# Avenue Supermarts Limited

Plot No. B-72 & B-72A, Wagle Industrial Estate, Thane (West), Maharashtra, India - 400 604

Tel.: 91 22 33400500 • Fax: 91 22 33400599 • e-mail: info@dmartindia.com • Website: www.dmartindia.com

September 1, 2018

To,

**BSE Limited**
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

**The National Stock Exchange of India Ltd.**
Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra – Kurla Complex, Bandra (East),
Mumbai – 400 051

**BSE Scrip Code: 540376**

**NSE Scrip Symbol: DMART**

**Sub: Annual Report for the financial year 2017-18**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of Company for financial year 2017-18 approved and adopted in the 18th Annual General Meeting of Company held on Tuesday, August 28, 2018.

Kindly take the same on record.

Thanking You,

For **Avenue Supermarts Limited**

Ashu Gupta

**Ashu Gupta**
**Company Secretary & Compliance Officer**

AVENUE SUPERMARTS LIMITED MUMBAI

Encl: As above

Daily Discounts Daily Savings

# GOOD PRODUCTS GREAT VALUE

2017-18
ANNUAL REPORT
AVENUE SUPERMARTS LIMITED

# Contents



## KEY HIGHLIGHTS FY 2017-18

**₹15,009 cr.**
Revenue from Operations

**₹1,337 cr.**
EBITDA

**₹785 cr.**
Profit After Tax

**155 stores**
In 11 Indian States and 1 Union Territory

**24 stores**
New Stores Added

**4.9 mn sq. ft.**
Retail Business Area

# Good Products Great Value

At DMart, we continue in our endeavour to offer good quality everyday use products at great value to our customers. Our steady and measured approach since inception has enabled us to acquire significant on-ground understanding of customer needs – value for money, quality products and a convenient and functional ambience. Our store offerings strive to follow this mantra. We believe this has helped us deliver credible growth and consistent profitability.

### Our Credo – Everyday Low Cost / Everyday Low Price

# About DMart

DMart was conceived by value investor Mr. Radhakishan Damani in the year 2000, operating a single store in Maharashtra. With a mission to be the lowest priced retailer in its area of operation, DMart has grown steadily over the years and operates 155 stores in 11 States and 1 Union Territory of India. The Company has delivered stable performance across stakeholder metrics by focusing on financial fundamentals, high levels of patience and strong conviction.

## OUR BEGINNING

By the late 1990s, our founder, Mr. Radhakishan Damani, was already established as one of the more successful and well-known value investors in the Indian equity markets. Through his investing style, he had developed a very keen understanding of the Indian consumer sector and its psyche. He was anxious to start a business beyond investing, which would enable him to test his hypothesis about the Indian consumer. After a couple of years of introspection and research, he decided to start a grocery retail chain, focusing primarily on the value segment.

DMart, our retail chain, was conceived by him in the year 2000. Mr. Damani imagined the retail business with the same values of simplicity, speed and nimbleness that he espoused in his stellar investing career.

A focus on financial fundamentals, high levels of patience and strong conviction have been the bedrock, on which the Company's values and business direction have been built.

DMart took eight years to start its first ten stores. This wasn't because of dearth of investment opportunities, but more because of his belief in the importance of validating the business model from a perspective of both profitability and scalability. His beginnings at DMart were frugal. For a number of years since inception, DMart's corporate operations were run from a small space, carved out from one of the early stores. He and his early leadership team worked together as one cohesive unit without any hierarchy or barriers.

More importantly, from the very beginning, he had the foresight to understand and strongly believe that any business needs the right blend of entrepreneurship and professionalism. Entrepreneurship to build and strengthen the concept in its formative years and professionalism to allow a committed team to create, sustain and grow a scalable business model into the future.

Today, DMart continues to focus on this early belief system created during our formative years. We have a great blend of entrepreneurial spirit and high quality execution. We humbly attribute our success to the values and the way of business thinking that our founder has instilled in us.

# Core Values

## Action

**Focus:**
To be focused about what I do.

**Motivated:**
To be clear of achieving my goal.

**Enthusiastic:**
To love what I do.

## Care

**Respect:**
To respect every individual in the organisation and provide her/him with the dignity and attention to make her/him believe that she/he makes a difference to the organisation.

**Listen:**
To listen and resolve any employee/ partner/ customer grievance quickly and fairly.

## Truth

**Integrity:**
By being open, honest and fair in all our relationships and being respectful and trustful to others.

# VISION & MISSION

At DMart, we continuously research, identify and make available new products and categories to fulfil our customers' everyday needs at the best value. Our mission is to be the lowest priced retailer in our area of operation.

# Presence and Expansion Strategy

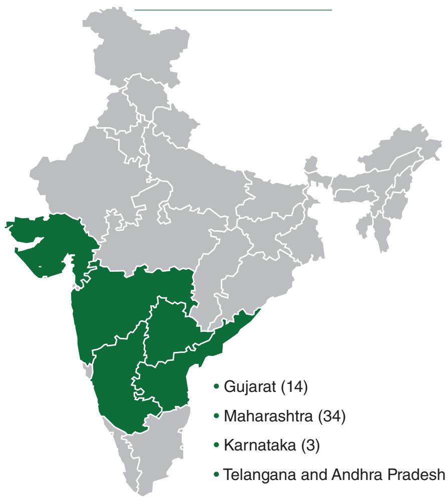
At DMart, we follow a cluster-based expansion approach. We thus focus on deepening our penetration in the areas where we are already present, before expanding to newer regions. Using this strategy, we added 24 stores in FY 2017-18, thus ending the year with 155 stores spread across 11 states and 1 union territory.

## DMart has a consistently growing presence across India

### 2002-03

- Maharashtra (1)

### 2011-12



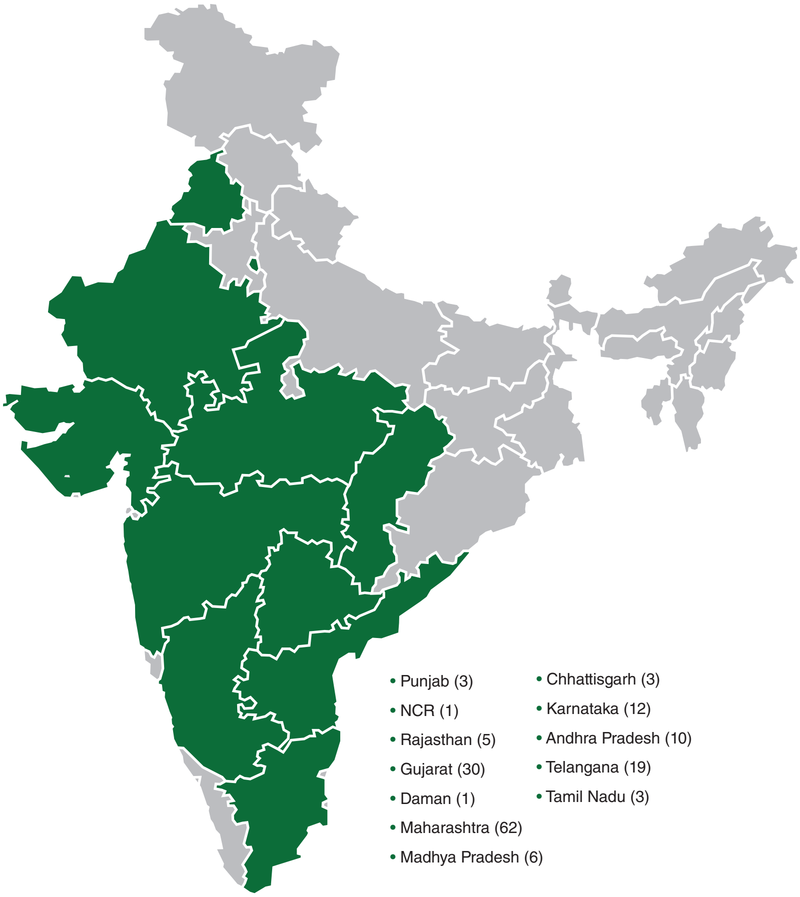
- Gujarat (14)
- Maharashtra (34)
- Karnataka (3)
- Telangana and Andhra Pradesh (4)

## CUMULATIVE STORES

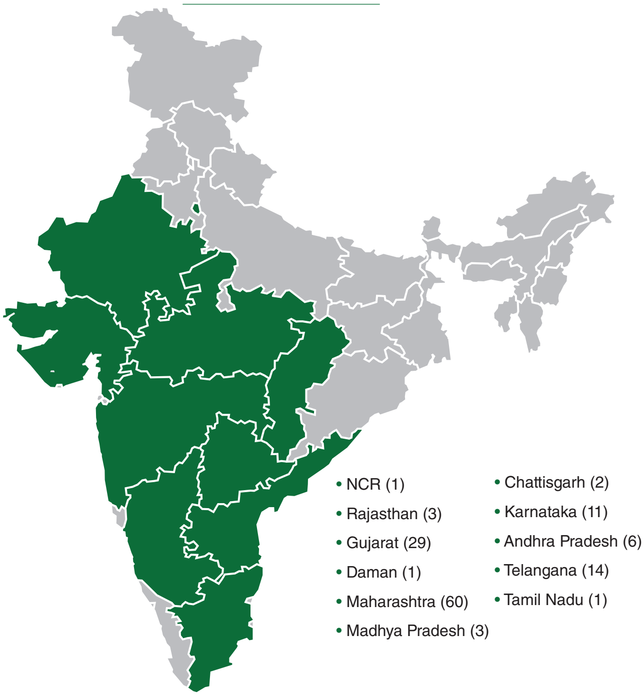
Note: Maps not to scale

| 2002-03 | 2011-12 |
|---|---|
| 1 Store | 55 Stores |

## 2017-18




## 2016-17




**131 Stores**

**155 Stores**

# Key Product Categories

DMart offers varied, everyday-use items to its customers with a prudent product mix. The products on offer at our stores can be broadly classified into three categories – Foods, Non-foods and General Merchandise and Apparel.

## THE KEY PRODUCT CATEGORIES CAN BE CLASSIFIED INTO:

### Foods

Dairy, staples, groceries, snacks, frozen products, processed foods, beverages & confectionery and fruits & vegetables

**53.32%**
Revenue Contribution 2016-17

**51.55%**
Revenue Contribution 2017-18

### Non-Foods (FMCG)

Home care products, personal care products, toiletries and other over-the-counter products

**19.85%**
Revenue Contribution 2016-17

**20.03%**
Revenue Contribution 2017-18

### General Merchandise & Apparel

Bed & bath, toys & games, crockery, plastic goods, garments, footwear, utensils and home appliances

**26.83%**
Revenue Contribution 2016-17

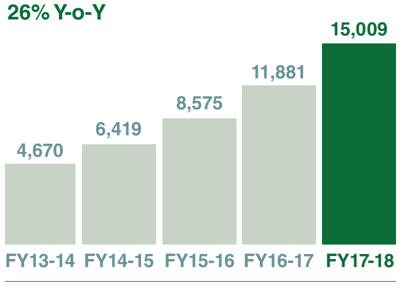
**28.42%**
Revenue Contribution 2017-18

# Key Performance Indicators

With a strategy of maintaining cost efficiencies while offering the best customer value, DMart has continued to witness stable performance across financial and operational parameters, year-on-year.

## REVENUE FROM OPERATIONS

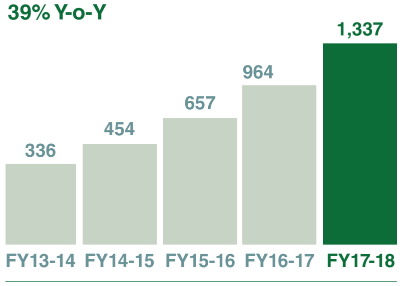
26% Y-o-Y




(₹ in crores)

## EBITDA

39% Y-o-Y

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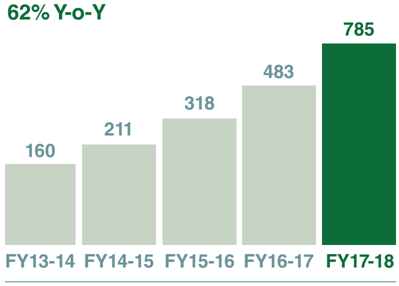
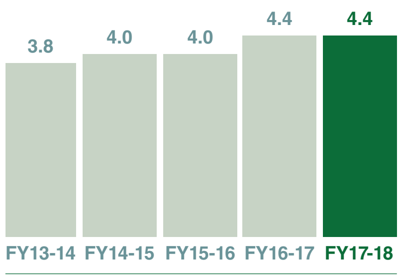
## PROFIT AFTER TAX

62% Y-o-Y

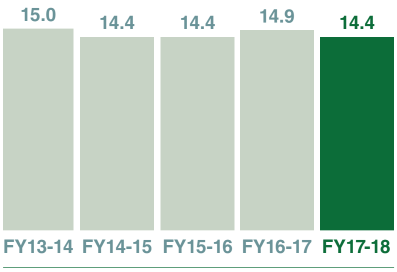



(₹ in crores)

## FIXED ASSET TURNOVER RATIO

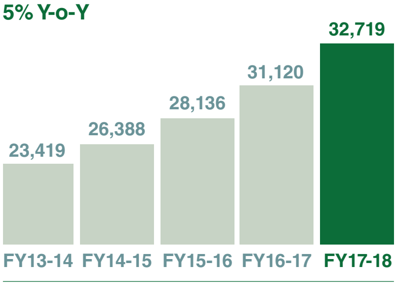


## INVENTORY TURNOVER RATIO




## REVENUE FROM SALES PER RETAIL BUSINESS AREA PER SQ. FT.

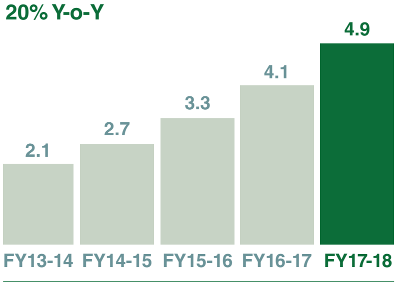
5% Y-o-Y




(in ₹)

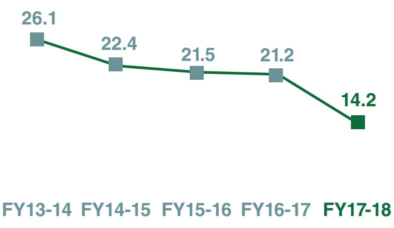
## RETAIL BUSINESS AREA (AT THE END OF FISCAL)

20% Y-o-Y




(in million sq. ft.)

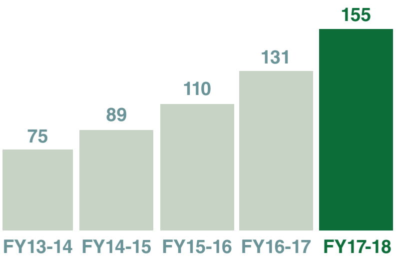
## LIKE FOR LIKE GROWTH* (LFL)




(%)

* LFL growth means the growth in revenue from sales of same stores that have been operational for at least 24 months at the end of a Fiscal.

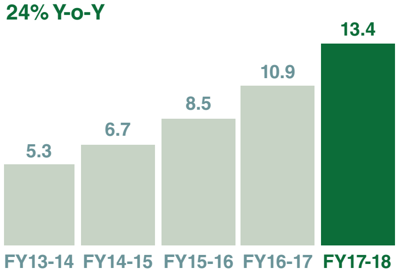
## CUMULATIVE NUMBER OF STORES




(in nos.)

## TOTAL BILL CUTS

24% Y-o-Y




(in nos. crores)

# Message from the Chairman

**Dear Shareholders,**

It is my pleasure to present to you the Annual Report of your Company for the period ended March 31, 2018. I am happy to report that the year in review saw DMart perform well across all major operational and financial metrics.

As we speak, India continues to be one of the fastest growing economies in the world. Multiple levers have contributed to this feat, particularly the Government's undivided focus on implementing key reforms such as Goods and Services Tax (GST). The introduction of the e-way bill legislation has furthered mass formalisation of the Indian industry.

In the past decade, the retail industry has seen significant changes globally. This is aided by momentum in technology adoption and urbanisation. In India, nearly half of the country's private consumption is attributed to the retail industry. With supportive legislations and increasing disposable income, formal retail is expected to see good growth in the coming years.

Our team has continued directing all efforts towards providing good quality everyday use products at low prices to our customers. We constantly focus on the "voice of the customer" and I believe this has helped us fine-tune our offerings in line with what our customers are seeking.

At DMart, we consider our employees, our partners, the society and the environment as important stakeholders of the business. In our everyday operations, we constantly strive to establish sustainable and green practices. Our social commitments materialise in the form of well-directed interventions in the education space for marginalised and economically weaker sections. These regular and focussed interventions have positively impacted the citizens of tomorrow. We also maintain highly cordial relations with our business partners and suppliers.

Going forward, it will be our constant endeavour to positively surprise our customers, maintain good relationship with our partners, deliver shareholder value and commit to being a model citizen to our people, society and environment.

As I conclude, let me take this opportunity to thank the other Board Members, the Senior Management Team and our Founder for their help and guidance in discharging my duties. I also thank and congratulate our employees who have worked hard to deliver another satisfactory year at DMart.

Best Regards,
**Ramesh Damani**
**Chairman**

**Our team has continued directing all efforts towards providing good quality everyday use products at low prices to our customers.**

DMart


DMart
12
DMart
Check the price tag on product before billing, or ask for assistance
GIFT WRAPPING
देखरेखीखाली
आहे
DMart
11
DMart
DMart
10
DMart
09
08
07
06
03
01
WAY TO EXIT
spinners
₹130 Only
₹20
₹12 Only
Steel Scrubber

# Message from the Managing Director & CEO

**Dear Shareholders,**

The year 2017-18 marked the opening of our 150th store. A significant milestone indeed! It took us 14 years to reach our 100th store and the next 50 opened in 2 years. This makes it exhilarating, maybe overwhelming too. We shall ensure that our growth shall be commensurate to our ability to manage it. We will continue to build our capabilities before we embark on ambitious targets for the future. Some may see this as not aggressive enough, but that's the choice we would like to make. We will continue with our long-standing ethos of "ability having precedence over opportunity".

This year nothing much has changed in our direction, or go-to market strategy. During the financial year 2017-18, we have stayed our course with steady growth in revenues, operating profit and net profit. We aspire to remain competitive in a challenging and an ever-changing retail environment, while maintaining our value proposition to customers. We will remain true to our credo of "Everyday Low Cost /

Everyday Low Price" by focussing on achieving higher volumes and keeping procurement and operation costs low thus enabling us to consistently provide good quality products at low prices.

Our employees are the true champions of Dmart. What an incredible journey it has been for the team. The success we have achieved is an outcome of their hard work and relentless focus over the last so many years. It is fascinating to see young, shy and quiet teenagers blossom into thorough professionals, who take pride in their identity as a Dmartian. The future of DMart is being built by these young and spirited professionals. Retail is an industry for the meticulous and diligent hard worker, who works with commitment, passion and pride. My team and I try our best to further grow this sense of belonging and purpose among us all.

Technology is all pervasive. We ensure we do not lose sight of the impact and consequent opportunities that rapidly evolving technology presents us. DMart Ready is an idea that has emerged from such ever-changing opportunities. We shall continue to look for safer, better and faster ways of doing things. What we do shall always be a reflection of what we believe the customer wants.

As we grow, we are aware of our impact on society. We constantly seek to use newer and greener construction and operational techniques which will enable us to reduce our carbon footprint in everyday operations. It is our constant endeavour to use sustainable and clean technology based material & equipment in all operations.

Our CSR initiatives have made good progress in providing better quality education in public schools of Mumbai. This year our efforts had a positive impact on more than 75,000 school children of the Municipal Corporation of Greater Mumbai (MCGM), by contributing to better infrastructure and learning systems. The direction is aligned towards the same ethos as our business – address each issue as deep and as comprehensively as possible.

Our country has immense potential and opportunity for all organised retail operators. I humbly solicit your continued support and assure you that we will give our best.

Our journey has just begun.....

Yours Sincerely,
**Ignatius Navil Noronha**
**Managing Director & CEO**

**We aspire to remain competitive in a challenging and an ever-changing retail environment, while maintaining our value proposition to our customers.**

# Sustainability at DMart

The society, the communities and the people we serve are at the heart of our business operations and we always work towards reducing our impact on them. The challenges are several and complex and yet, our entire organisation is singularly aligned to three core objectives:

1. Judicious use of precious natural resources
2. Least carbon footprint
3. Minimal environmental impact

**At DMart, we respect our environment and look to 'do more with less'**

We continue to implement several initiatives that help us towards this goal:

## GREEN BUILDING CERTIFICATION

### 1. Being Environmentally Responsible

Green building refers to both a structure and the application of processes that are environmentally responsible and resource-efficient throughout a building's life cycle: from planning to design, construction, operation, maintenance, renovation and demolition. We have obtained Gold Certified Green Building Certification for 27 of our projects covering more than 1 million sq. ft. of development. This certification is issued by the Indian Green Building Council (IGBC) under New Buildings Rating System.

## WATER CONSERVATION

### 1. Rainwater Harvesting through Recharge Pits

Depleting groundwater has been a huge concern for the society. To tackle this problem, we have developed rainwater harvesting pits to collect rainwater run-off and harvest it (through groundwater recharge).

### 2. Use of Water-efficient Fixtures

We have installed low-flow water-efficient fixtures at our stores. These have aerators fixed by default to maintain and regulate water flow.

### 3. Sewage Treatment Plant (STP)

At several of our stores, we have installed STPs to recycle water and reduce the usage of local water supply. Treated water is used in our toilets for flushing.


Sewage Treatment Plant

Rooftop Solar Panels

## ENERGY EFFICENCY

### 1. Use of LED Lighting

We have installed LED light fixtures at our stores. These fixtures are of lesser wattages than the traditional light fixtures and have lower light power densities, which helps in reducing electricity usage.

### 2. CFC-free Refrigerants in Air-conditioning Equipment

We are using chlorofluorocarbon (CFC) free gas in our air-conditioning equipment, thereby reducing the emission of greenhouse gases.

### 3. Renewable Energy Use

We have installed solar power panels on the rooftops of select stores. This helps in reducing the usage of conventional thermal power. It has also helped us reduce our energy bills. The plant capacity ranges from 10-20kW, replacing 5-40% of conventional electricity usage.

### 4. BEE 5-star Rated Split Air-conditioning Equipment

We use Bureau of Energy Efficiency (BEE) 5-star rated split air-conditioning units in all our office spaces. These units consume less energy compared to conventional air-conditioning equipment.

**It is our constant endeavour to reduce our environmental footprint; for this, we implement several initiatives in our operations for a cleaner and greener environment.**

## SUSTAINABLE BUILDING MATERIAL

### Usage of AAC Blocks

We encourage the usage of Autoclaved Aerated Concrete (AAC) Blocks, which contain up to 65% of recycled material, for construction of our stores. These blocks use fly-ash – a large pollutant by-product of thermal power plants.

## REDUCTION IN USAGE OF PLASTIC

### Use of Ceramic Coffee Mugs

We have initiated the usage of ceramic coffee mugs for all our employees at our Head Office. We have completely stopped using paper cups, thus strongly supporting a green and clean environment.

