relative of KMP till 22 January 2015)	-	-	-	10,47,758	-	-
<u>Purchase of traded goods</u>						
Wesbok Lifestyle Private Limited	-	-	-	-	13,96,79,697	3,62,21,475

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

39. Related party disclosures

b) The following transactions were carried out with related parties in the ordinary course of business:-

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2016	Year ended 31 March 2015
Guarantees provided*						
Lalit Agarwal	-	-	-	-	-	-
Hemant Agarwal	-	-	-	-	-	-
Madan Gopal Agarwal	-	-	-	-	-	-
Sangeeta Agarwal	-	-	-	-	-	-
Smiti Agarwal(Relative of KMP till 22 January 2015)	-	-	-	-	-	-

* Personal guarantees have been given by Mr. Lalit Agarwal, Mr. Hemant Agarwal, Mr. Madan Gopal Agarwal, Mrs. Sangeeta Agarwal and Mrs. Smiti Agarwal towards fund based credit facility of ₹420,000,000 (previous year - ₹350,000,000) which include vendor financing scheme (VFS) amounting to ₹370,000,000 (previous year: nil) and cash credit (CC) facility of ₹50,000,000 (previous year: ₹350,000,000). The outstanding book balance as on 31 March 2016 for CC ₹24,616,852 (previous year - ₹199,690,926) for cash credit and for VFS is ₹198,991,453 (previous year - Nil).

Managerial remuneration comprises of the following:-	Year ended 31 March 2016	Year ended 31 March 2015
Remuneration	82,80,000	1,01,12,903
Commission	58,29,156	1,07,86,273
Perquisites (i.e. rented accomodation)	19,27,619	-
Total	1,60,36,775	2,08,99,176

* Does not include gratuity expense as the same is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual figures cannot be determined.

c) Balance at the end of year:-

Description	Key managerial personnel		Relatives of Key managerial personnel	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Remuneration / salary payable				
Lalit Agarwal	51,42,426	32,72,229	-	-
Hemant Agarwal (KMP till 22 January 2015)	-	28,52,179	-	-
Madan Gopal Agarwal	17,09,241	12,27,012	-	-

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by key managerial personnel	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Dividend payable						
Lalit Agarwal	2,23,411	33,51,170	-	-	-	-
Hemant Agarwal	-	8,69,250	57,950	-	-	-
Madan Gopal Agarwal	68,638	10,29,563	-	-	-	-
Lalit Agarwal (HUF)	-	-	-	-	1,27,728	19,15,913
Hemant Agarwal (HUF)	-	-	-	-	42,399	6,35,978
Madan Gopal Agarwal (HUF)	-	-	-	-	1,04,168	15,62,513
Sangeeta Agarwal	-	-	2,17,218	32,58,263	-	-
Uma Devi Agarwal	-	-	1,35,546	20,33,190	-	-
Smiti Agarwal (Relative of KMP till 22 January 2015)	-	-	-	10,47,758	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

40. Segment reporting

In the opinion of the management, there is only one reportable segment "Retail Sales" as envisaged by Accounting Standard 17 on "Segment Reporting". The Company is operating only in India and there is no other significant geographical segment.

41. Leases

Information required to be disclosed under Accounting Standard 19 on "Leases"

Operating lease

The retail stores are taken on lease for a lease term ranging from nine years to twelve years including the lock-in period ranging from one to three years. These leases are further renewable on the expiry of total lease term subject to mutual consent of both the parties. There are no restrictions imposed on the Company under the lease arrangement. There are no subleases.

The minimum lease payments for the initial lease term are as under:

Description	31 March 2016	31 March 2015
Payable within 1 year	28,50,08,884	25,46,54,629
Payable between 1-5 years	1,09,17,64,210	1,12,28,33,549
Payable after 5 years	69,14,28,899	94,53,68,444
Lease payment made for the year recognized in the Statement Profit and Loss	399,985,555*	328,368,853*

* includes expense on account of rent straight-lining.

