



BRINGING
SMILES
ON FACES

Disclaimer

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. 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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India is one of the most under-penetrated retail markets in the world.

In this country, when you fuse prudent geographic selection with contemporariness, convenience, choice, ambience, service, technology and affordability, you get industry outperformance.

This remarkable fusion is what sustained the dramatic improvement in V-Mart’s financials during the year under review.

Even as India’s economy grew 4.7 per cent, the company’s revenues grew 50 per cent and profit after tax 39.73 per cent over the previous year.



It took V-Mart 10 years to grow its revenues to ₹383.65 crore in 2012-13.

Then the Company achieved 50 per cent of that growth over the next 12 months of ₹574.95 crore in 2013-14.

These revenues have been accompanied by attractive margins and a healthy bottomline.

In an industry where most of the players struggled, there is just one question that most analysts are asking about our performance.

How?

THERE IS JUST ONE OVERARCHING REASON THAT BEHIND OUR COUNTRY, ECONOMY AND SECTORALLY-CONTRARIAN PERFORMANCE IN 2013-14.

STRONGER

- We continued to invest and strengthen our business.
- We grew the number of our stores by 29 per cent.
- We grew our retail area by 27 per cent.
- We grew our footfalls 32 per cent.
- We grew same-store sales growth (fashion) by 12 per cent.

SUPERIOR

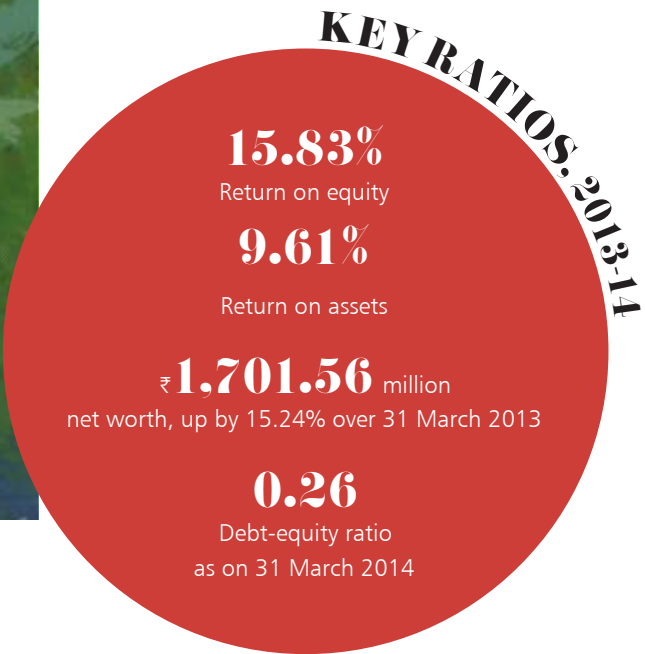
The result is that even as consumer sentiment weakened, we reported superior ratios across our business.

EBIDTA margin stood at an attractive 9.47 per cent in 2013-14.

Gearing was maintained largely around the earlier year level, 0.24 in 2012-13 to 0.26 in 2013-14, despite store expansion (20), indicating a creditable use of accruals for growth.

IMPACT

Which indicates that as consumer sentiment got weaker, V-Mart reported higher revenues, better margins and larger profits.



ABOUT US

Varin Commercial Private Limited was incorporated in 2002 and renamed V-Mart Retail Limited; the Company operates family fashion stores in the value-for-money retail segment.

VMRL is positioned as a one-stop family shop with a comprehensive portfolio of retail offerings across diverse categories.

The Company's motto of **"Price-less Fashion"** promises contemporary products and services at reasonable prices to upwardly mobile Indians in non-metro Indian locations.

OUR BUSINESS

VMRL's business is classified into three verticals – apparel, general merchandise (non-apparel and home mart) and *kirana bazaar*.

The Company offers customers a wide range of trend fashion products at reasonable prices, emerging as a destination of choice.

OUR LOCATIONS

The Company enjoys a pan-India presence across Tier-II and Tier-III cities across New Delhi, Gujarat, Madhya Pradesh, Uttar Pradesh, Bihar, Punjab and Rajasthan.

As on 31 March 2014, the Company's 89 stores were spread across 77 cities in 12 states and union territories, covering an area of 7.12 lac square feet.

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

STORE CLASSIFICATIONS

V-MART ASPIRE

V-Mart Aspire caters to the youth segment with apparel which are in-sync with the latest trends in fashion. Our designers study market trends 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. These stores are normally located in areas where the target customers range from kids to senior citizens.

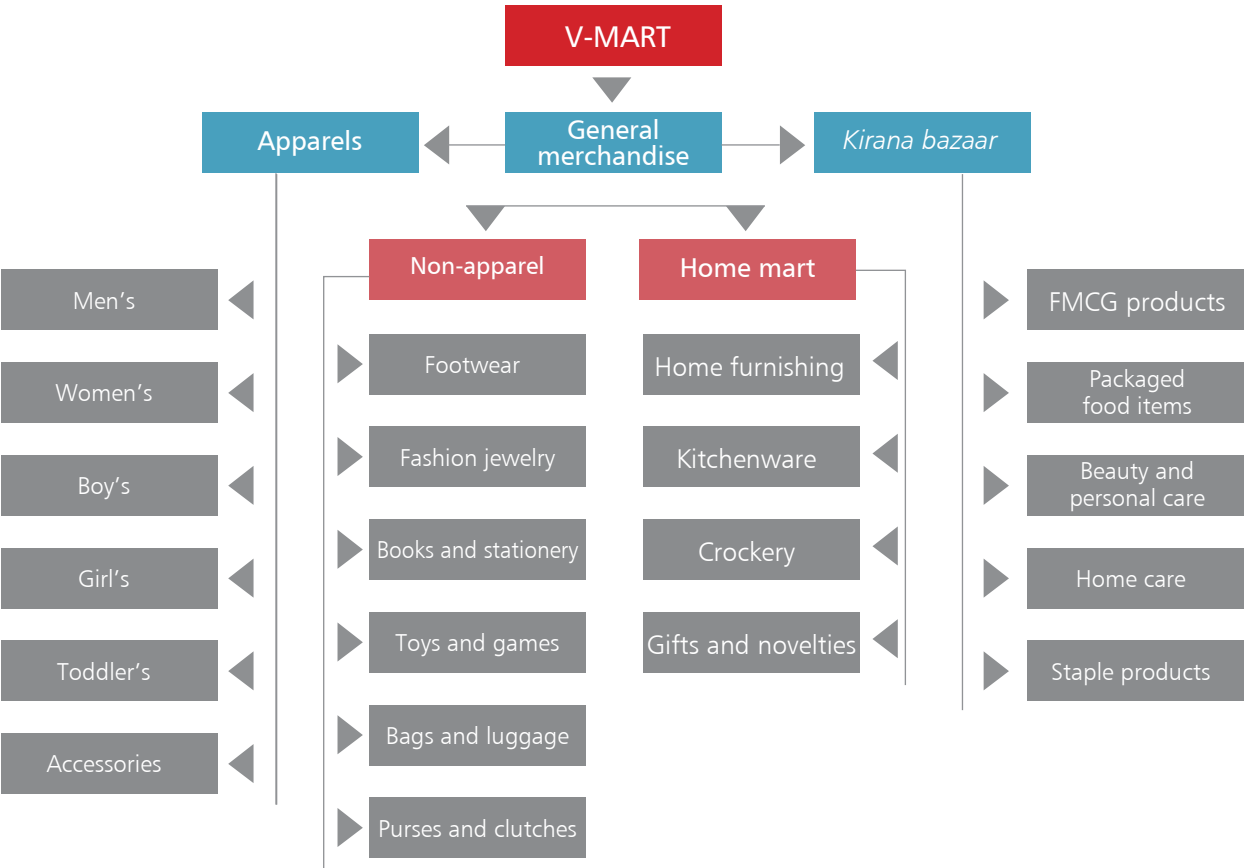
V-MART CORPORATE

V-Mart Corporate targets customers in the office goes group. The merchandise in these stores cater specifically to office-going individuals, (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 comprise working professionals.

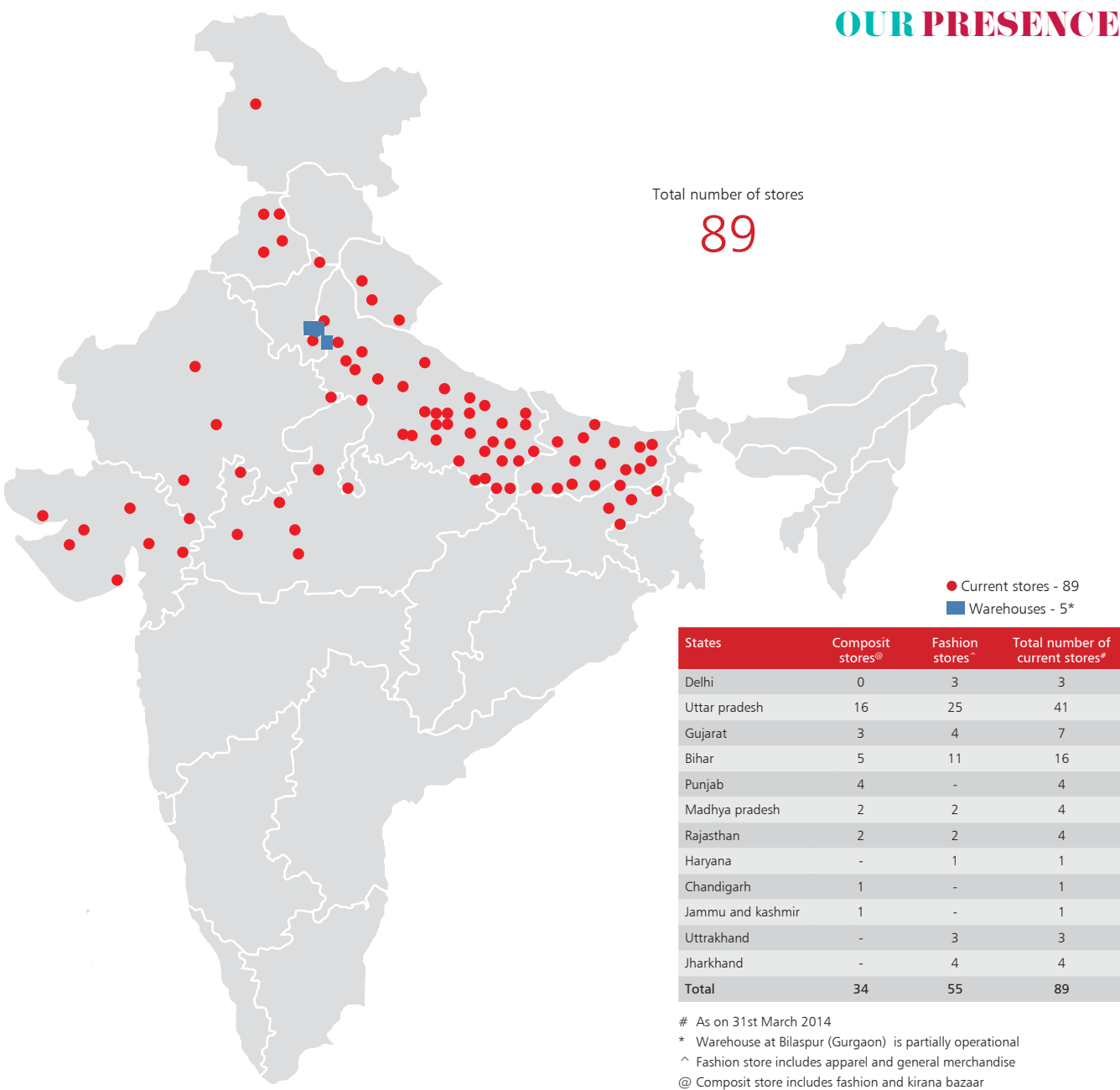
V-MART VALUES

V-Mart Values caters to all age groups and focuses on basic clothing needs with an insight into the economic profile of the inhabitants of the region. While it provides cost-competitive products, the quality is not something that is ever compromised with.

OUR BUSINESS VERTICALS



OUR PRESENCE



OUR JOURNEY OVER THE YEARS

2002

Incorporated as Varin Commercial Private Limited

2003

Opened its maiden store in the state of Gujarat

2004

Opened its maiden store in New Delhi

2006

- Changed name from Varin Commercial Private Limited to V-Mart Retail Private Limited.
- Crossed an aggregate of 100,000 square feet of retail space.

2008

- Converted into a public limited company.
- Investment in Equity Shares by Naman Finance, a part of the Aditya Birla Group.
- Investment by DB Corp Limited

2011

- Achieved a turnover of over ₹2,000 million in Fiscal 2011.
- Declared a dividend of 4 per cent for Fiscal 2011.

2012

- Declared a dividend of 4 per cent for fiscal 2012.
- Stores extended to more than 50 cities. 153,252 ESOPs were granted under the V-Mart ESOP Scheme 2012.
- Crossed 500,000 square feet in retail space.

2013

- Pre-IPO placement of 12,50,000 Equity Shares.
- Public Issue of 44,96,000 Equity Shares.
- Public issue oversubscribed 1.2 times.
- Attracted marquee institutional and HNI investors. Declared dividend of 10 per cent.

2014

- Opened 23 new stores in FY 13-14 with the retail space of 1.90 lac square feet.
- Strengthened supply chain, capability building and investment in infrastructure.
- Footfall increased by 31.58%, from 115.29 lac to 151.70 lac in 2013-14

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am delighted to present the second Annual report of the Company after going public. FY 2013-14 was a year that brought much happiness for the Company.

Our existing business model with an emphasis on Tier-II and Tier-III cities continues to perform admirably. The Company's net sales increased by 50 per cent from ₹383.46 crore in FY 2012-13 to ₹574.95 crore in FY 2013-14. The operating profit (EBITDA) increased by 36 per cent from ₹39.97 crore in FY 2012-13 to ₹54.49 crore in FY 2013-14. The Company posted a PAT of ₹25.15 crore during the current financial year as against ₹18.00 crore during the previous fiscal.

INDUSTRYTRENDS

The Indian retail market in 2010 was estimated to be worth US\$353 billion and by 2014-15, as per the industry reports available, it is expected to reach US\$543 billion. Further, the current value of the Indian retail market is estimated at US\$500 billion and by 2020 its value is pegged to reach US\$1.3 trillion. Over 20 per cent of India's GDP is contributed by the retail sector and contributes eight percent to the total employment. India is home to one of the top-five retail markets in the world and in retail, India offers immense scope for growth.

Consumerism in India is witnessing unprecedented growth and globally, India is among the top-10 retail markets driven by favourable demographics, a young and working population, rising income levels, urbanisation and growing brand orientation. This, in turn, is reflected in India's retail market, which in 2013, was estimated at US\$520 billion and is expected to grow at a CAGR of 13 per cent to reach around US\$950 billion by 2018.

The Indian retail sector is set to grow rapidly with a gradual shift toward organised retailing formats. The organised retail market in India is burgeoning and is expected to grow at CAGR of 19-20 per cent over the next five years. Organised retail penetration is expected to increase from 7.5 per cent in 2013 to 10 per cent in 2018 at a robust CAGR of 19-20 per cent during the same period. This will be driven by a combination of demand, supply and regulatory

factors, which are expected to be the growth engines of the Indian retail market.

Tier-II and Tier-III cities in the country are emerging as the new 'hot spots' of consumption. Organised retailers are increasingly setting up stores in these smaller cities. Penetration in Tier-II and Tier-III cities and improvement in business models and operations will be catalysts of growth for the organised sector.

OPERATIONS

The Company continued to strengthen its back-end and front-end processes during the year by under taking various initiatives. The three core focus areas for the Company were:

- Supply chain management
- Capability building
- Investment in infrastructure

We believe that an efficient supply chain is the backbone of the retail operations and it is essential to strike a balance between optimum levels of inventory whilst ensuring availability of products at all stores as per customer needs, as well as reducing operational costs.

In view of the above, the Company has initiated programmes pertaining to various aspects that will enable us to enhance the efficiency of our supply chain management system, there include - planning, merchandising, procurement, standardisation, vendor management, logistics, quality control, pilferage control, replacement and replenishment. The Company believes that the benefit of such programmes will manifest themselves over the coming years.

During the year the Company took on lease premises for a new warehouse and is in the process of consolidating all existing warehouses. Consolidation

of warehouses help in efficient logistics management, reduction in order processing and close-to-optimal inventory replenishment costs. At the warehouse products are received, stored, sorted, sequenced and transported to specific stores as needed. The Company with a view to optimise its warehouse operations has retained the services of APL Logistics as a consultant to plan the layout of the warehouses so that goods move efficiently and the Company can focus more on its core competencies. APL being an industry leader in 3PL services, were assigned the task to handle the warehouse operations with defined targets and KPIs. APL also guides us in terms of the industry-best practices and effective utilisation of IT resources.

The Company has a pan-India network of more than 1,500 registered vendors and suppliers and we believe that they are an integral element of our growth. During the year, we organised a vendor meet wherein the Company had invited the top vendors. This meet was organised to share with the vendors the changes being planned by the Company as outlined above and also our expectations from them. The category leaders were felicitated for their outstanding performance while others were encouraged to imbibe their best practices.

The Company has consistently believed that the growth at the front-end has to be supported by adequate capability building at the back-end for long-term sustainable growth. We have undertaken various initiatives at the back-end including hiring staff with the right experience and qualifications in line with our organisational structure. The Company has initiated an annual training programme to develop the skills of our human resources with minimum monthly training hours based on the requirements of the respective domains.

The Company has restructured its Performance Management System for its human resources to include goal setting exercises so that employees have clarity on the parameters for evaluation, Key Result Areas (KRAs) and which form the basis for setting organisational as well as individual goals.

At V-Mart, we believe that our customers are supreme; consequently the Company has focused on superior customer engagement. During the year under review the Company organised various customer events so as to be in constant touch with our customers and get a better understanding of their needs.