**We have obtained Gold Certified Green Building Certification for 27 of our projects covering more than 1 million sq. ft. of development.**

# Corporate Social Responsibility

Education is the key ingredient of progress, for every individual, for every family and for every society. At DMart, we deeply believe in this thought and focus our CSR initiatives on improving the quality of education in public schools.

In 2017-18, we continued in our quest – positively impacting more than 75,000 students through our holistic school interventions. Over the years, we have significantly improved our programme by directing our efforts towards micro areas within the public schools' ecosystem.

Below are the key highlights of our programme for the year 2017-18:

Computer Lab

## SCHOOL INFRASTRUCTURE

### 1. Improving Computer Literacy

Computer-aided learning is one of our flagship support programmes. Through a structured curriculum, we aspire to improve digital proficiency. Our curriculum focuses on improving basic computer skills, language and general knowledge proficiency and numerical skills. This year, we followed this up with a project-based exhibition, which helped students apply their learning in a practical manner.

**28**
Fully Functional Computer Labs

### 2. Habits of Cleanliness and Hygiene

Through our Swachh School Abhiyan, we inculcate habits of basic cleanliness and personal hygiene. This year, we carried out several events themed around 'Importance of Cleanliness' in schools. We continue encouraging these schools through competitive grading amongst them. This has motivated all schools to maintain their facilities and promote cleanliness amongst students.

**130**
Schools Impacted

**Our CSR initiatives focus on better quality of education in public schools. We are holistically intervening in these schools, involving all stakeholders in helping students learn better.**

Building as a Learning Aid (BALA)


School Library

## IMPROVED LEARNING

### 1. Building As a Learning Aid (BALA)
We have seen the positive impact of a well-designed and colorful workplace – our BALA initiative replicates this concept in public schools by designing and improving the aesthetics of the school premises. This facilitates a positive atmosphere amongst students and also helps them learn in an interactive way.

**155** Schools Impacted

### 2. Library Programme
We continue to expand our library programme. We provided grade-specific books in all the libraries in three different languages to support differentiated intervention. Activity-based reading programme were implemented through these libraries to inculcate reading habit amongst students. We also conducted reading assessment for more than 10,000 students in different languages to make the intervention more grounded and impactful.

**35** Libraries Built

### 3. English Proficiency
English language is one of the key enablers that connects our increasingly diverse world. Our programme was aimed at improving English Language proficiency of the students by focusing on phonics and helping them read and write in English. In addition, we also trained and upskilled some of the government-appointed teachers in these schools.

**5,000** Students Impacted

## CURRICULUM-LEVEL INTERVENTIONS
We have extended our remedial classes programme for students in the 9$^{th}$ and 10$^{th}$ grades. This year, we covered 2,500 students from 23 schools, emphasising on sound preparation methodologies for their critical board exams. We also partnered with experts to create career awareness amongst students of several public schools.

**2,500** Students Impacted

## SCHOOL ADOPTION
We have adopted two public schools since the last three years. This year, students from these schools excelled in district-level sports competitions. We also organised educational tours for these students. The teachers were given training on various pedagogy and school practices to improve their teaching methodologies. Several monthly events encouraged all students to participate whole-heartedly in school activities.

**100%** Success Results in the Secondary School Certificate (SSC) Examination

## PARENTS OUTREACH
We invite parents to attend meetings with experts, school management and teachers, educating the parents on several aspects with respect to their child's development, such as – emotional connect, safety and personal hygiene; better nutrition practices; adolescent behavioural changes, etc. We have noticed significant impact on parents through our programme. Select parents have moved their children from private schools to these well-supported public schools.

**72** Meetings Conducted

# Board of Directors

**Mr. Ignatius Navil Noronha**
Managing Director & CEO

**Mrs. Manjri Chandak**
Non-executive Director

**Mr. Elvin Machado**
Whole-time Director

**Mr. Ramesh Damani**
Chairman & Independent Director

**Mr. Ramakant Baheti**
Whole-time Director & Group CFO

**Mr. Chandrashekhar Bhave**
Independent Director

# Senior Leadership Team

**Mr. Ignatius Navil Noronha**
Managing Director & CEO

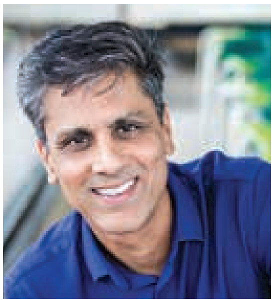
**Mr. Ramakant Baheti**
Whole-time Director & Group CFO

**Mr. Elvin Machado**
Whole-time Director

**Mr. Udaya Bhaskar Yarlagadda**
Chief Operating Officer, Retail

**Mr. Narayanan Bhaskaran**
Chief Operating Officer, Supply Chain Management

**Mr. Niladri Deb**
Chief Financial Officer



**Mr. Samardeep Subandh**
Chief Marketing Officer

**Mr. Dheeraj Kampani**
Vice President, Buying and Merchandising

**Mr. Hitesh Shah**
Associate Vice President, Operations

DMart

# Corporate Information

## BOARD OF DIRECTORS

**Mr. Ramesh Damani**
Independent Director (Chairman)

**Mr. Chandrashekhar Bhave**
Independent Director

**Mrs. Manjri Chandak**
Non-executive Director

**Mr. Ignatius Navil Noronha**
Managing Director & CEO

**Mr. Ramakant Baheti**
Whole-time Director & Group CFO
(Re-designated as Group CFO from CFO w.e.f. 5th May, 2018)

**Mr. Elvin Machado**
Whole-time Director

## COMPANY SECRETARY & COMPLIANCE OFFICER
Ms. Ashu Gupta

## COMMITTEES OF THE BOARD

**Audit Committee**
Mr. Chandrashekhar Bhave - Chairman
Mr. Ramesh Damani - Member
Mr. Ramakant Baheti - Member

**Nomination & Remuneration Committee**
Mr. Chandrashekhar Bhave - Chairman
Mr. Ramesh Damani - Member
Mrs. Manjri Chandak - Member

**Stakeholder Relationship Committee**
Mrs. Manjri Chandak - Chairperson
Mr. Ramakant Baheti - Member

**Corporate Social Responsibility Committee**
Mr. Chandrashekhar Bhave - Chairman
Mr. Ramesh Damani - Member
Mr. Ramakant Baheti - Member
Mrs. Manjri Chandak - Member

**Risk Management Committee**
Mr. Ignatius Navil Noronha - Chairman
Mr. Ramakant Baheti - Member
Mrs. Manjri Chandak - Member
Mr. Ashutosh Dhar - Member
Mr. Vikram Bhatia – Member
(w.e.f. 14th October, 2017)

## BANKERS
HDFC Bank Limited
Kotak Mahindra Bank Limited
ICICI Bank Limited
Axis Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited

## DEBENTURE TRUSTEES
IDBI Trusteeship Services Limited

## AUDITORS
S R B C & Co LLP
Chartered Accountants

## REGISTERED OFFICE
Anjaneya Co-op. Housing Society Ltd.
Orchard Avenue, Opp. Hiranandani Foundation School, Powai,
Mumbai - 400 076

Tel: +91-22-40496500
Fax: +91-22-40496503

## CORPORATE OFFICE
B–72/72A, Wagle Industrial Estate,
Road No. 33, Kamgar Hospital Road,
Thane - 400 604

Tel: +91-22-33400500,
+91-22-7123 0500
E-mail: investorrrelations@dmartindia.com
Website: www.dmartindia.com

## REGISTRAR & SHARE TRANSFER AGENT
Link Intime India Private Limited
C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083

Tel: +91-22-4918 6270
Fax: +91-22-4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

# Management Discussion and Analysis

Your Management is pleased to present the discussion and analysis for the year ended 31st March, 2018.

## 1. ECONOMIC OVERVIEW

During the financial year 2017-18, India continued to grow on the back of strong economic fundamentals. As per the Ministry of Statistics and Programme Implementation, India's GDP growth stood at 6.7% for 2017-18.

At present, the economy is on a mass formalisation drive with the implementation of the Goods and Services Tax (GST). Owing to the introduction of the e-way bill, GST collections have improved. Monthly GST collections have crossed ₹ 1 trillion.

### Outlook

India's GDP growth is expected to remain buoyant for 2018-19 at 7.4% (RBI Monetary Policy Report). This bullish outlook will be driven by government-led initiatives and policies, push for stronger infrastructure and rising private consumption. The recent tax reforms would result in better compliance and tax income for the state in the medium term.

## 2. INDUSTRY OVERVIEW

Globally, India is seen as one of the key consumer markets with consumption expenditure set to increase to USD 2 trillion by 2020 and will surpass the consumption expenditure of several other developed economies. Key factors that will continue to drive this momentum are (i) favorable demographics (ii) rapidly rising education levels (iii) steady growth of urbanisation (iv) increasing penetration of mobile technology and internet infrastructure (v) increasing aspirations and affordability and (vi) Government's focus on reforms, skill development, job creation, infrastructure, manufacturing and investments.

Private consumption continues to be the largest driver of the economy in the country. Retail industry accounts for ~50% of this consumption. India's expected GDP growth and consequent private consumption will translate to an increase in the retail market from USD 616 billion in 2016 to USD 960 billion in 2020. Organised brick and mortar retail stood at USD 55 billion in 2016. The food and groceries (F&G) segment constitutes a majority share of the retail market (67%), followed by apparel & accessories, consumer electronics and home & living categories.

The past year has seen significant development in the E-tail market in India. This growth trajectory is likely to continue and by 2020 we expect this market to grow to ~USD 55 bn, forming ~5.7% of retail market.

Implementation of GST is a significantly positive step for the organised brick and mortar industry. Smaller manufacturers will increasingly look towards modern trade as an alternative channel for selling their products and merchandise. This will ensure better compliance, increased transparency and focus on quality standards.

### 2.1 Opportunities and Threats

India is a young country, led by a generation which is more aspirational, well-connected and technology driven. Over the years, acceleration of urbanisation and improvement in education standards has provided better employment opportunities. The rising incomes of these young Indians will have a significant impact on retailing and consumption of several categories and products.

Organised retail will be a key beneficiary of this rise in consumption. The industry is expected to grow at a CAGR of ~20% to USD 115 bn by 2020, forming 12% of the total retail market. Food and Grocery will continue to dominate the retail market contributing 66% of the total value in 2020. Apparel & accessories and home & living are the other two key categories which account for 8% and 4% of the total retail market, respectively. Thus, the market opportunity is significantly large for all organised retail operators in India.

Unexpected economic downturn (such as GDP slowdown, hyper-inflation, rising commodity prices) and growth of E-tailing Industry are the two key threats to the industry. Organisations will have to continue to remain agile and adaptable to mitigate such threats.

## 3. BUSINESS OVERVIEW

Avenue Supermarts Limited is an emerging national supermarket chain, with a strong focus on value-retailing.

We opened our first store in Mumbai, Maharashtra in 2002. As of 31st March, 2018, we had 155 stores with Retail Business Area of 4.94 million sq.ft., located in Maharashtra (62 stores), Gujarat (30), Karnataka (12), Telangana (19), Andhra Pradesh (10), Madhya Pradesh (6), Chhattisgarh (3), NCR (1), Daman (1), Tamil Nadu (3) Rajasthan (5) and Punjab (3).

We continue to focus on our strategy of offering value retailing to our customers using the EDLC / EDLP (Everyday Low Cost/Everyday Low Price) principle.

Our stores are supported by IT and operational management systems specific to our business needs. These systems streamline many of our functions such as procurement, sales, supply chain and inventory control processes and produce updated information to support our business, on a daily basis. As a result, we are able to procure our merchandise from our distribution centres or directly from our suppliers and manage our inventory levels efficiently to better respond to our customers' changing preferences and needs.

### 3.1 Key Performance Indicators

At the end of the Fiscals 2018, 2017, 2016, 2015 and 2014, we had 155, 131, 110, 89 and 75 stores with Retail Business Area of 4.94 million sq. ft., 4.06 million sq. ft., 3.33 million sq. ft., 2.66 million sq. ft. and 2.14 million sq. ft., respectively.

We operate distribution centres and packing centres, which form the backbone of our supply chain to support our retail store network. As of 31st March, 2018, we had 24 distribution centres and 6 packing centres in Maharashtra, Gujarat, Telangana and Karnataka.

We have witnessed a steady growth in our total number of bill cuts. Our total number of bill cuts, was 13.44 crores during the fiscal 2018 as compared to 10.85 crores during fiscal 2017.

Our annualised revenue from sales per retail business area sq. ft. (#) was ₹ 32,719 for fiscal 2018 and ₹ 31,120 for fiscal 2017.

# Annualised revenue from sales calculated on the basis of 365 days in a year (on standalone basis) divided by Retail Business Area at the end of fiscal.

## 3.2 Financial Performance

(₹ in lakhs)

| Particulars | Standalone FY 2018 | Standalone FY 2017 | Standalone Increase/ (Decrease)% | Consolidated FY 2018 | Consolidated FY 2017 | Consolidated Increase/ (Decrease)% |
|---|---|---|---|---|---|---|
| Net Sales/Income from operations | 1,500,889.30 | 1,188,111.90 | 26.33% | 1,503,319.90 | 1,189,769.56 | 26.35% |
| Other Income | 7,264.77 | 3,128.86 | 132.19% | 6,932.08 | 2,855.93 | 142.73% |
| Finance Cost | 5,941.99 | 12,180.39 | -51.22% | 5,954.74 | 12,197.86 | -51.18% |
| Profit Before tax | 119,588.76 | 74,711.27 | 60.07% | 122,206.91 | 74,708.42 | 63.58% |
| Profit After Tax | 78,466.03 | 48,263.85 | 62.58% | 80,627.58 | 47,879.81 | 68.40% |
| EPS - Basic (in ₹) | 12.57 | 8.56 | | 12.92 | 8.49 | |
| EPS - Diluted (in ₹) | 12.41 | 8.55 | | 12.76 | 8.48 | |

## 3.3 Human Capital

Our strategies revolve around the evolving aspirations of consumers. Our experienced management team, along with motivated and well-trained employees have enabled us to successfully establish a customer-oriented corporate culture. Our culture drives our strategy and provides a strong foundation to retain and enhance our long-term competitiveness.

We believe that our emphasis on training our employees improves our operational efficiency as well as our customer service standards. These training programmes focus on

(i) responsibility to customers to provide them quality products at affordable prices,

(ii) constantly improving our operations at stores to enhance our customer service standards.

Our objective is to improve their skills and service standards, enhance loyalty, reduce attrition rates and increase their productivity.

We also believe that our employees have been an important factor in our success, as they drive the quality and efficiency of our services. We have followed transparent management policies over the years, encouraging employees to take up challenging roles and responsibilities to drive organisational growth.

## 3.4 Information Technology (IT)

We have benefited from our in-depth understanding of local needs and our ability to respond quickly to the changing consumer preferences.

Our IT systems are built with a wide range of data management tools specific to our business needs and support key aspects of our business. IT helps our cash management systems, in-store systems, logistics systems, human resources, projects management, maintenance and other administrative functions. This helps us to minimise product shortage, pilferage, out of stock situations etc., and increase overall operational efficiency.

## 3.5 Internal Control Systems and Their Adequacy

We have put in place internal control systems and a structured internal audit process vested with the task of safeguarding the assets of the organisation and ensuring reliability and accuracy of the accounting and other operational data. The internal audit department reports to the Audit Committee of the Board of Directors.

Similarly, we maintain a system of monthly review of the business as a key operational control wherein the performance of units is reviewed and corrective action is initiated. We also have in place a capital expenditure control system for authorising spend on new assets and projects. Accountability is established for implementing the projects on time and within the approved budget.

The Audit Committee and the Top Management are regularly apprised of the internal audit findings and regular updates are provided to the Top Management of the Action taken on the internal audit reports. The Audit Committee reviews the quarterly, half yearly and the annual financial statements of the Company. A detailed note on the functioning of the Audit Committee and of the other Committees of

D Mart

the Board forms part of the section on corporate governance in the Annual Report.

During the year, we carried out a detailed review of internal financial controls. The findings were satisfactory and suggestions for improvement have been taken up for implementation. Policy guidelines and standard operating procedures (SOPs) continue to be updated where required to keep pace with business requirements.

### 3.6 Risks and Concerns

The Board of Directors reviews the Company's business risks and formulates strategies to mitigate those risks. The Senior Management team, led by the Managing Director, is responsible to proactively manage risks with appropriate mitigation measures and implementation thereof.

Below are some of the key risks and concerns in our business

- Availability of commercially viable real estate properties at suitable locations for our new stores
- Our ability to attract, hire, train and retain skilled employees
- Our continued understanding and prediction of consumers' changing needs and preferences and consequent tailoring of our offerings
- Effective management of our store expansion and operations in newer locations / cities / states

**CAUTIONARY STATEMENT**

Statements in this Annual Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may materially differ from those expressed or implied.

# Directors' Report

Dear Members,

Your Board of Directors ("Board") has pleasure in presenting the Eighteenth Annual Report of Avenue Supermarts Limited ("the Company"), along with the Audited Financial Statements for the financial year ended 31st March, 2018.

## Financial Results

The Company's financial performance during the year ended 31st March, 2018 compared to the previous financial year is summarised below:

(₹ In Lakhs)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Income from operations | 1,500,889.30 | 1,188,111.90 | 1,503,319.90 | 1,189,769.56 |
| Other Income | 7,264.77 | 3,128.86 | 6,932.08 | 2,855.93 |
| **Total Income** | **1,508,154.07** | **1,191,240.76** | **1,510,251.98** | **1,192,625.49** |
| Expenses | 1,388,565.31 | 1,116,529.49 | 1,389,892.77 | 1,116,625.02 |
| Share of Net Loss of associate | - | - | (2,004.41) | (1,292.05) |
| Gain on fair valuation of pre-existing equity interest in associate | - | - | 3,852.11 | - |
| **Profit before tax** | **119,588.76** | **74,711.27** | **122,206.91** | **74,708.42** |
| Less: Tax Expense | 41,122.73 | 26,447.42 | 41,579.33 | 26,828.61 |
| **Profit after Tax** | **78,466.03** | **48,263.85** | **80,627.58** | **47,879.81** |
| Other comprehensive Income (net of taxes) | (52.26) | 78.24 | (49.37) | 81.52 |
| Total Comprehensive income for the year | 78,413.77 | 48,342.09 | 80,578.21 | 47,961.33 |

The financial statements for the year ended 31st March, 2018 have been prepared under Ind AS (Indian Accounting Standards).

## Business and Operations

During the year under review, your Company recorded a steady growth by opening 24 (twenty-four) new stores, thereby taking the total count to 155 stores across the country.

On standalone basis, the total income for FY 2018 was ₹ 1,508,154.07 Lakhs, which is 26.60% higher over the previous year ₹ 1,191,240.76 Lakhs. Our total income on consolidated basis was ₹ 1,510,251.98 Lakhs as against the previous year's ₹ 1,192,625.49 Lakhs.

On standalone basis, the net profits (PAT) for FY 2018 stood at ₹ 78,466.03 Lakhs as against previous year's (FY 2017) ₹ 48,263.85 Lakhs thereby recording a growth of 62.57%. Our net profits (PAT) on consolidated basis amounted for ₹ 80,627.58 Lakhs as compared to previous year's ₹ 47,879.81 Lakhs.

There was no change in nature of the business of the Company, during the year under review.

## Credit Rating

Your Company has been rated by CRISIL Limited ("CRISIL") and Credit Analysis and Research Limited ("CARE") for its debentures and long-term bank facilities / commercial paper programmes.

On 6th March, 2018, CRISIL revised its outlook on the long-term bank facilities and non-convertible debentures of the Company to "Positive" from "Stable" and re-affirmed its ratings at "CRISIL AA". Further, CRISIL re-affirmed its rating on the Company's commercial paper programme at 'CRISIL A1+'. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk.

"CARE A1+" (CARE A one plus) is reaffirmed by CARE for the Company's commercial paper / short-term debt programme. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations and carries lowest credit risk.

With the above rating affirmations, the Company continues to enjoy high credit quality rating for its debentures and long-term bank facilities /commercial paper programme.

## Utilization of IPO Proceeds

The proceeds of the funds raised under IPO by the Company are being utilized as per the Objects of the Issue. The disclosure in compliance with the Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the Listing Regulations") is as under:

| Sr. No. | Particulars | Projected utilization of IPO proceeds as per the Objects of Prospectus (₹ In Crores) | Actual utilization of IPO proceeds upto 31st March, 2018 (₹ In Crores) | Deviation (if any) |
|---|---|---|---|---|
| 1. | Repayment or Prepayment of a portion of loans and redemption or early redemption of NCDs availed by the Company | 1,080.00 | 864.00 | NIL |
| 2. | Construction and purchase of fit outs for new stores | 366.60 | 94.02 | NIL |
| 3. | General Corporate expenses (excluding IPO expenses) | 394.02 | 392.64 | NIL |
| | Total | **1,840.62** | **1,350.66** | |

There has been no deviation in the utilization of the IPO proceeds by the Company. The unutilized IPO proceeds as on 31st March, 2018, were invested in deposits with scheduled commercial banks and in monitoring agency accounts.

## Share Capital

The paid up Equity Share Capital as on 31st March, 2018 amounted to ₹ 62,408.45 Lakhs.

The Company has neither issued any shares with differential rights as to dividend, voting or otherwise nor issued any sweat equity shares during the year under review.

## Dividend

With a view to conserve resources for expansion of business, your Directors have thought it prudent not to recommend any dividend for the financial year under review.

## Dividend Distribution Policy

In terms of Regulation 43A of the Listing Regulations, the Company has in place the Dividend Distribution Policy, setting out parameters and circumstances that will be taken into consideration by the Board while determining dividend to the shareholders. The Policy is disclosed under **Annexure I** and is also hosted on the Company's website under the web link http://www.dmartindia.com/investor-relationship.

## Transfer to Reserves

The Company has not transferred any amount of profit to the reserves during the financial year under review.

## Consolidated Financial Statements

The Consolidated Financial Statements have been prepared as per the relevant Indian Accounting standards (Ind AS) as issued by the Institute of Chartered Accountants of India and notified under section 133 of the Companies Act, 2013 with the rules made there under. The said Consolidated Financial Statements forms part of this Annual Report.

## Report on Performance of Subsidiaries, Associates and Joint Venture Companies

The Company has 4 subsidiaries as on 31st March, 2018. The Company does not have any joint venture or associate company within the meaning of Section 2(6) of the Companies Act, 2013. No material change has taken place in the nature of business of the subsidiaries.

Details of the Company which has become or ceased to be subsidiary / associate and joint ventures during the year under review are as under:

The Company acquired additional stake constituting 50.79% of the share capital of Avenue E-Commerce Limited from other shareholders and with said acquisition Avenue E-Commerce Limited became a wholly-owned subsidiary of the Company w.e.f. 2nd February, 2018. Subsequently on 6th March, 2018, the shareholding of the Company in Avenue E-Commerce Limited reduced from 100% to 99.66%, pursuant to the allotment of shares on preferential basis by Avenue E-Commerce Limited to the Company and other applicants of the issue. Accordingly, Avenue E-Commerce Limited became a subsidiary of the Company.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of the Company's subsidiaries in Form AOC-1 is disclosed under **Annexure II** and forms part of this Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements and separate audited accounts in respect of subsidiaries is available on the website of the Company under web link http://www.dmartindia.com/investor-relationship. The same shall also be made available to Members for inspection during business hours at the Registered Office address of the Company.