Finance lease

The Company has taken certain assets on finance lease basis. The legal title to such assets vests with the lessors. The total minimum lease payments, elements of unearned interest included in such payments and present value of lease payments are as follows:

Description	31 March 2016	31 March 2015
Total minimum lease payments	-	25,330,308
Less: Future interest included above	-	7,802,963
Present value of minimum lease payments	-	17,527,345

For assets taken on finance lease, refer note 12.

The maturity profile of the finance lease obligation is as follows:

Description	31 March 2016		31 March 2015	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
Payable within 1 year	-	-	5,628,957	2,818,449
Payable between 1-5 years	-	-	19,701,351	14,708,896
Payable after 5 years	-	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

42. Employee benefits:

Gratuity

Amount recognised as expense in the Statement of Profit and Loss for the year ended 31 March 2015 is determined as under:

Description	31 March 2016	31 March 2015
Current service cost	7,257,028	5,562,647
Interest cost	1,225,509	1,028,188
Actuarial loss/(gain) recognized during the year	(332,879)	(3,863,222)
Past service cost	-	-
Amount recognised in the Statement of Profit and Loss	8,149,658	2,727,613

Movement in the liability recognised in the Balance Sheet is as under:

Description	31 March 2016	31 March 2015
Present value of defined benefit obligation as at the beginning of the year	15,318,866	12,852,356
Current service cost	7,257,028	5,562,647
Interest cost	1,225,509	1,028,188
Benefits paid	(1,523,956)	(261,103)
Actuarial gain recognized during the year	(332,879)	(3,863,222)
Past service cost	-	-
Present value of defined benefit obligation as at the end of the year	21,944,568	15,318,866
Current	1,466,833	1,229,995
Non-current	20,477,735	14,088,871

For determination of the gratuity liability of the Company, the following actuarial assumptions were used:

Description	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	5.00%	5.25%
Mortality table	IALM (2006 - 08)	IALM(2006 - 08)
Withdrawal rate		
- Up to 30 years	3%	3%
- From 31 to 44 years	2%	2%
- Above 44 years	1%	1%

Compensated absence

For determination of the compensated absences liability of the Company, the following actuarial assumptions were used:

Description	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	5.00%	5.25%
Mortality table	IALM (2006 - 08)	IALM (2006 - 08)
Withdrawal rate		
- Up to 30 years	3%	3%
- From 31 to 44 years	2%	2%
- Above 44 years	1%	1%

Provident fund, Employee State Insurance fund and Labour Welfare fund

Contribution made by the Company during the year is ₹52,392,125 (previous year ₹38,624,108).

Amounts for the current and previous four years are as follows:

Description	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Gratuity	21,944,568	15,318,866	12,852,356	11,597,565	7,839,437

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

43. Value of imports calculated on CIF basis

Description	31 March 2016	31 March 2015
Purchase of capital goods	1,603,095	601,278
Total	1,603,095	601,278

44. Employee stock option plan

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 2 July 2012 and 10 July 2012 respectively ('the V-Mart ESOP Scheme 2012' or the "Scheme"), consequent to which 300,000 equity shares with a nominal value of ₹10 each will be granted upon exercise of as stock options (ESOPs) to eligible employees. The exercise price of these options will be determined by the Remuneration Committee and the options will vest over a period of 12 months to 36 months of continued employment from the grant date.

Below are the details in respect of ESOPs granted till 31 March 2016:-

Particulars	Grant I	Grant II	Grant III
Grant date	20 July 2012	5 January 2015	28 December 2015
ESOPs granted	153,252	22,350	13,645
Exercise price	₹150.00	₹450.00	₹573.00
Vesting option:-			
- on the completion of 12 months	45,975	6,705	4,093
- on the completion of 24 months	45,975	6,705	4,093
- on the completion of 36 months	61,302	8,940	8,186
Market value of equity shares on the date of grant	₹150.00	₹539.30	₹586.30

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.

₹1,051,552 (previous year ₹274,162) has been provided as employee benefit expenses, as the proportionate cost of 35,995 (previous year: 22,350) numbers of options granted, using the intrinsic value of the stock options measured by a difference between the fair value of the underline equity shares at the grant date and the exercise price.