OUTLOOK

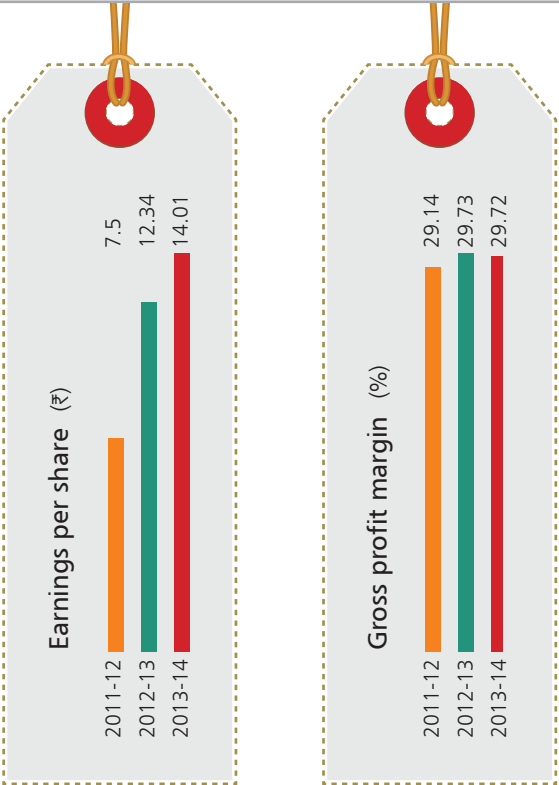
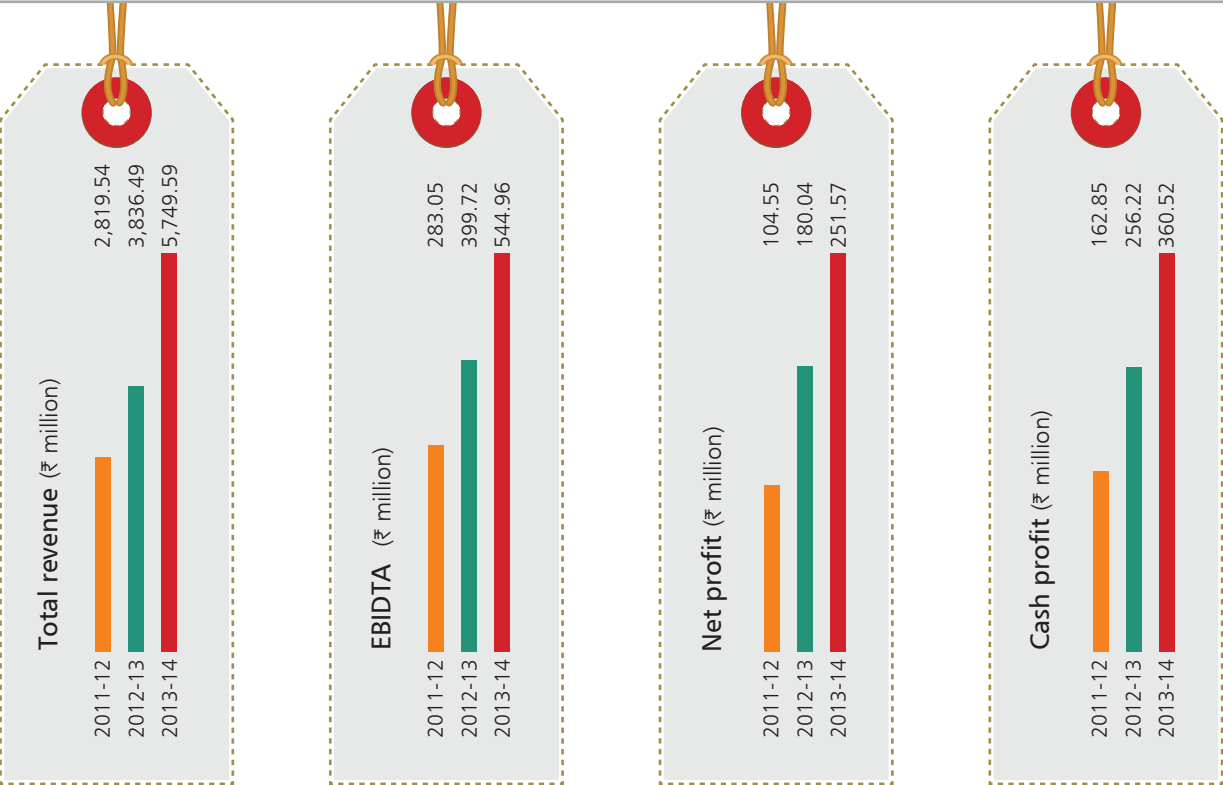
With a new, dynamic government instated at the centre, the growth projection for India is high. Various measures are expected to be initiated to attract more investments and remove infrastructural bottlenecks to boost development. At V-Mart, we expect that our business model will sustain a 30-35 per cent revenue growth and we project to add about 25 new stores in FY 2014-15. On the back of a growing post-tax bottomline, we look forward to enhance value in the hands of the shareholders. We believe that our existing business model is self-sustaining and not consider any deviation from the same.

At V-Mart we wish to make our shareholders, customers, employees, the society at large and other stakeholders happy. We thank them for their unstinted support to our business and the management.

Warm regards,

Lalit Agarwal
Chairman & Managing Director

Our performance in numbers

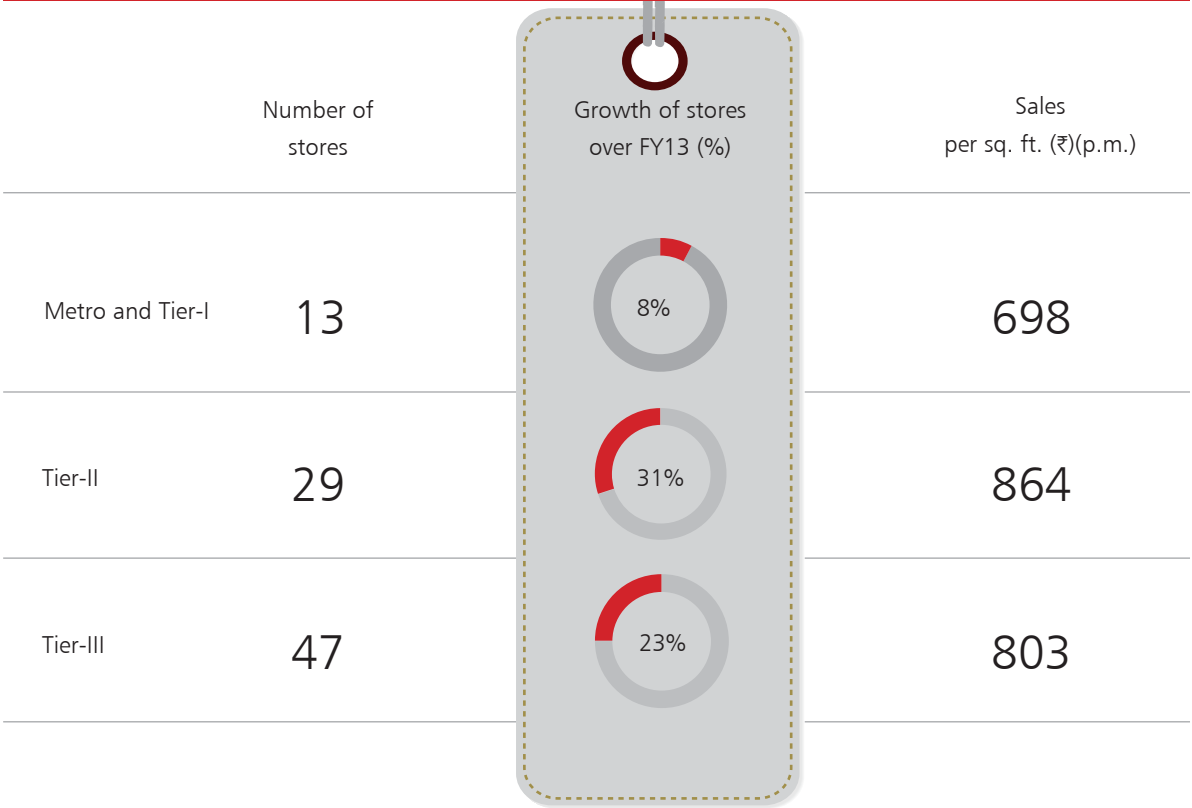


FINANCIAL ACHIEVEMENTS, 2013-14

- Revenues grew by 50 per cent over 2012-13 to reach ₹5,749.59 million
- EBIDTA grew by 36 per cent over 2012-13 to reach ₹544.96 million
- Net profit grew by 39.73 per cent over 2012-13 to reach ₹251.57 million
- Cash profit grew by 40.70 per cent over 2012-13 to reach ₹360.52 million in 2013-14.
- EBIDTA margin stood at 9.47 per cent in 2013-14
- Inventory holding decreased from 94 days in 2012-13 to 88 days of turnover equivalent in 2013-14

GROWING URBAN AND SEMI-URBAN PRESENCE

Financial year 2014



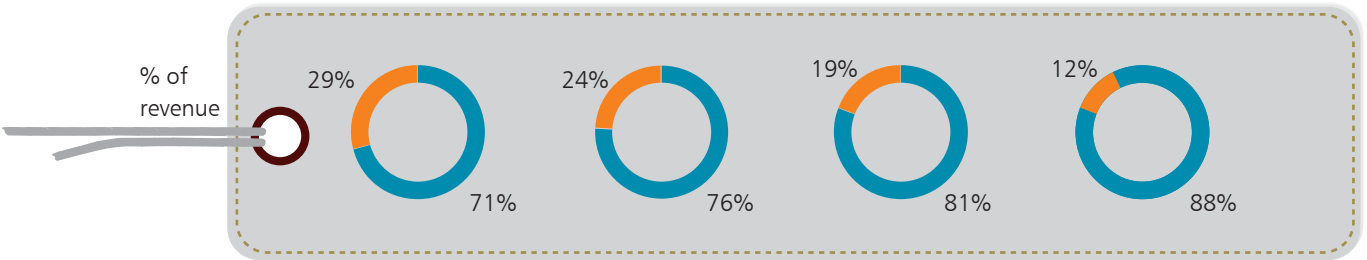
PRODUCT-WISE GROWTH

Fashion

	2010-11	2011-12	2012-13	2013-14
Revenue (₹ in million)	1,510	2,133	3,093	5,043

Kirana

	2010-11	2011-12	2012-13	2013-14
Revenue (₹ in million)	630	677	738	698





V-MART. MALL EXPERIENCE. HIGH STREET PRICING.

THERE ARE JUST TWO WORDS TO DESCRIBE INDIA'S LARGE MIDDLE-CLASS OF 75 MILLION HOUSEHOLDS OR 300 MILLION INDIVIDUALS.

'Value-conscious'.

Even as India's 500-million-strong under 25-year population is earning more than ever before, there is no incentive bigger than being able to buy the best at the lowest cost.

The definition of 'best' comprises the ease of shopping in terms of proximity, being able to buy branded products, being able to shop for contemporary styles, being able to buy into something that endures and being able to do this in a mall-like environment with products priced at par with the neighbourhood store, translating into an unbeatable 'value retail' proposition. A wide variety of merchandise with a pleasant shopping experience at competitive prices brings smiles to the faces of our customers.

The result: Same store sales growth stood at 12 per cent (fashion) during the year under review. The customers usually refer to a V-Mart store as a 'Mall' due to the experience and ambience on offer.





V-MART. CLUSTERED PRESENCE. NATIONAL PLAY.

IN ANY ECONOMY, RETAIL OFFTAKE ESSENTIALLY COMES DOWN TO ONE METRIC.

‘Confidence.’

The greater the confidence of people in a better tomorrow, the more they are likely to shop. This is reflected in our average transaction price, which has grown from ₹489 to ₹575.

It is here that India scores well above most countries in the world. A MasterCard Worldwide Index of Consumer Confidence ranked the Indian consumer as one of the most confident in the world. When you aggregate this confidence with the scale of the country’s 700 million rural population – equivalent to the combined population of many other emerging countries – then you have one of the most exciting market opportunities in the world.

V-Mart added 23 stores to address this opportunity in 2013-14; 96 per cent of these stores were in Tier-II and III locations; each store was located within 150 kilometres from the other, leveraging efficiencies in brand spend, procurement, supply chain, logistics and inventory.

This scientific top-down approach is expected to reinforce the Company’s first-mover lead, accelerating revenues, margins and profits in a sustainable way.

Result: 81 per cent of V-Mart’s stores were profitable in 2013-14; each of the stores achieved breakeven within 45 to 60 days of launch; every rupee invested in the brand generated returns of ₹0.16 (ROE). Clustered presence helped optimise operations and serve the customers with better products, thus bringing smiles to their faces.



V-MART. FISCAL PRUDENCE. SOUND FINANCIALS.

IN ANY BUSINESS, FINANCIAL DISCIPLINE AND VIABILITY GO HAND IN HAND.

V-Mart is no different. Over the years, V-Mart strengthened its Balance Sheet through prudent fiscal management, reflected in the following initiatives:

- In a business requiring large capital outlays for fresh store rollout, our success is measured in our ability to sustain the rollout of 23 stores while being able to maintain our gearing at a mere 0.26 (as on 31st March, 2014), ensuring that the Company has arrived at a sweet spot where growth can be sustained without stretching the Balance Sheet.
- In a business that is working capital-intensive, the Company maintained its working capital cycle at 88 days of turnover equivalent (94 days in 2012-13) indicating an efficient use of funds; the Company utilised only 71.21 per cent of its sanctioned working capital limit, indicating borrowing headroom whenever required.
- In a business that requires maintaining consistent pan-India inventory merchandise, the Company moderated its inventory cycle by six days of turnover equivalent to 88 days in 2013-14, indicating more effective stocking; correspondingly, even as the economy slowed and the Company increased store rollout, inventory turns were maintained at the previous year's levels (3.42 in 2013-14 and 3.46 in 2012-13).

Result: The net profit of the Company grew by 40 per cent in the FY 2013-14. Sound financials helped the Company to bring smiles to the faces of its financial stakeholders such as investors, lenders and employees, among others.



MANAGEMENT DISCUSSION AND ANALYSIS



Global economy

The global economy remain subdued as global GDP growth decelerated for the third year running – 3.9% in 2011 to 3.1% in 2012 and 3% in 2013. Most developed economies addressed the reality through appropriate remedial action. Besides, a number of emerging economies, which had already experienced a debilitating slowdown in the past two years, encountered renewed domestic and international headwinds during this period.

Prospects: Looking ahead, global growth is projected to strengthen to 3.6% in 2014 and 3.9% in 2015 (Source: IMF April 2014). Global activity is expected to improve during 2014-15, with much of the impetus coming from advanced economies. Many emerging market economies account for more than two-thirds of global growth and their output growth is likely to be lifted by exports to advanced economies.

Challenges: Global recovery is still fragile despite improved prospects with significant downside risks. Among old risks, those related to emerging market economies increased. According to the *Global Financial Stability Report*, rapid normalisation of the American monetary policy or renewed bouts of high risk aversion on the part of investors could result in further adversities (Source: IMF, April 2014).

Global retail industry overview

The global retail market generated more than \$10.5 trillion in 2010 and

grew at a CAGR of 5.1% over the last few years to reach over US\$15 trillion in terms global revenues in 2014 and is expected to maintain strong growth in the near future. Food and groceries represent the leading market segment, generating close to 65% of the overall market. The global online retail industry is expected to reach almost \$830 billion in 2015. This represents a 90% market expansion in just five years. Electronics are the leading market segment, accounting for 34% of the overall online market. The Americas represent more than 40% of the global online retail industry.

In recent decades, the retail sector has undergone a significant transformation. Due to deregulation of foreign investment, competition/monopoly policy and land use policy, alongside broader neo-liberal reforms affecting consumer markets and trade, large retailers have consolidated their power and expanded globally. While small retailers still dominate parts of the world, transnational corporations are taking over larger market shares. As large companies seek to increase profits, they have reduced the risks of investment by subcontracting and franchising, impacting smaller firms, suppliers, consumers and employees.

Indian economy

The Indian economy reported a growth of 4.7% in 2013-14 compared to a growth rate of 4.5 % in the previous fiscal. The mild recovery, although weak, was on the back of abundant rainfall which strengthened the agricultural sector; however the manufacturing and the mining sectors

continued to cause concern. India's growth is expected to get better over the medium-term following stronger global growth, improving export competitiveness, implementation of approved investment projects and accelerated reforms announced by the new government.

This growth of the Indian economy was on the back of the high growth in the agriculture and allied sectors, which grew at 4.7% compared to its long-run average of 3% (during 1999-2000 and 2012-13), owing to favourable monsoons. On the contrary concerns around the industrial growth persisted because of the continued slowdown in the industry due to deceleration in mining and quarrying and a disappointing performance of the manufacturing sector, with the growth averaging at around 0.2% per annum in the past two years. Thus, industrial revival is central to the sustained revival of the overall growth of the economy. (Source: KPMG, Indian Economic Survey 2013-14, July 2014)

Per capita income at current prices for 2013-14 was estimated at ₹74,920 compared with ₹67,839 during 2012-13. Current account deficit declined to US\$35 billion in 2013-14 against US\$88 billion in 2012-13, largely due to a steep decline in gold imports and increase in exports. Gross Fixed Capital Formation (GFCF), an indicator of investment, was estimated at ₹32,20,000 crore at current prices against ₹30,70,000 crore in 2012-13; in terms of GDP at market prices, the rate of GFCF in 2013-14 was estimated at 28.5% against 30.4% in 2012-13.

According to the NCAER, India's economic growth is likely to be 5.6% in 2014-15; Asian Development Bank projected India's GDP growth at 5.5% for 2014-15, depending on its ability to implement structural reforms.

Indian retail industry

India's retail sector is one of the fastest growing in India and the fifth largest in the world. The country ranks fourth among 30 surveyed countries in terms of global retail development. The size of the Indian retail industry is estimated at US\$ 500 billion and expected to grow at 15-20% per annum. The Indian retail industry, currently worth

\$490 billion, is expected to grow to US\$750-850 billion by 2016-17, expanding at a compounded annual growth rate of 15-20%.

India's organised retail space in 2013 was approximately 4.7 million square feet, a 78 per cent growth over the total mall space of 2.5 million square feet in 2012 (Source: Business Standard, January 2014). FDI inflows in single-brand retail trading between April 2000 and January 2014 was US\$98.66 million (Source: Department of Industrial Policy and Promotion).

The retail sector plays a major role in increasing national productivity. In the developed countries, the organised retail industry accounts for almost 80% of the total retail trade; in India organised retail accounts for 8-10% of total retail (Source: IBEF).

Growth drivers

Growing organised retail: The Indian retail sector is set to evolve towards organised retail. Organised retail penetration is expected to increase from around 7.5% in 2013 to 10% in 2018, growing at a robust CAGR of 19-20% during the period. This growth is expected to be derived from increasing purchasing power, skewed youth demographics, rapid urbanisation, growing number of working women and availability of quality products.

Easy availability of debit/credit cards: An increasing use of electronic payment modes is catalyzing retail growth. Some 19 million credit card holders and a staggering 372 million debit card holders spend ₹135 billion and ₹82 billion per month respectively at different points of sale pan-India.

Growing urbanisation: The country's urban population accounted for 31.6% of its total population in 2012. Between 2010-15, the country's urban population is expected to grow by 2.5% above the 1.3% growth in the total population. At this rate, it is estimated that around 843 million people will live in Indian cities by 2050, catalysing its retail sector.

Purchasing power: The number of working individuals per family is increasing. The annual per capita disposable income was estimated at ₹74,920 in 2013-14, increasing

Factors driving growth in the Indian retail industry



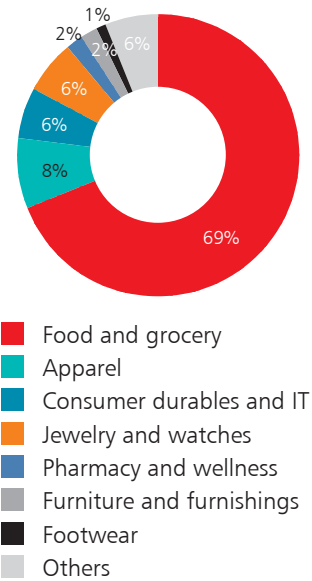
Supply-side factors
Rapid real estate and infrastructural development, easy availability of credit, innovative physical and online channels, increased service orientation

Demand-side factors
Rising disposable income, increasing urbanisation, highly aware and affluent young population, growing number of working women and changing consumer preference

Regulatory factors
Liberalisation of FDI policies in retail coupled with the expected roll out of the Goods and Services Tax

(Source: Indian Single Brand Retail – Poised for growth, EY-RAI report, September 2013)

Share of the retail market, 2013



Government initiatives

GOI allowed 51% FDI in multi-brand retail trading and 100% in single-brand retail trading.