## Particulars of Contracts or Arrangement with Related Parties

All related party transactions entered into by the Company during the financial year under review except the transaction as disclosed in **Annexure III**, which forms part of this report in the prescribed format Form AOC-2 as specified under the provisions of Section 134(3)(h) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014 were in the ordinary course of business and on arm's length basis and the same were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. Also, none of the transactions entered by the Company with related parties were material in nature.

The Company has formulated a policy on the Related Party Transactions and the same is hosted on the Company's website at www.dmartindia.com.

### Particulars of Loans, Guarantees, Investments and Securities

Particulars of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 have been disclosed in the notes to the standalone financial statements forming part of the Annual Report.

## MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointments

The Board of Directors comprises of 6 (six) Directors, out of which 2 (Two) are Independent Directors and 1 (One) is Woman Non-Executive Director. The constitution of the Board of the Company is in accordance with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations. During the year under review, there were no changes in the composition in the same.

Mr. Elvin Machado (DIN: 07206710) was appointed as a Whole-time Director on the Board of the Company vide special resolution by the members at their 15th Annual General Meeting held on 30th September, 2015 for a period of three (3) years commencing from 10th June, 2015.

On recommendations of the Nomination and Remuneration Committee, the Board at their meeting held on 5th May, 2018, have approved and proposed re-appointment of Mr. Elvin Machado (DIN: 07206710) as a Whole-time Director of the Company for another term of three (3) years commencing from the end of existing term i.e., from 10th June, 2018 till 9th June, 2021. The Directors recommend re-appointment of Mr. Elvin Machado for your approval on such terms and conditions as stated in Explanatory Statement.

The brief details of the director proposed to be re-appointed are given separately as an annexure to the Notice of the Annual General Meeting.

### Directors retiring by rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013, one-third of the Directors are liable to retire by rotation every year and if eligible, offer them for re-appointment at the AGM. Consequently, Mr. Ramakant Baheti (DIN: 00246480), Director being longest in the office, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment. The Board of Directors recommends his re-appointment and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

The brief details of the director proposed to be re-appointed are given separately as an annexure to the Notice of the Annual General Meeting.

### Key Managerial Personnel

There were no changes in the Key Managerial Personnel of the Company during the year under review.

However the Board of Directors at their meeting held on Saturday, 5th May, 2018, taking into consideration the recommendations received from the Nomination & Remuneration Committee and the Audit Committee, re-designated Mr. Ramakant Baheti (DIN: 00246480) as the Whole-time Director and Group Chief Financial Officer of the Company and appointed Mr. Niladri Deb (PAN: ADAPD1250C) as the Chief Financial Officer of the Company with immediate effect.

### Declarations by Independent Directors

The Company has received and taken on record the declarations received from the Independent Directors of the Company in accordance with the Section 149(6) of the Companies Act, 2013 confirming their independence and pursuant to Regulation 25 of the Listing Regulations.

### Familiarization Programme

The Company has conducted familiarization programme for the Independent Directors of the Company covering the matters as specified in Regulation 25(7) of the Listing Regulations. The details of the training and familiarization program as conducted by the Company are provided in the Corporate Governance Report forming part of the Report and the same is also available on the Company's website at http://www.dmartindia.com/investor-relationship.

## DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

### Board Meetings

The Board of Directors met four times during the financial year under review. The details of the Board meetings and the attendance of Directors thereat are provided in the Corporate Governance Report forming part of the Annual Report.

### Audit Committee

The composition of the Audit Committee is in conformity with the provisions of the Section 177 of the Companies Act, 2013 and pursuant to Regulation 18 of the Listing Regulations. The Audit Committee comprises of:

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Chandrashekhar Bhave | Non-Executive and Independent Director | Chairman |
| 2. | Mr. Ramesh Damani | Non-Executive and Independent Director | Member |
| 3. | Mr. Ramakant Baheti | Executive Director | Member |

The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise. The terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is in conformity with the provisions of the Section 178 of the Companies Act, 2013 and pursuant to Regulation 19 of the Listing Regulations. The Nomination and Remuneration Committee comprises:

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Chandrashekhar Bhave | Non-Executive and Independent Director | Chairman |
| 2. | Mr. Ramesh Damani | Non-Executive and Independent Director | Member |
| 3. | Mrs. Manjri Chandak | Non-Executive Director | Member |

The terms of reference of the Nomination and Remuneration Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

The Company has Nomination and Remuneration Policy, which provides the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees in accordance with the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Policy of the Company is disclosed under **Annexure IV**.

### Stakeholders Relationship Committee

The Stakeholders' Relationship Committee comprises Mrs. Manjri Chandak as the Chairperson and Mr. Ramakant Baheti as the Member of the Committee. The Company Secretary acts as the Secretary of the said Committee. The terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company have constituted Corporate Social Responsibility (CSR) Committee. The Committee is entrusted with the responsibility of:

- Formulating and recommending to the Board, Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken;
- Monitoring the implementation of the framework of the CSR Policy; and
- Recommending the CSR amount to be spent on the CSR activities.

The brief outline of the Company's CSR initiatives undertaken during the year under review is disclosed in **Annexure V** in the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company's CSR Policy is placed on the website of the Company www.dmartindia.com.

The CSR Committee comprises:

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Chandrashekhar Bhave | Non-Executive and Independent Director | Chairman |
| 2. | Mr. Ramesh Damani | Non-Executive and Independent Director | Member |
| 3. | Mrs. Manjri Chandak | Non-Executive Director | Member |
| 4. | Mr. Ramakant Baheti | Executive Director | Member |

The particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

### Director's Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2018, the Board of Directors hereby confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. such accounting policies have been selected and applied consistently and the Directors 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 31st March, 2018 and of the profit of the Company for that year;

c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts of the Company have been prepared on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Vigil Mechanism Policy for the Directors and Employees

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and in accordance with Regulation 22 of the Listing Regulations, the Company had adopted 'Vigil Mechanism Policy' for Directors and employees of the Company to report concerns about unethical behavior. The policy provides a mechanism, which ensures adequate safeguards to employees and Directors from any victimization on raising concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, and so on. The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee.

The said Policy was revised and approved by the Board of Directors of the Company on recommendations of the Audit Committee at their meeting held on Thursday, 25th January, 2018. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Vigil Mechanism Policy is hosted on the Company's website www.dmartindia.com.

### Risk Management

Pursuant to Regulation 21 of the Listing Regulations, the Board has constituted Risk Management Committee to frame, implement and monitor risk management plan of the Company. The Board has adopted the Risk Management Policy and guidelines to mitigate foreseeable risks, avoid events, situations or circumstances, which may lead to negative consequences on the Company's businesses. The major risks identified are systematically approached through mitigating actions on continual basis. Risk evaluation is an ongoing and continuous process within the Company and it is regularly updated to the Board of the Company.

The Risk Management Committee has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework.

The said Committee comprises of:

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Ignatius Navil Noronha | Executive Director | Chairman |
| 2. | Mrs. Manjri Chandak | Non-Executive Director | Member |
| 3. | Mr. Ramakant Baheti | Executive Director | Member |
| 4. | Mr. Ashutosh Dhar | VP – Risk Management | Member |
| 5. | Mr. Vikram Bhatia* | VP – Information Technology | Member |

*The Risk Management Committee inducted Mr. Vikram Bhatia, VP-Information Technology as a Member; thus the Committee was re-constituted w.e.f. 14th October, 2017.

### Annual Evaluation of Directors, Committees and Board

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board of Directors, on recommendations of the Nomination and Remuneration Committee carried out an annual performance evaluation of the Chairman and individual Directors (Executive, Non-executive & Independent Directors).

The performance of the Board as a whole and of its Committees was evaluated by the Board through structured questionnaire which covered various aspects such as the composition and quality, meetings and procedures, contribution to Board processes, effectiveness of the functions allocated, relationship with management, professional development, adequacy, appropriateness and timeliness of information etc.

Taking into consideration the responses received from the Individual Directors to the questionnaire, performance of the Board and its Committees was evaluated. The Directors were satisfied with the said process and expressed their satisfaction with the evaluation process.

In terms of requirements of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on Thursday, 25th January, 2018 to review:

- The performance of Non- Independent Directors (including the Chairperson);
- The performance of the Board as a whole and its Committees thereof, taking into views of Executive and Non-executive Directors: and
- To assess the quality, quantity and timeliness of the flow of information between the Management and the Board.

Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

## PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been disclosed under **Annexure VI** of the Board's report.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available at the Registered Office of the Company for inspection and shall be made available to any shareholder on request.

### Employee Stock Options

The Members of the ESOP Committee vide circular resolution dated 14th March, 2017 approved grant of 13,973,325 options under the ESOP Scheme 2016 to its eligible employees. The Employee Stock Option Scheme 2016 is being administered and monitored by the ESOP Committee of the Company in accordance with the SEBI Guidelines. During the year under review, the Company has not granted any Employee Stock Options.

In terms of the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, the details of the Stock Options granted under the aforesaid ESOP Scheme are uploaded on the website of the Company http://www.dmartindia.com/investor-relationship.

A certificate from S R B C & Co. LLP, Statutory Auditors of the Company, has been obtained by the Company with respect to implementation of Employee Stock Option Scheme, 2016 and the same shall be placed at the ensuing 18th Annual General Meeting for inspection by the Members and the copy of the same shall be made available for inspection at the Registered Office of the Company.

### Internal Financial Control Systems and their adequacy

The details of the internal financial control systems and their adequacy are included in Management Discussions and Analysis Report, which forms part of the Annual Report.

## AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under:

### Observations of Statutory Auditors on Accounts for the year ended 31st March, 2018

The Auditors Report for the financial year ended 31st March, 2018 does not contain any qualification, adverse remark or reservation and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

### Secretarial Audit Report for the year ended 31st March, 2018

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, was obtained from M/s. Rathi and Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2017-18.The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

The said Report is disclosed under **Annexure VII** and forms part to this report.

### Statutory Auditors

S R B C & Co. LLP, Chartered Accountants, (Firm Registration No.: 324982E/E300003) were appointed as Statutory Auditors of your Company at the 17th Annual General Meeting held on 6th September, 2017 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. However, as per the Companies (Amendment) Act, 2017, the requirement of annual ratification of appointment of the Statutory Auditors has been omitted, which is yet to be notified as on the date of this Report. Accordingly, ratification of the appointment of S R B C & Co. LLP, Chartered Accountants, Statutory Auditors shall be placed before the members at the ensuing Annual General Meeting.

Further, the Company has received certificate from the Statutory Auditors to the effect that their appointment will be within the limits prescribed under the Companies Act, 2013 and that they were not disqualified for such appointment under the Companies Act, 2013 and also there were no pending proceedings against them or any of their partners with respect to the professional matters of conduct.

They have further confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee and the Board of Directors recommend the ratification of appointment S R B C & Co. LLP, as the Statutory Auditors of the Company. The members are requested to ratify their appointment and authorize the Board to fix their remuneration.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation, adverse remark or disclaimer. The Auditors has not reported any matter to the Company required to be disclosed under Section 143(12) of the Companies Act, 2013.

### Internal Audit and Control

The Company has robust internal audit systems for assessment of audit findings and its mitigation. The Internal Audit function covers all the stores, inventory audit, stock takes, audit for project related accounts, corporate accounts audit etc.

Mr. Rajan Arora was appointed as an Internal Auditor of the Company by the Board at its meeting held on Saturday, 22nd July, 2017 and the Internal Auditor directly reports to the Audit Committee for functional matters. The Audit Committee in its quarterly meetings; periodically reviews the internal audit and controls reports. The Company's internal controls are commensurate with the size and operations of the business. Continuous internal monitoring mechanism ensures timely identification and redressal of issues.

## OTHER DISCLOSURES:

Other disclosures as per the provisions of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are furnished as under:

### Extract of Annual Return

The extract of annual return in From MGT-9 as required under Section 92(3) of the Companies Act, 2013 is disclosed under **Annexure VIII**, which forms part of this Report.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be furnished as per the provisions of Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo are disclosed under **Annexure IX** which forms part of this Report.

### Report on Corporate Governance and Management Discussion and Analysis

A separate report on Corporate Governance is provided together with the Certificate from the Practicing Company Secretaries confirming compliance of conditions of Corporate Governance as stipulated under the Listing Regulations. Pursuant to the provisions of Regulation 34 read with Schedule V of the Listing Regulations, a report on Management Discussion & Analysis is attached separately, which forms part of this Annual Report.

### Business Responsibility Report

The Company's sustainability initiatives as provided in the Business Responsibility Report are in line with the key principles enunciated in "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" framed by the Ministry of Corporate Affairs. Pursuant to the provisions of Regulation 34 of the Listing Regulations, the said report is attached separately, which forms part of this Annual Report.

### Secretarial Standards Compliance

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government pursuant to Section 118 of the Companies Act, 2013.

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions for the same during the year under review:

1. Deposits covered under Chapter V of the Companies Act, 2013;
2. Material changes and/ or commitments that could affect the Company's financial position, which have occurred between the end of the financial year of the Company and the date of this report;
3. Significant or material orders passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future;
4. Non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014;
5. Receipt of any remuneration or commission from any of its subsidiary companies by the Managing Director or the Whole-time Directors of the Company.
6. There was no revision of the previous year's financial statements during the financial year under review.

### Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the financial year 2017-18, the Company had received 11 complaints on sexual harassment and the same were disposed off.

## ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors thank the employees at all levels for their hard work and commitment. The Board also places on record their appreciation for the continued support and co-operation received from the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and regulatory bodies.

For and on behalf of the Board of Directors of
**Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

**Ramakant Baheti**
Whole-time Director & CFO
DIN: 00246480

Place: Thane
Date: 5th May, 2018

**Registered Office:**
Anjaneya CHS Limited, Orchard Avenue,
Opp. Hiranandani Foundation School,
Powai. Mumbai – 400 076
CIN: L51900MH2000PLC126473
Tel No.: 022-40496500
Fax No.: 022-40496503
Email Id: investorrelations@dmartindia.com
Website: www.dmartindia.com

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# ANNEXURE I

## DIVIDEND DISTRIBUTION POLICY

### I. Objective of the Policy

The purpose of this Policy is to regulate the process of dividend declaration and its pay-out by the Company, which would ensure the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

### II. Regulatory Framework

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires top 500 listed companies based on market capitalisation (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

Adhering to best corporate governance practice and to comply with provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when it becomes applicable, Avenue Supermarts Limited frames this policy.

### III. Forms of Dividends

**Final Dividend**

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company.

**Interim Dividend**

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, in line with this policy.

### IV. Factors affecting Dividend Declaration

The Dividend pay-out decision of the Company, depends upon certain external and internal factors-

**1. Internal factors and financial parameters**

The Company's Board of Directors would take into account various internal factors including the financial parameters before declaring or recommending dividend to shareholders, which inter alia will include

a) Magnitude and Stability of Earnings: The extent of stability and magnitude of company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the Company.

b) Liquidity Position: A company's liquidity position also determines the level of dividend. If a company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend pay-out.

c) Future Requirements: If a company foresees some profitable investment opportunities in near future including but not limited to brand/ business acquisitions, expansion / modernisation of existing businesses, additional investments in subsidiaries/associates of the Company, fresh investments into external businesses, then it may decide for lower dividend payout and vice-versa.

d) Leverage profile and liabilities of the Company

e) Working capital requirements

f) Capital expenditure requirements

g) Cash flow required to meet contingencies

h) Past Dividend Trends

i) Any other factor as deemed fit by the Board.

**2. External Factors**

Apart from the various internal factors, the Board of Directors of the Company shall take into account various external factors before declaring dividend. These include:

a) Legal/ Statutory Provisions and Regulatory concern: The Board should keep in mind the restrictions imposed by Companies Act, any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company may also impact the declaration of dividend.

b) State of Economy: The Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic conditions and in situation where the policy decisions of the Government have a bearing on or affect the business of the Company.

c) Taxation Policy: The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the Company for declaring dividends.

d) Capital Markets: In case of unfavorable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.

e) Dividend pay-out ratios of companies in the same industry.

## ANNEXURE I

### V. Circumstances under which the shareholders may not expect Dividend

The shareholders of the Company may not expect Dividend under the following circumstances:

a. In the event of inadequacy of profits or whenever the Company has incurred losses;
b. Whenever Company proposes to utilise surplus cash for buy-back of securities;
c. Significantly higher working capital requirements adversely impacting free cash flow;
d. Whenever it undertakes or proposes to undertake a significant expansion of business requiring higher allocation of capital;
e. Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
f. Operation of any law in force, which restricts payment of dividend in particular circumstances; and
g. Any restrictions and covenants contained in any agreement as may be entered with the lenders.

### VI. Retained Earnings

The portions of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilised for internal financing of its various activities and for fixed as well as working capital. Thus, the retained earnings shall be utilised for carrying out the main objectives of the Company and maintaining adequate liquidity levels. The decision of utilisation of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Modernisation plan;
- Diversification of business;
- Long-term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Other such criteria as the Board may deem fit from time to time.

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

### VII. Parameters that shall be adopted with regard to various classes of share

At present, the issued and paid-up share capital of the Company comprises only equity shares; the Company does not have different classes of shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

### VIII. Procedure

1. Recommendation of final dividend, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

2. The final dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.

3. Interim dividend, if any, shall be declared by the Board. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

4. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

5. The Company shall ensure compliance of provisions of Applicable Laws and this Policy in relation to dividend declared by the Company.

### IX. Disclosure

The Company shall make appropriate disclosures as required under the SEBI Regulations.

### X. Review and Amendment

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India (SEBI) or such other regulatory authority as may be authorised, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) and so on issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) and so on shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), and circular(s), among others.

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# ANNEXURE II

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

### Form AOC- 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A": Subsidiaries

(₹ in Lakhs)

| | | | | | |
|---|---|---|---|---|---|
| 1 | Name of the subsidiaries | Align Retail Trades Private Limited | Avenue Food Plaza Private Limited | Nahar Seth & Jogani Developers Private Limited | Avenue E-Commerce Limited |
| 2 | Date since when subsidiary was acquired | 18.08.2009 | 18.08.2009 | 21.02.2014 | 02.02.2018 |
| 3 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Same as of the Holding Company | Same as of the Holding Company | Same as of the Holding Company | Same as of the Holding Company |
| 4 | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries. | N.A | N.A | N.A | N.A |
| 5 | Share capital | 200.00 | 1.00 | 10.00 | 11,799.83 |
| 6 | Reserves and Surplus | 1,533.76 | 1,324.06 | 183.34 | (7,017.90) |
| 7 | Total Assets | 4,237.14 | 1,425.30 | 1,037.11 | 5,716.59 |
| 8 | Total Liabilities | 2,503.38 | 100.24 | 843.77 | 934.66 |
| 9 | Investments | Nil | 846.40 | Nil | 801.47 |
| 10 | Turnover | 70,186.83 | 1,781.73 | 75.00 | 4,443.88 |
| 11 | Profit/ Loss before taxation | 861.35 | 564.23 | 61.48 | (4,808.46) |
| 12 | Provision for taxation | 292.59 | 146.38 | 13.41 | - |
| 13 | Profit/ Loss after taxation | 568.76 | 417.85 | 48.07 | (4,808.46) |
| 14 | Proposed Dividend | Nil | Nil | Nil | Nil |
| 15 | % of shareholding | 100% | 100% | 90% | 99.66% |

* Total Liabilities excluding of share capital and Reserves & Surplus

Names of the subsidiaries which are yet to commence operations - NIL
Names of subsidiaries which have been liquidated or sold during the year – NIL

## Statement pursuant to Section 129(3) of the Companies Act, 2013 related to the Associate Companies & Joint Ventures

### Part "B": Associates and Joint Ventures

Note: The Company does not have any Associate Company as on 31st March, 2018. Avenue E-commerce Limited was an Associate Company upto 1st February, 2018 and w.e.f. 2nd February, 2018 it became a wholly owned subsidiary.

Names of the associate or joint ventures which are yet to commence operations - NIL

Names of the associate or joint ventures which have been liquidated or sold during the year – NIL

For and on behalf of the Board of Directors of
**Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

**Ramakant Baheti**
Whole-time Director & CFO
DIN: 00246480

**Ashu Gupta**
Company Secretary
ACS: 13449

Place: Thane
Date: 5th May, 2018

## ANNEXURE III

## DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO SECTION 188(1) OF THE ACT

### Form AOC- 2

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

### 1. Details of contracts or arrangements or transactions not at arm's length basis

| | |
|---|---|
| Name of the related party and nature of relationship | Mr. Radhakishan S. Damani - Promoter |
| Nature of contracts/ arrangements/ transactions | Mentorship Agreement |
| Duration of the contracts / arrangements/ transactions | 5 years w.e.f. 16th October, 2017 |
| Salient terms of the contracts or arrangements or transactions including the value, if any | Appointment of Mr. Radhakishan S. Damani, Promoter of the Company as 'Chief Mentor' for a fixed fee of ₹ 1/- p.a. |
| Justification for entering into such contracts or arrangements or transactions | The said agreement was entered with the said Promoter to seek his strategic guidance and obtain advisory services. |
| Date of approval by the Board | 14th October, 2017 |
| Amount paid as advances, if any: | Nil |
| Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | N.A. |

### 2. Details of material contracts or arrangement or transactions at arm's length basis

| | |
|---|---|
| Name of the related party and nature of relationship | During the Financial year 2017-18, the Company did not enter into any material contracts or arrangement or transaction with related parties. |
| Nature of contracts/ arrangements/ transactions | |
| Duration of the contracts / arrangements/ transactions | |
| Salient terms of the contracts or arrangements or transactions including the value, if any | |
| Date of approval by the Board, if any | |
| Amount paid as advances, if any | |

For and on behalf of the Board of Directors of
**Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

**Ramakant Baheti**
Whole-time Director & CFO
DIN: 00246480

**Ashu Gupta**
Company Secretary
ACS: 13449

Place: Thane
Date: 5th May, 2018

## ANNEXURE IV

## NOMINATION AND REMUNERATION POLICY OF AVENUE SUPERMARTS LIMITED

### INTRODUCTION

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### OBJECTIVES OF THE COMMITTEE

The Committee shall:

i. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel;

ii. Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

iii. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy;

iv. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel;

v. Devise a policy on diversity of Board of Directors; and

vi. Decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

This Policy is divided in two parts:

Part A-Policy for appointment of and payment of remuneration to Director, Key Managerial Personnel and Senior Management and Annual evaluation;

Part B-Policy on Diversity of Board of Directors of the Company

### Effective Date

The following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 25th April, 2014 and as amended from time to time. This policy shall be operational with immediate effect.

### Part A - Policy For Appointment of and Payment of Remuneration To Director, Key Managerial Personnel and Senior Management And Annual Evaluation

**Definitions**

- **Board:** Board means Board of Directors of the Company.

- **Director:** Director means Director of the Company appointed in accordance with the Companies Act, 2013.

- **Committee:** Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

- **Company:** Company means Avenue Supermarts Limited.