On 04 May 2015, 03 August 2015 and 09 February 2016, the Company has allotted 14,237 equity shares at a weighted average share price of ₹150.00 per share, 24,687 equity shares at a weighted average share price of ₹150.00 per share and 12,083 equity shares at a weighted average share price of ₹150.00 per share respectively, of face value of ₹10.00 each to the eligible employees of the Company on account of exercise of vested stock options.

(a) The relevant details in respect of V-Mart ESOP Scheme 2012 are summarized below:

Particulars	31 March 2016		31 March 2015	
	No. of Options	Weighted Average Price	No. of Options	Weighted Average Price
a. Outstanding at the beginning of year	90,477	224.11	125,308	150.00
b. Granted during the year	13,645	573.00	22,350	450.00
c. Exercised during the year	51,007	150.00	56,911	150.00
d. Forfeited during the year	1,774	150.00	-	-
e. Expired during the year	-	-	-	-
f. Outstanding at the end of the year	51,341	393.02	90,477	224.11
g. Exercisable at the end of the year	22,051	241.22	18,112	150.00
h. Number of equity shares of ₹10 each fully paid up to be issued on exercise of option	51,341	393.02	90,477	224.11
i. Weighted average remaining contractual life	-	6.29	-	5.92

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

44. Employee stock option plan (contd.)

(b) Pro forma Accounting for Stock Option Grants:

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated below:

Particulars	31 March 2016	31 March 2015
Net profit as reported (a)	276,324,845	373,670,603
Add: Stock based employee compensation expense debited to Statement of Profit and Loss (i)	1,051,551	274,162
Less: Stock based employee compensation expense based on fair value (ii)	(4,150,151)	(1,943,989)
Difference between (i) and (ii)	(3,098,600)	(1,669,827)
Adjusted pro forma Profit (b)	273,226,245	372,000,776
Basic earnings per share as reported	15.31	20.78
Pro forma basic earnings per share	15.14	20.69
Diluted earnings per share as reported	15.31	20.78
Pro forma diluted earnings per share	15.14	20.69

(c) The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	Grant I	Grant II	Grant III
Risk free interest rates (in %)	8.42	8.32	8.16
Expected life (in years)	4 years	4 years	4 years
Volatility (in %)	25%	41%	38.74%
Dividend yield (in %)	0.27%	0.20%	0.20%
Weighted average exercise price (₹)	150.00	450.00	573.00
Weighted average fair value of stock option (₹)	50.89	263.00	248.00

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

45. Initial Public Offer (IPO) of the Equity Shares of the Company

During the year ended 31 March 2013, the Company allotted 1,250,000 equity shares to the Pre- IPO investors at an issue price of ₹210 per equity share (including a premium of ₹200 per equity share) aggregating to ₹262,500,000 and also completed its IPO of 4,496,000 equity shares of ₹10 each for cash at a price of ₹210 per equity share (including a premium of ₹200 per equity share) aggregating to ₹944,160,000. The issue comprised of a fresh issue of 2,761,000 equity shares by the Company and an offer for sale of 1,735,000 equity shares by Naman Finance and Investment Private Limited. The Company's equity shares have been listed on both BSE Limited and the National Stock Exchange of India Limited on 20 February 2013.

Means of finance for the objects of the IPO were under:-

Particulars	Amount
Proceeds from the fresh issue	579,810,000
Proceeds from Pre-IPO placement	262,500,000
Internal accruals	71,760,000
	914,070,000

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

45. Initial Public Offer (IPO) of the Equity Shares of the Company (contd.)

The utilization of the aforementioned means of finance as on 31 March 2016 is as under:

Particulars	Utilization planned as per prospectus	Utilization of IPO proceeds as on 31 March 2016	Adjustments (utilization of surplus towards other objects)	Balance amount to be utilized as on 31 March 2016
Opening of new stores	697,040,000	(704,467,283)	7,427,283	-
	<i>697,040,000</i>	<i>(658,580,936)</i>	<i>660,153</i>	<i>39,119,217</i>
Expansion of distribution center	43,870,000	(37,102,869)	(6,767,130)	-
	<i>43,870,000</i>	<i>(28,725,519)</i>	-	<i>15,144,481</i>
Working capital	100,000,000	(100,000,000)	-	-
	<i>100,000,000</i>	<i>(100,000,000)</i>	-	-
Share issue expenses	73,160,000	(72,499,847)	(660,153)*	-
	<i>73,160,000</i>	<i>(72,499,847)</i>	<i>(660,153)*</i>	-
	914,070,000	914,070,000	-	-
<i>Previous year figures</i>	<i>914,070,000</i>	<i>(859,806,302)</i>	-	<i>54,263,698</i>

* Surplus available after actual expenses incurred will be utilized towards other objects of the issue.