Foreign retailers investing more than 51% can open outlets across the country on the condition that 30% of their sourced sales would come from small to medium-sized domestic enterprises. Further, global chains will now need to invest only 50% of the initial compulsory investment of US\$ 100 million in setting up cold storages and warehouses in India.

Foreign chains have been given the green signal to set up stores in cities with a population of less than one million. Earlier, supermarkets could only commence their operations in 53 Indian cities, the ones with a population of more than a million.

10.4% from the previous year's ₹68,747.

Low median age: India's population of 1.27 billion is one of the largest consumer markets. The country projects one of the largest and most balanced demographics. More than 50% of the population is aged below 25 and more than 65% below 35, indicating growing retail spending.

Increasing working women: The proportion of working women is on the rise catalysing the demand for quality (yet inexpensive) apparel.

Preference for branded products: By 2015, more than 300 million shoppers are likely to increasingly patronise organised retail chains, largely from semi-urban areas.

Rising consumer class: By 2020, India is projected to emerge as the world's third largest middle-class consumer market behind China and the US. By 2030, India is likely to surpass both countries with an aggregate consumer spend of nearly USD 13 trillion.

Changing lifestyles: The influence of media has touched semi-urban and rural India, strengthening organised retail offtake.

Rising retail FDI: The Indian Government allowed 100% FDI under single brand retail and 51% FDI under multi brand retail, which is expected to catalyse growth of the country's organised retail sector.

Emerging markets: Tier-II and Tier-III cities like Jaipur, Nagpur, Ludhiana, Vadodara, Aurangabad, and Kochi are emerging as consumption 'hot spots', catalysing the sector's transformation.

Operational review

The Company continued to strengthen its back-end and front-end processes during the year by taking various initiatives. The three core focus areas for the Company were:

- Supply chain management
- Capability building
- Investment in infrastructure

V-Mart believes that an efficient supply chain is the backbone of the retail operations. Also, it is essential to strike a balance between optimum levels of inventory whilst ensuring availability of products at all stores as per customer needs, as well as reducing operational costs.

In view of the above, the Company initiated programmes that enabled it to enhance the efficiency of its supply chain management which include - planning, merchandising, procurement, standardisation, vendor management, logistics, quality control, pilferage control, replacement and replenishment. The Company believes that the benefit of such programmes will manifest themselves over the coming years.

During the year, the Company took on lease premises for a new warehouse and is in the process of consolidating all existing warehouses. Consolidation of warehouses helps in efficient logistics management, reduction in order processing and close-to-optimal inventory replenishment costs. At the warehouse products are received, stored, sorted, sequenced and transported to specific stores as needed. The Company with a view to optimise its warehouse operations has retained the services of APL Logistics as a consultant to plan the layout of the warehouses so that goods move efficiently and the Company can focus more on its core competencies. APL being an industry leader in 3PL services, they were assigned the task to handle the warehouse operations with defined targets and KPIs. APL also guides the Company in terms of the industry-best practices and effective utilisation of IT resources.

The result of this stronger supply chain management was that inventory turns remained at last year's level.

The Company has a pan-India network of more than 1,500 registered vendors and suppliers and they have been an integral element of the Company's growth. During the year, V-Mart

organised a vendor meet wherein the top vendors were invited. This meet was organised to share with the vendors the changes being planned by the Company as outlined above and also the management's expectations from them. The category leaders were felicitated for their outstanding performance while others were encouraged to emulate their best practices.

The Company has consistently believed that the growth at the front-end has to be supported by adequate capability building at the back-end for long-term sustainable growth. V-Mart undertook various initiatives at the back-end including hiring staff with the right experience and qualifications in line with our organisational structure. The Company has initiated an annual training programme to develop the skills of our human resources with minimum monthly training hours based on the requirements of the respective domains.

The Company has restructured its Performance Management System for its human resources to include among others the goal setting exercise so that employees have clarity on the parameters for evaluation, Key Result Areas (KRAs) and Key Performance Indicators (KPIs) form the basis for setting organisational as well as individual goals.

To augment the capability at the back-end the Company has also invested towards improving its infrastructure which will help sustaining its growth in the long-term. The key infrastructural aspect where the company has been focusing on is technology. This will support it in terms of better communication and control of the front-end operations as well as in data collection and analysis

At V-Mart, the operative philosophy is that the customers are supreme; consequently the Company has focused on superior customer engagement. During the year under review the Company organised various events

so as to be in constant touch with the customers and get a better understanding of their needs.

Financial performance

The Company's net sales increased by 50% from ₹383.46 crore in FY 2012-13 to ₹574.95 crore in FY 2013-14. The operating profit (EBITDA) increased by 36% from ₹39.97 crore in FY 2012-13 to ₹54.49 crore in FY 2013-14. The Company posted a PAT of ₹25.15 crore during the current financial year as against ₹18.00 crore during the previous fiscal.

Outlook

With a new, dynamic government instated at the centre, the growth projection for India is high. Various measures are expected to be initiated to attract more investments and remove infrastructural bottlenecks to boost development. At V-Mart, we expect that our business model will sustain a 30-35% revenue growth and we project to add about 25 new stores in FY 2014-15. On the back of a growing post-tax bottomline, we look forward to enhance value in the hands of the shareholders. We believe that our existing business model is self-sustaining and not consider any deviation from the same.

Risk management and internal control

Effective governance comprises competent management, implementation of standardised policies and processes, appropriate audit programme and comprehensive risk monitoring.

The Company formulated a comprehensive risk management framework with a standardised definition of internal controls. It provided a framework for risk management and regulatory compliance, which required risk assessments and related policies, a control-based environment, information and communication procedures and an

integrated monitoring mechanism.

The Company strengthened its system of controls for reporting various transactions, ensuring operational efficiency and compliance with relevant regulations commensurate with the size and nature of its business. These internal control procedures ensured the efficient use and protection of resources, compliance with policies, procedures and statutes as well as accuracy and promptness of financial reporting.

All operating parameters were monitored and controlled, with material deviations from the annual planning and budgeting and business outlook including capital expenditure reported to the Board on a quarterly basis. Reports of internal auditors were reviewed by the Audit Committee, and corrective measures were taken to catalyse improvements in systems and procedures. The Board recognised the work of the auditors as an independent check on the information received from the management related to 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

Overview

V-Mart aspires to be a socially conscious business and it has always displayed the highest standards of corporate citizenry. Apart from continuously fulfilling all its regulatory requirements related to the society at large, the Company believes in a well-structured Corporate Social Responsibility (CSR) culture. The CSR policy of V-Mart focuses on communities in the vicinity of its outlets in various Tier-II and Tier-III cities of India, especially the rural areas. The CSR activities by the Company are mainly focused around recruitment drives, healthcare – blood donation camps and eye camp. The CSR activities primarily organised during the year 2013-14 were around the stores located in the state of Delhi, Uttar Pradesh and Uttarakhand.



ACTIVITIES AT KASHIPUR (UTTRAKHAND) STORE

Recruitment drives for V-Mart’s store in Kashipur was held in April, 2014. The selected candidates are from RIG Foundation which gives training to the children of the victims of the Uttarakhand floods (July, 2013).

The RIG Institute of Hospitality and Management has been set up in Greater Noida and at Bazpur, Uttarakhand by Hospitality Education Services International (HESI). It is one of the largest and modern private hospitality management institutions in Uttarakhand.



ACTIVITIES AT VARANASI (UTTARPRADESH) STORE

V-Mart has shown its commitment to the society by raising the awareness and helping ones in need of blood. Each store/region chooses a hospital to organise the blood donation drives. A blood donation camp was held at the Varanasi store premises on 21st April, 2014.



EYE CAMPS

V-Mart stores tied up with the local authorities and organised various eye camps. This initiative has seen more than 100 people receiving free eye consultation. The enthusiasm of the people can be gauged from the pictures alongside.

As a part of the CSR activities, the Company organised an eye camp in Moradabad (Uttarpradesh) on 22nd April, 2014 and in Lajpat Nagar (Delhi) on 6th April, 2014.

OUR PROMOTERS AND EXECUTIVE DIRECTORS



1 Lalit Agarwal, Chairman and Managing Director 2 Madan Agarwal, Whole-time Director 3 Hemant Agarwal, Whole-time Director

KEY MANAGERIAL PERSONNEL



Mr. Snehal Shah
Senior Vice President
(Operations & Marketing)



Mr. Deepak Sharma
Chief Financial Officer



Mr. Abhishek Jatia
Vice President
(Merchandising)



Mr. Ramesh Agarwal
Vice President
Merchandising (Kirana)



Mr. Venugopal Kochada
Vice President
(Store operations)



Mr. Vineet Khanna
Vice President
(Planning & sourcing)



Ms. Anjali Goel
General Manager
(Human resources)



Mr. Dinesh Srivastav
General Manager
(Information Technology)



Mr. Vikash Beel
General Manager
(Merchandising)

Corporate information

BOARD OF DIRECTORS

1. **Lalit Agarwal** *Chairman and Managing Director*
2. **Madan Agarwal** *Whole-time Director*
3. **Hemant Agarwal** *Whole-time Director*
4. **Krishan Kumar Gupta** *Director (Non-Executive, Independent)*
5. **Aakash Moondhra** *Director (Non-Executive, Independent)*
6. **Kamal Kumar Gupta** *Director (Non-Executive, Independent)*

BOARD COMMITTEES

Audit Committee

- Mr. Krishan Kumar Gupta, *Chairman*
Mr. Aakash Moondhra, *Member*
Mr. Kamal Kumar Gupta, *Member*

Remuneration Committee

- Mr. Kamal Kumar Gupta, *Chairman*
Mr. Krishan Kumar Gupta, *Member*
Mr. Aakash Moondhra, *Member*

Shareholders/ Investors Grievance Committee

- Mr. Krishan Kumar Gupta, *Chairman*
Mr. Lalit Agarwal, *Member*
Mr. Madan Agarwal, *Member*
Mr. Hemant Agarwal, *Member*

Corporate Social Responsibility (CSR) Committee

- Mr. Lalit Agarwal, *Chairman*
Mr. Madan Agarwal, *Member*
Mr. Aakash Moondhra, *Member*

Company Secretary and Compliance Officer

Mr. Sudhir Kumar

Statutory Auditors

Walker, Chandiok & Co.,
L 41, Connaught Circus, New Delhi - 110001
Tel: +91 11 4278 7070, Fax: +91 11 4278 7071
Website: www.grantthornton.in
Contact Person: Atul Seksaria, Partner
Membership No. 086370
Firm registration No: 001076N

Bankers

State Bank of India
ICICI Bank
Deutsche Bank
Andhra Bank

Corporate Office and Registered Office

V-Mart Retail Limited
F-11, Udyog Nagar Industrial Area, Peeragarhi,
Rohtak Road, New Delhi - 110 041, India
Tel: +91 11 4525 4444, Fax: +91 11 4525 4429
CIN - L51909DL2002PLC163727
Email: compliance@vmart.co.in
Website: www.vmart.co.in

Warehouse

Bilaspur, Tauru Road, Gurgaon (Haryana)

Registrar & Share Transfer Agent

M/s Karvy Computershare Private Limited
Plot No. 17-24, Vithal Rao Nagar,
Madhapur, Hyderabad 500 081, India
Tel. no. +91 404465 5000
Toll free: 180 0345 4001
Fax no. + 91 040 2343 1551
Email: murali@karvy.com

Key Managerial Personnel

Mr. Snehal Shah,
Sr. Vice President (Operations & Marketing)
Mr. Deepak Sharma,
Chief Financial Officer
Mr. Abhishek Jatia,
Vice President (Merchandising)
Mr. Ramesh Agarwal,
Vice President - Merchandising (Kirana)
Mr. Venugopal Kochada,
Vice President (Store operations)
Mr. Vineet Khanna,
Vice President (Planning & sourcing)
Ms. Anjali Goel,
General Manager (Human resources)
Mr. Dinesh Srivastav,
General Manager (Information Technology)
Mr. Vikash Beel,
General Manager (Merchandising)

V-MART RETAIL LIMITED
(CIN - L51909DL2002PLC163727)

Regd. Office: F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi-110041
Tel.:011-45254444, Fax No. 011-45254429, Website: www.vmart.co.in, Email - info@vmart.co.in,

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on Tuesday, September 23, 2014 at 10:00 am at New Delhi YMCA Tourist Hostel, Jai Singh Road, New Delhi - 110001 to transact the following Business :-

ORDINARY BUSINESS :

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the statement of Profit & Loss Account for the year ended 31st March, 2014 along with the Reports of the Auditors and Directors thereon.
- To declare a dividend of Re. 1/- per equity shares for the financial year 2013-14.
- To appoint a Director in place of Mr. Hemant Agarwal (holding DIN 02242019) who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Statutory Auditors and fix their remuneration.
To consider and if thought fit, to pass with or without modification, following resolution as an ordinary resolution: “RESOLVED THAT M/s Walker, ChandioK & Co., Chartered Accountants, having Firm Registration No. 001076, be and are hereby appointed as Statutory Auditors of the Company to hold office, from the conclusion of this annual general meeting for 3 (three) consecutive years, subject to ratification at every annual general meeting, on such remuneration, as may be fixed by Board of Directors of the Company.”

SPECIAL BUSINESS :

- To appoint Mr. Aakash Moondhra as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :
“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Aakash Moondhra (holding DIN 02654599), a non-executive Director of the Company, who has submitted a declaration that he meets criteria for independence as provided in section 149(6) of the

Act and who is eligible for appointment, and in respect to whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years from the date of the 12th Annual General Meeting of the Company for a term upto the conclusion of the 17th Annual General Meeting of the Company in the calendar year 2019.”

- To appoint Mr. Kamal Kumar Gupta as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Kamal Kumar Gupta (holding DIN 00086057), a non-executive Director of the Company, who has submitted a declaration that he meets criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect to whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 1 (one) year from the date of the 12th Annual General Meeting of the Company for a term upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2015.”

- To appoint Mr. Krishan Kumar Gupta as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV of the Companies Act 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and all other applicable provisions

of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Krishan Kumar Gupta (holding DIN 02602767), a non-executive Director of the Company, who has submitted a declaration that he meets criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, and in respect to whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 1 (one) year from the date of the 12th Annual General Meeting of the Company for a term upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2015.”

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

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

A. Salary :

Basic salary of ₹54,00,000/- per annum.

B. Commission :

Upto 1 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 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 authorised to alter or vary the above terms and conditions so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 in case the Company has inadequate profits or within the limits approved by the Central Government, if required, as the case may be.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Lalit Agarwal (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 authorised to do all such acts, deeds, matters, things as may be necessary in this regard”.

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

“RESOLVED THAT in accordance with provisions of Section 197, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules if any, of the Companies Act, 2013, and any other laws, regulations prevailing for the time being in force, and subject to other

statutory approvals, as may be required, the Company do hereby approves the revision/ variation in the remuneration of Mr. Madan Gopal Agarwal, (holding DIN 02249947) Whole-time Director, with effect from 1st April, 2014 till his remaining tenure i.e. upto 31st May, 2017 as Whole-time Director of the Company as approved and recommended by the Remuneration Committee and noted hereunder :

A. Salary :

Basic salary of ₹18,00,000/- per annum.

B. Commission :

Upto 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 authorised to alter or vary the above terms and conditions so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 in case the Company has inadequate profits or within the limits approved by the Central Government, if required, as the case may be.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. 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 authorised to do all such acts, deeds, matters, things as may be necessary in this regard”.

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

“RESOLVED THAT in accordance with provisions of Section 197 read with Schedule V and applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, rules, if any, of the Companies Act, 2013, and any other laws, regulations prevailing for the time being in force, and subject to other statutory approval, as may be required, the Company do hereby approves the revision/ variation in the remuneration of Mr. Hemant Agarwal, (holding DIN 02242019) Whole - time Director, with effect from 1st April, 2014 till his remaining tenure i.e. upto 31st May, 2017 as Whole-time Director of the Company as approved and recommended by the Remuneration Committee and noted hereunder :

A. Salary :

Basic salary of ₹36,00,000 per annum.

B. Commission :

Upto 0.67 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 authorised to alter or vary the above terms and conditions so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 in case the Company has inadequate profits or within the limits approved by the Central Government, if required, as the case may be.

RESOLVED FURTHER THAT the other terms and conditions of appointment of Mr. Hemant Agarwal (holding DIN 02242019) 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. Hemant Agarwal (holding DIN 02242019) as Whole-time Director, as recorded in the employment agreement dated 30th May, 2012 executed between the Company and Mr. Hemant Agarwal (holding DIN 02242019) placed shall remain same.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters, things as may be necessary in this regard”.

11. To approve the increase in investment limit by the FIIs in the Company upto the sectoral cap and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999 (“FEMA”), Consolidated Foreign Direct Investment policy, 2014 (FDI Policy 2014) or any amendment thereof, and all other applicable laws, rules, regulations, guidelines, such approvals, consents and permissions of the Government of India, Reserve Bank of India and any other appropriate authorities, institutions or bodies as may be necessary and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded for investment in the equity shares of the Company by Foreign Institutional Investors (FIIs) including their sub-accounts registered with the Securities and Exchange Board of India up to the sectoral cap as applicable or upto such other limit as may be permitted by the rules and regulations of FEMA, FDI Policy.

RESOLVED FURTHER THAT the Board of Directors of the

Company be and is hereby authorised to obtain requisite, necessary approvals, permissions from the concerned authorities in this regard and to do all such acts, deeds, things as may be required to give effect to the this resolution.”

12. To Ratify the V-Mart ESOP Scheme, 2012 and in this regard to consider and if thought fit, to pass with or without modification the following resolution as Special Resolution:

“RESOLVED THAT in accordance with the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended up to date (the “Guidelines”) (including any statutory modification(s) or re-enactment of the Act or the Guidelines for the time being in force), and pursuant to the applicable provisions of Companies Act, 2013, other applicable rules, regulations, laws and subject to such other necessary permissions/approvals, as may be required from the appropriate authorities, the Company do hereby ratify the “V-Mart ESOP Scheme, 2012” (hereinafter may be refereed as “the Scheme or the Plan”) as earlier approved by the Shareholders of the Company at the Annual General Meeting of the Company held on 10th July, 2012.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the “Board”), which term shall be deemed to include the Remuneration Committee or Nomination & Remuneration Committee as may called/ referred (hereinafter referred to as the “Committee”) be and is hereby authorised to administer the Scheme and further to create, offer, issue and allotment at any time to or to the benefit of such person(s) who are in employment of the Company, including Directors of the Company, specified stock options each of which would upon exercise, be converted into the Equity Share of the Company, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Committee.