- **Independent Director:** As provided under the Companies Act, 2013, an Independent Director in relation to a Company, means a Director other than a Managing Director or a Whole-time Director or a Nominee Director,—

  a) Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

     (i) Who is or was not a promoter of the Company or its holding, subsidiary or associate company;

     (ii) Who is not related to promoters or Directors in the Company, its holding, subsidiary or associate company;

  b) Who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or Directors, during the two immediately preceding financial years or during the current financial year;

  c) None of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or Directors, amounting to 2% or more of its gross turnover or total income or ₹ 50 lakh or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

  d) Who, neither himself nor any of his relatives—

     (i) Holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

     (ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

        (A) A firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

## ANNEXURE IV

(B) Any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;

(iii) Holds together with his relatives 2% or more of the total voting power of the Company; or

(iv) Is a Chief Executive or Director, by whatever name called, of any non- profit organisation that receives 25% or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the Company; or

e) Who possesses such other qualifications as may be prescribed.

- **Key Managerial Personnel: Key Managerial Personnel (KMP) means-**

  (i) the Chief Executive Officer or the Managing Director or the Manager;

  (ii) the Company Secretary;

  (iii) the Whole-time Director;

  (iv) the Chief Financial Officer; and

  (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

- **Senior Management:** The expression senior management means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

  Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### Applicability

The Policy is applicable to:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

### Constitution of the Nomination and Remuneration Committee

The Board has the power to constitute/ re-constitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises the following Directors:

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Chandrashekhar Bhave | Non-Executive and Independent Director | Chairman |
| 2. | Mr. Ramesh Damani | Non-Executive and Independent Director | Member |
| 3. | Mrs. Manjri Chandak | Non-Executive Director | Member |

### General Appointment Criteria

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, Independent Director or KMP and accordingly recommend to the Board his / her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, and any other enactment for the time being in force which is applicable to the Company.

iv. While evaluating the person for appointment / re-appointment of Senior Management position, the HR Head shall consider individual's background, competency, skills, educational and professional background, age and relevant experience and the same shall be then recommended to the Chief Executive Officer of the Company. The CEO of the Company in accordance with the applicable provisions of the Companies Act, 2013 and in accordance with the Company's HR Policy shall make appointment / re-appointments of Senior Management Personnel.

### Additional Criteria for Appointment of Independent Directors

The Committee shall consider qualifications for Independent Directors as mentioned herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 (as amended from time to time) and applicable regulation of SEBI (LODR) Regulations, 2015.

### Term / Tenure

The Term / Tenure of the Directors/ Independent Directors/ KMP shall be determined by the Committee in accordance with the provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

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## ANNEXURE IV

### Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### Retirement

The Directors and Key Managerial Personnel shall retire as per the provisions of the applicable Acts, Rules and Regulations and in accordance with the prevailing policy of the Company. Retirement of Senior Management Personnel shall be in accordance with the prevailing HR policy of the Company. Employment of the services of the Directors, KMP, Senior Management Personnel as consultants after their retirement would be at sole discretion of the Board.

### Remuneration

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director and KMP to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be made clear and should meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals:

**1. Managing Director and CEO /Whole-time Director**

i. The overall limits of the remuneration/ compensation/ commission to be paid to Managing Director and CEO /Whole-time Director shall be governed as per provisions of Section 197 of the Companies Act, 2013, rules made there under and Schedule V of the Companies Act, 2013 or any other enactment for the time being in force.

ii. The remuneration shall be divided in fixed and variable components. The fixed component shall comprise salary, perquisites, allowances, amenities; whereas the variable component consists of performance bonus.

**2. Non-Executive Directors**

i. The Non-Executive Directors including Independent Directors shall be paid sitting fees for attending meetings of the Board and the Committee thereof.

ii. The quantum of the sitting fees shall be recommended by the Nomination and Remuneration Committee to the Board for their approval and that the same shall be within maximum limits as provided under the Companies Act, 2013.

iii. The Independent Directors shall be paid Commission within the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

iv. An Independent Director shall not be eligible for Stock Options.

**3. KMP / Senior Management Personnel**

i. The Remuneration to be paid to KMP shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

ii. The Senior Management Personnel of the Company shall be paid monthly remuneration comprises basic salary, dearness allowance, house rent allowance, ex-gratia, performance bonus, contribution to provident fund and superannuation fund, premium on medical insurance and personal accident insurance, gratuity, leave travel allowance, leave encashment, and so on, as applicable and linked to their grade as per the Company's HR Policy and as approved by the Chief Executive Officer of the Company.

iii. If the remuneration of any KMP, SMP or any other officer is specifically required to be approved by the Committee or Board of Directors under any regulations, then such approval will be accordingly sought.

iv. The Senior Management Personnel of the Company may also be eligible for stock options as per the scheme framed/ to be framed by the Company, from time to time.

v. The remuneration, performance appraisal and rewards to Senior Management and other employees, shall be in line with the stated objectives.

vi. The annual increments for the Senior Management and KMP (other than Whole-Time Directors) and other employees shall be linked to their overall performance and as decided by the CEO and Managing Director in consultation with their reporting managers and Human Resources Department.

vii. Senior Management and other employees must conduct themselves to ensure that no breach of Code of Conduct, Standard Operating Procedures (SOPs) and all other relevant and applicable Codes is committed. Any such breach will have a direct bearing

## ANNEXURE IV

on their performance appraisal and rewards and shall also attract appropriate disciplinary action.

### 4. Annual Evaluation

The annual evaluation of the Directors, Independent Directors, KMP and SMP shall be made in pursuance of the Annual Evaluation Policy of the Company.

i. The annual increment and performance based bonus is based on criteria of roles and responsibility, the Company's performance with the annual budget achievement, individual performance of the Senior Management Personnel vis-à-vis industry's benchmarks.

ii. The Nomination and Remuneration Committee shall carry out the annual performance review of the Directors and KMP after taking into consideration their appraisal ratings and other factors and recommend the same to the Board for their approval.

### 5. Directors' and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMPs and Senior Management Personnel, among others for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel unless otherwise specifically provided under the Act.

### Part B – Policy on Diversity of Board of Directors of the Company

A. Policy Statement

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. Diversity at Board level is an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of varieties of skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when required should be balanced appropriately.

The Company maintains that Board appointments should be based on merit that complements and expands the skills, experience and expertise of the Board as a whole taking into account knowledge, professional experience and qualifications, gender, age, cultural and educational background, and any other factors that the Board might consider relevant and applicable from time to time for it to function effectively. In the process of attaining a diverse Board based on the aforementioned criteria, the following criteria needs to be assessed:

I. Optimum Composition

a) The Board shall have an optimum combination of Executive and Non-Executive Directors and not less than 50% of the Board of Directors comprising Non-Executive Directors;

b) At least half of the Board should consist of Independent Directors (where the Chairman of the Board is Executive) or at least one-third of the Board should comprise Independent Directors (where the Chairman of the Board is Non-Executive Director);

c) The Company shall continue to have at least one woman Director on the Board to ensure that there is no gender inequality on the Board.

II. Recommendation

While recommending the appointment of new Directors, the Committee will:

a) Review Board composition, consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

b) Identify suitable candidates for appointment to the Board, consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

III. Functional Diversity

a) Appointment of Directors to the Board of the Company should be based on specific needs and business of the Company. Appointment should be done based on the qualification, knowledge, experience and skill of the proposed appointee which is relevant to the business of the Company;

b) Knowledge of and experience in domain areas such as finance, legal, risk management, industry, and so on, should be duly considered while making appointments to the Board level;

c) While appointing Independent Directors, care should be taken as to the independence of the proposed appointee;

d) Directorships in other companies may also be taken into account while determining the candidature of a person.

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## ANNEXURE V

### ANNUAL REPORT ON CSR ACTIVITIES

**1. Brief Outline of Company's CSR Policy and a web-link to CSR Policy on Company's website**

The Company believes in giving back to the society and undertakes CSR initiatives according to the guidelines given in Companies Act 2013. The Company's CSR programmes are primarily in the education sector, where it adopts and supports schools in and around Maharashtra, helping students achieve quality tutoring. The initiative is termed the 'School Excellence Programme'. It consists of education intervention, promoting education and providing educational opportunity to children from socially and economically disadvantaged communities.

Through this programme, the Company envisages the breaking of the vicious poverty circle that happens due to the lack of quality education. By providing adequate infrastructure in terms of building aesthetics, e-learning classrooms, computer labs, libraries, playgrounds, toilets, drinking water facilities etc., the Company strives to augment the students' learning experience.

Apart from instating adequate infrastructure, pedagogical interventions are also undertaken. Teachers are deployed in the schools, and they are trained from time to time. For students who require additional help, remedial classes are given free of cost. Through partnerships with expert NGOs, activity-based learning is also being piloted.

To ensure a 360 degree intervention, every stakeholder in the students' education journey is made to involve in the programme. Apart from the students themselves, parents are counselled regarding the holistic development of the child, while teachers are trained to deliver quality sessions.

The Company has impacted more than 75,000 students through its holistic school interventions.

Apart from the direct initiatives taken up and monitored by the Company, grants are also given from time to time to organisations.

The CSR Policy of the Company is also available on the Company's website: www.dmartindia.com

**2. The composition of the CSR Committee**

| Sr. No. | Name | Category | Designation |
|---|---|---|---|
| 1. | Mr. Chandrashekhar Bhave | Non-Executive and Independent Director | Chairman |
| 2. | Mr. Ramesh Damani | Non-Executive and Independent Director | Member |
| 3. | Mrs. Manjri Chandak | Non-Executive Director | Member |
| 4. | Mr. Ramakant Baheti | Executive Director | Member |

**3. Average Net Profit of the Company for last three financial years:** ₹52,502.99 Lakhs

**4. Prescribed CSR Expenditure (two percent of the amount as per item 3 above):** ₹ 1,050.06 Lakhs

**5. Details of CSR spent during the financial year:**

(a) Total amount to be spent/spent for the financial year: ₹1,059.88 Lakhs

(b) Amount unspent if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lakhs)

| Sr. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or Programmes (1) Local Area or other (2) Specify the state and district where projects or programme was undertaken | Amount outlay (budget) Project or Programme-wise* | Amount spent on the sub heads (1) Direct expenditure on projects or programme (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent direct or through implementing agency) |
|---|---|---|---|---|---|---|---|
| 1 | Infrastructural Interventions | | | | | | |
| | (i) BALA paintings & Color Wash | Education | Mumbai, Maharashtra | 62.56 | 62.56 | 62.56 | Direct |
| 2 | Life Skill Interventions | | | | | | |
| | (i) Computer aided learning & Computer Skills. | Education | Mumbai, Maharashtra | 393.54 | 393.54 | 393.54 | Direct |
| | (ii) Library & Resource Room | Education | Mumbai, Maharashtra | 83.95 | 83.95 | 83.95 | Direct |
| | (iii) Language enhancement skills | Education | Mumbai, Maharashtra | 11.28 | 11.28 | 11.28 | Direct |

## ANNEXURE V

(₹ in Lakhs)

| Sr. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or Programmes (1) Local Area or other (2) Specify the state and district where projects or programme was undertaken | Amount outlay (budget) Project or Programme-wise* | Amount spent on the sub heads (1) Direct expenditure on projects or programme (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent direct or through implementing agency) |
|---|---|---|---|---|---|---|---|
| 3 | Pedagogical Interventions | | | | | | |
| | (i) Remedial Classes | Education | Mumbai, Maharashtra | 30.62 | 30.62 | 30.62 | Direct |
| | (ii) Activity Based Learning | Education | Mumbai, Maharashtra | 69.38 | 69.38 | 69.38 | Direct |
| | (iii) E Learning Labs | Education | Mumbai , Maharashtra | 15.32 | 15.32 | 15.32 | Direct |
| 4 | Sports Infra and development intervention (i) Sports Fixtures | Education | Mumbai Maharashtra | 1.58 | 1.58 | 1.58 | Direct |
| 5 | PPP Model TMC Secondary English School | Education | Thane, Maharashtra | 32.26 | 32.26 | 32.26 | Direct |
| 6 | Swachh School Abhiyan | Education | Mumbai, Maharashtra | 4.95 | 4.95 | 4.95 | Direct |
| 7 | Career Counseling, Parents meetings, and Community building activities | | | | | | |
| | (i) Career Counseling | Education | Mumbai, Maharashtra | 6.95 | 6.95 | 6.95 | Direct |
| | (ii) Parent Meetings & Community Building Activities | Education | Mumbai, Maharashtra | 2.46 | 2.46 | 2.46 | Direct |
| 8 | Hearing Aids | Health | Mumbai, Maharashtra | 5 | 5 | 5 | Direct |
| 9 | St. Mary Convent School, Uran | Education | Uran, Raigarh, Maharashtra | 50 | 50 | 50 | Grant |
| 10 | International Foundation for Education & Research (Ashoka University) | Education | Haryana | 265 | 265 | 265 | Grant |
| 11 | Seva Mandir (Kaya Learning Centre) | Education | Udaipur, Rajasthan | 13 | 13 | 13 | Grant |
| 12 | Miscellaneous Expenses | Education | Mumbai, Maharashtra | 12.03 | 12.03 | 12.03 | Direct |
| | **Total** | | | **1059.88** | **1059.88** | **1059.88** | |

* The Company obtains approval of the Board of Directors for the total amount outlay of prescribed CSR expenditure (2% of average net profit of last three financial years) and not of the project/ programme-wise expenditure.

6. **In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report :** Not Applicable

We hereby state that implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors of
**Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

**Chandrashekhar Bhave**
Chairman of CSR Committee
DIN: 00059856

Place: Thane
Date: 5th May, 2018

# ANNEXURE VI

## INFORMATION REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

**Ratio of Remuneration of each Director to the median remuneration of all the employees of the Company for the financial year 2017-18 is as follows.**

| Name of Director | Remuneration (₹) | Sitting Fees (₹) | Commission (₹) | Ratio of remuneration of Director to the Median remuneration |
|---|---|---|---|---|
| Mr. Ignatius Navil Noronha | 45,599,859 | - | - | 203.36 |
| Mr. Ramakant Baheti | 10,410,960 | - | - | 46.43 |
| Mr. Elvin Machado | 6,872,124 | - | - | 30.65 |
| Mrs. Manjri Chandak | - | 526,500 | - | 2.35 |
| Mr. Ramesh Damani | - | 508,000 | 2,000,000 | 11.18 |
| Mr. Chandrashekhar Bhave | - | 508,000 | 2,000,000 | 11.18 |

Notes:
1. Remuneration comprises salary, allowances, Company's contribution to provident fund and taxable value of perquisites.
2. The median remuneration of the Company for all its employees is ₹ 224,233 for the financial year 2017-18. For calculation of median remuneration, the employee count taken is 4,548 which comprises employees who have served for whole of the financial year 2017-18.
3. The percentage increase in the median remuneration of employees other than managerial personnel in the financial year 2017-18 was 25.86%.
4. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 11% whereas the increase in the managerial remuneration for executive directors was 23.87%. The increases in remuneration are as per the policy of the Company.

**Details of percentage increase in the remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2017-18 are as follows**

| Name | Designation | Gross Remuneration (₹) | | | | | | Fix Increase/ (Decrease) (%) | Variable Increase/ (Decrease) (%) |
|---|---|---|---|---|---|---|---|---|---|
| | | 2016-17 | | | 2017-18 | | | | |
| | | Fix | Variable | Total | Fix | Variable | Total | | |
| Mr. Ignatius Navil Noronha | Managing Director & CEO | 34,772,899 | - | 34,772,899 | 45,599,859 | - | 45,599,859 | 31.14 | - |
| Mr. Ramakant Baheti | Whole-time Director & CFO | 7,770,000 | - | 7,770,000 | 10,410,960 | - | 10,410,960 | 33.99 | - |
| Mr. Elvin Machado | Whole-time Director | 5,326,285 | 1,440,000 | 6,766,285 | 5,672,124 | 1,200,000 | 6,872,124 | 6.49 | -16.67 |
| Mrs. Ashu Gupta | Company Secretary & Compliance Officer | 2,292,216 | - | 2,292,216 | 2,604,096 | - | 2,604,096 | 13.61 | - |
| Mrs. Manjri Chandak | Non- Executive Director | 575,000 | - | 575,000 | 526,500 | - | 526,500 | -8.43 | - |
| Mr. Ramesh Damani | Independent Director* | 575,000 | - | 575,000 | 508,000 | 2,000,000 | 2,508,000 | -11.65 | 100.00 |
| Mr. Chandrashekhar Bhave | Independent Director* | 460,000 | - | 460,000 | 508,000 | 2,000,000 | 2,508,000 | 10.43 | 100.00 |

*No commission was paid to Independent Directors during the financial year 2016-17.

Notes:
1. There was no employee whose remuneration was in excess of the remuneration of the highest paid Director during the financial year.
2. The number of permanent employees on the rolls of Company as on 31st March, 2018 was 6,113.
3. The remuneration is as per the Nomination and Remuneration Policy of the Company.

## ANNEXURE VII

## SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
For the Financial Year Ended 31st March, 2018

To,
The Members,
Avenue Supermarts Limited
Anjaneya CHS limited, Orchard Avenue,
Opp. Hiranandani Foundation School,
Powai, Mumbai – 400 076

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Avenue Supermarts Limited ("the Company") as given in Annexure-A for the financial year ended 31st March, 2018, according to the provisions of:

    (i) The Companies Act, 2013 ('the Act') and the rules made thereunder to the extent applicable;

    (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

    (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

    (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in the Company.

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

        a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

        b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

        c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

        d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

        e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the audit period under report:-

    a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

    b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

    c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

    d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

3. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in Annexure-B.

We have also examined compliance with the applicable clauses of Secretarial Standards-1 and 2 issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and during the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

## ANNEXURE VII

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors took place during the audit period under report.

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

None of the members have communicated dissenting views, in the matters / agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

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

We further report that during the year under report, the Company has obtained shareholders' approval to offer/ issue secured, rated, cumulative, redeemable non-convertible debentures up to an amount not exceeding ₹ 10,00,00,00,000/- (Rupees One Thousand Crore Only) by way of special resolution in the Seventeenth Annual General Meeting of the Company held on 6th September, 2017.

For Rathi & Associates
**Company Secretaries**

**Himanshu S. Kamdar**
Partner
FCS No. 5171
C.P. No. 3030

Place: Mumbai
Date: 30th April, 2018

# ANNEXURE VII

## Annexure-A

**List of documents verified**

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the financial year ended 31st March, 2017;
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Operations Committee held during the said audit period along with Attendance Register;
4. Minutes of Annual General Meeting held during the financial year under report;
5. Statutory Registers viz.
   - Register of Directors & Key Managerial Personnel and their Shareholding
   - Register of Contracts with Related Party and Contracts and Bodies etc. in which Directors' are interested
   - Register of loans, guarantees and security and acquisition made by the Company
   - Register of Charges
   - Register of Renewed and Duplicate Share Certificate.
   - Register of Debenture holders
6. Agenda papers submitted to all the Directors/members for the Board meeting and the Committee Meetings;
7. Declarations/ Disclosures received from the Directors/ Secretary of the Company pursuant to the provisions of 184, 164 and 149(7) of the Companies Act, 2013;
8. Intimations received from Directors and Designated Employees under the Internal Code for Prevention of Insider Trading;
9. e-Forms filed by the Company from time to time under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
10. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during year under report.
11. Various Policies made under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
12. Circular resolutions passed by the directors/ members during the said audit period under review.

## Annexure-B

**List of applicable laws to the Company Under the Major Group and Head**

- Consumer Protection Act, 1986
- Competition Act, 2002
- Indian Arbitration Act, 1999
- Essential Commodities Act
- Guard Board Act
- Shops and Establishment Act and Rules
- Companies Act, 2013 and Rules made thereunder
- Legal Metrology Act and Rules
- Food Safety Standards Act and Rules
- Negotiable Instruments Act, 1881
- Drugs and Cosmetics Act, 1940
- The Trademarks Act, 1999
- Indian Copyright Act, 1957
- Designs Act, 2000
- The Indian Patent Act, 1970
- Income Tax Act, 1961
- Value added Tax (Applicable till 30th June, 2017)
- Central Sales Tax (Applicable till 30th June, 2017)
- Central Excise Duty (Applicable till 30th June, 2017)
- Customs Duty,
- Indian Stamp Act and Stamp 1899 and stamp duties prescribed for respective states;
- Octroi, Entry Tax and any other state specific taxation as applicable;
- The Goods and Services Tax Act, 2017 (Applicable w.e.f. 1st July, 2017)
- Minimum Wages Act, 1948
- Employees State Insurance Act, 1948
- Payment of Bonus Act, 1985
- Payment of Gratuity Act, 1972
- Employee Provident Fund and Miscellaneous Provisions Act, 1952
- The Maternity Benefits Act, 1961
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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ANNEXURE VIII

## FORM NO. MGT - 9

**Extract of Annual Return as on Financial Year Ended on 31st March, 2018**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

| | |
|---|---|
| CIN | L51900MH2000PLC126473 |
| Registration Date | 12th May, 2000 |
| Name of the Company | Avenue Supermarts Limited |
| Category / Sub-Category of the Company | Company Limited by shares/ Indian Non-Government Company |
| Address of the Registered office and contact details | Anjaneya CHS Ltd, Orchard Avenue,<br>Opp. Hiranandani Foundation School, Powai, Mumbai – 400 076<br>Tel No.: +91-22-4049 6500<br>Fax No.: +91-22-4049 6503 |
| Whether listed company | Yes (w.e f. 21st March, 2017) |
| Name, Address and Contact details of Registrar and Transfer Agent, if any: | Link Intime India Pvt. Ltd.<br>C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai – 400 083, Maharashtra, India<br>Tel No.: +91-22-4918 6270<br>Fax No.: +91-22-4918 6060 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company is as stated:

| Sr. No. | Name and Description of Main Products/Services | NIC Code of the Product/service | % to Total Turnover of the Company |
|---|---|---|---|
| 1. | Retail Trade | 47 (Retail Trade, except of motor vehicles and motorcycles) | 100% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr.No. | Name and address of the Company | CIN / GLN | Holding/ subsidiary/ associate | % of shares held | Applicable section |
|---|---|---|---|---|---|
| 1. | Avenue Food Plaza Pvt. Ltd.<br>Anjaneya CHS Ltd, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai – 400 076 | U55200MH2004PTC146827 | Wholly-owned Subsidiary | 100% | 2(87) of the Companies Act, 2013 |
| 2. | Align Retail Trades Pvt. Ltd.<br>Plot No. C-40, TTC Industrial Area, Village Pawane, Thane Belapur Road,Navi Mumbai - 400 705 | U52190MH2006PTC164826 | Wholly-owned Subsidiary | 100% | 2(87) of the Companies Act, 2013 |
| 3. | Nahar Seth & Jogani Developers Pvt. Ltd.<br>903, Dalamal House, 206, J.B.Marg, Nariman Point, Mumbai-400 021 | U45201MH2014PTC253497 | Subsidiary | 90% | 2(87) of the Companies Act, 2013 |
| 4. | Avenue E-Commerce Ltd.<br>Anjaneya CHS Ltd, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai – 400 076 | U74120MH2014PLC259234 | Subsidiary | 99.66% | 2(87) of the Companies Act, 2013 |