Interim utilization of balance IPO proceeds up to 31 March 2016 is as under:

Particulars	Amount
Balance unutilized amount	-
Temporary utilized as below:	
Mutual funds	-
	54,263,698

Figures in italics are related to previous year.

46. Expenditure in foreign currency

Description	31 March 2016	31 March 2015
Foreign travelling	561,504	694,044
Total	561,504	694,044

47. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Description	Currency	31 March 2016		31 March 2015	
		Foreign currency	Amount	Foreign currency	Amount
Trade payable	USD	-	-	1,237	77,425
Advance to supplier	USD	-	-	19,370	1,212,384

Conversion rate applied for is 1 USD - Nil (previous year - ₹62.59)

48. In the opinion of the board of directors, assets, loans and advances have a value on realization in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

(All amounts in ₹, unless stated otherwise)

49. In accordance with the provisions of section 135 of the Companies Act 2013, the Board of Directors of the Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms with the provisions of the said Act, the Company was to spend a sum of ₹7,869,763 (previous year ₹5,372,487) towards CSR activities during the year ended 31 March 2016. The detail of amount spend is as follows:-

Particulars	In cash	Yet to paid in cash	Total
(I) Construction/acquisition of any asset	-	-	-
(II) On purposes other than (I) above	2,866,383	-	2,866,383
	<i>(2,100,000)</i>	<i>(-)</i>	<i>(2,100,000)</i>

Figures in italics are related to previous year.

50. During the year, certain cases of misappropriation of inventory involving employees at certain stores was identified by the management, the impact of which is included in "Stock written off" disclosed under "Purchase of traded goods and other direct expenses" under Note 27 to the financial statements. Such stock write off of ₹157,063,042 (refer note 27) includes write offs aggregating ₹88,030,850 (approx.) on account of damaged inventory and the balance write off includes, inter-alia, the impact of shrinkages in transit and misappropriation of inventory by employees, among others. Whilst it is not possible to quantify the impact owing to such misappropriation, management believes that the impact thereof is not material to the financial statements

Further, the management has identified an instance of misappropriation of funds, wherein certain payments aggregating to ₹75,000 (approx.) had been processed by an employee, by utilizing the pre-specified approval limit through which he was approving inappropriate invoices. The Company has recovered these amounts from such employee, whose services have since been terminated and therefore, it does not have any impact on the Statement of Profit and Loss.

51. Previous year comparatives have been reclassified, wherever considered necessary, to conform to this year's classification.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co)
Chartered Accountants

per Sumit Mahajan
Partner

Place: Gurgaon
Date : 27 May 2016

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

Madan Gopal Agarwal
Director
DIN No. 02249947

Deepak Sharma
Chief Finance Officer

Lalit Agarwal
Managing Director
DIN No. 00900900

Sudhir Kumar
Company Secretary
Membership No. A25125



V-MART RETAIL LIMITED
(CIN - L51909DL2002PLC163727)

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

Corp. Office: Plot No. 862, Udyog Vihar, Industrial Area, Phase – V, Gurgaon – 122016 (Haryana)

Tel. No.: 0124-4640030, **Fax No.:** 0124-4640046, **Website:** www.vmart.co.in, **Email –** info@vmart.co.in

ATTENDANCE SLIP

Please fill in this attendance slip and hand it over at the entrance of the meeting hall. Joint holders may obtain additional attendance slips.

Sr. No. : SLNO

HOLDER

HOLDER_ADD

HOLDER_AD1

HOLDER_AD2

HOLDER_AD3

PIN : HOLDER_PIN-----

I hereby record my presence at the **FOURTEENTH ANNUAL GENERAL MEETING** of the Company held on Wednesday, the 28th day of September, 2016 at 9:30 a.m. at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022.