RESOLVED FURTHER THAT the Scheme continued be administered by the Remuneration Committee or Nomination & Remuneration Committee (as may be called/ referred), subject to the overall superintendence and control of the Board.

RESOLVED FURTHER THAT the said Equity Shares may be allotted to such employees / Directors, upon exercise of the

stock options and in accordance with the Scheme/Plan and the Guidelines.

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

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the Guidelines as well as the Accounting Standards.

RESOLVED FURTHER THAT the Board (which includes the Remuneration or Nominations & Remuneration Committee of the Board) be and is hereby authorised to take necessary steps for in-principle and final listing of the Equity Shares to be allotted upon exercise of the stock options, on the stock exchanges where the Company's shares are proposed to be listed as per the terms and conditions of the listing agreement with the concerned stock exchange and the applicable Guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Equity Shares allotted upon exercise of the stock options

under the Plan, the Board (which includes Remuneration or Nominations & Remuneration or other Committee of the Board as may be called/referred) be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect and make any modifications, changes, variations, alterations or revisions in the said Scheme/Plan or to suspend, withdraw or revive the Plan from time to time as may be required pursuant to the applicable regulations, notification rules, issued by Securities Exchange Board of India (SEBI) or any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

By order of the Board
For V-Mart Retail Limited

Place : New Delhi
Date : August 26, 2014

Sudhir Kumar
Company Secretary
M. No. ACS 25125

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Duly completed, signed and stamped Proxy Form should be deposited to the Registered Office of the Company, not less than FORTY-EIGHT 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 organisation.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The details of Directors seeking appointment/re-appointment, in terms of Clause 49 of the Listing Agreement, are annexed hereto and form part of the Notice.
4. Each member present at meeting shall be entitled to one vote for every equity share held.
5. The Register of Members and Share Transfer Books will

be remain closed from Friday, the September 19, 2014 to Tuesday, the September 23, 2014 (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 1st May, 2014 has recommended a dividend of Re.1/- per Equity Share as final dividend for the financial year 2013-14. The dividend, if approved by the Shareholders at the Annual General Meeting, shall be paid to those members/beneficial owners whose names appear on the register of members/depository records as on September 18, 2014 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 September 18, 2014; 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 September 18, 2014.

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
Plot no. 17-24, Vithal Rao Nagar,
Madhapur, Hyderabad 500 081, India
Phone No. +91 40 44655000 Toll Free: 1800345 4001
Fax No. +91 040 23420814
email: einward.ris@karvy.com

8. Members/ Proxies are requested to bring the attendance slips duly filled in to the Meeting.
9. Members are informed that the unpaid dividend amount remaining unclaimed relating to the financial year 2013-14 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.
10. 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.
11. Members holdings Shares in Physical form may write to Company's Share Transfer Agents / the Company for any change in their address and bank mandates; members having shares in Electronic Form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
12. 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.
13. 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.
14. Pursuant to the provisions of Section 72 of the Companies

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

15. Electronic copy of the Annual Report for the financial year 2013-14 along with Notice for 12th Annual General Meeting is being sent to all those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The Annual Report is also available on the website of the Company, i.e. www.vmart.co.in. For members who have not registered their email address, physical copies of the Annual Report and Notice for the Annual General Meeting is being sent in the permitted mode.
16. Electronic copy of the Notice for 12th Annual General Meeting of the Company inter alia indicating the process and the manner of 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 12th 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 12th Annual General Meeting of the Company inter alia indicating the process and the manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. In terms of the Circular No. CIR/MRD/DP/10/2013 dated 21 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 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.
18. 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 made 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 F-11, Udyog Nagar Industrial Area, Peeragarhi, New Delhi-110041.

Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and pursuant to the provisions of Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 12th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited.

The Company has appointed Mr. Rakesh Kumar Jain, Practicing Company Secretary as the Scrutiniser for conducting the 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 August 22, 2014 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialised form, as on the Cut-off date, may cast their vote electronically.

The instructions for e-voting are as under :

1. To use the following URL for 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. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently.
12. The Portal will remain open for voting from: 10.00 a.m. on 18th September, 2014 to 5.00 p.m. to 19th September, 2014 (both days inclusive).
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or send email to evoting@karvy.com or contact Mr. Ramesh Deshpande of Karvy Computershare Pvt. Ltd. at 040 44655000 or at 1800 345 4001 (toll free).
14. 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).
15. It is strongly recommended not to share your password

with any other person and take utmost care to keep it confidential.

16. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of August 22, 2014.
17. The Scrutiniser shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

18. The Results of e-voting shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutiniser's Report shall be placed on the Company's website (website) and on the website of Karvy within two (2) days of passing of the resolutions 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 the Annual General Meeting. However, you can attend the meeting and participate in the 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 dematerialised form may kindly update their e-mail addresses with their respective Depository Participant (DP's).

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5 to 7

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock exchanges, appointed Mr. Aakash Moondhra, Mr. Kamal Kumar Gupta and Mr. Krishan Kumar Gupta, as Independent Directors, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nomination & Remuneration Committee has recommended the appointment of Mr. Aakash Moondhra to hold office for 5 (five) consecutive years from the date of the 12th Annual General Meeting of the Company for a term upto the conclusion of the 17th Annual General Meeting of the Company in the calendar year 2019 and appointment of Mr. Kamal Kumar Gupta & Mr. Krishan Kumar Gupta as Independent Directors of the Company to hold office for 1 (one) year from the date of the 12th Annual General Meeting of the Company for a term upto the conclusion of the 13th Annual General Meeting of the Company in the calendar year 2015.

Mr. Aakash Moondhra, Mr. Kamal Kumar Gupta and Mr. Krishan Kumar Gupta, non-executive directors of the Company, have given the declarations to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Independent Directors to be appointed is given below:

Mr. Aakash Moondhra holds a Bachelor's Degree in Commerce from the University of Delhi and Master's Degree in Business Administration from Southern Methodist University, Texas. He is a steady member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has held various positions in Nokia India Private Limited, Baring Private Equity Partners (India), heading the retail vertical, Bharti Retail Private Limited, Bharti Airtel Limited and AT&T Corporation and currently working as a chief financial officer in Jasper Infotech Private Limited, (www.snapdeal.com).

Mr. Kamal Kumar Gupta is a professionally experienced Chartered Accountant and associated as a partner with M/s. Salapuria & Partners. Mr. Gupta is a member of the Institute of Chartered Accountants of India and currently a director in Data Alarm Overseas Private Limited. Mr. Gupta has vast experience in finance, taxation & management.

Mr. Krishan Kumar Gupta is an associate member of the Indian Institute of Bankers. He also holds a post graduate Diploma in bank management from the National Institute of Bank Management, Pacific Rim Bankers Programme Certification from University of Washington Business School plus Diploma Certification in Sales and Marketing Management, Business Management, Export and Import Management, Financial Management and International Business Management from

National Institute of Labour Education and Management. He is currently a director in Resurgent India Limited and has previously worked as an executive in Central Bank of India and has handled various portfolios such as credit, recovery, development and human resources development.

Other details of the Independent Directors whose appointment is proposed at Item Nos. 5 to 7 of the accompanying Notice, have been given in the annexure attached.

Mr. Aakash Moondhra, Mr. Kamal Kumar Gupta, & Mr. Krishan Kumar Gupta, Directors respectively, are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

Item No. 8, 9 & 10

The Board of Directors and Shareholders of the Company at 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), Mr. Hemant Agarwal (DIN 02242019) as Whole-time Directors of the Company w.e.f. 1st June, 2012 for a period of five years.

In the light of the improved financial conditions of the Company, enhanced responsibilities of the top management, keeping in view of the industry norms and having regard to valuable contribution in growth of the Company made by Mr. Lalit Agarwal (DIN 00900900), Managing Director, Mr. Madan Gopal Agarwal (DIN 02249947) and Mr. Hemant Agarwal (DIN 02242019), Whole-time Directors 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, 2014.

The Board of Directors of the Company at its meeting held on May 1, 2014, has pursuant to the provisions of Section 197, Schedule V and other applicable provisions of the Companies Act, 2013 (Act) and other laws, regulations and as recommended by the Remuneration Committee, approved the revision/variation in the payment of remuneration to Mr. Lalit Agarwal (DIN 00900900) as Managing Director, Mr. Madan Gopal Agarwal (DIN 02249947) & Mr. Hemant Agarwal (DIN 02242019), as Whole-time Directors of the Company for the period from 1st April, 2014 till their remaining tenure i.e. upto 31st May, 2017, the details of revised remuneration are

mentioned in the resolution no's. 8, 9 & 10.

Thus, in view of the above your Directors proposed for the approval of members the resolution no.'s 8, 9, & 10 with regard to payment of revised remuneration to Mr. Lalit Agarwal (DIN 00900900), Managing Director, Mr. Madan Gopal Agarwal (DIN 02249947), & Mr. Hemant Agarwal (DIN 02242019), Whole-time Directors of the Company.

Mr. Lalit Agarwal (DIN 00900900), Managing Director, Mr. Madan Gopal Agarwal (DIN 02249947) & Mr. Hemant Agarwal (DIN 02242019, Whole-time Directors of the Company, are interested in the proposed resolutions.

Item No. 11

In terms of the Foreign Exchange Management Act, 1999, Consolidated Foreign Direct Investment policy, 2014 (FDI Policy 2014) or any amendment thereof, and all other applicable laws, rules, regulations, guidelines, such approvals, consents and permissions of the Government of India, Reserve Bank of India, the Foreign Institutional Investors registered with the SEBI can acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, together, up to an aggregate limit of 24% (Twenty Four Percent) of the paid up share capital of an Indian Company. The said regulation further provide that the limit of 24% may be further increase upto the sectoral cap as applicable, by passing a resolution of the Board of Directors and special resolution by the members of the Company to that effect in their general meeting.

As your Company proposes to raise additional funds and considering the potential interest of FII's in your Company, the Board of Directors has at its meeting held on May 1, 2014, decided to increase the aggregating limit of FII's holding from 24% (Twenty Four Percent) to the sectoral cap as applicable at the relevant time and requisite approval of the members is hereby requested. This resolution will enable FII's to purchase shares of the Company upto the enhanced limit, primarily under the Portfolio Investment Scheme of the Reserve Bank of India.

Your Directors consider the said Special Resolution under item no. 11 in the interest of the Company and therefore recommend the same for your approval.

None of the Directors and Key Managerial Personnel (KMPs) of the Company is interested in the proposed resolution.

Item No. 12

The Board of Directors of the Company at their meeting held on 2nd July, 2012 and subsequently the Shareholders of the Company at the Annual General Meeting (AGM) held on 10th July, 2012 has approved the "V-Mart ESOP Scheme, 2012" (hereinafter may be referred as the Scheme or the Plan) in accordance with the Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

The Company has implemented the above scheme with the following objectives :

- To unify the interests of the Company personnel and shareholders in such manner that the employee would be motivated to take decisions in the interest of the shareholders (to integrate the personnel into the cadre of the Company).
- To provide the employee with a productivity and performance-related incentive, thus raising the level of his capabilities and skills.
- To promote and encourage collective work and improve the efficiency of the personnel as a group.
- Such program will facilitate the possibility of motivating and keeping the required high quality and numbers of human resources for the Company.

Since the Company has implemented the above Scheme before the IPO of shares by the Company, thus in terms of the provisions of Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 the ESOP Scheme of the Company require to ratified by the Shareholders of the Company.

Therefore, in view of the above your Directors recommend the resolution no. 12 for your approval.

None of the Directors and Key Managerial Personnel of the Company is interested in the proposed resolution.

The relevant disclosures in accordance with the Securities Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 for the Scheme are given below :

Se. No.	Particular	Details
1.	Total number of stock options to be granted	3,00,000
2.	Equivalent equity shares to be granted	3,00,000
3.	Identification of classes of employees entitled to participate in the ESOS	Permanent employees
4.	Requirements of vesting and period of vesting.	The options will vest over a period of 12 months to 36 months of continued employment from the grant date.
5.	Maximum period with in which the options shall be vested.	36 months.
6.	Exercise price or pricing formula.	The Remuneration Committee (Nomination & Remuneration Committee) has been authorised to determine the exercise price,
7.	Exercise period and process of exercise.	The options granted can be exercised after the vesting at any time before the expiry of 8 (eight) years from the grant date, as per the process provided in the Scheme.
8.	The Company shall confirm to the applicable accounting policies as per the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.	
9.	The appraisal process for determining the eligibility of employees to the ESOS.	The Remuneration Committee (Nomination & Remuneration Committee) has been authorised to administer the ESOP scheme of the Company and also to identify the employees eligible to the ESOSs.
10.	Maximum number of options to be issued per employee and in aggregate.	The Remuneration Committee (Nomination & Remuneration Committee) has been authorised to decide the quantum of options to be granted under the ESOP per employee and in aggregate. The employees shall be granted the options on the basis that the amount of the quantity of shares granted for each annual period shall not exceed the total annual compensation of the employee for the said period. Further, the amount of the total options granted shall not, at any time, exceed 1% as a maximum of the issued capital of the Company.
11.	The method which the Company shall use to value its options whether fair value or intrinsic value.	Fair value method
12.	In case the Company calculates the employee compensation cost using the intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of the options, shall be disclosed in the Directors report and also the impact of this difference on profits and EPS of the Company shall also be disclosed in the Directors' Report.	

- Further, the options lapsed/forfeited under Scheme will not be reissued by the Company.

Inspection

All documents referred to in the Notice shall be open for inspection at the registered office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting.

Regd. Office:

F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi - 110041

By Order of the Board

For V-Mart Retail Limited

Place : New Delhi

Date : August 26, 2014

Sudhir Kumar

Company Secretary

M. No. ACS 25125

Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. Hemant Agarwal	Mr. Aakash Moondhra	Mr. Kamal Kumar Gupta	Mr. Krishan Kumar Gupta
DIN	02242019	02654599	00086057	02602767
Date of Birth	25th June, 1971	24th August, 1973	1st January, 1964	3rd August, 1947
Date of Appointment	24/08/2003	18/03/2010	02/07/2012	18/03/2010
Qualifications	Bachelor's Degree in Commerce from Utkal University, Cuttack	Bachelor's Degree in Commerce from the University of Delhi and Master's Degree in Business Administration from Southern Methodist University, Texas. Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.	Member of the Institute of Chartered Accountants of India.	An associate member of the Indian Institute of Bankers, also holds a post graduate Diploma in bank management from the National Institute of Bank Management. Pacific Rim Bankers Programme Certification from University of Washington Business School plus Diploma Certification in Sales and Marketing Management, Business Management, Export and Import Management, Financial Management and International Business Management from National Institute of Labour Education and Management.
Expertise in specific functional areas	Has experience in tackling and resolving the issues in retail industry and has been instrumental in developing a strong vendor base thereby, strengthening the procurement of apparel merchandise, which is the backbone of retail malls.	Management & Finance	Finance	Has handled various portfolios such as credit, recovery, development and human resources development.
Directorships held in other Companies	Nil	Nil	i) Promain Ltd. ii) Dat Alarm Overseas Pvt. Ltd.	Resurgent India Ltd.
Membership / Chairmanship of Committees of other Companies (includes only Audit Committee and Shareholders /Investors Grievance Committee)	Nil	Nil	Nil	Nil
Number of shares held in the Company	5,79,500 (Individually) 4,23,985 (HUF)	924	Nil	Nil

DIRECTORS' REPORT

Dear members

Your Directors have great pleasure in the presenting the 12th Annual Report of the Company together with the audited accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

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

(₹ in lacs)		
Particulars	For the year ended 31.3.2014	For the year ended 31.3.2013
Revenue	57,567.30	38,364.87
Profits/(Loss) before Depreciation & Tax	4,871.72	3,422.59
Less: Depreciation	1,089.44	761.85
Less: Provision for Tax	1,266.56	860.31
Profits/(Loss) before Appropriation	2,515.72	1,800.43
Prior period items	Nil	(63.60)
Profit before Appropriation	2,515.72	1,800.43
Less: Utilised for Dividend Issue	265.44	154.78
Balance carried forward to Balance Sheet	2,250.28	1,645.66

V-MART IPO

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

The initial public offer of the Company was subscribed 1.19 times. While the qualified institutional buyers portion in the offer was subscribed 1.52 times, the non-institutional investors and retail investors segments were subscribed 1.39 and 0.79 times, respectively, your Directors wish to express their sincere appreciation for your support in this regard.

The means of finance for the objects of IPO and status of utilisation

of proceeds raised through the IPO by the Company as on 31st March, 2014 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)	5,798.10
Proceeds from Pre-IPO placement (B)	2,625.00
Internal accruals (C)''	717.60
	9,140.70

The utilisation of the aforementioned means of finance as on 31st March 2014 is as under:

(₹ in lacs)				
Particulars	Utilisation planned as per prospectus	Utilisation of IPO proceeds as on 31 March 2014 (D)	Adjustments (utilisation of surplus towards other objects)	Balance amount to be utilised as on 31 March 2014
To open new stores	6,970.40	4,052.41	6.60	2,924.59
Expansion of distribution center	438.70	130.19	-	308.51
Working capital	1,000.00	1,000.00	-	Nil
Share issue expenses	731.60	725.00	(6.60)*	Nil
	9,140.70	5,907.60	-	3,233.10

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

Interim utilisation of balance IPO proceeds up to 31st March 2014 is as under:

Particulars	(₹ in lacs)
Balance unutilised amount assuming utilisation is out of IPO proceeds: (E=A+B+C-D)	3,233.10
Amount temporary kept in mutual funds:	3,233.10

PERFORMANCE REVIEW

The Indian retail sector accounts for over 20% of the country's gross domestic product (GDP) and contributes 8% to total employment. The current estimated value of the Indian retail sector is about 500 billion USD. The penetration level of modern retail (currently 5%) will increase around six-fold from the current 27 billion USD to 220 billion USD in 2020. The Indian retail sector is expected to grow at a CAGR of 15 to 20%.Your Company continues 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 Net Sales of the Company increased by 50% from ₹383.46 crores in F.Y. 2012-13 to ₹574.95 crores in F.Y. 2013-14. The Operating Profits (EBITDA) has been increased by 36% from ₹39.97 crores in F.Y.2012-13 to ₹54.49 crores in F.Y. 2013-14. The Company posted Profit after Tax (PAT) of ₹25.15 crores in the current financial year 2013-14 as against the Profit after Tax of ₹ 18.00 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 has continued with its approach to expand its business taking the advantage of its Brand value it has created in the market.

During the year, the Company opened 23 new stores under the brand V-Mart with spread over an area of 712,256 sq ft.

With a view to improve operational efficiencies and to minimise the transportation and other costs, the Company is in process to shift/relocating all its warehouses from Delhi to one consolidated warehouse at Bilaspur, Haryana.

During the year 3 stores were closed due to lower footfall, poor sales and nonprofit making.

The Company has during the year implemented a space policy at the stores with an objective of allocating space to the line of biz which has the higher propensity to generate better returns on the space allocated. The initial results are very encouraging and the Company is in the process of further streamlining the same.