# ANNEXURE VIII

## IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

### i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | | | | | | | | | |
| Promoters | 334,160,000 | - | 334,160,000 | 53.54 | 334,160,000 | - | 334,160,000 | 53.54 | - |
| Promoters Group | 110,000 | - | 110,000 | 0.02 | 110,000 | - | 110,000 | 0.02 | - |
| b) Central Government | - | - | - | - | - | - | - | - | - |
| c) State Government (s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 88,750,000 | | 88,750,000 | 14.22 | 88,750,000 | | 88,750,000 | 14.22 | |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other (Trust) | 90,000,000 | - | 90,000,000 | 14.42 | 90,000,000 | - | 90,000,000 | 14.42 | - |
| **Sub-total(A)(1):** | **513,020,000** | **-** | **513,020,000** | **82.20** | **513,020,000** | **-** | **513,020,000** | **82.20** | **-** |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A)(2):** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Total shareholding of Promoter (A) =(A)(1)+(A)(2) | 513,020,000 | - | 513,020,000 | 82.20 | 513,020,000 | - | 513,020,000 | 82.20 | - |
| **B. Public Shareholding** | | | | | | | | | |
| (1) Institutions | - | - | - | - | | | | | |
| a) Mutual Funds | 19,257,784 | - | 19,257,784 | 3.09 | 20,965,301 | - | 20,965,301 | 3.36 | 0.27 |
| b) Banks / FI | 25,921 | - | 25,921 | 0.00 | 111,472 | - | 111,472 | 0.02 | 0.02 |
| c) Central Government | - | - | - | - | - | - | - | - | - |
| d) State Government (s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs/Foreign portfolio investor | 26,965,789 | - | 26,965,789 | 4.32 | 23,409,047 | | 23,409,047 | 3.75 | (0.57) |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Others (specify) | | | | | | | | | |
| Alternate Investment Funds | - | - | - | - | 810,824 | - | 810,824 | 0.13 | 0.13 |
| **Sub-total (B)(1):** | **46,249,494** | **-** | **46,249,494** | **7.41** | **45,296,644** | **-** | **45,296,644** | **7.26** | **(0.15)** |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | - | | | | | | | | |
| i) Indian | 4,359,716 | 100,000 | 4,459,716 | 0.71 | 3,041,217 | 100,000 | 3,141,217 | 0.50 | (0.21) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 7,835,755 | 4,446,450 | 12,282,205 | 1.96 | 13,870,844 | 1,401,784 | 15,272,628 | 2.45 | 0.49 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 12,166,732 | 33,548,405 | 45,715,137 | 7.33 | 24,469,338 | 21,006,090 | 45,475,428 | 7.29 | (0.04) |
| c) Others (specify) | - | | | | | | | | |
| Trust | 165,935 | 0 | 165,935 | 0.03 | 31,686 | - | 31,686 | 0.01 | (0.02) |
| Foreign Nationals | 250 | 0 | 250 | 0.00 | - | - | - | - | 0.00 |
| Hindu Undivided Family | 698,667 | 10,000 | 708,667 | 0.11 | 786,065 | 10,000 | 796,065 | 0.13 | 0.02 |
| Non Resident Indians (Non Repat) | 54,285 | 0 | 54,285 | 0.01 | 162,950 | - | 162,950 | 0.03 | 0.02 |
| Non Resident Indians (Repat) | 214,287 | 0 | 214,287 | 0.03 | 346,917 | - | 346,917 | 0.06 | 0.03 |
| Foreign Portfolio Investor (Individual) | 385 | 0 | 385 | 0.00 | 83 | - | 83 | 0.00 | 0.00 |
| Clearing Member | 1,214,125 | 0 | 1,214,125 | 0.19 | 540,868 | - | 540,868 | 0.09 | (0.10) |
| **Sub-total(B)(2):** | **26,710,137** | **38,104,855** | **64,814,992** | **10.38** | **43,249,968** | **22,517,874** | **65,767,842** | **10.54** | **0.16** |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 72,959,631 | 38,104,855 | 111,064,486 | 17.80 | 88,546,612 | 22,517,874 | 111,064,486 | 17.80 | 0.00 |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| Grand Total(A+B+C) | 585,979,631 | 38,104,855 | 624,084,486 | 100.00 | 601,566,612 | 22,517,874 | 624,084,486 | 100.00 | 0.00 |

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# ANNEXURE VIII

## ii. Shareholding of Promoters and Promoters Group

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (01.04.2017) | | | Shareholding at the end of the year (31.03.2018) | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1. | Radhakishan S. Damani | 245,930,000 | 39.41 | - | 245,930,000 | 39.41 | - | - |
| 2. | Gopikishan S. Damani | 50,980,000 | 8.17 | - | 50,980,000 | 8.17 | - | - |
| 3. | Shrikantadevi R. Damani | 22,250,000 | 3.57 | - | 22,250,000 | 3.57 | - | - |
| 4. | Kirandevi G.Damani | 15,000,000 | 2.40 | - | 15,000,000 | 2.40 | - | - |
| 5. | Bright Star Investments Pvt. Ltd. | 88,750,000 | 14.22 | - | 88,750,000 | 14.22 | - | - |
| 6. | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Royal Palm Pvt Beneficiary Trust) | 18,000,000 | 2.88 | - | 18,000,000 | 2.88 | - | - |
| 7. | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Bottle Palm Pvt Beneficiary Trust) | 18,000,000 | 2.88 | - | 18,000,000 | 2.88 | - | - |
| 8. | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Mountain Glory Private Beneficiary Trust) | 18,000,000 | 2.88 | - | 18,000,000 | 2.88 | - | - |
| 9. | Mr. Gopikishan S. Damani And Mr. Radhakishan S. Damani (Holding shares on behalf of Gulmohar Private Beneficiary Trust) | 18,000,000 | 2.88 | - | 18,000,000 | 2.88 | - | - |
| 10. | Mr. Gopikishan S. Damani And Mr. Radhakishan S. Damani (Holding shares on behalf of Karnikar Pvt Beneficiary Trust) | 18,000,000 | 2.88 | - | 18,000,000 | 2.88 | - | - |
| 11. | Rukmanidevi Mohanlal Bagri (Promoter Group) | 100,000 | 0.02 | - | 100,000 | 0.02 | - | - |
| 12. | Chanda Chandak (Promoter Group) | 10,000 | 0.00 | - | 10,000 | 0.00 | - | - |
| | **Total** | **513,020,000** | **82.20** | **-** | **513,020,000** | **82.20** | **-** | **-** |

## iii. Change in Promoter and Promoter group Shareholding

| Sr. No. | Name of the Promoters | Shareholding at the beginning of the year (01.04.2017) | | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | Radhakishan S. Damani | 245,930,000 | 39.41 | 245,930,000 | 39.41 |
| 2 | Gopikishan S. Damani | 50,980,000 | 8.17 | 50,980,000 | 8.17 |
| 3 | Shrikantadevi R. Damani | 22,250,000 | 3.57 | 22,250,000 | 3.57 |
| 4 | Kirandevi G. Damani | 15,000,000 | 2.40 | 15,000,000 | 2.40 |
| 5 | Bright Star Investments Pvt. Ltd. | 88,750,000 | 14.22 | 88,750,000 | 14.22 |
| 6 | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Royal Palm Pvt Beneficiary Trust) | 18,000,000 | 2.88 | 18,000,000 | 2.88 |
| 7 | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Bottle Palm Pvt Beneficiary Trust) | 18,000,000 | 2.88 | 18,000,000 | 2.88 |
| 8 | Mr. Radhakishan S. Damani And Mrs. Shrikantadevi Damani (Holding shares on behalf of Mountain Glory Private Beneficiary Trust) | 18,000,000 | 2.88 | 18,000,000 | 2.88 |
| 9 | Mr. Gopikishan S. Damani And Mr. Radhakishan S. Damani (Holding shares on behalf of Gulmohar Private Beneficiary Trust) | 18,000,000 | 2.88 | 18,000,000 | 2.88 |
| 10 | Mr. Gopikishan S. Damani And Mr. Radhakishan S. Damani (Holding shares on behalf of Karnikar Pvt Beneficiary Trust) | 18,000,000 | 2.88 | 18,000,000 | 2.88 |
| 11 | Rukmanidevi Mohanlal Bagri (Promoter Group) | 100,000 | 0.02 | 100,000 | 0.02 |
| 12 | Chanda Chandak (Promoter Group) | 10,000 | 0.00 | 10,000 | 0.00 |

Note: There is no change in the shareholding of the Promoter and Promoter Group during the financial year 2017-18.

## ANNEXURE VIII

### iv. Shareholding Pattern of Top Ten Shareholders (other than Directors, promoters and holders of GDRs and ADRs)

| Sr. No | Name of the Top Ten Shareholders | Shareholding at the beginning of the year (01.04.2017) | | Date | Net Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | Hdfc Trustee Company Limited-HDFC Equity Fund | 8,388,736 | 1.34 | 07 Apr 2017 | 662,164 | Market purchase and sell | 9,050,900 | 1.45 |
| | | | | 14 Apr 2017 | 140,000 | | 9,190,900 | 1.47 |
| | | | | 21 Apr 2017 | (172,936) | | 9,017,964 | 1.45 |
| | | | | 09 Jun 2017 | 323,000 | | 9,340,964 | 1.50 |
| | | | | 16 Jun 2017 | 233,000 | | 9,573,964 | 1.53 |
| | | | | 23 Jun 2017 | (28,850) | | 9,545,114 | 1.53 |
| | | | | 04 Aug 2017 | (500,000) | | 9,045,114 | 1.45 |
| | | | | 11 Aug 2017 | (185,000) | | 8,860,114 | 1.42 |
| | | | | 08 Sep 2017 | (335,000) | | 8,525,114 | 1.37 |
| | | | | 22 Sep 2017 | (15,000) | | 8,510,114 | 1.36 |
| | | | | 29 Sep 2017 | (285,000) | | 8,225,114 | 1.32 |
| | | | | 06 Oct 2017 | 95,000 | | 8,320,114 | 1.33 |
| | | | | 20 Oct 2017 | (414,000) | | 7,906,114 | 1.27 |
| | | | | 27 Oct 2017 | (125,000) | | 7,781,114 | 1.25 |
| | | | | 10 Nov 2017 | 84,000 | | 7,865,114 | 1.26 |
| | | | | 17 Nov 2017 | 59,000 | | 7,924,114 | 1.27 |
| | | | | 24 Nov 2017 | (120,000) | | 7,804,114 | 1.25 |
| | | | | 23 Feb 2018 | 39,875 | | 7,843,989 | 1.26 |
| | | | | 02 Mar 2018 | 41,883 | | 7,885,872 | 1.26 |
| | | | | 09 Mar 2018 | (135,000) | | 7,750,872 | 1.24 |
| 2 | Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund | 501,937 | 0.08 | 14 Apr 2017 | 589,902 | Market purchase and sell | 1,091,839 | 0.18 |
| | | | | 21 Apr 2017 | 1,425,038 | | 2,516,877 | 0.40 |
| | | | | 28 Apr 2017 | 711,348 | | 3,228,225 | 0.52 |
| | | | | 05 May 2017 | 737,519 | | 3,965,744 | 0.64 |
| | | | | 12 May 2017 | 493,600 | | 4,459,344 | 0.71 |
| | | | | 26 May 2017 | 112,000 | | 4,571,344 | 0.73 |
| | | | | 02 Jun 2017 | 140,736 | | 4,712,080 | 0.76 |
| | | | | 09 Jun 2017 | (20,000) | | 4,692,080 | 0.75 |
| | | | | 16 Jun 2017 | 157,893 | | 4,849,973 | 0.78 |
| | | | | 23 Jun 2017 | 200,000 | | 5,049,973 | 0.81 |
| | | | | 30 Jun 2017 | 49,950 | | 5,099,923 | 0.82 |
| | | | | 07 Jul 2017 | 442,050 | | 5,541,973 | 0.89 |
| | | | | 14 Jul 2017 | 92,600 | | 5,634,573 | 0.90 |
| | | | | 21 Jul 2017 | 140,000 | | 5,774,573 | 0.93 |
| | | | | 28 Jul 2017 | 343,000 | | 6,117,573 | 0.98 |
| | | | | 11 Aug 2017 | 252,192 | | 6,369,765 | 1.02 |
| | | | | 18 Aug 2017 | 57,000 | | 6,426,765 | 1.03 |
| | | | | 25 Aug 2017 | (3,800) | | 6,422,965 | 1.03 |
| | | | | 01 Sep 2017 | (3,900) | | 6,419,065 | 1.03 |
| | | | | 08 Sep 2017 | (222,198) | | 6,196,867 | 0.99 |
| | | | | 15 Sep 2017 | (8,370) | | 6,188,497 | 0.99 |
| | | | | 22 Sep 2017 | (32,879) | | 6,155,618 | 0.99 |
| | | | | 29 Sep 2017 | (31,547) | | 6,124,071 | 0.98 |
| | | | | 13 Oct 2017 | 305,000 | | 6,429,071 | 1.03 |
| | | | | 20 Oct 2017 | (580,000) | | 5,849,071 | 0.94 |
| | | | | 27 Oct 2017 | 175,500 | | 6,024,571 | 0.97 |
| | | | | 03 Nov 2017 | 120,000 | | 6,144,571 | 0.98 |
| | | | | 17 Nov 2017 | (8,300) | | 6,136,271 | 0.98 |
| | | | | 24 Nov 2017 | 107,800 | | 6,244,071 | 1.00 |
| | | | | 01 Dec 2017 | 53,700 | | 6,297,771 | 1.01 |

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## ANNEXURE VIII

| Sr. No | Name of the Top Ten Shareholders | Shareholding at the beginning of the year (01.04.2017) | | Date | Net Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | 08 Dec 2017 | (3,760,000) | Market purchase and sell | 2,537,771 | 0.41 |
| | | | | 15 Dec 2017 | 3,600,000 | | 6,137,771 | 0.98 |
| | | | | 22 Dec 2017 | 890,000 | | 7,027,771 | 1.13 |
| | | | | 29 Dec 2017 | 100,000 | | 7,127,771 | 1.14 |
| | | | | 05 Jan 2018 | 100,000 | | 7,227,771 | 1.16 |
| | | | | 19 Jan 2018 | (25,200) | | 7,202,571 | 1.15 |
| | | | | 02 Feb 2018 | 285,000 | | 7,487,571 | 1.20 |
| | | | | 16 Feb 2018 | 20,000 | | 7,507,571 | 1.20 |
| | | | | 23 Feb 2018 | 199,891 | | 7,707,462 | 1.24 |
| | | | | 02 Mar 2018 | 128,077 | | 7,835,539 | 1.26 |
| | | | | 09 Mar 2018 | (9,395) | | 7,826,144 | 1.25 |
| | | | | 16 Mar 2018 | (91,047) | | 7,735,097 | 1.24 |
| | | | | 23 Mar 2018 | (432,000) | | 7,303,097 | 1.17 |
| | | | | 31 Mar 2018 | 75,000 | | 4,164,246 | 0.67 |
| 3 | Nomura India Investment Fund Mother Fund | 4,164,246 | 0.67 | 14 Apr 2017 | (250,000) | Market purchase and sell | 3,914,246 | 0.63 |
| | | | | 28 Apr 2017 | 341,982 | | 4,256,228 | 0.68 |
| | | | | 19 May 2017 | 49,849 | | 4,306,077 | 0.69 |
| | | | | 26 May 2017 | 100,000 | | 4,406,077 | 0.71 |
| | | | | 02 Jun 2017 | 130,000 | | 4,536,077 | 0.73 |
| | | | | 23 Jun 2017 | 40,000 | | 4,576,077 | 0.73 |
| | | | | 30 Jun 2017 | 76,635 | | 4,652,712 | 0.75 |
| | | | | 28 Jul 2017 | 396,988 | | 5,049,700 | 0.81 |
| | | | | 04 Aug 2017 | 167,760 | | 5,217,460 | 0.84 |
| | | | | 11 Aug 2017 | 400,000 | | 5,617,460 | 0.90 |
| | | | | 18 Aug 2017 | 78,411 | | 5,695,871 | 0.91 |
| 4 | Icici Prudential Focused Bluechip Equity Fund | 3,339,169 | 0.54 | 21 Apr 2017 | 910,767 | Market purchase and sell | 4,249,936 | 0.68 |
| | | | | 28 Apr 2017 | (180,247) | | 4,069,689 | 0.65 |
| | | | | 05 May 2017 | (95,611) | | 3,974,078 | 0.64 |
| | | | | 12 May 2017 | 300,763 | | 4,274,841 | 0.69 |
| | | | | 19 May 2017 | 60,157 | | 4,334,998 | 0.69 |
| | | | | 26 May 2017 | 576,249 | | 4,911,247 | 0.79 |
| | | | | 16 Jun 2017 | (26,204) | | 4,885,043 | 0.78 |
| | | | | 07 Jul 2017 | (698,980) | | 4,186,063 | 0.67 |
| | | | | 14 Jul 2017 | (570,766) | | 3,615,297 | 0.58 |
| | | | | 21 Jul 2017 | (61,656) | | 3,553,641 | 0.57 |
| | | | | 28 Jul 2017 | (390,066) | | 3,163,575 | 0.51 |
| | | | | 01 Sep 2017 | (188,855) | | 2,974,720 | 0.48 |
| | | | | 06 Oct 2017 | 10,920 | | 2,985,640 | 0.48 |
| | | | | 13 Oct 2017 | 515 | | 2,986,155 | 0.48 |
| | | | | 20 Oct 2017 | 72 | | 2,986,227 | 0.48 |
| | | | | 27 Oct 2017 | 40 | | 2,986,267 | 0.48 |
| | | | | 03 Nov 2017 | 66 | | 2,986,333 | 0.48 |
| | | | | 10 Nov 2017 | 202 | | 2,986,535 | 0.48 |
| | | | | 17 Nov 2017 | 262 | | 2,986,797 | 0.48 |
| | | | | 24 Nov 2017 | 394 | | 2,987,191 | 0.48 |
| | | | | 01 Dec 2017 | 357 | | 2,987,548 | 0.48 |
| | | | | 08 Dec 2017 | 742 | | 2,988,290 | 0.48 |
| | | | | 15 Dec 2017 | 255 | | 2,988,545 | 0.48 |
| | | | | 22 Dec 2017 | 337 | | 2,988,882 | 0.48 |
| | | | | 29 Dec 2017 | 122,318 | | 3,111,200 | 0.50 |
| | | | | 05 Jan 2018 | 30,854 | | 3,142,054 | 0.50 |

## ANNEXURE VIII

| Sr. No | Name of the Top Ten Shareholders | Shareholding at the beginning of the year (01.04.2017) | | Date | Net Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| | | | | 12 Jan 2018 | 517 | Market purchase and sell | 3,142,571 | 0.50 |
| | | | | 19 Jan 2018 | 156 | | 3,142,727 | 0.50 |
| | | | | 26 Jan 2018 | 390 | | 3,143,117 | 0.50 |
| | | | | 02 Feb 2018 | (281,416) | | 2,861,701 | 0.46 |
| | | | | 09 Feb 2018 | 51,662 | | 2,913,363 | 0.47 |
| | | | | 16 Feb 2018 | 609 | | 2,913,972 | 0.47 |
| | | | | 23 Feb 2018 | 260 | | 2,914,232 | 0.47 |
| | | | | 02 Mar 2018 | (43,988) | | 2,870,244 | 0.46 |
| | | | | 09 Mar 2018 | (80,948) | | 2,789,296 | 0.45 |
| | | | | 16 Mar 2018 | (21,823) | | 2,767,473 | 0.44 |
| | | | | 23 Mar 2018 | (55,068) | | 2,712,405 | 0.43 |
| | | | | 31 Mar 2018 | 299 | | 2,712,704 | 0.43 |
| 5 | Valiant Mauritius Partners Offshore Limited | 2,174,724 | 0.35 | 26 May 2017 | 119,135 | Market purchase and sell | 2,293,859 | 0.37 |
| | | | | 21 Jul 2017 | (71,307) | | 2,222,552 | 0.36 |
| | | | | 28 Jul 2017 | (80,929) | | 2,141,623 | 0.34 |
| | | | | 06 Oct 2017 | (85,500) | | 2,056,123 | 0.33 |
| | | | | 13 Oct 2017 | (359,600) | | 1,696,523 | 0.27 |
| | | | | 26 Jan 2018 | 35,757 | | 1,732,280 | 0.28 |
| 6 | The Nomura Trust And Banking Co., Ltd as the Trustee of Nomura India Stock Mother Fund | 780,066 | 0.13 | 14 Apr 2017 | (25,000) | Market purchase and sell | 755,066 | 0.12 |
| | | | | 28 Apr 2017 | 100,823 | | 855,889 | 0.14 |
| | | | | 05 May 2017 | 101,180 | | 957,069 | 0.15 |
| | | | | 19 May 2017 | 131,798 | | 1,088,867 | 0.17 |
| | | | | 26 May 2017 | 218,447 | | 1,307,314 | 0.21 |
| | | | | 04 Aug 2017 | 78,000 | | 1,385,314 | 0.22 |
| | | | | 11 Aug 2017 | 100,000 | | 1,485,314 | 0.24 |
| 7 | New World Fund Inc | 1,389,230 | 0.22 | No change | | | 1,389,230 | 0.22 |
| 8 | Dsp Blackrock Equity & Bond Fund | 597,719 | 0.10 | 14 Apr 2017 | 232,583 | Market purchase and sell | 830,302 | 0.13 |
| | | | | 21 Apr 2017 | 455,400 | | 1,285,702 | 0.21 |
| | | | | 05 May 2017 | 46,865 | | 1,332,567 | 0.21 |
| | | | | 19 May 2017 | 100,000 | | 1,432,567 | 0.23 |
| | | | | 26 May 2017 | 7,225 | | 1,439,792 | 0.23 |
| | | | | 21 Jul 2017 | (15,269) | | 1,424,523 | 0.23 |
| | | | | 04 Aug 2017 | (484) | | 1,424,039 | 0.23 |
| | | | | 22 Sep 2017 | (567) | | 1,423,472 | 0.23 |
| | | | | 29 Sep 2017 | (136,086) | | 1,287,386 | 0.21 |
| | | | | 20 Oct 2017 | (194,871) | | 1,092,515 | 0.18 |
| | | | | 17 Nov 2017 | (29,464) | | 1,063,051 | 0.17 |
| | | | | 24 Nov 2017 | (14,752) | | 1,048,299 | 0.17 |
| | | | | 08 Dec 2017 | 96,887 | | 1,145,186 | 0.18 |
| | | | | 15 Dec 2017 | (262) | | 1,144,924 | 0.18 |
| | | | | 05 Jan 2018 | (28,630) | | 1,116,294 | 0.18 |
| | | | | 19 Jan 2018 | (5,518) | | 1,110,776 | 0.18 |
| | | | | 26 Jan 2018 | (14,550) | | 1,096,226 | 0.18 |
| | | | | 23 Feb 2018 | 7,085 | | 1,103,311 | 0.18 |
| | | | | 02 Mar 2018 | (170,622) | | 932,689 | 0.15 |
| | | | | 09 Mar 2018 | (160,082) | | 772,607 | 0.12 |
| | | | | 16 Mar 2018 | 95,145 | | 867,752 | 0.14 |
| | | | | 23 Mar 2018 | 467,264 | | 1,335,016 | 0.21 |
| | | | | 31 Mar 2018 | (87,973) | | 1,247,043 | 0.20 |
| 9 | Valiant Mauritius Partners Limited | 1,632,198 | 0.26 | 26 May 2017 | 86,536 | Market purchase and sell | 1,718,734 | 0.28 |
| | | | | 21 Jul 2017 | (94,415) | | 1,624,319 | 0.26 |
| | | | | 28 Jul 2017 | (104,071) | | 1,520,248 | 0.24 |
| | | | | 06 Oct 2017 | (60,000) | | 1,460,248 | 0.23 |
| | | | | 13 Oct 2017 | (256,500) | | 1,203,748 | 0.19 |
| | | | | 26 Jan 2018 | (35,757) | | 1,167,991 | 0.19 |

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## ANNEXURE VIII

| Sr. No | Name of the Top Ten Shareholders | Shareholding at the beginning of the year (01.04.2017) | | Date | Net Increase/ (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 10 | Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds | 0 | 0.00 | 15 Sep 2017 | 6,066 | Market purchase and sell | 6,066 | 0.00 |
| | | | | 22 Sep 2017 | 122,299 | | 128,365 | 0.02 |
| | | | | 29 Sep 2017 | 89,677 | | 218,042 | 0.03 |
| | | | | 6 Oct 2017 | 40,445 | | 258,487 | 0.04 |
| | | | | 13 Oct 2017 | 26,689 | | 285,176 | 0.05 |
| | | | | 20 Oct 2017 | 196,938 | | 482,114 | 0.08 |
| | | | | 27 Oct 2017 | 201,881 | | 683,995 | 0.11 |
| | | | | 17 Nov 2017 | 43,098 | | 727,093 | 0.12 |
| | | | | 24 Nov 2017 | 57,819 | | 784,912 | 0.13 |
| | | | | 22 Dec 2017 | (1,300) | | 783,612 | 0.13 |
| | | | | 12 Jan 2018 | 105,420 | | 889,032 | 0.14 |
| | | | | 19 Jan 2018 | 47,461 | | 936,493 | 0.15 |
| | | | | 26 Jan 2018 | 5,454 | | 941,947 | 0.15 |
| | | | | 02 Feb 2018 | 4,200 | | 946,147 | 0.15 |
| | | | | 31 Mar 2018 | (4,750) | | 941,397 | 0.15 |

Note: The details of holding have been clubbed based on PAN.