Members Folio/DPID–Client ID No.

Member's/Proxy's name in Block Letters

Signature of the Member / Proxy

No. of Shares held :

Regd. folio/*Client ID : DPID / HOLDER_FOL

*Applicable for members holding shares in electronic form.

Note: To be signed and handed over at the entrance of the Meeting Venue



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MGT - 11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : V-MART RETAIL LIMITED

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

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No./Client ID :

DP ID :

I/We, _____ being a Member(s) of V-Mart Retail Ltd., hereby appoint :

- Name : _____ Address : _____
Email Id : _____ Signature : _____ or failing him
- Name : _____ Address : _____
Email Id : _____ Signature : _____ or failing him
- Name : _____ Address : _____
Email Id : _____ Signature : _____

as my / our proxy to attend and vote (on poll) for me/us and on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 28th day of September, 2016 at 9:30 a.m. at Delhi Karnataka Sangha Auditorium, Rao Tularam Marg, Sector -12, R.K. Puram, New Delhi – 110022 and any adjournment thereof in respect of such resolution as are indicated below :

Resolution No.	Resolution	Vote	
		For	Against
Ordinary Business			
1	Audited Financial Statements of the Company for the financial year ended 31st March, 2016 along with the Report of the Auditors and Directors thereon		
2	Declare a final dividend of ₹0.10/- per equity share for the financial year 2015-16 and to confirm the Interim Dividend of ₹1.15/- per equity share declared and paid during the year ended 31st March, 2016		
3	Appointment of a Director in place of Mr. Madan Gopal Agarwal (DIN 02249947), who retires by rotation and being eligible, offers himself for re-appointment		
4	Ratification of Appointment of Statutory Auditors and to fix their remuneration		
Special Business			
5	Revision/variation in remuneration of Mr. Lalit Agarwal, Chairman & Managing Director		
6	Revision/variation in remuneration of Mr. Madan Gopal Agarwal, Whole-time Director		

Signed on _____ day of _____, 2016.

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix One
Rupee
Stamp

NOTE :

In order to be effective the Proxy should be duly filled, signed and stamped and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting. The Proxy need not be a Member of the Company.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password/PIN

INSTRUCTIONS FOR REMOTE E-VOTING

1. To use the following URL for remote e-voting: <https://evoting.karvy.com>
2. Enter the login credentials i.e., User Id and Password mentioned in the e-voting sheet attached alongwith this communication. Your Folio No/ DP ID Client ID will be your user ID.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVENT i.e., V-Mart.
7. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option "ABSTAIN" in case you wish to abstain from voting.
8. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
9. 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, shareholders can login any number of times till they have voted on the resolution.
10. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory (ies) who are authorised to vote, to the Scrutiniser through e-mail scrutinizer.vmart@gmail.com.
11. The Portal will remain open for voting from 9.00 a.m. on 25th September, 2016 to 5:00 p.m. on 27th September 2016 (both days inclusive).
12. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or send email to evoting@karvy.com or contact Mr. Padala Srirama Murthy of Karvy Computershare Pvt. Ltd. at 040-67161606 or at 1800 3454001 (toll free).
13. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
14. It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
15. The voting rights of shareholders shall be in proportion to their shares of the paid equity share capital of the company as on cut-off date (record date) 21st September, 2016.
16. The scrutinizer shall within the period not exceeding three (3) working days from the conclusion of E-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in Favor or Against, if any, forthwith to the Chairman to the Company.
17. The members who have acquired shares after the dispatch of notice of the Annual General Meeting and holding shares as on cut-off date i.e. 21st September, 2016, may obtain the e-voting user id and password by sending a request at e-voting@karvy.com.
18. The Results of Remote E-Voting shall be declared on or after the AGM of the Company. The Result declared along with the Scrutinizer's Report shall be placed on the Company's website (www.vmart.co.in) and on the website of Karvy within two (2) days of passing of resolution at the AGM of the Company and communicated to the Stock Exchanges.
19. Kindly note that once you have cast your vote, you cannot modify or vote on poll at AGM. However, you can attend the meeting and participate in discussions, if any.



V - Mart Management Team.



PRICE "LESS" FASHION