Factors like negotiating rentals, store opening and rationalisation, working capital management, regionalisation, cost optimisation and manpower planning are some of the key issues for the Company in the current context of re establishment.

AWARDS & ACHIEVEMENTS

During the year no awards/recognitions were received by the Company.

OPERATING RESULTS AND BUSINESS:

Your Company completes its twelfth year in the field of fashion retailing.

Sustained focus on retail operational efficiency coupled with a diversified cost effective geographic footprint has contributed to a satisfactory business performance.

Revenue growth can be attributed to the encouraging performance of stores located in strategic catchments spread across northern, western and eastern parts of India. The Company has executed strategic measures like store expansion in prospective catchments, inventory rationalisation, focus on garnering higher top lines and control of operational costs.

DIVIDEND

Your Directors recommend for your consideration a dividend of 10% (₹1.79 crores) (i.e. Re. 1 per equity share), excluding the Dividend Distribution Tax, be paid out of the profits of the Company for the year 2013-14 on the Equity Shares, subject to approval by the members at the Annual General Meeting.

FINANCE

Your Company continues with various initiatives for bringing down the cost of borrowings which includes a judicious mix of short-term working capital borrowing, long term loans for expansion at competitive terms, so as to have funds at competitive cost.

PUBLIC DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules framed there under, during the period.

INDUSTRIAL RELATIONS

The Company has developed a climate of cooperation, & confidence for its employees.

Our relation with employees is based on mutual trust & respect and we continue to maintain the same spirit at all times.

PARTICULARS OF EMPLOYEES

There was no employee of the Company during the period, whose particulars are required to be given in the Director’s Report under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Employee stock option scheme

Your Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 2 July, 2012 and 10, July 2012 respectively (the V-Mart ESOP Scheme 2012), consequent to which 300,000 Equity Shares of `10 each will be granted upon exercise of as stock options (ESOPs) to eligible employees.

The options will vest over a period of 12 months to 36 months of continued employment from the grant date.

On 20th July 2012, the Company has granted 153,252 ESOPs at an exercise price, as determined by the Remuneration Committee, of `150.00 per option with graded vesting (i.e. 45,975 options vesting after 12 months from the date of grant, 45,975 options vesting after 24 months from the date of grant and 61,302 options vesting after 36 months from the date of grant). 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.

The particulars of Employees Stock Option Plan (ESOP) Schemes, as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are appended herewith and forms part of this Report.

Listing

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

The Company has paid the requisite listing fee to the Stock Exchanges for the financial year 2014-15.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Clause 49 of the Listing Agreement has been dealt with

extensively as part of this Annual Report.

AUDITORS

M/s Walker, Chandio & Co., Chartered Accountants, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from the Statutory Auditors to the effect that their re-appointment, if made at the ensuing Annual General Meeting, would be within the limits prescribed under Section 141 of the Companies Act, 2013.

The observations of the Auditors in the Auditor’s Report are explained, whenever necessary, in appropriate note to accounts.

DIRECTORS

The Board of Directors of the Company is duly constituted.

In terms of the provisions of Section 152 of the Companies Act, 2013 and Articles of Associations of the Company, Mr. Hemant Agarwal (DIN 02242019), Director is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

The necessary resolution for obtaining approval of Members have been incorporated in the notice of the ensuing Annual General Meeting. The requisite disclosures regarding appointment/ re-appointment of Directors have been made in the explanatory statement to the notice of the ensuing Annual General Meeting.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 the Directors of yours Company hereby state and confirm that:-

- In the preparation of the Annual Accounts for the year, applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- They 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 as at the end of the financial year ended March 31st, 2014 and of the profit of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing

and detecting fraud and other irregularities;

- They have prepared the Annual Accounts for the year ended March, 31st, 2014 on a going concern basis.

COMPLIANCE WITH CODE OF CONDUCT

The Company has evolved and adopted a code of conduct for its Board of Directors and its management personnel based on the principles of good corporate governance and best management practices. The declaration of compliance with the Code of Conduct has been received from them. The Code is available on the website of the Company.

REPORT ON CORPORATE GOVERNANCE

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges are complied with. A separate section on Corporate Governance and Auditors Certificate is annexed hereto and forms part of this Report.

CONSEVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, the particulars prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particular’s in the report of Board of Directors) rules, 1988 regarding conservation of Energy & Technology Absorption are not applicable to the company.

The details of foreign exchange earnings and outgo during the year under review are as follows:

Current Year	(₹)
(a) Earnings	Nil
(b) Outgoing	9,14,967

ACKNOWLEDGEMENT

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

Place: New Delhi By the Order of Board
Date: 01-05-2014 For on behalf of Board of Directors

CHAIRMAN

Information required to be disclosed under SEBI (ESOS and ESPS) guidelines, 1999 as on March 31, 2014 :

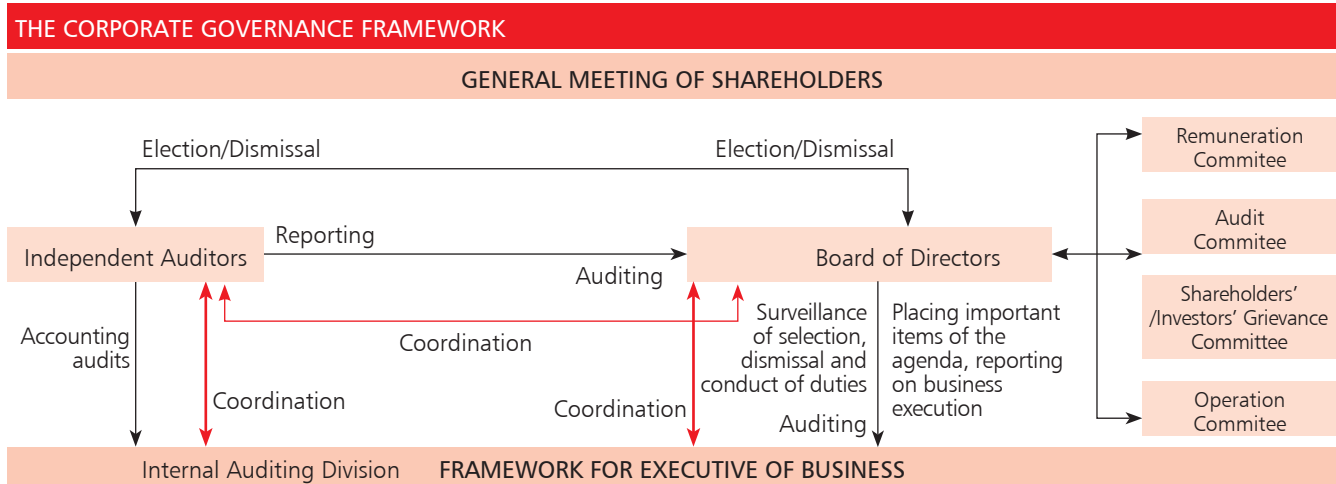
The following table sets forth the particulars of the ESOPs granted under the V-Mart ESOP Scheme 2012 :

Particulars	Details
Options granted	153,252
Pricing Formula	The Remuneration Committee has been authorised to determine the exercise price of ESOPs.
Total Options vested	45,975
Options exercised	Nil
Total Number of Equity Shares arising as a results of exercise the options	Nil
Options forfeited/lapsed	Nil
Variation of terms of options	Nil
Money realised by exercise of options	Nil
Total number of ESOPs in force	1,53,252
Person-wise details of options granted during the Financial Year 2013-2014	
i) Directors and senior managerial personnel/key managerial personnel	Nil
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 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 standard	Since no options have been exercised during the financial year thus the fully – diluted EPS pursuant to issue of shares is not applicable.
Lock-in	None
Impact on profits and EPS of the last three years.	There is no impact on profits and EPS of the last three years.
Impact of the difference on the profits of the Company and on the EPS	
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: Not applicable
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 : Not applicable

Particulars	Details			
Method and significant assumptions used to estimate the fair value of options granted during the year	There is no impact on profit and loss since the ESOPs have been granted on fair market value. The fair market value has been calculated on the basis of the 'Black Scholes model'.			
	Particulars	45,975 ESOPs	45,975 ESOPs	61,302 ESOPs
	Price per option (in ₹)	150.00	150.00	150.00
	Risk free return (in %)	8.30	8.30	8.30
	Average weighted cost of capital (in %)	10.80	10.80	10.80
	Average rate of return on the stock market (in %)	7.25	7.25	7.25
	Terminal growth (in %)	10.00	10.00	10.00
	Average cost of equity based on CAPM (in %)	13.55	13.55	13.55
	Beta	1.26	1.26	1.26
	Price of underlying shares at the time of the options grant	150.00	150.00	150.00

CORPORATE GOVERNANCE REPORT

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



One of the core missions of your organisation 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, 2014 is as follows :

BOARD OF DIRECTORS

Composition of Board

The composition of the Board as on March 31, 2014 is as follows :

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

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

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 2013-14, four Board Meetings were held. The maximum time gap between any two Board Meetings was not more than four months. These meetings were held on 16/05/2013, 30/07/2013, 23/10/2013 and 24/01/2014.

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 2013-14	No. of other directorships in public companies* as on 31/03/2014	Attendance in the last AGM	No. of Committee** positions held in other public companies as on 31/03/2014	
					Chairman	Member
Mr. Lalit Agarwal (Chairman & Managing Director)	Promoter Executive	4	-	Yes	-	-
Mr. Madan Gopal Agarwal (Whole-time Director)	Promoter Executive	4	-	Yes	-	-

Name of Director	Category	No. of Board Meeting attended during 2013-14	No. of other directorships in public companies* as on 31/03/2014	Attendance in the last AGM	No. of Committee** positions held in other public companies as on 31/03/2014	
					Chairman	Member
Mr. Hemant Agarwal (Whole-time Director)	Promoter Executive	4	-	Yes	-	-
Mr. Aakash Moondhra	Independent Non-Executive Director	2	-	Yes	-	-
Krishan Kumar Gupta	Independent Non-Executive Director	4	1	Yes	-	-
Mr. Kamal Kumar Gupta	Independent Non-Executive Director	4	1	Yes	-	-

* Alternate directorships and directorships in private companies, foreign companies and Section 25 companies are excluded.

**Includes chairmanships/memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.

No Director is a member of more than 10 Board-level Committees of public limited companies, nor is Chairman of more than five such Committees.

The Independence of a Director is determined by the criteria stipulated under the Clause 49 of the Listing Agreement as set out below :

An independent Director is a Non-Executive Director who :

- apart from receiving Director's Remuneration does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;
- is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- has not been an executive of the company in the immediately preceding three financial years;
- is not a partner or an executive or was not a partner or an executive during the preceding three years of the :
 - statutory audit firm or the internal audit firm that is associated with the company; and
 - legal firm(s) and consulting firm(s) that have a material association with the company;
- is not a material supplier, service provider or customer or lessor or lessee of the company, which may affect independence

of the Director.

f) is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares; and

g) is not less than 21 years of age.

Information provided to the Board

The information being provided to the Board includes :

- Annual operating plans and budgets and any update thereof;
- Capital budgets and any updates thereof;
- Quarterly results of the Company and its operating divisions and business segments;
- Minutes of meetings of the Audit Committee and other Committees of the Board;
- Appointment of Company Secretary or Chief Financial Officer;
- Materially important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material default in financial obligations to and by the Company, or substantial non- payment for goods sold by the Company;
- 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 Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;

- Status of business risk exposures, its management and related action plans;
- 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 material nature of investments, subsidiaries and assets which is not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

Details of Equity shares & convertible instruments held by the Directors in the Company as on March 31, 2014 are as follows:

Name of Director*	No. of Equity Shares held
Mr. Lalit Agarwal	21,94,025
Mr. Madan Gopal Agarwal	6,86,375
Mr. Hemant Agarwal	5,79,500
Mr. Aakash Moondhra	924
Mr. Krishan Kumar Gupta	Nil
Mr. Kamal Kumar Gupta	Nil

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

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 2013-14.

Lalit Agarwal
Chairman & Managing Director

AUDIT COMMITTEE

The Company has constituted an Audit Committee in line with the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchange read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee include :

- i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;

- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information;
- v. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval, with particular reference, but not restricted to :
 - a) Matters required to be included in the 'Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - 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) Qualifications in the draft audit report;
 - h) Going concern assumption; and
 - i) Compliance with the Indian GAAP and IFRS.
- vi. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - vii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - viii. Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit; discussion with internal auditors of any significant findings and follow-up thereon;
 - ix. Discussion with internal auditors of any significant findings and follow up there on;
 - x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - xi. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - xii. To review the functioning of the 'whistle blower' mechanism, in case the same is existing;
 - xiii. Approval of appointment of CFO i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate;

- xiv. To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or in the reference made to it by the board and for this purpose the committee shall have full access to information contained in the records of the company;
- xv. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of our Company;
- xvi. To seek information from any employee;
- xvii. To obtain outside legal or other professional advice;
- xviii. To secure the attendance of outsiders with relevant expertise, if it considers necessary;
- xix. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;

The Audit Committee shall mandatorily review the following information :

- a) Management discussion and analysis of financial information and results of operations;
- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
- f) Financial statements, in particular, the investments made by the unlisted subsidiary company.

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.

During the financial year 2013-14 four Audit Committee Meetings were held. The meetings were held on 16/05/2013, 30/07/2013, 23/10/2013 and 24/01/2014. The time gap between any two meetings was less than four months.

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. Krishan Kumar Gupta	Independent	Chairman	4
Mr. Aakash Moondhra	Independent	Member	2
*Mr. Lalit Agarwal	Promoter Executive	Member	4
Mr. Kamal Kumar Gupta	Independent	Member	4

*Ceased to be member of the Committee w.e.f. 24th January, 2014.

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.

REMUNERATION COMMITTEE

The Company has constituted Remuneration Committee in accordance with provisions of Clause 49 of the Listing Agreement and the Companies Act.

The Committee review and recommend to the Board, the remuneration packages of the Chairman & Managing Director and other Executive Directors. Such recommendations are made considering the overall performance and annual financial results of the Company.

The Remuneration Committee met one time on 30th July, 2013 during the financial year 2013-14.

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

Name of Member	Category	Status	No. of meeting attended
Mr. Kamal Kumar Gupta	Independent	Chairman	1
Mr. Aakash Moondhra	Independent	Member	Nil
Mr. Krishan Kumar Gupta	Independent	Member	1

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

Remuneration to Directors

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 recommend by the Remuneration Committee.

The Non-Executive Directors (Independent Directors) are only paid sitting fees of ₹20,000/- per meeting for attending the meetings of the Board.

The details of remuneration paid (including commission due as on 31/03/2014 but not paid) to the Directors for the period of 12 months ended on March 31, 2014 are given below: *(Amount in ₹ lacs)*

Name of Member	Salary	Commission	Sitting Fee	Total
Mr. Lalit Agarwal	45.00	39.50	N.A.	84.50
Mr. Madan Gopal Agarwal	15.00	13.03	N.A.	28.03
Mr. Hemant Agarwal	30.00	26.07	N.A.	56.07
Mr. Krishan Kumar Gupta	Nil	Nil	00.80	00.80
Mr. Kamal Kumar Gupta	Nil	Nil	00.80	00.80
Mr. Aakash Moondhra	Nil	Nil	00.40	00.40

Mr. Madan Gopal Agarwal is the father of Mr. Lalit Agarwal and Mr. Hemant Agarwal, Directors of the Company.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee has been constituted to specifically look into the redressal of Shareholder and Investor 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, dematerialisation/ re-materialisation of shares etc.

The Shareholders' / Investors' Grievance Committee comprises of one Independent Non-Executive Director and three Executive Directors. The Committee met four times during the financial year 2013-14. The meetings were held on 16/05/2013, 30/07/2013, 23/10/2013 and 24/01/2014. The composition and attendance of the Shareholders' / Investors' Grievance Committee are as under :

Name of Member	Category	Status	No. of meeting attended
Mr. Krishan Kumar Gupta	Independent	Chairman	4
Mr. Lalit Agarwal	Promoter Executive	Member	4
Mr. Madan Gopal Agarwal	Promoter Executive	Member	4
Mr. Hemant Agarwal	Promoter Executive	Member	4

The details of Shareholders' queries/complaints received and resolved during the year under review are given below :

Particulars	Complaints
Received during the year	9
Disposed of during the year	9
Remaining unresolved as on 31st March, 2014	Nil

The composition of the Operation Committee are as follows :

Name of Member	Designation
Mr. Lalit Agarwal	Chairman
Mr. Kamal Kumar Gupta	Member
Mr. Snehal Shah	Member

COMPLIANCE OFFICER

Mr. Sudhir Kumar, Company Secretary, is the Compliance Officer for complying with the requirements of Securities Laws and Listing Agreements 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
2012-13	Monday, 30th September, 2013	10:00 a.m.	Tecnia Institute of Teacher Education, F-19, Sector-8, Rohini, Delhi -110085	No
2011-12	Wednesday, 10th July, 2012	11:00 a.m.	F-11, Udyog Nagar Industrial Area, Peeragarhi, New Delhi-110041	Yes
2010-11	Monday, 19th September, 2011	11:00 a.m.	F-15, Udyog Nagar Industrial Area, Peeragarhi, New Delhi-110041	No

During the period of last three years an Extra-Ordinary General Meeting of the members was held on 22nd May, 2012.

INFORMATION TO SHAREHOLDERS

1. Date, time and Venue of the 12th Annual General Meeting :
Tuesday, 23rd September, 2014 at 10:00 a.m.

At New Delhi YMCA Tourist Hostel, Jai Singh Road, New Delhi - 110001.

2. Date of Book Closure :
From Friday, September 19, 2014 to Tuesday, September 23, 2014 (both days inclusive)

3. Dividend :
The Board of Directors of the Company has recommended a dividend of Re. 1/- per equity share, if approved, at the

ensuring Annual General Meeting, will be paid/credited to those members/beneficial owners whose names appear on the register of members/depository records as on September 18, 2014.

4. Registered office :

F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi-110041.

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

STOCK MARKET DATA

Monthly High and Low Share Price of V-Mart Retail Ltd. for the 2013-2014 at BSE and NSE

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-13	181.00	155.20	180.00	140.50
May-13	178.00	128.00	174.60	126.50
Jun-13	150.00	104.00	147.45	103.25
Jul-13	176.60	128.00	178.00	128.00
Aug-13	199.70	161.00	202.00	162.20
Sep-13	212.00	180.00	211.00	180.00
Oct-13	238.35	195.00	241.00	195.10
Nov-13	244.00	222.25	244.00	222.00
Dec-13	244.80	205.05	244.00	208.50
Jan-14	260.45	218.00	263.90	224.85
Feb-14	300.00	242.00	301.00	242.00
Mar-14	290.00	258.20	290.00	257.50

Source: www.bseindia.com , www.nseindia.com

LISTING FEES

Listing fees, as prescribed, has been paid to all Stock Exchanges where the shares of the Company are listed.