### v. Shareholding of Directors and Key Managerial Personnel

| Sr. No. | For each of the Directors and KMP | Shareholding at the beginning of the year (01.04.2017) | | Cumulative Shareholding during the year (01.04.2017 to 31.03.2018) | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1. | Mr. Ramesh S. Damani | 100,000 | 0.02 | 100,000 | 0.02 |
| 2. | Mr. Chandrashekhar Bhave | 0 | 0 | 0 | 0 |
| 3. | Mr. Ignatius Noronha | 13,700,000 | 2.19 | 13,700,000 | 2.19 |
| 4. | Mr. Ramakant Baheti | 3,175,000 | 0.50 | 3,175,000 | 0.50 |
| 5. | Mr. Elvin Machado | 411,400 | 0.06 | 411,400 | 0.06 |
| 6. | Ms. Manjri Chandak | 0 | 0 | 0 | 0 |
| 7. | Mrs. Ashu Gupta | 100,000 | 0.02 | 100,000 | 0.02 |

Note: There is no change in the shareholding of the Directors and Key Managerial Personnel during the financial year 2017-18.

## ANNEXURE VIII

## V. INDEBTEDNESS

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

(₹ in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 148,112.91 | - | - | 148,112.91 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 3,718.40 | - | - | 3,718.40 |
| **Total (i+ii+iii)** | **151,831.31** | **-** | **-** | **151,831.31** |
| **Change in Indebtedness during the financial year** | | | | - |
| - Addition (Principal) | 725.39 | - | - | 725.39 |
| - Reduction (Principal) | (104,912.91) | - | - | (104,912.91) |
| **Net Change** | **(104,187.52)** | **-** | **-** | **(104,187.52)** |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 43,925.39 | - | - | 43,925.39 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 1,675.13 | - | - | 1,675.13 |
| **Total (i+ii+iii)** | **45,600.52** | **-** | **-** | **45,600.52** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

| Sr. No. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount |
|---|---|---|---|---|---|
| | | Mr. Ignatius Navil Noronha - Managing Director & CEO | Mr. Ramakant Baheti - Whole-Time Director & CFO | Mr. Elvin Machado - Whole-Time Director | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 43,800,000 | 10,020,000 | 6,658,344 | 60,478,344 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 18,000 | - | - | 18,000 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others -Employers Contribution to Provident Fund | 1,781,859 | 390,960 | 213,780 | 2,386,599 |
| | **Total (A)** | **45,599,859** | **10,410,960** | **6,872,124** | **62,882,943** |
| | Ceiling as per the Act* | | | | |

* Remuneration paid to the Managing Director and Whole-time Director is within the ceiling provided under Section 197 of the Companies Act, 2013.

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## ANNEXURE VIII

### B. Remuneration to Other Directors

(Amount in ₹)

| Sr. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---|---|---|---|---|
| 1. | Independent Directors | **Mr. Chandrashekhar Bhave** | **Mr. Ramesh Damani** | |
| | (a) Fee for attending Board / Committee Meetings | 508,000 | 508,000 | 1,016,000 |
| | (b) Commission | 2,000,000 | 2,000,000 | 4,000,000 |
| | (c) Others, please specify | - | - | - |
| | **Total (1)** | **2,508,000** | **2,508,000** | **5,016,000** |
| 2. | Other Non-Executive Directors | **Mrs. Manjri Chandak** | | |
| | (a) Fee for attending Board / Committee Meetings | 526,500 | | 526,500 |
| | (b) Commission | - | | - |
| | (c) Others, please specify | - | | - |
| | **Total (2)** | **526,500** | | **526,500** |
| | **Total B = (1+2)** | **5,542,500** | | |
| | **Managerial Remuneration (Total A+B)** | **68,425,443** | | |
| | Overall Ceiling as per the Act | ₹ 13,248.10 lakhs (being 11% of Net Profit of the Company calculated as per section 198 of the Companies Act, 2013) | | |

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

(in ₹)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Ashu Gupta, Company Secretary | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 2,503,200 | - | 2,503,200 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please Specify (Employer Contribution to Provident Fund ) | - | 100,896 | - | 100,896 |
| | **Total** | | **2,604,096** | | **2,604,096** |

*CEO and CFO remuneration are already reported in Para VI A above, as two directors are managing both the profiles additionally.

# ANNEXURE VIII

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **B. Directors** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| **C. Other Officers in Default** | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of the Board of Directors of
**Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

**Ramakant Baheti**
Whole-time Director & CFO
DIN: 00246480

Place: Thane
Date: 5th May, 2018

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# ANNEXURE IX

## DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

### (A) Conservation of energy

| | |
|---|---|
| Steps taken or impact on conservation of energy | The operations of your Company are not energy intensive; however, adequate measures have been taken by the Company in new and existing stores, wherever feasible to reduce energy consumption. Some of these initiatives are:<br>● Obtaining green building certificate from IGBC (Indian Green Building Council) for the new projects. A Green Building is one which uses less water, optimizes energy efficiency, conserves natural resources, generates less waste and provides healthier spaces for occupants, as compared to a conventional building.<br>● Implementation of Rainwater Harvesting for the new projects of the Company.<br>● Usage of China Mosaic (white color) as finishing material on the Rooftops which helps in reflecting the heat back to the surrounding, thereby reducing heat ingress / heat island effect (lowering energy consumption for cooling purposes).<br>● Installation of Rooftop Solar Plants for the upcoming projects has been initiated, based on the feasibility of the project. The energy consumption from conventional sources has been reduced by 10 to 30% as a result of the aforesaid initiative.<br>● Water-efficient fixtures installed at new stores, which consumes less water (thereby reducing water wastage). These efficient products consume 30-40% lesser water than standard ones. Company uses AAC blocks in construction.<br>● Sewage Treatment plants have been installed at stores to reduce load on municipal consumption / demand. Treated wastewater is used for flushing purposes. This helps in substantial reduction of water requirement in the project.<br>● AAC blocks use fly ash (adds to recycled content and replaces use of virgin materials which have high embodied energy; due to extraction, processing and transportation). Fly ash is a waste product of thermal power plants. It also has a very good thermal resistance (thereby reducing heat ingress). AAC blocks qualify as a sustainable building product / material due to high recycled content present in it.<br>● Organic waste management system (wet waste tumbler / bin) is installed at some of the stores / site / project. |
| Steps taken by the company for utilising alternate sources of energy | ● All efforts are made to use more natural lights in office/store premises to optimize the consumption of energy.<br>● Efficient Building Envelope + Equipments / Appliances are being used.<br>● Insulated Roof (thermocol insulation, china mosaic tiles; AAC blocks, which have good insulating property and lesser WWR i.e. Window to Wall Ratio) have helped in reducing energy consumption and making the building more energy efficient. LED lights as well as energy efficient air-conditioning system along with rooftop solar installation have helped project achieve 20% - 30% better energy performance than conventional buildings. |
| Capital investment on energy conservation equipment | ₹ 32,439,859 |

### (B) Technology absorption:

| | |
|---|---|
| Efforts made towards technology absorption | N.A |
| Benefits derived like product improvement, cost reduction, product development or import substitution | N.A |
| In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): | |
| Details of technology imported | N.A |
| Year of import | N.A |
| Whether the technology has been fully absorbed | N.A |
| If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | N.A |
| Expenditure incurred on Research and Development | Nil |

### (C) Foreign exchange earnings and Outgo

( ₹ in Lakhs)

| Particulars | Financial year 2017-18 | Financial year 2016-17 |
|---|---|---|
| Actual Foreign Exchange earnings | NIL | NIL |
| Actual Foreign Exchange outgo | 40,106.05 | 27,992.67 |

# Corporate Governance Report

## 1. CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially the management of an organisation's activities in accordance with policies that are value-accretive for all stakeholders. At DMart (ASL), the Management strongly believes in fostering a governance philosophy that is committed to maintaining accountability, transparency and responsibility, which are integral to the Company's day-to-day operations.

In order to keep up the highest level of standards regarding Corporate Governance and Disclosures, the Management has instituted several committees that oversee various aspects of the organisation's administration. Formed in accordance with the Companies Act 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') the Committees inspect and resolve issues that may arise from time to time within the Company.

A well-informed Board is an important facet of responsible behavior. On a regular basis, the Board members of the Company are apprised of all the vital issues that it comes across and the remedial actions taken in this regard. Through this robust Corporate Governance mechanism that interlinks values, ethics and positive culture, the Company aims to achieve long-term sustainability.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company comprises six Directors, of which three are Executive Directors, one Non-executive Woman Director and two Independent Directors. All members of the Board are eminent persons with considerable professional expertise and experience. The Board consists of a balanced combination of Executive Directors and Independent Directors in accordance with the requirements of the Companies Act, 2013; and the same is in compliance with the requirements of Regulation 17 of the Listing Regulations. The Chairman of the Company is an Independent Director.

The Company has in place a succession plan for the Board of Directors and Senior Management of the Company.

The names and categories of Directors and the number of Directorships / Chairmanships and Memberships held by them in other public limited companies as on 31st March, 2018 is given below:

| Name of Directors | Category | No. of Other Directorships and Committee Chairmanship(s) / Membership(s) | | |
|---|---|---|---|---|
| | | *Directorships | #Chairmanships | #Memberships |
| Mr. Ramesh Damani (DIN: 00304347) | Chairman, Non-Executive, Independent Director | 1 | 1 | 1 |
| Mr. Chandrashekhar Bhave (DIN: 00059856) | Non-Executive, Independent Director | 1 | 1 | - |
| Mr. Ignatius Navil Noronha (DIN: 01787989) | Executive Director | 1 | - | 0 |
| Mr. Ramakant Baheti (DIN: 00246480) | Executive Director | 1 | 0 | 1 |
| Mr. Elvin Machado (DIN: 07206710) | Executive Director | - | - | - |
| Mrs. Manjri Chandak (DIN: 03503615) | Non-Executive, Non-Independent Director | 3 | 1 | 0 |

Note:

* The above list of other directorships includes Public Companies (listed and unlisted) but does not include Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

\# It includes Chairmanship or Membership of the Audit Committee and Stakeholders' Relationship Committee of Public Companies (listed and unlisted) only.

None of the Directors of the Company are related to each other.

None of the Directors on the Board serve as an Independent Director in more than seven listed companies. Further, there are no Independent Directors on the Board of the Company, who serve as Whole-time Directors with any listed company.

No Director is a member of more than ten Committees or acts as the Chairman of more than five Committees across all companies in which he or she is a Director.

### Shareholding of Directors as on 31st March, 2018

| Name of Directors | Category | No. of Equity Shares | % Shareholding |
|---|---|---|---|
| Mr. Ramesh Damani | Chairman, Non-Executive, Independent Director | 100,000 | 0.02 |
| Mr. Chandrashekhar Bhave | Non-Executive, Independent Director | 0 | 0.00 |
| Mr. Ignatius Navil Noronha | Executive Director | 13,700,000 | 2.19 |
| Mr. Ramakant Baheti | Executive Director | 3,175,000 | 0.50 |
| Mr. Elvin Machado | Executive Director | 411,400 | 0.06 |
| Mrs. Manjri Chandak | Non-Executive, Non-Independent Director | 0 | 0.00 |

### Board Meetings

The Board meeting is conducted at least once in every quarter to discuss the performance of the Company and its Quarterly Financial Results, along with other Company issues. The Board also meets to consider other business(es), whenever required, from time to time. Agenda of the business(es) to be transacted at the Board Meeting along with explanatory notes thereto are drafted and circulated well in advance to the Board of Directors of the Company. The Company always ensures that Board members are presented with all the relevant information on vital matters affecting the working of the Company including the information as inter-alia specified under Part A of Schedule II of Regulation 17(7) of the Listing Regulations. Every Board Member is free to suggest the inclusion of any item on the agenda and hold due discussions thereto.

Four meetings were held during the year and the gap between two meetings did not exceed 120 days. The dates of the meetings were as follows:

6th May, 2017, 22nd July, 2017, 14th October, 2017 and 25th January, 2018. The Seventeenth Annual General Meeting of the Shareholders of the Company was held on 6th September, 2017.

The attendance of each Director at the Board Meeting and the last Annual General Meeting is given under:

| Name of Directors | Particulars of attendance for the Board Meetings | | Attendance for last AGM held on 6th September, 2017 |
|---|---|---|---|
| | Meetings held during the Director's tenure | Board Meetings attended | |
| Mr. Ramesh Damani | 4 | 4 | Yes |
| Mr. Chandrashekhar Bhave | 4 | 4 | Yes |
| Mr. Ignatius Navil Noronha | 4 | 4 | Yes |
| Mr. Ramakant Baheti | 4 | 4 | Yes |
| Mr. Elvin Machado | 4 | 4 | Yes |
| Mrs. Manjri Chandak | 4 | 4 | Yes |

### Separate Independent Directors Meetings

Pursuant to Schedule IV of the Companies Act, 2013 and as per Regulation 25(3) of the Listing Regulations, separate meeting of the Independent Directors of the Company was held on Thursday, 25th January, 2018. The agenda was to review the performance of Non-Independent Directors (including the Chairperson), the entire Board and its Committees thereof, quality, quantity and timelines of the flow of information between the management and the Board.

### Familiarisation Programme

At the time of appointment, the Independent directors are made aware of their roles and responsibilities through a formal letter of appointment which stipulates various terms and conditions. At Board and Committee meetings, the Independent Directors are regularly being familiarized on the business model, strategies, operations, functions, policies and procedures of the Company and its subsidiaries. All Directors attend the familiarization programs as these are scheduled to coincide with the Board meeting calendar.

The details of training programs attended by the Independent Directors are provided below and has been posted on the Company's website at http://www.dmartindia.com/investor-relationship:

| Sr. No. | Names of the Independent Directors | Number of programmes attended (In nos.) | No. of hours |
|---|---|---|---|
| 1. | Mr. Ramesh S. Damani | 9 | 17 |
| 2. | Mr. Chandrashekhar Bhave | 9 | 17 |

### Committees of the Board of Directors

In compliance with the requirements of the Companies Act, 2013 and the Listing Regulations, the Board of Directors has constituted various Committees. These Committees are entrusted with such powers and functions as detailed in its respective terms of reference. Besides, the Committees help focus attention on specific matters of the organisation.

There are total 8 Committees as on 31st March, 2018; out of which 5 are statutory committees and 3 are other committees considering the need of best practice in Corporate Governance of the Company.

| Committees as mandated under the Companies Act, 2013 and the Listing Regulations | |
|---|---|
| 1. | Audit Committee |
| 2. | Stakeholders' Relationship Committee |
| 3. | Nomination and Remuneration Committee |
| 4. | Corporate Social Responsibility Committee |
| 5. | Risk Management Committee |
| Other Committees | |
| 6. | IPO Committee |
| 7. | Operations Committee |
| 8. | ESOP Committee |

## 3. AUDIT COMMITTEE

The Audit Committee of the Company is duly constituted as per Regulation 18 of the Listing Regulations, read with the provisions of Section 177 of the Companies Act, 2013. All the Members of the Audit Committee are financially literate and capable of analysing Financial Statements of the Company.

Mr. Chandrashekhar Bhave is the Chairman of the Audit Committee. The Statutory Auditors are invited to Audit Committee Meetings.

The Committee members may invite the Internal Auditor or any other concerned officer of the Company in the meetings, whenever required on case to case basis.

The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors and the Board of Directors and oversees the financial reporting process. The Company Secretary acts as the Secretary of the Audit Committee.

Terms of Reference of the Audit Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;

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

4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

    b) Changes, if any, in accounting policies and practices and reasons for the same;

    c) Major accounting entries involving estimates based on the exercise of judgment by management;

    d) Significant adjustments made in the financial statements arising out of audit findings;

    e) Compliance with listing and other legal requirements relating to financial statements;

    f) Disclosure of any related party transactions; and

    g) Modified opinion(s) in the draft audit report.

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

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds 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;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Monitoring the end use of funds raised through public offers and related matters;

13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussion with internal auditors of any significant findings and follow up thereon;

16. Reviewing the findings of any internal investigations by the internal auditors into matters of where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. To establish and review the functioning of the whistle blower mechanism;

20. Approval of appointment of Chief Financial Officer (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, etc. of the candidate;

21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and

22. Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

### Audit Committee Meetings

In FY18, four Audit Committee meetings were held. The dates were: 6th May, 2017, 22nd July, 2017, 14th October, 2017 and 25th January, 2018. The details of composition of Audit Committee and attendance of each Committee Member are as follows:

| Name of the Members | Designation in the Committee | Particulars of attendance | |
|---|---|---|---|
| | | No. of meetings held during the Member's tenure | No. of meetings attended by the Member |
| Mr. Chandrashekhar Bhave | Chairman | 4 | 4 |
| Mr. Ramesh Damani | Member | 4 | 4 |
| Mr. Ramakant Baheti | Member | 4 | 4 |

## 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Listing Regulations read with the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee recommends the nomination of Directors, and carries out evaluation of performance of individual Directors. Besides, it recommends remuneration policy for Directors, Key Managerial Personnel and the Senior Management of the Company.

Terms of reference of the Nomination and Remuneration Committee are as follows:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

2. Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.

3. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

4. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

5. Devise a policy on diversity of Board of Directors; and

6. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

**Nomination and Remuneration Committee Meetings**

During the financial year under review, three meetings of the Nomination and Remuneration Committee were held. The meetings were held on 6th May 2017, 22nd July, 2017 and 25th January, 2018. The composition and attendance of each Committee Member is as under:

| Name of the Members | Designation in the Committee | Particulars of attendance | |
|---|---|---|---|
| | | No. of meetings held during the Member's tenure | No. of meetings attended by the Member |
| Mr. Chandrashekhar Bhave | Chairman | 3 | 3 |
| Mr. Ramesh Damani | Member | 3 | 3 |
| Mrs. Manjri Chandak | Member | 3 | 3 |

**Performance Evaluation Criteria for Independent Directors**

The Board of Directors of the Company carried out an annual evaluation of its own performance, of committees, of the Board and individual directors pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations. The performance evaluation is conducted through structured questionnaires which cover various aspects such as the Board composition and structure, effectiveness and contribution to Board processes, adequacy, appropriateness and timeliness of information and the overall functioning of the Board etc. The Individual Directors responses to the questionnaire on the performance of the Board, Committee(s), Directors and Chairman, were analyzed. The Directors were satisfied with the evaluation process and have expressed their satisfaction with the evaluation process.

In compliance with Regulation 19 read with Part D of Schedule II of the Listing Regulations, the Board of Directors has formulated criteria for evaluation of the Company's Independent Directors' performance. The performance evaluation of Independent Directors is carried out on the basis of their role and responsibilities, effective participation in the Board and Committee meetings, expertise, skills and exercise of independent judgment in major decisions of the Company.

## 5. REMUNERATION OF DIRECTORS

### a) Criteria of making payments to Non-Executive Directors

**Sitting Fees**

The Non-executive Directors are entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof. Sitting fees paid to non-executive Directors are within the prescribed limits under the Companies Act, 2013 and as determined by the Board of Directors from time to time.

**Commission**

The shareholders of the Company at their annual general meeting held on 6th September, 2017 approved payment to Independent Directors of the Company on annual basis, by way of commission, the aggregate of which shall not exceed one percent of the net profits of the Company per annum computed in the manner prescribed under section 198 of the Companies Act, 2013, in such amount and proportion and in such manner as may be determined by the Board of Directors from time to time, in addition to the sitting fees for a period of five years commencing from April 1, 2017.

**Reimbursement of expenses**

The non-executive directors are also entitled to reimbursement of expenses for participation in the Board and other meetings in terms of the Companies Act, 2013.

The details of sitting fees and commission for the financial year 2017-18 are as under:

(Amount in ₹)

| Names of Non-Executive Directors | Sitting Fees | Commission |
|---|---|---|
| Mr. Ramesh Damani | 508,000 | 2,000,000 |
| Mr. Chandrashekhar Bhave | 508,000 | 2,000,000 |
| Mrs. Manjri Chandak | 526,500 | - |

During the year, there was no pecuniary relationship or transaction between the Company and any of its Non-Executive Directors apart from sitting fees and commission. The Company has not granted any stock options to any of its Non-Executive Directors.

### b) Managing Director & Whole-time Director

The Company has paid remuneration to its Managing Director and Whole-time Directors, by way of salary and perquisites, within the limits stipulated under the Companies Act, 2013 and as per the approval sought from the shareholders of the Company.

Details of the remuneration paid to the Executive Directors of the Company during the financial year 2017-18 are as follows:

(Amount in ₹)

| Name | Designation | Basic Salary | Company's contribution to provident fund | Perquisites | Variable | Gross Remuneration |
|---|---|---|---|---|---|---|
| Mr. Ignatius Navil Noronha | Managing Director & CEO | 43,800,000 | 1,781,859 | 18,000 | - | 45,599,859 |
| Mr. Ramakant Baheti | Whole-time Director & CFO | 10,020,000 | 390,960 | - | - | 10,410,960 |
| Mr. Elvin Machado | Whole-time Director | 5,458,344 | 213,780 | - | 1,200,000 | 6,872,124 |

The performance criteria of the above-mentioned Directors are laid down by the Nomination and Remuneration Committee in accordance with the Nomination and Remuneration Policy of the Company.

### Service Contract, Severance Fees and Notice Period

Mr. Ignatius Navil Noronha was re-appointed as Managing Director of the Company for a period of five years from 1st February, 2016 upto 31st January, 2021.

Mr. Ramakant Baheti was appointed as a Whole-time Director of the Company for a period of five years from 1st May, 2014 upto 30th April, 2019.

Mr. Elvin Machado was appointed as a Whole-time Director for a period of three years from 10th June, 2015 up to 9th June, 2018. The Board at their meeting held on 5th May, 2018, have approved and proposed the re-appointment of Mr. Elvin Machado (DIN: 07206710) as a Whole-time Director for another term of three (3) years commencing from the end of existing term i.e. from 10th June, 2018 till 9th June, 2021.

There is no separate provision for payment of any severance fees for the Managing Director or either of the Whole-time Directors. However, there is a provision of a notice period of six months from either side for all three of them.

### Employee Stock Options

Details of Stock options granted to the Executive Directors under the Employee Stock Ownership Plan (ESOP) Scheme, 2016 are as under:

| Name of Directors | Category | Date of grant | Options Granted | Options vested and exercised | Grant price per equity share (₹) | Vesting Period | Exercise Period |
|---|---|---|---|---|---|---|---|
| Mr. Ignatius Navil Noronha | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Mr. Ramakant Baheti | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Mr. Elvin Machado | Class A Options | 14.03.2017 | 60,000 | NA | ₹ 299 | 9 Years | 3 months from the date of vesting or such other period as may be determined by the ESOP Committee |
| | Class B Options | | 45,000 | NA | ₹ 299 | 6 years | |
| | Class C Options | | 15,000 | NA | ₹ 299 | 2.5 years | |

## 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee of the Board was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. This Committee deals with stakeholder relations and grievances raised by the investors in a timely and effective manner and to the satisfaction of investors. The Committee oversees performance of the Registrar and Share Transfer Agents of the Company relating to investor services and recommends measures for improvement.

Ms. Ashu Gupta is the Compliance Officer of the Company pursuant to Regulation 6 of the Listing Regulations.

**Terms of reference of the Stakeholders' Relationship Committee are as follows:**

1. Investor relations and redressal of grievances of security holders of the Company in general and relating to non-receipt of dividends, interest, non- receipt of balance sheet etc.

2. Approve requests for security transfers and transmission and those pertaining to rematerialisation of securities / subdivision/ consolidation/ of shares, issue of renewed and duplicate share/debenture certificates etc.

3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

4. Resolving the grievances of the shareholders of the Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

### Stakeholders Relationship Committee Meetings

In FY18, the meetings of Stakeholders Relationship Committee were held on 17th April, 2017, 5th June, 2017, 7th July, 2017, 17th August, 2017, 8th December, 2017 and 29th March, 2018. The Company Secretary of the Company acts as a Secretary to the Committee. The composition and attendance of each Member is as follows:

| Name of the Members | Designation in the Committee | Particulars of attendance | |
|---|---|---|---|
| | | No. of meetings held during the Member's tenure | No. of meetings attended by the Member |
| Mrs. Manjri Chandak | Chairperson | 6 | 6 |
| Mr. Ramakant Baheti | Member | 6 | 6 |

### Investor Complaints

The details of investor complaints received / redressed during the financial year is as under:

| Complaints as on 01.04.2017 | Received during the year | Resolved during the year | Pending as on 31.03.2018 |
|---|---|---|---|
| 27 | 346 | 372 | 1* |

* The pending investor complaint was resolved and closed subsequently in the month of April 2018.

## 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Board was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013. The Company is focused on stakeholder value creation, especially for the shareholders and local communities by contributing to the social and environmental needs.

### Scope of the CSR Committee:

(a) To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;

(b) To recommend the amount of expenditure to be incurred on the activities;

(c) To monitor the CSR Policy of the Company from time to time;

(d) To monitor the CSR activities undertaken by the Company, which shall be as per the CSR Policy, as projects or programmes or activities undertaken in India (either new or ongoing), excluding activities undertaken in its normal course of business;

(e) To provide a report on CSR activities to the Board of the Company;

(f) To be responsible for the implementation and monitoring of CSR Policy, this shall be in compliance with CSR objectives and Policy of the Company; and

(g) To ensure the compliance of Section 135 read with Schedule VII of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 and subsequent amendments thereto.

### Corporate Social Responsibility Committee Meetings

During the financial year under review, two meetings of the Corporate Social Responsibility Committee were held on 22nd July, 2017 and 25th January, 2018. The composition and attendance of each Committee Member is as under:

| Name of the Members | Designation in the Committee | Particulars of attendance | |
|---|---|---|---|
| | | No. of meetings held during the Member's tenure | No. of meetings attended by the Member |
| Mr. Chandrashekhar Bhave | Chairman | 2 | 2 |
| Mr. Ramesh Damani | Member | 2 | 2 |
| Mrs. Manjri Chandak | Member | 2 | 2 |
| Mr. Ramakant Baheti | Member | 2 | 2 |

## 8. RISK MANAGEMENT COMMITTEE

Pursuant to Regulation 21 of the Listing Regulations the Board of Directors of the Company has constituted the Risk Management Committee at their meeting held on 6th May, 2017.

**Terms of reference of the Risk Management Committee are as follows:**

1. To assist the Board in the execution of its responsibility for the governance and to assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels, in liaison with the Management;

2. To review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;

3. To ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks. A framework and process to anticipate unpredictable risks should also be implemented;

4. To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;

5. To review processes and procedures to ensure the effectiveness of internal systems of control, so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;

6. To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing the Company;

7. To assist the Board in its responsibility for disclosure in relation to risk management in the annual report, and acknowledgment that it is accountable for the risk management function; and

8. To review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures.

### Risk Management Committee Meetings

During the financial year under review, one meeting of the Risk Management Committee was held on 13th October, 2017. The composition and attendance of each Committee Member is as under:

| Name of the Members | Designation in the Committee | Particulars of attendance | |
|---|---|---|---|
| | | No. of meetings held during the Member's tenure | No. of meetings attended by the Member |
| Mr. Ignatius Navil Noronha | Chairman | 1 | 1 |
| Mr. Ramakant Baheti | Member | 1 | 1 |
| Mrs. Manjri Chandak | Member | 1 | 0 |
| Mr. Ashutosh Dhar | Member | 1 | 1 |
| Mr. Vikram Bhatia* | Member | 0 | 0 |

* The Risk Management Committee was re-constituted w.e.f. 14th October, 2017 by inducting Mr. Vikram Bhatia as the Member of the Committee.

## 9. IPO COMMITTEE

The IPO Committee was constituted for the purpose of Initial Public Offering (IPO) of the Company and listing of equity shares with the stock exchanges. The equity shares of the Company were listed with stock exchanges w.e.f. 21st March, 2017. Accordingly, during the year under review, no meeting of the Committee was held.

## 10. OPERATIONS COMMITTEE

**Terms of reference of the Operations Committee are as follows:**

1. To borrow loans for the operations of the Company upto the maximum limit of ₹ 1,800 cr in a financial year;

2. To authorise such persons including Directors to approach banks/ financial institution and others to avail loans/credit facilities from time to time for operation of the Company and to negotiate and finalise the terms and conditions thereof and to authorise any of the officials of the Company to execute necessary documents to avail the facilities from time to time;

3. To authorise such officials of the Company to operate the loan accounts/ bank accounts of the Company from time to time;

4. To invest idle funds of the Company in various securities of any corporate, government securities and such other instrument upto the limit of ₹ 300 crore;

5. To avail / authorise such persons including directors to approach banks for the facility of merchant establishment services from time to time for efficient working of the Company;

6. To allot securities of the Company as may be approved by the Board from time to time;

7. To issue Commercial Paper for meeting working capital requirements of the Company for an amount not exceeding ₹ 200 crore with maturity upto one year from the date of issue and ;

8. To authorise such officials of the Company to attend, appear, to declare, sign Vaklatnama, affirm and file Written Statements, replies, affidavits, applications, to file and exhibit the documents, to lead the evidence on behalf of the Company in matters related to the Company.

The Operations Committee comprises of:

| Name of the Members | Designation in the Committee |
|---|---|
| Mr. Ramakant Baheti | Chairman |
| Mr. Ignatius Navil Noronha | Member |

## 11. EMPLOYEE STOCK OPTION (ESOP) COMMITTEE

**Terms of reference of the ESOP Committee are as follows:**

a) To evolve, decide upon and bring into effect the ESOP Scheme as may be approved by the Board and shareholders of the Company from time to time (the "Scheme");

b) Determine the detailed terms and conditions of the Scheme, including but not limited to the quantum of the options to be granted under the Scheme (the Options), quantum of the Options to be granted per employee, the exercise period, the vesting period, instances where such Options shall lapse and to grant such number of Options, to such employees of the Company and other entities as approved, pursuant to which equity shares shall be issued at the fair market value, at such time and on such terms and conditions as set out in the Scheme and as the ESOP Committee may in its absolute discretion think fit and make any modifications, changes, variations, alterations or revisions in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by 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;

c) Frame suitable policies and procedures to ensure that there is no violation of securities laws, including the SEBI ESOP Regulations or the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the trust, the Company and its employees, as applicable;

d) To settle any 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; and

e) To take any other action as may be considered necessary by the ESOP Committee for the purposes of giving effect to the Scheme.

The composition of ESOP Committee is as follows:

| Name of the Members | Designation in the Committee |
|---|---|
| Mr. Ramesh Damani | Chairman |
| Mr. Chandrashekhar Bhave | Member |
| Mrs. Manjri Chandak | Member |

## 12. GENERAL BODY MEETINGS

### Annual General Meetings

The details of Annual General Meetings convened during the last three years are as follows:

| Financial Year | Date and Time | Venue | Special Resolutions |
|---|---|---|---|
| 2016-17 | Wednesday, 6th September, 2017, at 11:00 A.M. | Nehru Centre Auditorium, Discovery Of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018 | ● To offer and issue secured, rated, cumulative, redeemable, non-convertible debentures aggregating upto ₹ 1000 Crores on private placement basis. |
| 2015-16 | Friday, 16th September, 2016, at 11:30 A.M. | Rodas, Central Avenue, Hiranandani Gardens, Powai, Mumbai – 400 076 | ● To mortgage, pledge, hypothecate or charge, in addition to the existing mortgages, hypothecation(s) and charges created up to an amount not exceeding ₹ 2000 Crore.<br>● Increase in the borrowing limits under section 180(1)(c) from existing ₹ 1800 Crores to ₹ 2000 Crore.<br>● Offer and issue Equity shares of ₹ 10/- each by way of Initial Public Offering.<br>● Adoption of new set of Articles of Association of the Company.<br>● Grant and issue of options and equity shares under Avenue Supermarts Limited Employee Stock Option Scheme 2016. |
| 2014-15 | Wednesday, 30th September, 2015 at 11:30 A.M. | Rodas, Central Avenue, Hiranandani Gardens, Powai, Mumbai – 400 076 | ● Appointment of Mr. Elvin Machado as Whole-time Director of the Company. |

### Extraordinary General Meetings

The details of Extraordinary General Meetings convened during the last three years are as follows:

| Financial Year | Date and Time | Venue | Special Resolutions |
|---|---|---|---|
| 2016-17 | | | Nil |
| 2015-16 | Thursday, 10th March, 2016, at 11.00 A.M. | Anjaneya CHS Limited, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076 | ● Increase in the borrowing limits under section 180(1)(c) of the Company from existing ₹ 1500 Crore to ₹ 1800 Crore.<br>● Issue of Non-Convertible Debentures upto ₹ 600 Crore on a Private Placement Basis.<br>● Re-appointment of Mr. Ignatius Navil Noronha as the Company's Managing Director. |
| 2014-15 | Monday, 16th March, 2015 at 11.30 A.M. | Anjaneya CHS Limited, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076 | ● Further issue of shares on preferential basis. |
| | Thursday, 5th February, 2015 at 11.30 A.M. | Anjaneya CHS Limited, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076 | ● Issue of Non-Convertible Debentures on a Private Placement Basis. |
| | Monday, 4th August, 2014 at 11.30 A.M. | Anjaneya CHS Limited, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076 | ● Increase in the borrowing limits under section 180(1)(c) of the Company upto ₹1,500 Crore.<br>● To mortgage, pledge, hypothecate or charge, in addition to the existing mortgages, hypothecation(s) and charges created up to an amount not exceeding ₹1,500 Crore.<br>● Issue of Non-Convertible Debentures on a Private Placement Basis. |

### Details of special resolutions passed through Postal Ballots

During the year 2017-18, no special resolution has been passed by conducting Postal Ballot. There is no special resolution proposed to be passed by way of Postal Ballot till the date of ensuing Annual General Meeting of the Company.

## 13. MEANS OF COMMUNICATION

| | |
|---|---|
| Quarterly Results | The Company communicates to the Stock Exchanges about the quarterly financial results within 30 minutes from the conclusion of the Board Meeting in which the same is approved. The results are usually published in (Economic Times) English newspaper having country-wide circulation and in (Maharashtra Times) Marathi newspaper where the registered office of the Company is situated. |
| | These results were also placed on the Company's website http://www.dmartindia.com. |
| Website | All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing Regulations and Companies Act, 2013 are being posted at Company's website :http://www.dmartindia.com. |
| | The official news releases and presentations to the institutional investors or analysts, if any are disseminated to the Stock Exchange at www.nseindia.com and www.bseindia.com and the same is also uploaded on the website of the Company www.dmartindia.com |
| Designated E-mail address for investor services | To serve the investors better and as required under Listing regulations, the designated e-mail address for investors complaints is investorrelations@dmartindia.com |

## 14. GENERAL SHAREHOLDER INFORMATION

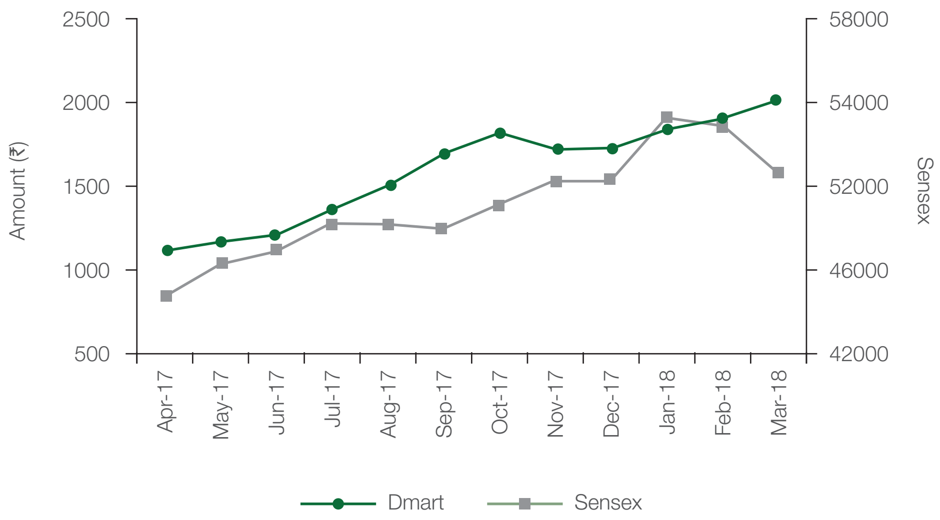
| | |
|---|---|
| AGM date, time and venue | Tuesday, 28th August, 2018, 11.00 A.M. at<br>Nehru Centre Auditorium, Discovery of India Building,<br>Ground Floor, Dr. Annie Besant Road,<br>Worli, Mumbai - 400 018 |
| Financial Year | 1st April, 2017 to 31st March, 2018 |
| Book Closure Date | Wednesday, 22nd August, 2018 to Tuesday, 28th August, 2018 (both days inclusive) |
| Dividend Payment | NA |
| Registered Office | Anjaneya CHS Limited, Orchard Avenue,<br>Opp. Hiranandani Foundation School,<br>Powai, Mumbai - 400 076 |
| Corporate Office | B–72/72A, Wagle Industrial Estate,<br>Road No. 33, Kamgar Hospital Road,<br>Thane - 400 604 |
| Name and Address of Stock Exchanges where Company's securities are listed | ISIN: INE192R01011<br>**National Stock Exchange of India Limited**<br>Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051<br>Stock Code: DMART<br><br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001<br>Stock Code: 540376 |
| Listing fees | The Annual Listing fees have been paid to the respective Stock Exchanges. |
| Share Registrar and Transfer Agents | **Link Intime India Private Limited**<br>C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India<br>Tel No.: +91-22-4918 6270<br>Fax No.: +91-22-4918 6060<br>Investor query registration: rnt.helpdesk@linkintime.co.in |
| Debenture Trustees | IDBI Trusteeship Services Limited<br>Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001.<br>Phone: +91-22-4080 7000<br>Fax: +91-22-6631 1776<br>Email ID : itsl@idbitrustee.com<br>Website: http://www.idbitrustee.com |
| Company Secretary & Compliance officer | Ms. Ashu Gupta |

## Market Price Data

The high and low prices and volumes of your Company's shares at BSE for the financial year 2017-18 are as under:

| Month (2017-18) | BSE | | SENSEX | | No. of shares transacted |
|---|---|---|---|---|---|
| | High | Low | High | Low | |
| April 2017 | 806.80 | 628.05 | 30,184.22 | 29,241.48 | 13,425,819 |
| May 2017 | 825.10 | 692.50 | 31,255.28 | 29,804.12 | 5,774,202 |
| June 2017 | 839.00 | 745.00 | 31,522.87 | 30,680.66 | 3,726,833 |
| July 2017 | 964.25 | 809.00 | 32,672.66 | 31,017.11 | 4,771,989 |
| August 2017 | 1,068.00 | 861.00 | 32,686.48 | 31,128.02 | 3,197,368 |
| September 2017 | 1,217.00 | 983.10 | 32,524.11 | 31,081.83 | 4,198,409 |
| October 2017 | 1,289.00 | 1,072.00 | 33,340.17 | 31,440.48 | 4,245,466 |
| November 2017 | 1,178.95 | 1,085.50 | 33,865.95 | 32,683.59 | 1,609,372 |
| December 2017 | 1,193.90 | 1,085.75 | 34,137.97 | 32,565.16 | 4,089,261 |
| January 2018 | 1,283.15 | 1,127.10 | 36,443.98 | 33,703.37 | 2,366,121 |
| February 2018 | 1,387.00 | 1,062.90 | 36,256.83 | 33,482.81 | 2,146,981 |
| March 2018 | 1,385.00 | 1,272.00 | 34,278.63 | 32,483.84 | 2,057,003 |

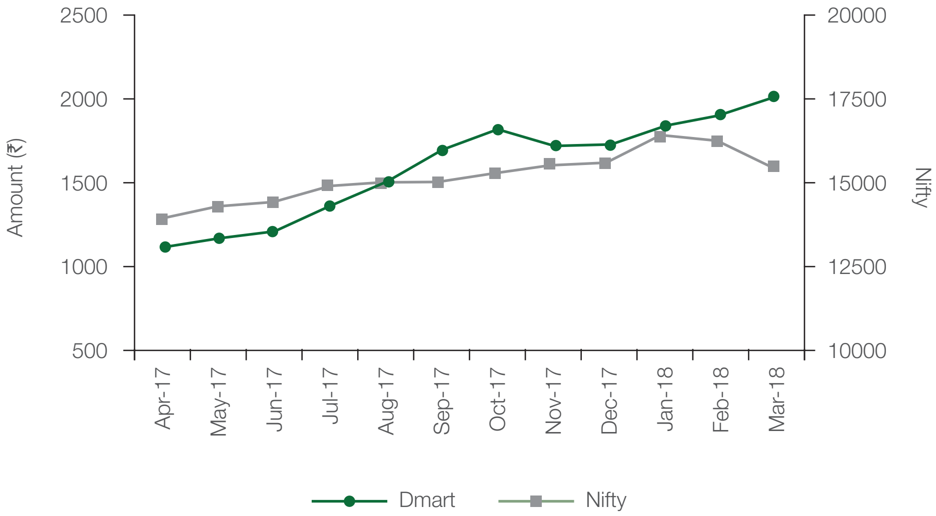
## Avenue Supermarts Price Movement Chart—BSE



The high and low prices and volumes of your Company's shares at NSE for the financial year 2017-18 are as under:

| Month (2017-18) | NSE | | NIFTY | | No.of shares transacted |
|---|---|---|---|---|---|
| | High | Low | High | Low | |
| April 2017 | 806.90 | 628.30 | 9,367.15 | 9,075.15 | 70,825,347 |
| May 2017 | 824.50 | 691.55 | 9,649.60 | 9,269.90 | 27,368,219 |
| June 2017 | 838.80 | 745.00 | 9,709.30 | 9,448.75 | 18,091,422 |
| July 2017 | 964.00 | 808.00 | 10,114.85 | 9,543.55 | 24,155,563 |
| August 2017 | 1,068.20 | 860.00 | 10,137.85 | 9,685.55 | 14,726,398 |
| September 2017 | 1,218.00 | 982.05 | 10,178.95 | 9,687.55 | 23,690,708 |
| October 2017 | 1,288.65 | 1,070.70 | 10,384.50 | 9,831.50 | 27,705,261 |
| November 2017 | 1,179.95 | 1,078.00 | 10,490.45 | 10,094.00 | 9,970,003 |
| December 2017 | 1,194.45 | 1,083.00 | 10,552.40 | 10,033.35 | 11,854,906 |
| January 2018 | 1,283.90 | 1,126.00 | 11,171.55 | 10,404.65 | 14,442,532 |
| February 2018 | 1,387.00 | 1,060.10 | 11,117.35 | 10,276.30 | 13,049,246 |
| March 2018 | 1,385.00 | 1,262.00 | 10,525.50 | 9,951.90 | 13,372,696 |

## Avenue Supermarts Price Movement Chart—NSE




(Source: The information is compiled from the data available on the BSE and NSE websites)

## Share Transfer System

### Nomination Facility

Shareholders who hold shares in physical form and wish to make/ change a nomination in respect of their shares in the Company, as permitted under Section 72 of the Companies Act, 2013, may submit request to Registrar and Transfer Agent (RTA) the prescribed Forms SH-13/SH-14.

### Shares held in Electronic Form

Shareholders holding shares in electronic form may please note that instructions regarding change of address, bank details, emails ids, nomination and power of attorney should be given directly to the Depository Participant (DP).

### Shares held in Physical Form

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, email ids, nomination and power of attorney should be given to the Company's RTA i.e., Link Intime India Pvt. Ltd.

## Distribution of Shareholding

Distribution of shareholding of shares of your Company as on 31st March, 2018 is as follows:

| No. of Equity Shares Held | No. of Shareholders | % of Total Shareholders | Total Shares for the Range | % of Issued Capital |
|---|---|---|---|---|
| 1-500 | 154,245 | 96.75 | 7,507,801 | 1.20 |
| 501-1000 | 1,857 | 1.16 | 1,422,917 | 0.23 |
| 1001-2000 | 1,124 | 0.71 | 1,625,112 | 0.26 |
| 2001-3000 | 457 | 0.29 | 1,149,841 | 0.18 |
| 3001-4000 | 260 | 0.16 | 907,517 | 0.15 |
| 4001-5000 | 209 | 0.13 | 973,437 | 0.16 |
| 5001-10000 | 495 | 0.31 | 3,824,938 | 0.61 |
| 10001 and above | 781 | 0.49 | 606,672,923 | 97.21 |
| **Total** | **159,428** | **100.00** | **624,084,486** | **100.00** |

The shareholding pattern of the Company and details of Top 10 Shareholders as on 31st March, 2018 are detailed in the Annexure to the Directors' Report

## Dematerialisation of Shares and Liquidity

The Company has established connectivity with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for dematerialisation of shares and the same are available in electronic segment under ISIN: INE192R01011. As on 31st March, 2018, total 601,566,612 Equity Shares representing 96.39 % were in electronic form.