SHAREHOLDER'S ISSUE

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

ANALYST

Analyst may schedule their conference calls and meeting with:

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

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2014

S. No.	Category	Total Shares	%To Equity
1	PROMOTERS HOLDING	10564475	58.83%
2	FOREIGN INSTITUTIONAL INVESTORS	4283305	23.85%
3	BODIES CORPORATES	1241045	6.91%
4	MUTUAL FUNDS	1150273	6.41%
5	RESIDENT INDIVIDUALS	575449	3.20%
6	NON RESIDENT INDIANS	124704	0.69%
7	H U F	14108	0.08%
8	CLEARING MEMBERS	5419	0.03%
	Total	17958778	100.00%

Distribution of Shareholding as on 31/03/2014

Category (Amount)	Total No. of Shareholder	Percentage	Total No. of Shares Held	Percentage
1-5000	1928	90.14%	170051	0.95%
5001 - 10000	106	4.96%	83628	0.47%
10001 - 20000	41	1.92%	57360	0.32%
20001 - 30000	15	0.70%	38181	0.21%
30001 - 40000	2	0.09%	7380	0.04%
40001 - 50000	6	0.28%	27377	0.15%
50001 - 100000	1	0.05%	6700	0.04%
100001 & Above	40	1.87%	17568101	97.82%
Total	2139	100%	17958778	100%

UNCLAIMED SHARES

In accordance with the clause 5A of the Listing Agreement, the Company has opened separate suspense accounts for share issued in dematerialised and physical forms which have remained unclaimed.

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 dematerialised or physical mode, of the Company as on 31st March, 2014.

No. of shares held in dematerialised and physical mode :

Sl. No	Particulars	Number of Shares	% of Total issued Capital
1	Shares held in dematerialised form in CDSL	7,912,138	44.06%
2	Shares held in dematerialised form in NSDL	10,046,637	55.94%
3	Shares held in physical form	3	0.00%
	Total	17,958,778	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

Plot No.17-24, Vithal Rao Nagar, Madhupur, Hyderabad 500 081, India

Tel No.: +91 40 4465 5000 Toll Free: 1800 0345 4001
 Fax No.: +91 040 234 2081
 Email: v-mart.ipa@karvy.com, Website: www.karvy.com

Share Transfer System

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

DIVIDEND INTIMATION THROUGH E-MAIL

In order to protect the environment and as a “Go Green” Initiative, The Company has taken initiative of sending intimation of dividend for FY 2013-14 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 or Mint”- English Daily and “Jansatta or Rashtrya Sahara” - Hindi Newspaper within 48 hours after the approval by the Board.

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

Description	Date
Unaudited financial results for the first quarter ended 30th June, 2013	31st July, 2013
Unaudited financial results for the second quarter and the half year ended 30th September, 2013	24th October, 2013
Unaudited financial results for the third quarter and the nine months ended 31st December, 2013	25th January, 2014
Audited financial results for the fourth quarter and the year ended 31st March, 2014	3rd May, 2014

The details of the financial results and shareholding pattern are hosted on the Company’s website: www.vmart.co.in . All other official news and press releases are displayed 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.

POSTAL BALLOT

During the year under review, no resolution was passed through Postal Ballot.

Auditors’ Certificate on Corporate Governance

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this Annual Report.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

V-Mart Code of Conduct for prevention of Insider Trading (VMART INSIDER CODE) as approved by the Board of Directors, inter alia, prohibits purchase / sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The V-Mart Insider code is available on the Company’s corporate website.

DISCLOSURES

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

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

CEO/CFO Certification Managing Director & C.E.O. and Chief Financial Officer have certified to the Board with respect to the financial statements, internal controls and other matters as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

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

The Company has complied with all mandatory requirements

and adopted non mandatory requirements as mentioned hereunder.

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 .

Certificate of Compliance from Auditors as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India

To
 The Members of
 V-Mart Retail Limited

We have examined the compliance of conditions of corporate governance by V-Mart Retail Limited (“the Company”) for the year ended on 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance as stipulated in said clause. 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 as per 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 Agreement.

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 Walker, Chandiok & Co
 Chartered Accountants
 Firm Registration No: 001076N

Per Atul Seksaria
 Partner
 Membership No. 086370

Place : New Delhi
 Date : May 1, 2014

Certification by MD and CFO

To,
The Board of Directors,
V-Mart Retail Ltd.,
F-11, Udyog Nagar Industrial Area,
Peeragarhi, New Delhi -110041.

Dear Sirs,

We hereby certify that :

- (a) We have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction entered in to by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over the financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For V-Mart Retail Ltd.

Place : New Delhi
Date : May 1, 2014

Lalit Agarwal
Chairman and Managing Director

Deepak Sharma
Chief Financial Officer

Independent Auditors' 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 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according

to the explanations given to us, the 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:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. we have 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 appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
 - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
 - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandiok & Co LLP
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

per Atul Seksaria

Place: New Delhi
Date: 1 May 2014

Partner
Membership No.: 086370

Annexure to the Independent Auditors' Report

Annexure to the Independent Auditors' Report of even date to the members of V-Mart Retail Limited, on the financial statements for the year ended 31 March 2014

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, 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. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and material discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable.
- (e) The Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹11,222,411 and the year-end balance is ₹ Nil.
- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, prima facie, prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount and the interest is regular.

- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) The Company has an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight 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, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

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	3,032,733	-	1 June 2007 to 31 March 2010	Supreme Court
Punjab VAT Act, 2005	Value Added Tax	689,900	174,354	Financial year 2012-13	Assistant Excise and Taxation Commissioner, Jalandhar
UP VAT Act, 2008	Value Added Tax	866,320	866,320	Financial year 2012-13	Assistant Commissioner, Commercial Tax, Sitapur
UP VAT Act, 2008	Value Added Tax	613,677	613,677	Financial year 2012-13	Assistant Commissioner, Commercial Tax, Ghaziabad
Income Tax Act, 1961	Income Tax	1,456,510	1,149,723	Financial year 2008-09	Commissioner of Income Tax (Appeals), Kolkata
UP VAT Act, 2008	Value Added Tax	876,000	876,000	Financial year 2013-14	Assistant Commissioner, Commercial Tax, Muzaffarnagar
Rajasthan Value Added Tax, 2003	Value Added Tax	6,240,027	650,000	Financial year 2007-08	Deputy Commissioner (Appeals), Ajmer

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandio & Co LLP
(formerly Walker, Chandio & Co)
Chartered Accountants
Firm Registration No.: 001076N

per Atul Seksaria

Place: New Delhi
Date: 1 May 2014

Partner
Membership No.: 086370

Balance Sheet as at 31 March 2014

(Amount in ₹)			
	Notes	As at 31 March 2014	As at 31 March 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds			
Share capital	5	179,587,780	179,587,780
Reserves and surplus	6	1,521,976,145	1,296,948,161
		1,701,563,925	1,476,535,941
(2) Non-current liabilities			
Long-term borrowings	7	1,744,148	20,172,397
Long-term provisions	8	11,721,775	10,274,215
Other non-current liabilities	9	19,164,841	-
		32,630,764	30,446,612
(3) Current liabilities			
Short-term borrowings	10	433,425,221	330,040,513
Trade payables	47	640,944,923	372,413,978
Other current liabilities	11	84,278,986	71,316,372
Short-term provisions	12	43,204,453	16,800,930
		1,201,853,583	790,571,793
		2,936,048,272	2,297,554,346
II. ASSETS			
(1) Non-current assets			
Fixed assets			
Tangible assets	13	691,056,329	470,019,181
Intangible assets	14	8,566,396	4,358,656
Capital work-in-progress		10,074,606	13,171,404
Non-current investments	15	150,000,000	120,000,000
Deferred tax assets	16	21,664,408	7,257,525
Long-term loans and advances	17	127,887,107	86,166,185
Other non-current assets	18	716,813	226,762
		1,009,965,659	701,199,713
(2) Current assets			
Current investments	19	192,392,977	286,396,776
Inventories	20	1,676,974,385	1,107,505,728
Cash and bank balances	21	23,229,359	157,692,788
Short-term loans and advances	22	33,293,481	44,324,581
Other current assets	23	192,411	434,760
		1,926,082,613	1,596,354,633
		2,936,048,272	2,297,554,346

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

For Walker, Chandio & Co LLP
Chartered Accountants

per Atul Seksaria
Partner

Place: New Delhi
Date : 1 May 2014

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

Madan Gopal Agarwal
Director

Deepak Sharma
Chief Finance Officer

Lalit Agarwal
Managing Director

Sudhir Kumar
Company Secretary

Statement of Profit and Loss for the Period 31 March 2014

(Amount in ₹)			
	Notes	For the period ended 31 March 2014	For the period ended 31 March 2013
REVENUE:			
Revenue from operations	24	5,749,594,035	3,834,589,940
Other income	25	7,135,629	1,897,503
		5,756,729,664	3,836,487,443
EXPENSES:			
Cost of raw material consumed	26	10,789,277	51,287,320
Production expense	27	6,612,855	30,125,202
Purchase of traded goods and other direct expenses	28	4,599,520,966	2,857,944,793
Increase in inventories	29	(576,231,522)	(244,699,533)
Employee benefits expenses	30	383,373,777	249,687,129
Other expenses	31	787,704,551	498,782,100
Prior period income	32	-	(6,359,570)
		5,211,769,904	3,436,767,441
Earnings before interest, tax, depreciation and amortization (EBITDA)		544,959,760	399,720,002
Depreciation and amortization expense	33	108,943,695	76,185,275
Finance costs	34	57,787,799	57,460,798
Profit before tax		378,228,266	266,073,929
Tax expense			
- Current tax		141,063,000	86,900,000
- Deferred tax		(14,406,883)	(869,326)
Total tax expense		126,656,117	86,030,674
Profit for the year		251,572,149	180,043,255
Earnings per equity share	35		
- Basic		14.01	12.34
- Diluted		14.01	12.34

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

For Walker, Chandio & Co LLP
Chartered Accountants

per Atul Seksaria
Partner

Place: New Delhi
Date : 1 May 2014

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

Madan Gopal Agarwal
Director

Deepak Sharma
Chief Finance Officer

Lalit Agarwal
Managing Director

Sudhir Kumar
Company Secretary

Cash Flow Statement for the year ended 31 March 2014

	(Amount in ₹)	
	For the period ended 31 March 2014	For the period ended 31 March 2013
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	378,228,266	266,073,929
Adjustment for:		
Depreciation and amortization	108,943,695	76,185,275
Stock written off	92,883,642	52,033,183
Loss on sale of fixed assets	860,220	-
Loss on sale of investments	-	17,019
Loss on revaluation of current investments	2,387,349	67,577
Fixed assets written off	863,695	69,692
Loss from theft	259,000	1,400
Provision for doubtful advances	-	896,948
Balances written off	-	1,139,755
Dividend income	(1,703,498)	(1,481,373)
Interest income	(723,587)	(416,130)
Liabilities written (back)/off	(294,095)	26,821
Interest expense	37,056,464	41,865,915
Prior period income	-	(6,359,570)
Operating profit before working capital changes	618,761,151	430,120,441
Movements in working capital :		
Increase in trade payables	268,825,039	73,386,606
Increase/(decrease) in other liabilities and provisions (current and non current)	36,863,308	25,049,423
(Increase)/decrease in trade receivables	-	558,112
Increase in inventories	(662,611,299)	(290,122,161)
Increase in long-term loans and advances	(42,661,968)	(21,585,309)
(Increase)/decrease in short-term loans and advances	11,031,100	(17,909,489)
Decrease/(Increase) in other assets (current and non current)	-	-
Cash generated from operations	230,207,331	199,497,623
Taxes paid	(120,000,000)	(101,679,612)
Net cash flow from operating activities	110,207,331	97,818,011
B. CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work in progress and capital advances	(333,014,817)	(221,535,006)
Purchase of investments	(344,780,326)	(756,518,011)
Proceeds from sale of investments	406,396,776	350,036,638
Dividend income	1,703,498	1,481,373
Proceeds from sale of fixed assets	1,140,162	-
Interest received	929,941	621,451
Redemption of/(investment in) bank deposits (having original maturity of more than three months)	176,076	2,952,258
Decrease in pledged fixed deposits	(3,199,092)	1,401,246
Net cash flow used in investing activities	(270,647,782)	(621,560,051)

Cash Flow Statement for the year ended 31 March 2014

	(Amount in ₹)	
	For the period ended 31 March 2014	For the period ended 31 March 2013
C. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issue of shares including securities premium	-	842,310,000
Share issue expenses	-	(72,499,847)
Proceeds from long term borrowings	-	2,529,401
Repayment of long term borrowings	(19,950,436)	(11,950,999)
(Repayments of)/proceeds from short term borrowings (net)	103,384,708	(47,926,966)
Equity dividend paid	(17,958,778)	(2,936,374)
Dividend distribution tax paid	(3,052,095)	(487,732)
Finance charges	(39,015,337)	(42,647,424)
Net cash flow from/(used in) financing activities	23,408,062	666,390,059
Net increase/(decrease) in cash and cash equivalents	(137,032,389)	142,648,019
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	153,421,870	10,773,851
Cash and cash equivalents at the end of the year	16,389,481	153,421,870
	(137,032,389)	142,648,019

Note:

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements of the Companies (Accounting Standard) Rules, 2006.

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

For Walker, Chandio & Co LLP
Chartered Accountants

per Atul Seksaria
Partner

Place: New Delhi
Date : 1 May 2014

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

Madan Gopal Agarwal
Director

Lalit Agarwal
Managing Director

Deepak Sharma
Chief Finance Officer

Sudhir Kumar
Company Secretary

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

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 have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“Indian GAAP”) and in compliance with the mandatory accounting standards (“AS”) as prescribed under the Companies (Accounting Standards) Rules, 2006 (as amended) (“the Rules”), the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable). The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule VI to the Act.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management’s knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Fixed assets under construction and cost of assets not ready for use before the year-end, are presented as capital work in progress.

Depreciation on tangible assets other than leasehold improvements is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the days of addition or disposal. Depreciation on leasehold improvements is provided over their respective lease period or the estimated useful life of the leased assets, whichever is shorter.

All individual assets costing ₹5,000 or less are depreciated at 100% on pro-rata basis based on the period the asset has been in use.

(b) Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at cost. Depreciation on intangible assets is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

(c) Leases

Operating leases:

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 leases:

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. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(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.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

(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.

Long-term investments are stated at cost. Provision for diminution in the value of long term investments is made when the decline is other than temporary in nature.

Current investments are stated at lower of cost and market value determined on an individual investment basis.

(f) 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, labor, 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.

(g) 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.

(h) 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.

(i) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- Employee Benefits (Revised 2005) “Revised AS 15” of Companies (Accounting Standards) Rules, 2006

i) 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.

ii) 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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually 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.

iii) Compensated absences

Compensated absences can only be availed during the calendar year at the end of which, any balance remaining shall lapse. Liability in respect of compensated absences has been recognized on the basis of earned leave available at the end of the financial year.

iv) 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.

v) Employee Stock Option Scheme (ESOS)

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 on Employee Share Based Payments issued by the Institute of Chartered Accountants of India. 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.

(j) Share issue expenses

The share issue expenses are adjusted against the balance in Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

(k) Income taxes

Tax expense comprises current income-tax and deferred tax. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

(l) Earnings per share

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

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

(m) Contingent liabilities and provisions

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, has been disclosed as a contingent liability in the financial statements.

(n) 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.

(o) Measurement of Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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 2014**5. SHARE CAPITAL**

(Amount in ₹)

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Authorized		
20,000,000 (Previous Year 20,000,000) equity shares of ₹10 each	200,000,000	200,000,000
Issued, subscribed and fully paid up shares		
17,958,778 (Previous year 17,958,778) equity shares of ₹10 each	179,587,780	179,587,780
(Refer to note 4 of schedule 22B)		
Total issued, subscribed and fully paid up share capital	179,587,780	179,587,780

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

	As at March 31, 2014		As at March 31, 2013	
	Nos.	Amount (₹)	Nos.	Amount (₹)
At the beginning of the year	17,958,778	179,587,780	7,340,936	73,409,360
Issued during the year - Bonus issue	-	-	6,606,842	66,068,420
Issued during the year - Public issue	-	-	4,011,000	40,110,000
Outstanding at the end of the year	17,958,778	179,587,780	17,958,778	179,587,780

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 2014, the amount of per equity share dividend recognized as distributions to equity shareholders is ₹1 (previous year : ₹1).

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, equity share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date are as follows :-

	2013-14 No.	2012-13 No.	2011-12 No.	2010-11 No.	2009-10 No.
Equity shares allotted as fully paid bonus shares by capitalization of free reserves	Nil	6,606,842	Nil	Nil	Nil
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	Nil	Nil	Nil	Nil	Nil
Equity shares bought back by the Company	Nil	Nil	Nil	Nil	Nil

d) Details of equity shareholders holding more than 5% shares in the Company as at 31 March 2014

	2014		2013	
	Nos.	% holding	Nos.	% holding
Lalit Madangopal Agarwal	2,194,025	12.22%	2,194,025	12.22%
Sangeeta Agarwal	2,172,175	12.09%	2,172,175	12.09%
HSBC Bank (Mauritius) Limited				
A/c Jwalamukhi Investment Holding	1,788,102	9.96%	-	-
Naman Finance and Investment Private Limited	-	-	1,569,136	8.74%
Kotak Mahindra (International Ltd.)	1,539,081	8.57%	-	-
Uma Devi Agarwal	1,355,460	7.55%	1,355,460	7.55%
Lalit Agarwal (H.U.F)	1,277,275	7.11%	1,277,275	7.11%
IDFC Premier Equity Fund	-	-	1,152,876	6.42%
Madan Gopal Agarwal (H.U.F)	1,041,675	5.80%	1,041,675	5.80%

The above information is furnished as per shareholders registered as at the year end.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**6. RESERVES AND SURPLUS**

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Amalgamation reserve	15,475,967	15,475,967
	15,475,967	15,475,967
Securities premium account		
Balance at the beginning of the year	872,063,191	208,431,458
Add: Addition during the year	-	802,200,000
Less: Amount utilized towards bonus issue	-	66,068,420
Less: Amount utilized towards share issue expenses	-	72,499,847
	872,063,191	872,063,191
Surplus in the statement of profit and loss		
Balance at the beginning of the year	409,409,003	244,843,328
Add: Profit for the year	251,572,149	180,043,255
Less : Appropriations		
Proposed dividend on equity shares - Re. 1 per share (previous year Re. 1 per share) *	22,688,290	13,229,266
Dividend distribution tax #	3,855,875	2,248,314
Net surplus in the statement of profit and loss	634,436,987	409,409,003
	1,521,976,145	1,296,948,161

In view of the sales and profits target achieved by the Company, the board of directors have revised the earlier recommended proposed dividend of Re. 1 per share on pro-rata basis to Re. 1 per share on parri-passu basis in their meeting dated 30 July 2013. As a result of this, ₹4,729,512 has been transferred from the statement of profit and loss to proposed dividend in the current year. Correspondingly, a dividend distribution tax of ₹803,781 pertaining to the above has also been transferred in the current year.

The Board of Directors of the Company, in their meeting dated 1 May 2014, recommended a dividend of ₹1 per equity share amounting to ₹17,958,778 subject to approval of the shareholders at the ensuing Annual General Meeting.

7. LONG-TERM BORROWINGS

	Non-current portion		Current maturities	
	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Term loan				
Vehicle loans from banks (secured)	1,744,148	2,172,397	2,427,796	2,389,886
Other loans and advances				
Vehicle loans from other financial institutions (secured)	-	-	-	116,821
Finance lease obligations (secured)	-	-	-	1,443,276
Inter-corporate deposits (unsecured)	-	18,000,000	-	-
	1,744,148	20,172,397	2,427,796	3,949,983
The above amount includes				
Secured borrowings	1,744,148	2,172,397	2,427,796	3,949,983
Unsecured borrowings	-	18,000,000	-	-
Amount disclosed under the head "other current liabilities" (note - 11)	-	-	(2,427,796)	(3,949,983)
Net amount	1,744,148	20,172,397	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**7. LONG-TERM BORROWINGS (Contd...)**

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

As at 31 March 2014	Installments	Amount outstanding (₹)	No. of installments	Installment amount (₹)	Date of loan	Rate of interest	Hypothecation of
Vehicle Loan	Monthly	-	35	29,549	15 October 2010	12%	Vehicle
Vehicle Loan	Monthly	115,927	36	29,680	28 September 2011	12%	Vehicle
Vehicle Loan	Monthly	217,620	36	55,658	1 August 2011	11%	Vehicle
Vehicle Loan	Monthly	376,683	36	30,930	31 March 2012	11%	Vehicle
Vehicle Loan	Monthly	185,463	36	15,300	31 March 2012	12%	Vehicle
Vehicle Loan	Monthly	343,179	36	23,120	31 July 2012	11%	Vehicle
Vehicle Loan	Monthly	338,372	36	22,796	31 July 2012	11%	Vehicle
Vehicle Loan	Monthly	645,504	35	37,146	7 November 2012	11%	Vehicle
Vehicle Loan	Monthly	974,590	36	35,165	20 November 2013	11%	Vehicle
Vehicle Loan	Monthly	974,590	36	35,165	20 November 2013	11%	Vehicle
Vehicle Loan	Monthly	-	36	30,030	29 July 2010	9%	Vehicle
Finance lease obligation	Quarterly	-	20	1,476,824	6 June 2008	14%	Specific assets taken on finance lease *

* Specific assets includes Plant and equipment, Office equipment, Leasehold improvement, Computers and Furniture and fixtures.

As at 31 March 2013	Installments	Amount outstanding (₹)	No. of installments	Installment amount (₹)	Date of loan	Rate of interest	Hypothecation of
Vehicle Loan	Monthly	143,587	35	29,549	15 October 2010	12%	Vehicle
Vehicle Loan	Monthly	438,312	36	29,680	28 September 2011	12%	Vehicle
Vehicle Loan	Monthly	824,782	36	55,658	1 August 2011	11%	Vehicle
Vehicle Loan	Monthly	685,765	36	30,930	31 March 2012	11%	Vehicle
Vehicle Loan	Monthly	337,692	36	15,300	31 March 2012	12%	Vehicle
Vehicle Loan	Monthly	570,237	36	23,120	31 July 2012	11%	Vehicle
Vehicle Loan	Monthly	562,259	36	22,796	31 July 2012	11%	Vehicle
Vehicle Loan	Monthly	999,649	35	37,146	7 November 2012	11%	Vehicle
Vehicle Loan	Monthly	117,883	36	30,030	29 July 2010	9%	Vehicle
Finance lease obligation	Quarterly	1,443,283	20	1,476,824	6 June 2008	14%	Specific assets taken on finance lease *

* Specific assets includes Plant and equipment, Office equipment, Leasehold improvement, Computers and Furniture and fixtures.

b) The inter corporate deposit carries return at fixed percentage of gross sales at two stores subject to minimum guaranteed annual return of ₹2,700,000. The amount is repayable by giving six months notice by either party to the agreement.

8. LONG-TERM PROVISIONS

	As at March 31, 2014 (₹)	As at March 31, 2013 (₹)
Provision for gratuity (refer note - 41)	11,721,775	10,274,215
	11,721,775	10,274,215

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**9. OTHER NON-CURRENT LIABILITIES**

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Rent straight-lining account	19,164,841	-
	19,164,841	-

10. SHORT-TERM BORROWINGS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Cash credits from banks (secured)	433,425,221	180,040,513
Working capital loan from bank (secured)	-	150,000,000
	433,425,221	330,040,513
The above amount includes		
Secured borrowings	433,425,221	180,040,513
Unsecured borrowings	-	150,000,000

1. (i) Fund based cash credit facility of ₹280,000,000 from State Bank of India carries an interest at base rate (10%) plus 90 basis point (0.90%) as on 31 March 2014 and is repayable on demand. The outstanding as on 31 March 2014 is credit balance of ₹250,918,971 shown in Note 9 (previous year - debit balance of ₹76,641,918).
- (ii) Fund based cash credit facility of ₹100,000,000 from Andra Bank carries an interest at base rate (10.25%) plus 200 basis point (2.00%) as on 31 March 14 and is repayable on demand. The outstanding as on 31 March 2014 is debit balance of ₹335,287 (previous year - credit balance of ₹170,712,504).

These facilities are secured by way of :-

- Primary – Hypothecation charge of stock of goods including goods in transit and all the present and future book debts, shared with Bank(s) under Consortium Arrangement.
- Collateral -
 - First pari passu charge to working capital lenders (except bank 2 below) on all the present and future fixed assets of the Company.
 - First pari passu charge to working capital lenders (except bank 2 below) on the following properties :-
 - 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.
 - Equitable mortgage of residential property in the name of Mr. Hemant Agarwal (Director) and Mrs. Smiti Agarwal (Wife of Mr. Hemant Agarwal) in Ahmedabad.
 - Equitable mortgage of residential property in the name of Mrs. Prem Lata Jatia in New Delhi.
 - Cash Collateral of ₹3,800,000 in the form of pledge of fixed deposits in the name of the promoters.

Further, personal guarantees have been given by Mr. Lalit Agarwal (Managing director), Mr. Hemant Agarwal (Director), Mr. Madan Gopal Agarwal (Director), Mrs. Sangeeta Agarwal (Wife of Lalit Agarwal), Mrs. Smiti Agarwal (Wife of Hemant Agarwal) and Mrs. Prem Lata Jatia.

- (2) Fund based cash credit facility of ₹45,000,000 from ICICI Bank carries an interest at base rate (10.00%) plus 475 basis point (4.75%) as on 31.03.14 and is repayable on demand. The outstanding as on 31 March 2014 is Nil (previous year - credit balance of ₹9,328,009).

This facility is secured by way of :-

Hypothecation of all credit card receivables and book debts of the Company, present and future.

- (3) Fund based cash credit facility of ₹279,804,198 from Deutsche Bank AG carries an interest at the rate MIBOR plus 1.5% or Deutsche Bank base rate (9.95%) whichever is higher as on 31 March 14 and is repayable on demand. The outstanding as on 31 March 2014 is credit balance of ₹182,506,250.

This facility is secured by way of :-

Approved Mutual funds (Debts/ Income/ Liquid/ FMP) and bonds in the name of the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**11. OTHER CURRENT LIABILITIES**

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Current maturities of long-term liabilities (note - 7)	2,427,796	2,506,707
Current maturities of finance lease obligation	-	1,443,276
Interest payable on delay in payment of income tax	-	1,147,577
Interest accrued and due on borrowings	-	811,295
Creditors for fixed assets	21,280,224	18,286,248
Statutory liabilities	26,304,053	15,673,710
Rent straight-lining acco unt	2,039,914	-
Other liabilities	32,226,999	31,447,559
	84,278,986	71,316,372

12. SHORT TERM PROVISIONS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Income tax [net of prepaid taxes ₹120,000,000 (previous year: ₹38,080,469)]	21,063,000	-
Provision for gratuity	1,130,581	1,323,350
Proposed equity dividend [₹1 per share (previous year ₹1 per share)]	17,958,778	13,229,266
Dividend distribution tax	3,052,094	2,248,314
	43,204,453	16,800,930

13. TANGIBLE ASSETS

	Plant and equipment	Office equipment	Leasehold improvements	Computers	Furnitures and fixtures	Vehicles	Total
Gross block							
As at 1 April 2012	199,774,250	10,685,417	47,879,767	30,955,976	240,438,161	14,215,241	543,948,812
Additions	71,020,175	10,300,657	23,257,976	9,419,117	92,061,334	5,764,170	211,823,429
Disposals	86,480	-	-	-	109,167	-	195,647
As at 31 March 2013	270,707,945	20,986,074	71,137,743	40,375,093	332,390,328	19,979,411	755,576,594
As at 1 April 2013	270,707,945	20,986,074	71,137,743	40,375,093	332,390,328	19,979,411	755,576,594
Additions	113,394,063	20,892,174	37,122,507	15,897,226	140,010,533	2,665,962	329,982,465
Disposals	1,318,295	-	1,527,397	-	3,447,583	-	6,293,275
As at 31 March 2014	382,783,713	41,878,248	106,732,853	56,272,319	468,953,278	22,645,373	1,079,265,784
Accumulated depreciation							
As at 1 April 2012	71,727,839	2,639,868	11,223,354	23,304,857	95,541,170	6,685,022	211,122,110
Charge for the year	23,962,938	1,659,433	5,503,834	4,902,419	36,106,680	2,425,954	74,561,258
Disposals	61,815	-	-	-	64,140	-	125,955
As at 31 March 2013	95,628,962	4,299,301	16,727,188	28,207,276	131,583,710	9,110,976	285,557,413
As at 1 April 2013	95,628,962	4,299,301	16,727,188	28,207,276	131,583,710	9,110,976	285,557,413
Charge for the year	32,309,201	3,829,912	9,301,633	8,577,374	48,926,678	3,136,442	106,081,240
Disposals	657,403	-	663,702	-	2,108,093	-	3,429,198
As at 31 March 2014	127,280,760	8,129,213	25,365,119	36,784,650	178,402,295	12,247,418	388,209,455
Net Block							
As at 31 March 2013	175,078,983	16,686,773	54,410,555	12,167,817	200,806,618	10,868,435	470,019,181
As at 31 March 2014	255,502,953	33,749,035	81,367,734	19,487,669	290,550,983	10,397,955	691,056,329

Details of assets acquired on finance lease included above

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

13. TANGIBLE ASSETS (contd...)

(Amount in ₹)

	Plant and equipment	Office equipment	Leasehold improvements	Computers	Furnitures and fixtures	Total
Gross block						
As at 1 April 2012	13,108,934	113,275	1,181,707	2,166,082	21,964,100	38,534,098
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at 31 March 2013	13,108,934	113,275	1,181,707	2,166,082	21,964,100	38,534,098
As at 1 April 2013	13,108,934	113,275	1,181,707	2,166,082	21,964,100	38,534,098
Additions	1,644,459	-	456,848	180,797	4,369,790	6,651,894
Less : Finance leased assets owned *	(14,753,393)	(113,275)	(1,638,555)	(2,346,879)	(26,333,890)	(45,185,992)
As at 31 March 2014	-	-	-	-	-	-
Accumulated depreciation						
As at 1 April 2012	10,166,901	86,524	945,366	1,671,442	17,285,642	30,155,875
Charge for the year	2,621,787	22,655	236,341	433,216	4,392,820	7,706,819
Disposals	-	-	-	-	-	-
As at 31 March 2013	12,788,688	109,179	1,181,707	2,104,658	21,678,462	37,862,694
As at 1 April 2013	12,788,688	109,179	1,181,707	2,104,658	21,678,462	37,862,694
Charge for the year	438,288	4,096	98,379	242,220	756,141	1,539,124
Less : Finance leased assets owned *	(13,226,976)	(113,275)	(1,280,086)	(2,346,878)	(22,434,603)	(39,401,818)
As at 31 March 2014	-	-	-	-	-	-
Net Block						
As at 31 March 2013	320,246	4,096	-	61,424	285,638	671,404
As at 31 March 2014	-	-	-	-	-	-

* During the current year, the lease term of the assets taken on finance lease has expired and the Company has acquired these assets from the lessor.

14. INTANGIBLE ASSETS

	Computer Software
	(₹)
Gross Block	
As at 1 April 2012	6,529,652
Additions	3,245,735
As at 31 March 2013	9,775,387
As at 1 April 2013	9,775,387
Additions	7,070,195
As at 31 March 2014	16,845,582
Amortization	
As at 1 April 2012	3,792,714
Charge for the year	1,624,017
As at 31 March 2013	5,416,731
As at 1 April 2013	5,416,731
Charge for the year	2,862,455
As at 31 March 2014	8,279,186
Net block	
As at 31 March 2013	4,358,656
As at 31 March 2014	8,566,396

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

15. NON-CURRENT INVESTMENTS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Long term trade investments, quoted (at cost)		
Investment in mutual funds of:		
IDFC Fixed Term Plan Series 11 Regular Plan - Growth		
Nil (previous year: 2,000,000) units of ₹10 each	-	20,000,000
Axis Fixed Term Plan Series 34 - Direct Growth		
Nil (previous year: 10,000,000) units of ₹10 each	-	100,000,000
DWS Fixed Maturity Plan Series 56 - Direct Plan - Growth		
12,500,000 (previous year: Nil) units of ₹10 each	125,000,000	-
SBI Debt Fund Series - A 11 385 - Days - Direct - Growth		
2,500,000 (previous year: Nil) units of ₹10 each	25,000,000	-
	150,000,000	120,000,000
Aggregate market value of quoted investments	150,962,750	120,550,600
Aggregate book value of quoted investments	150,000,000	120,000,000

16. DEFERRED TAX ASSETS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Deferred tax assets arising on account of:		
Depreciation and amortization of fixed assets	5,962,758	2,654,406
Employee benefits	7,576,213	3,942,012
Provision for doubtful advances	-	304,873
Provision for compensated absences	917,941	93,875
Assets taken on finance lease	-	262,359
Rent straight-lining account	7,207,496	-
	21,664,408	7,257,525

17. LONG TERM LOANS AND ADVANCES

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
(Unsecured, considered good unless otherwise stated)		
Capital advances	1,759,272	2,700,318
Security deposits	57,794,325	39,359,191
Value added tax recoverable	63,498,716	35,039,679
Income tax	638,059	1,925,715
Service tax deposit	3,768,918	3,768,918
Other loans and advances	427,817	3,372,364
	127,887,107	86,166,185

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**18. OTHER NON-CURRENT ASSETS**

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
(Unsecured, considered good unless otherwise stated)		
Margin money deposit	571,076	-
Fixed deposit with banks	100,000	217,020
Interest accrued on fixed deposits	45,737	9,742
	716,813	226,762

The deposits are pledged against :

Bank guarantees issued to sales tax and service tax authorities and for cash credit facilities with banks.

19. CURRENT INVESTMENTS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Investment in mutual funds (quoted) of:		
IDFC Ultra Short Term Fund - Daily Dividend - Regular Plan		
Nil (previous year: 2,000,419) units of ₹10.0125 each.	-	20,028,491
IDFC Ultra Short Term Fund - Weekly Dividend - Regular Plan		
Nil (previous year: 5,043,092) units of ₹10.0061 each.	-	50,461,682
IDFC Dynamic Bond Fund - Growth - Direct Plan		
Nil (previous year: 9,236,359) units of ₹14.079 each.	-	130,036,638
IDFC Cash Fund - Daily Dividend - Direct Plan		
Nil (previous year: 25,029) units of ₹1000.25 each.	-	25,035,676
Birla Sun Life Savings Fund - Weekly Dividend - Regular Plan		
Nil (previous year: 4,570) units of ₹100.009 each.	-	457,066
Birla Sun Life Dynamic Bond Fund - Retail - Growth - Direct Plan		
806,395 (previous year: 2,524,296) units of ₹19.8075 each.	15,972,676	50,000,000
Birla Sun Life Cash Plus - Daily Dividend - Direct Plan - Reinvestment		
Nil (previous year: 99,827) units of ₹100.195 each	-	10,002,154
Reliance Money Manager Fund - Weekly Dividend Plan		
Nil (previous year: 374) units of ₹1001.8698 each	-	375,069
Axis Fixed Term Plan Series 34 (392 Days) - Direct Growth -		
FQDG 10,000,000 (previous year: Nil) units of ₹10 each	100,000,000	-
Birla Sun Life Mutual Fund - Fixed Term Plan SR ED		
4,500,000 (previous year: Nil) units of ₹11.4017 each	51,307,650	-
IDFC Fixed Term Plan Series 11 Regular Plan - Growth		
2,000,000 (previous year: Nil) units of ₹10 each	20,000,000	-
Religare Invesco Arbitrage Fund - Direct Bonus Plan		
697,865 (previous year: Nil) units of ₹16.1206 each	5,112,651	-
	192,392,977	286,396,776
Aggregate market value of quoted investments	210,980,385	286,781,361
Aggregate book value of quoted investments	192,392,977	286,396,776

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**20. INVENTORIES**

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
(valued at lower of cost or net realizable value)		
Raw materials	5,688,749	12,451,614
Packing and accessories	15,281,399	11,178,378
Finished/traded goods [including stock-in-transit : ₹78,776,761 (previous year : Nil)]*	1,656,004,237	1,083,875,736
	1,676,974,385	1,107,505,728

* 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.

21. CASH AND BANK BALANCES

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	1,688,399	77,016,724
- Escrow account	-	50,083,160
Cash in hand	14,701,082	26,321,986
	16,389,481	153,421,870
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months	236,862	295,918
Margin money deposits	6,603,016	3,975,000
	6,839,878	4,270,918
	23,229,359	157,692,788

The deposits are pledged against :

Bank guarantees issued to sales tax and service tax authorities and for cash credit facilities with banks.

22. SHORT-TERM LOANS AND ADVANCES

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	24,428,465	32,985,319
Security deposits	5,000,000	9,162,243
Prepaid expenses	3,865,016	3,073,967
Income tax	33,293,481	45,221,529
Less: Provision for doubtful advances	-	(896,948)
	33,293,481	44,324,581

23. OTHER CURRENT ASSETS

	As at March 31, 2014	As at March 31, 2013
	(₹)	(₹)
Interest accrued on fixed/ margin money deposits	192,411	434,760
	192,411	434,760

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

24. REVENUE FROM OPERATIONS

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Sale of products	5,741,065,728	3,830,795,130
Other operating revenue	8,528,307	3,794,810
Revenue from operations	5,749,594,035	3,834,589,940
Details of products sold		
Apparels, homemart and accessories	4,718,087,371	2,867,058,838
Others	1,022,978,357	963,736,292
	5,741,065,728	3,830,795,130

25. OTHER INCOME

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Interest Income on		
Bank deposits	723,587	333,963
Others	-	82,167
Dividend income	1,703,498	1,481,373
Profit on sale of investment	4,708,544	-
	7,135,629	1,897,503

26. COST OF RAW MATERIAL CONSUMED

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Inventory at the beginning of the year	12,451,614	19,062,169
Add : Purchases during the year	4,026,412	44,676,765
	16,478,026	63,738,934
Less : Inventory at the end of the year	5,688,749	12,451,614
Cost of raw material consumed	10,789,277	51,287,320
Details of raw material consumed		
Fabrics	10,112,824	46,120,804
Stitching accessories	676,453	5,166,516
	10,789,277	51,287,320
Details of inventory (raw material)		
Fabrics	5,036,999	11,309,697
Stitching accessories	651,750	1,141,917
	5,688,749	12,451,614

27. PRODUCTION EXPENSES

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Fabrication charges	6,612,855	30,125,202
	6,612,855	30,125,202

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

28. PURCHASE OF TRADED GOODS AND OTHER DIRECT EXPENSES

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Purchase of traded goods		
Apparels, homemart and accessories	3,496,208,773	1,936,041,349
Others	919,411,645	818,054,705
Stock written off	92,883,642	52,033,183
	4,508,504,060	2,806,129,237
Other direct expenses		
Carriage inwards	61,323,148	30,849,498
Consumables	28,452,976	20,180,701
Octroi and entry tax	1,240,782	785,357
	91,016,906	51,815,556
	4,599,520,966	2,857,944,793

29. INCREASE IN INVENTORIES

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Inventories at the end of the year		
Traded/finished goods (including stock in transit and consignment stock)	1,656,004,237	1,083,875,736
Packing material and accessories	15,281,399	11,178,377
	1,671,285,636	1,095,054,113
Inventories at the beginning of the year		
Traded/finished goods (including stock in transit and consignment stock)	1,083,875,736	842,282,009
Work-in-progress	-	210,751
Packing material and accessories	11,178,378	7,861,820
	1,095,054,114	850,354,580
	(576,231,522)	(244,699,533)
Details of inventory (traded/finished goods)		
Apparels	1,398,207,150	844,416,399
Non-apparels	183,519,954	156,342,310
Kirana	74,277,133	83,117,027
	1,656,004,237	1,083,875,736

30. EMPLOYEE BENEFITS EXPENSE

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Salaries, wages and bonus	322,235,480	213,108,183
Contribution to provident and other funds	23,217,567	13,164,681
Staff welfare expense	37,920,730	23,414,265
	383,373,777	249,687,129

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

31. OTHER EXPENSES

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Rent	248,591,169	168,940,502
Power and fuel expenses	164,178,638	106,046,017
Advertisement and sales promotion	136,143,424	81,351,591
Packing materials and expenses	77,251,363	40,092,887
Repairs and maintenance		
-Building	16,523,399	12,274,354
-Machinery	-	-
-Others	20,886,087	9,828,553
Commission	12,492,772	8,413,010
Security expenses	36,155,825	23,600,230
Communication	7,439,367	4,704,716
Travelling and conveyance	11,809,356	6,352,046
Rates and taxes	6,186,540	4,170,693
Vehicle running expenses	3,692,333	3,791,903
Fixed assets written off	863,695	69,692
Legal and professional expenses	23,531,371	11,404,115
Printing and stationery	3,448,132	2,293,105
Freight outward	-	78,510
Auditors remuneration		
- as auditor	1,917,130	1,876,412
- for reimbursement of expense	158,799	60,054
Director Sitting Fee	224,720	768,768
Insurance	1,855,314	1,409,712
Loss on sale of fixed assets	860,220	-
Loss on sale of investments	-	17,019
Loss on revaluation of current investments	2,387,349	67,577
Provision for doubtful advances	-	896,948
Balances written off	-	1,139,755
Miscellaneous expenses	11,107,548	9,133,931
	787,704,551	498,782,100

32. PRIOR PERIOD INCOME

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Purchase discount	-	6,359,570
	-	6,359,570

33. DEPRECIATION AND AMORTIZATION EXPENSE

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Depreciation of intangible assets (refer note 14)	2,862,455	1,624,017
Depreciation of tangible assets (refer note13)	106,081,240	74,561,258
	108,943,695	76,185,275

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

34. FINANCE COSTS

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Interest expenses	36,817,680	40,718,339
Interest on delay in payment of income tax	238,784	1,147,576
Bank charges	20,731,335	15,594,883
	57,787,799	57,460,798

35. EARNINGS PER SHARE

	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Basic earnings per share		
Profit for the year	251,572,149	180,043,255
Nominal value per share (₹)	10	10
Weighted average number of equity shares	17,958,778	14,586,836
	14.01	12.34
Diluted earnings per share		
Profit for the year	251,572,149	180,043,255
Nominal value per share (₹)	10	10
Weighted average number of equity shares	17,958,778	14,586,836
	14.01	12.34
Calculation of weighted average number of equity shares		
Weighted average number of equity shares excluding bonus issue	17,958,778	7,340,936
Add: Bonus issue*	-	6,606,842
Add: Weighted average number of equity shares issued during the year	-	639,058
Weighted average number of equity shares including bonus issue	17,958,778	14,586,836

* The shareholders of the Company, vide special resolution in extraordinary general meeting dated 22 May 2012 authorized the Board of Directors to allot 6,606,842 bonus shares to the shareholders, representing a ratio of 9:10 by capitalization of reserves. Accordingly, these bonus shares have been considered for the purpose of determining basic and diluted earnings per share for the years ended 31 March 2011 and 2012.

36. CAPITAL AND OTHER COMMITMENTS

	2014	2013
	(₹)	(₹)
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	10,214,424	9,575,693
(ii) Bank guarantees	5,823,061	5,697,415
(iii) For commitments relating to lease arrangements, please refer note 40.		

37. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

	2014	2013
	(₹)	(₹)
Demand raised by the sales tax authorities	6,105,573	515,546
Claims against the Company not acknowledged as debts	497,000	497,000
Service tax on rent payable based on Supreme Court order (refer note 46)	3,032,733	3,032,733
Demand raised by electricity board	3,142,326	3,142,326
Demand raised by income tax authority	306,787	306,787
Total	13,084,419	7,494,392

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**38. RELATED PARTY DISCLOSURES**

I. Company having significant influence over the company	Naman Finance and Investment Private Limited (with effect from 15 September 2008 till 14 February 2013)
II. Key Managerial Personnel	Lalit Agarwal, Managing Director Madan Gopal Agarwal, Director Hemant Agarwal, Director
III. Relatives of key Managerial Personnel	Sangeeta Agarwal, Wife of Lalit Agarwal Smiti Agarwal, Wife of Hemant Agarwal Uma Devi Agarwal, Wife of Madan Gopal Agarwal and Mother of Lalit and Hemant Agarwal Sunita Shah, Sister of Lalit and Hemant Agarwal
IV. Entities owned by the key managerial personnel	Lalit Agarwal (HUF), HUF in which Lalit Agarwal is Karta Madan Gopal Agarwal (HUF), HUF in which Madan Gopal Agarwal is Karta Hemant Agarwal (HUF), HUF in which Hemant Agarwal is Karta

b) The following transactions were carried out with related parties in the ordinary course of business:- (Amount in ₹)

Description	Key managerial personnel		Relatives of key managerial personnel		Company having significant influence		Entities owned by key managerial personnel	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Managerial Remuneration*								
Lalit Agarwal	8,450,906	7,153,530	-	-	-	-	-	-
Hemant Agarwal	5,607,598	4,750,329	-	-	-	-	-	-
Madan Gopal Agarwal	2,803,799	2,375,165	-	-	-	-	-	-
Salaries, wages and bonus								
Sangeeta Agarwal	-	-	600,000	600,000	-	-	-	-
Smiti Agarwal	-	-	360,000	360,000	-	-	-	-
Sunita Shah	-	-	-	-	-	-	-	-
Bonus shares issued								
Lalit Agarwal	-	10,392,750	-	-	-	-	-	-
Hemant Agarwal	-	2,745,000	-	-	-	-	-	-
Madan Gopal Agarwal	-	3,251,250	-	-	-	-	-	-
Lalit Agarwal (HUF)	-	-	-	-	-	-	-	6,050,250
Hemant Agarwal (HUF)	-	-	-	-	-	-	-	2,008,350
Madan Gopal Agarwal (HUF)	-	-	-	-	-	-	-	4,934,250
Sangeeta Agarwal	-	-	-	10,289,250	-	-	-	-
Uma Devi Agarwal	-	-	-	6,420,600	-	-	-	-
Smiti Agarwal	-	-	-	3,950,550	-	-	-	-
Naman Finance and Investment Private Limited	-	-	-	-	-	15,651,170	-	-
Dividend paid								
Lalit Agarwal	2,194,025	461,900	-	-	-	-	-	-
Hemant Agarwal	579,500	122,000	-	-	-	-	-	-
Madan Gopal Agarwal	686,375	144,500	-	-	-	-	-	-
Lalit Agarwal (HUF)	-	-	-	-	-	-	1,277,275	268,900
Hemant Agarwal (HUF)	-	-	-	-	-	-	423,985	89,260
Madan Gopal Agarwal (HUF)	-	-	-	-	-	-	1,041,675	219,300
Sangeeta Agarwal	-	-	2,172,175	457,300	-	-	-	-
Uma Devi Agarwal	-	-	1,355,460	285,360	-	-	-	-
Smiti Agarwal	-	-	834,005	175,580	-	-	-	-
Naman Finance and Investment Private Limited	-	-	-	-	1,569,136	695,608	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014**b) The following transactions were carried out with related parties in the ordinary course of business:-** (Amount in ₹)

Description	Key managerial personnel		Relatives of key managerial personnel		Company having significant influence		Entities owned by key managerial personnel	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Interest on loan								
Lalit Agarwal	151,354	191,774	-	-	-	-	-	-
Hemant Agarwal	113,516	-	-	-	-	-	-	-
Madan Gopal Agarwal	151,354	21,308	-	-	-	-	-	-
Loan taken								
Lalit Agarwal	4,000,000	9,000,000	-	-	-	-	-	-
Hemant Agarwal	3,000,000	-	-	-	-	-	-	-
Madan Gopal Agarwal	4,000,000	1,000,000	-	-	-	-	-	-
Loan repaid								
Lalit Agarwal	4,000,000	9,000,000	-	-	-	-	-	-
Hemant Agarwal	3,000,000	-	-	-	-	-	-	-
Madan Gopal Agarwal	4,000,000	1,000,000	-	-	-	-	-	-

* 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.

Managerial remuneration comprises of the following:-	For the year ended March 31, 2014	For the year ended March 31, 2013
	(₹)	(₹)
Remuneration	9,000,000	8,450,000
Reimbursement of expenses	250,000	250,000
Commission	7,862,302	5,579,024
Total	17,112,302	14,279,024

c) Balance at the end of year:- (Amount in ₹)

Description	Key managerial personnel		Relatives of key managerial personnel	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Remuneration/ salary payable				
Lalit Agarwal	3,045,711	276,292	-	-
Hemant Agarwal	718,528	195,317	-	-
Madan Gopal Agarwal	582,315	104,314	-	-
Sangeeta Agarwal	-	-	47,675	47,507
Smiti Agarwal	-	-	29,734	58,796
Sunita Shah	-	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

Description	Key managerial personnel		Relatives of key managerial personnel		Company having significant influence		Entities owned by key managerial personnel	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Dividend paid								
Lalit Agarwal	2,194,025	461,900	-	-	-	-	-	-
Hemant Agarwal	579,500	122,000	-	-	-	-	-	-
Madan Gopal Agarwal	686,375	144,500	-	-	-	-	-	-
Lalit Agarwal (HUF)	-	-	-	-	-	-	1,277,275	268,900
Hemant Agarwal (HUF)	-	-	-	-	-	-	423,985	89,260
Madan Gopal Agarwal (HUF)	-	-	-	-	-	-	1,041,675	219,300
Sangeeta Agarwal	-	-	2,172,175	457,300	-	-	-	-
Uma Devi Agarwal	-	-	1,355,460	285,360	-	-	-	-
Smiti Agarwal	-	-	834,005	175,580	-	-	-	-
Naman Finance & Investment Private Limited	-	-	-	-	1,569,136	695,608	-	-

39. SEGMENT REPORTING

In the opinion of the management, there is only one reportable segment "Retail Sales" as envisaged by Accounting Standard 17 on "Segment Reporting". The Company is operating only in India and there is no other significant geographical segment.

40. LEASES

Information required to be disclosed under Accounting Standard 19 on "Leases"

Operating lease

The 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	2014	2013
	(₹)	(₹)
Payable within 1 year	46,039,948	32,445,769
Payable between 1-5 years	20,161,762	5,499,603
Payable after 5 years	-	-
Lease payment made for the year recognized in the Statement Profit and Loss	248,591,169 *	168,940,502

* 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	2014	2013
	(₹)	(₹)
Total minimum lease payments	-	1,476,824
Less: Future interest included above	-	33,541
Present value of minimum lease payments	-	1,443,283

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

The maturity profile of the finance lease obligation is as follows:

Description	2014		2013	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
	(₹)	(₹)	(₹)	(₹)
Payable within 1 year	-	-	1,476,824	1,443,283
Payable between 1-5 years	-	-	-	-
Payable after 5 years	-	-	-	-

41. EMPLOYEE BENEFITS:

Gratuity

Amount recognised as expense in the Statement of Profit and Loss for the year ended 31 March 2014 is determined as under:

Description	2014	2013
	(₹)	(₹)
Current service cost	4,728,657	3,867,741
Interest cost	1,014,787	685,951
Actuarial loss/(gain) recognized during the year	(4,410,605)	(637,112)
Past service cost	-	-
Amount recognised in the Statement of Profit and Loss	1,332,839	3,916,580

Movement in the liability recognised in the Balance Sheet is as under:

Description	2014	2013
	(₹)	(₹)
Present value of defined benefit obligation as at the beginning of the year	11,597,564	7,839,437
Current service cost	4,728,658	3,867,741
Interest cost	1,014,787	685,951
Benefits Paid	(78,048)	(158,452)
Actuarial gain recognized during the year	(4,410,605)	(637,112)
Past service cost	-	-
Present value of defined benefit obligation as at the end of the year	12,852,356	11,597,565
Current	1,130,581	1,323,350
Non-Current	11,721,775	10,274,215

For determination of the gratuity liability of the Company, the following actuarial assumptions were used:

Description	2014	2013
Discount rate	9.00%	8.75%
Rate of increase in compensation levels	6.25%	6%
Mortality table	LIC (1994-96)	LIC (1994-96)
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 Labor Welfare fund

Contribution made by the Company during the year is ₹23,217,567 (previous year ₹13,164,681).

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

42. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	2014	2013
	(₹)	(₹)
Purchase of Capital goods	914,967	1,764,932
Total	914,967	1,764,932

43. 'V-MART ESOP SCHEME 2012'

The Company has implemented an Employee Stock Option Scheme, which was approved by the Board of Directors and the shareholders vide resolution dated 2 July 2012 and 10 July 2012 respectively ('the V-Mart ESOP Scheme 2012'), consequent to which 300,000 equity shares of ₹10 each will be granted upon exercise of as stock options (ESOPs) to eligible employees. The exercise price of these options will be determined by the Remuneration Committee and the options will vest over a period of 12 months to 36 months of continued employment from the grant date.

On 20 July 2012, the Company has granted 153,252 ESOPs at an exercise price of ₹150.00 per option with graded vesting (i.e. 45,975 options vesting after 12 months from the date of grant, 45,975 options vesting after 24 months from the date of grant and 61,302 options vesting after 36 months from the date of grant). 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.

The relevant details in respect of V-Mart ESOP Scheme 2012 are as follows:

a) The movement in the scheme is set out as under:

Particulars	ESOP Scheme 2012	
	Year ended 31 March 2014	
	Options	Weighted Average Price
	(Numbers)	(₹)
a. Outstanding at the beginning of year	153,252	150.00
b. Granted during the year	-	-
c. Exercised during the year	-	-
d. Forfeited during the year	-	-
e. Expired during the year	-	-
f. Outstanding at the end of the year	153,252	150.00
g. Exercisable at the end of the year	-	-
h. Number of equity shares of ₹10 each fully paid up to be issued on exercise of option	153,252	150.00
i. Weighted average remaining contractual life	7.31 years	-

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	Year ended March 31, 2014	Year ended March 31, 2013
	(₹)	(₹)
Net Profit as reported (a)	251,572,148	180,043,255
Add: Stock based employee compensation expense debited to Statement of Profit and Loss (i)	-	-
Less: Stock based employee compensation expense based on fair value (ii)	3,178,346	3,178,346
Difference between (i) and (ii)	(3,178,346)	(3,178,346)
Adjusted pro forma Profit (b)	248,393,802	176,864,909
Difference between (a) and (b)	3,178,346	3,178,346
Basic earnings per share as reported	14.01	12.34
Pro forma basic earnings per share	13.83	12.12
Diluted earnings per share as reported	14.01	12.34
Pro forma diluted earnings per share	13.83	12.12

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

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	Year ended March 31, 2014	Year ended March 31, 2013
Risk free interest rates (in %)	8.42	8.42
Expected life (in years)	4 years	4 years
Volatility (in %)	25%	25%
Dividend yield (in %)	0.27%	0.27%
Weighted average equity value per share (₹)	150.00	150.00
Weighted average exercise price (₹)	150.00	150.00

44. INITIAL PUBLIC OFFER (IPO) OF THE EQUITY SHARES OF THE COMPANY

During the previous year, 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 are as under:-

Particulars	Amount (₹)
Proceeds from the fresh issue (A)	579,810,000
Proceeds from Pre-IPO placement (B)	262,500,000
Internal accruals (C)	71,760,000
	914,070,000

The utilization of the aforementioned means of finance as on 31 March 2014 is as under:

Particulars	Utilization planned as per prospectus	Utilization of IPO proceeds as on 31 March 2014 (D)	Adjustments (utilization of surplus towards other objects)	Balance amount to be utilized as on 31 March 2014
	(₹)	(₹)	(₹)	(₹)
Opening of new stores	697,040,000	(405,241,518)	660,153	292,458,635
Expansion of distribution center	43,870,000	(13,018,891)	-	30,851,109
Working capital	100,000,000	(100,000,000)	-	Nil
Share issue expenses	73,160,000	(72,499,847)	(660,153)*	Nil
	914,070,000	(590,760,256)	-	323,309,744

* 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 2014 is as under:

Particulars	Amount (₹)
Balance unutilized amount assuming utilization is out of IPO proceeds: (E = A+B+C+D)	323,309,744
Temporary kept in:	
Mutual funds	323,309,744

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2014

45. 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.

46. 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 up to 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 stores from 1 June 2007 till 30 September 2011 was ₹10,825,629 of which ₹7,792,896 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 towards the balance amount with the concerned authorities and the same is being presented as “Service tax deposit” under Long term loans and advances.

47. The Company has requested its vendors to confirm their status under Micro, Small and Medium Enterprises Development Act, 2006. None of the suppliers has confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

48. The previous year figures have been re-classified/ re-grouped wherever considered necessary, to conform to current year classification.

For Walker, Chandiok & Co LLP
Chartered Accountants

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

per Atul Seksaria
Partner

Madan Gopal Agarwal
Director

Lalit Agarwal
Managing Director

Place: New Delhi
Date : 1 May 2014

Deepak Sharma
Chief Finance Officer

Sudhir Kumar
Company Secretary



PRICE “LESS” FASHION



PRICE "LESS" FASHION