The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensure the necessary liquidity to shareholders.

| Physical and Dematerialised Shares as on 31st March, 2018 | Shares | % of Total Issued Capital |
|---|---|---|
| No. of Shares held in dematerialised form in CDSL | 522,313,967 | 83.69 |
| No. of Shares held in dematerialised form in NSDL | 79,252,645 | 12.70 |
| No. of Physical Shares | 22,517,874 | 3.61 |
| **Total** | **624,084,486** | **100.00** |

## Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

There are no GDR/ ADR/ Warrants or any Convertible Instruments pending conversion or any other instruments likely to impact the equity share capital of the Company.

## Commodity price risk or foreign exchange risk and hedging activities

The Company has taken suitable steps from time to time for protecting it against foreign exchange risk(s). The Company does not enter into hedging activities.

## Plant Location

The Company does not conduct any manufacturing activities. The Company has multiple stores in 11 states and 1 union territory of India, including Maharashtra, Gujarat, Telangana, Andhra Pradesh, Karnataka, Madhya Pradesh, Chhattisgarh, NCR, Tamil Nadu, Rajasthan, Punjab and Daman.

## Address for Correspondence

A. **Company's Registrar and Share Transfer Agent Address:**
Link Intime India Private Limited
C 101, 247 Park,
L. B. S. Marg, Vikhroli (West),
Mumbai – 400 083,
Maharashtra, India
Tel No.: +91-22-4918 6270
Fax No.: +91-22-4918 6060
Investor query registration: rnt.helpdesk@linkintime.co.in

B. **Registered Office Address**
Anjaneya CHS Limited, Orchard Avenue,
Opp. Hiranandani Foundation School, Powai,
Mumbai - 400 076
Ph: 022 40496500

C. **Corporate Office Address**
B–72/72A, Wagle Industrial Estate,
Road No. 33, Kamgar Hospital Road,
Thane - 400 604
Ph: 022 33400500
Website: www.dmartindia.com,
Email: investorrelations@dmartindia.com

### Green Initiative

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address registered with the Depository Participant (DPs) and Registrar and Transfer Agent (RTA).

Shareholders who have not registered their e-mail addresses so far are requested to do the same.

Those holding shares in demat form can register their e-mail address with their concerned DPs.

Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/joint holder quoting details of Folio Number.

## 15. DISCLOSURES

### A. Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of the Company

During the year, the Company entered into agreements / contracts with its subsidiaries including wholly-owned subsidiary with the prior approval granted by the Audit Committee and Board of Directors at their respective meetings. All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at an arm's length basis, except the transaction disclosed in Annexure III to the Directors Report.

During the year, the Company had not entered into any contract/ arrangement / transaction with related parties, which could be considered material in accordance with the policy of the Company on materiality of related party transactions. None of the transactions with any of related parties were in conflict with the Company's interest.

### B. Details of Non-Compliance by the Company, Penalties, Strictures imposed on the Company by Stock Exchange(S) or the Board or any Statutory Authority, on any matter related to Capital Markets, during the last three years

No penalties, strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority on any matter related to Capital Markets except the payment of ₹ 3 Lakhs in respect of suo-moto compounding application filed with ROC for failing to appoint an Independent Director on the Board for the period 1st April, 2015 to 16th May, 2016. The Regional Director, by order dated 3rd March, 2017 has compounded the matter.

### C. Disclosure of Vigil Mechanism/ Whistle Blower Policy and access to the Chairman of the Audit Committee

The Company has formulated Whistle Blower/ Vigil Mechanism Policy, pursuant to which the Director(s) and employee(s) of the Company (including their representative bodies, if any) have open access to the Authorised Person/ Committee member, as the case may be, and also to the Chairman of Audit Committee, whenever exceptionally required, in connection with any grievance, which is concerned with unethical behavior, frauds and other illegitimate activities in Company. The Whistle Blower Policy / Vigil Mechanism Policy adopted by the Company is available on the website of the Company i.e. www.dmartindia.com.

The Company did not receive any complaint from any Director and employee pursuant to Whistle Blower/ Vigil Mechanism Policy during the financial year 2017-18.

### D. Policy for determining 'material' subsidiaries

The Company has formulated a policy for determining material subsidiaries in terms of the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: http://www.dmartindia.com/investor-relationship

The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings of the subsidiaries are placed at the meeting of the Board of Directors of the Company. The management of the unlisted subsidiary periodically brings to the notice of the Board of Directors of the Company a statement of all significant transactions and arrangements entered into by the unlisted subsidiary, if any.

### E. Policy on materiality and dealing with Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions in line with the requirements of Section 177 (4) (iv) and 188 of the Act read with Rules framed thereunder and the Listing Regulations. This Policy has been posted on the website of the Company at the Web link: http://www.dmartindia.com/investor-relationship

D Mart

**F. Code of Corporate Disclosure Practices**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, in order to restrict communication of Unpublished Price Sensitive Information (UPSI), the Company has adopted Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information which is available on the website of the Company at the Web link: http://www.dmartindia.com/investor-relationship

**16. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

There have been no instances of non-compliance of any requirement of the Corporate Governance Report as prescribed by the Listing Regulations.

**17. COMPLIANCE WITH DISCRETIONARY REQUIREMENTS**

The Company has voluntarily complied with the discretionary requirements relating to separate position of Chairman and Managing Director/Chief Executive Officer as per Regulation 27(1) of the Listing Regulations.

**18. DISCLOSURE ON COMPLIANCE WITH COPORATE GOVERANCE REQUIREMENTS**

Your Company has complied with all the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable to your Company.

# Code of Conduct Declaration

In terms of Regulation 26(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and based on the affirmations provided by the Directors and Senior Management Personnel of the Company to whom Code of Conduct is made applicable, it is declared that the Board of Directors and the Senior Management Personnel have complied with the Code of Conduct for the year ended 31st March, 2018.

For **Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

Place: Thane
Date: 5th May, 2018

# Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

**We hereby certify that**

(a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2018 and 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 statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent or 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 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.

This certificate is being given to the Board pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thank you.

Yours truly,

For **Avenue Supermarts Limited**

**Ignatius Navil Noronha**
Managing Director & CEO
DIN: 01787989

Place: Thane
Date: 5th May, 2018

For **Avenue Supermarts Limited**

**Ramakant Baheti**
Whole-time Director & CFO
DIN: 00246480

Place: Thane
Date: 5th May, 2018

# Certificate on Corporate Governance

To,
The Members of
**Avenue Supermarts Limited**

We have examined the compliance of conditions of Corporate Governance by Avenue Supermarts Limited ('the Company') for the year ended 31st March, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations have been limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 and on behalf of
**Rathi & Associates**
Company Secretaries

**Himanshu S. Kamdar**
Partner
FCS No.: 5171
CP No.: 3030

Place: Mumbai
Date: 30th April, 2018

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L51900MH2000PLC126473

2. **Name of the Company:** Avenue Supermarts Limited ("ASL", "The Company")

3. **Registered Address:** Anjaneya CHS Ltd, Orchard Avenue, Opp. Hiranandani Foundation School, Powai, Mumbai – 400 076.

4. **Website:** www.dmartindia.com

5. **E-mail id:** suggestion@dmartindia.com

6. **Financial Year Reported:** Financial year 2017-18

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** Retail Trade – 47 (Retail Trade, except of motor vehicles and motorcycles)

8. **List three key products/services that the Company manufactures/provides (as on balance sheet)**
   - Foods
   - Non Foods (Fast Moving Consumer Goods)
   - General Merchandise and Apparel

9. **Total number of locations where business activity is undertaken by the Company:**
   i. Number of International Locations: Nil
   ii. Number of National Locations:
   As on 31st March, 2018, the Company carries out its business operations through 155 stores located across (11) states and (1) Union Territory.

10. **Markets served by the Company – Local/State/National/International:** National

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid Up Capital (INR):** ₹ 62,408.45 lakhs

2. **Total Turnover (INR):** ₹ 1,500,889.30 lakhs

3. **Total Profit after Taxes (INR):** ₹ 78,466.03 lakhs

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%):** ₹ 1,059.88 lakhs, 2.02% of average profit for previous three years (computation as prescribed by the Companies Act, 2013).

5. **List of activities in which the expenditure in 4 above has been incurred:** Refer to Annexure V of the Directors Report

## SECTION C: OTHER DETAILS

1. **Does the company have any Subsidiary Company/ Companies?**
   Yes, the Company has four subsidiary companies as listed below;
   1. Align Retail Trades Private Limited
   2. Avenue Food Plaza Private Limited
   3. Nahar Seth & Jogani Developers Private Limited
   4. Avenue E-Commerce Limited

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
   Align Retail Trades Private Limited, a subsidiary of ASL, participates in relevant BR initiatives of the Company.

3. **Do any other entity / entities (e.g. Supplier, distributor etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes indicate the percentage of such entities? (Less than 30%, 30 – 60% and More than 60%)**
   No.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. **Details of Director/ Directors responsible for BR**
   a) Details of the Director/Directors responsible for implementation of the Business Responsibility policy/policies

| Name | DIN Number | Designation |
|---|---|---|
| Mr. Ignatius Navil Noronha | 01787989 | Managing Director & CEO |

b) Details of the Business Responsibility Head

| | |
|---|---|
| DIN Number (if applicable) | N.A. |
| Name | Mr. Rushabh Ghiya |
| Designation | AVP - Investor Relations |
| Telephone number | 022-3340 0500 |
| Email id | suggestion@dmartindia.com |

## 2. Principle-wise (as per NVGs) BR Policy/Policies

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

| Sr. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have policy/policies for… | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy been formulated in consultation with relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All the policies have been developed in consultation with the Management of the Company. | | | | | | | | |
| 3 | Does the policy conform to any national /international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The policies are in-line with the principles of National Voluntary Guidelines (NVG). | | | | | | | | |
| 4 | Has the policy been approved by the Board? | | | | | | | | | |
| | If yes, has it been signed by the MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All the policies have been approved by the Board and have been signed by the Managing Director & CEO. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | The Company has appointed a Business Responsibility Head to oversee the implementation of the policies | | | | | | | | |
| 6 | Indicate the link to view the policy online? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | Weblink: http://www.dmartindia.com/investor-relationship | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The policies are uploaded on our websites for communicating it to the internal and external stakeholders. Weblink: http://www.dmartindia.com/investor-relationship | | | | | | | | |
| 8 | Does the Company have in-house structure to implement its policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | Stakeholders can report grievances related to policies and provide suggestion on the email id: suggestion@dmartindia.com | | | | | | | | |
| 10 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | N | N | N | N | N | N | N | N | N |

**b) If answer against any principle, is 'No', please explain why: (Tick up to 2 options):**

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

## 3. Governance related to BR

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

This is the Company's first Business Responsibility Report for the Financial Year 2017-18. The Business Responsibility performance will be reviewed annually.

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

ASL is publishing its first Business Responsibility Report as a part of its annual report which will be published annually. The Annual Report is available at www.dmartindia.com under the section Investor Relations.

## SECTION E: PRINCIPLE WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

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

   The Company has incorporated a policy on Ethics, Transparency & Accountability which is applicable to its Employees, Directors, Business Partners, Business Associates and other relevant stakeholders to conduct business ethically and transparently.

   The policy on ethics and transparency acts as a guidance manual for all our stakeholders to conduct business ethically and avoid any breaches related to unfair practices.

   The company has a separate code of conduct for Board Members and Senior Management. The intent of this code is to focus on areas of ethical risk, provide guidance to recognize and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

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

   ASL has a formal mechanism which provides a channel to our stakeholders to report to the management on their concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct.

| Opening Balance | Received (FY 2017-18) | % of Complaints resolved (FY 2017-18) |
|---|---|---|
| 47 | 363* | 95.37 |

* Majority of complaints are related to IPO queries from Investors / Shareholders.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

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

   The Company's principle nature of business is to procure products from reputed third party vendors/manufacturers/ distributors which are sold to customers. However, one of our subsidiary Company procures, processes and repacks certain products which are provided to end consumers through our stores.

   It is our constant endeavor to ensure that all laws and regulations related to processing, packaging, labeling are adhered to along with periodic internal quality control checks.

2. **For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.**

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

   We are in the business of retailing goods/products to end consumers through our 155 stores spread across 11 states and 1 union territory. We strive to optimize use of resources at our new and existing stores. Wherever feasible, we encourage the following:

   - Installation of rooftop solar plants to reduce energy consumption
   - Implementation of rainwater harvesting
   - Usage of LED lighting
   - Usage of plumbing fixtures that consume lesser water than the standard ones.
   - Treatment of waste through in-house sewage treatment plants
   - Usage of AAC Blocks which contain recycled materials
   - Obtain a Green Building Certification under IGBC

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

   Not applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Provide details thereof, in about 50 words or so.**

   The Company has a structured procedure which is followed before collaborating with any business partners/ associates.

   ASL is aiming to reduce its fuel consumption in transportation by operating through common distribution centers in vicinity of our store locations, wherever feasible. This minimizes the distance to transport goods to our stores, thus reducing fuel consumption.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company believes in inclusive growth and encourages local sourcing wherever possible. Local suppliers/ vendors are evaluated based on the quality parameters set by the Company.

5. **Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products? Provide details thereof, in about 50 words or so.**

   Owing to the nature of our business we generate very limited amount of waste. However, the Company has installed sewage treatment plants at stores wherever possible to reduce load on the municipal bodies.

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## Principle 3: Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees.**
   Total number of permanent employees is 6,113.

2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis.**
   The total number of employees hired on contractual basis is 27,768.

3. **Please indicate the number of permanent women employees.**
   Total number of permanent women employees is 1,354.

4. **Please indicate the number of permanent employees with disability.**
   Total number of permanent employees with disability is 11.

5. **Do you have an employee association that is recognized by management?**
   The Company does not have any recognized employee association.

6. **What percentage of your permanent employees are a member of this recognized employee association?**
   Not Applicable.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**
   ASL has stringent policies & procedures which are in line with local laws to prevent any kind of forced labor, child labor and sexual harassment at our locations of operations. Some of these processes are:
   - We collect valid documents related to age proof and employment is confirmed only after submission of valid documents which are verified.
   - The Company maintains a safe working environment for women employees. We create awareness among our employees that sexual harassment is a serious misconduct and there are formal mechanisms available for raising the complaints.

   The details of the no. of complaints received during the financial year 2017-18 are as follows:

| Category | No. of complaints during financial year | No. of complaints pending at the end of the financial year |
|---|---|---|
| Child Labour/Forced Labour/Involuntary Labour | 0 | 0 |
| Sexual Harassment | 11 | 0 |
| Discriminatory employment | 0 | 0 |

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
   The Company organizes several training programs for its employees through functional modules. The training content is based on the roles and responsibilities performed by the employees in different grades and departments.

   The details of trainings conducted during the financial year 2017-18 are as follows:

| Employee category | % of Employees that were given safety training | % of Employees that were given skill up-gradation training |
|---|---|---|
| Permanent employees | 74 | 87 |
| Permanent women employees | 74 | 65 |
| Casual/ Temporary/ Contractual Employees | 75 | 90 |
| Permanent employees with disabilities | 73 | 27 |

## Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**
   Yes, ASL has identified and mapped all its key internal and external stakeholders and same are mentioned below;
   a) Customers
   b) Employees
   c) Business Partners / Associates
   d) Shareholders
   e) Regulatory Authorities / Bodies
   f) Local Communities in the areas that we operate in

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**
   Yes.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**
   ASL wants to make a real difference to the underprivileged by strengthening schools, impacting education and inspiring lives through its CSR initiatives, which includes;

   - Providing basic infrastructure for education
   - Computer education and learning
   - Balwadis for developing pre – school foundation in association with MCGM
   - Availability of playground & sports fixtures and sports material

- Mid – day meals for children
- Pedagogy and activity based learnings
- Quality staff for teaching

The Company has impacted more than 75,000 students through its holistic school interventions.

### Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**
   The Company has framed a policy on human rights, which is a guidance document for its Employees, Business Partners/ Associates and other relevant stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
   During the financial year 2017-18, the Company has not received any complaints from stakeholders in this respect.

### Principle 6: Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**
   The Company has a defined Environment Policy which is a guidance document for its Employees, Business Partners/ Associates and other relevant stakeholders to encourage them to adopt more environment friendly and safe business practices.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**
   ASL understands the global issue of climate change and has incorporated possible actions to address it. We have taken following initiatives towards mitigating the environmental impact, wherever feasible:

   - **Water conservation programmes:** The Company believes water is a critical resource and hence works towards minimizing its fresh water requirements through initiatives such as rain water harvesting, use of water efficient fixtures and sewage treatment plants.
   - **LED lightings:** We use LED light fixtures, thereby conserving energy year by year.
   - **CFC-free refrigerants:** We use CFC free refrigerants in Air – Conditioning equipments, which reduces release of CFCs in atmosphere which is one of the major contributors for green house gases.
   - **Use of BEE 5 - Star Equipment's:** The Company uses BEE 5-star rated split air conditioners which consumes less energy in comparison to conventional air conditioners.
   - **Use of Sustainable materials for construction:** The Company incorporates sustainable vision right at the construction stage of our stores. We use AAC blocks in place of conventional building materials which are sourced from local manufacturers.
   - **Solar Plant:** ASL has installed solar panels on rooftops at select stores. This initiative has helped the Company reduce its dependency on grid power supply. At such stores, we estimate that we have been able to substitute approximately 25% of our energy requirements through this initiative.

3. **Does the company identify and assess potential environmental risks? Y/N**
   ASL assesses the potential impacts of its operations on the environment through the implementation of the Environment Policy.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
   We do not have any projects registered under Clean Development Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**
   The Company invests in energy efficiency (refer to our response to question 2) and renewable energy projects, detailed below;
   - **Solar Plant:** ASL has installed solar panels on rooftops at select stores. This initiative has helped the Company reduce its dependency on grid power supply. At such stores, we estimate that we have been able to substitute approximately 25% of our energy requirements through this initiative.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
   Not Applicable

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   There are no show cause/ legal notices received from CPCB/ SPCB as on end of FY 2017-18.

### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**
   ASL is member of Retailers Association of India (RAI).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
ASL understands the improvement and advancements of the industry in interest of public good. Our endeavor is to co-operate with all Government bodies and policy makers in this regard.

## Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**
The Company has a Corporate Social Responsibility Policy which details its vision of working for the underprivileged sections of the society. The primary focus of our CSR program is education which includes working with different local municipal schools to improve education standards through various pedagogical interventions.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**
We have an in-house team dedicated to carry out Company's CSR initiatives. We also collaborate with Expert Partners and NGOs for some of our initiatives.

3. **Have you done any impact assessment of your initiative?**
The dedicated in-house team monitors the number of beneficiaries impacted by the Company's CSR initiatives and the same is presented to the CSR Committee periodically.

4. **What is your company's direct contribution to community development projects amount in INR and the details of the projects undertaken.**
The Company has contributed ₹ 1,059.88 lakhs during the financial year 2017-18 towards community development projects. The details of these projects are mentioned in Annexure V of the Directors Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
We conduct post impact assessment for all our CSR initiatives which help us understand the effectiveness of these programs. Based on the outcome of these assessments, the Company plans corrective measures wherever necessary.

## Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**
There are 15 ongoing consumer complaints as on 31st March, 2018.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**
The Company is an emerging national supermarket chain with focus on value retailing. Majority of the products are procured from reputed third party vendors/ manufacturers/ distributors which are directly sold to the customer. However, we also procure some goods from other vendors which are repacked at our locations.

   Hence it is our constant endeavor to engage with our entire vendor ecosystem and seek to ensure that all our vendors adhere to proper labeling indicating content, safety and handling of the products which we sell.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.**
There is one case pending before the judicial authorities for trademark infringement.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**
Customer satisfaction is of prime importance for any business to sustain in the market. Our store personnel interact with customers frequently to understand their experience and take their feedback on our services. This helps us to improve our service quality and enhance customer satisfaction. We also encourage our customers to share their valuable feedback with us and have made available several channels which they can use to reach us. Some of those are:
   - Customer Care Desk at each store
   - Feedback / Complaints Register at stores
   - Our corporate website
   - Central customer care helpline number
   - Electronic mail

# Independent Auditor's Report

To the Members of
Avenue Supermarts Limited

## Report on the Standalone Indian Accounting Standard (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Avenue Supermarts Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 6, 2017.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act , we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

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

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

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;

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

i. The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2018;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company as at March 31, 2018.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: May 05, 2018

# Annexure 1

referred to in paragraph 7 of our report of even date
Re: Avenue Supermarts Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year, there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the company

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products of the Company.

(vii) (a) According to the information and as explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, labour welfare fund, profession tax, income-tax, sales-tax, service tax, customs duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, there are no undisputed statutory dues including provident fund, employees' state insurance, labour welfare fund, profession tax, income-tax, sales-tax, service tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, at the year-end for a period of more than six months.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount ₹ in lacs | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Finance Act, 1994 | Service tax | 69.13 | 2008-2013 | Commissioner of Service tax |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 57.19 | 2011-2012 | Joint Commercial Tax Commissioner |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 28.22 | 2013-2014 | Deputy Commissioner of Commercial Tax |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 14.19 | 2008-2009 | Deputy Commissioner of Commercial Tax |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 13.59 | 2009-2010 | Deputy Commissioner of Commercial Tax |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 41.02 | 2010-2011 | Joint Commercial Tax Commissioner |
| Gujarat Value Added Tax Act , 2003 | Value added tax | 39.11 | 2012-2013 | Joint Commercial Tax Commissioner |
| Maharashtra Value Added Tax Act , 2002 | Value added tax | 9.12 | 2008-2009 | Deputy Commissioner of Commercial Tax |
| Maharashtra Value Added Tax Act , 2002 | Value added tax | 18.61 | 2011-2012 | Deputy Commissioner of Commercial Tax |
| Madhya Pradesh Value Added Tax Act, 2002 | Value added tax | 17.91 | 2015-2016 | Deputy Commissioner of Commercial Tax |
| Madhya Pradesh Value Added Tax Act, 2002 | Entry tax | 33.98 | 2015-2016 | Deputy Commissioner of Commercial Tax |

| Name of the Statute | Nature of Dues | Amount ₹ in lacs | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax | 51.25 | 2007-2008 | Asst. Commissioner of Income Tax |
| Income Tax Act, 1961 | Interest on Income tax | 42.50 | 2013-2014 | Asst. Commissioner of Income tax |
| Income Tax Act, 1961 | Income tax | 3.15 | 2010-2011 | Deputy Commissioner of Income tax |
| Income Tax Act, 1961 | Income tax | 0.05 | 2016-2017 | Deputy Commissioner of Income tax |
| Income Tax Act, 1961 | Income tax | 0.59 | 2015-2016 | Director of Income Tax |
| Income Tax Act, 1961 | Income tax | 0.15 | 2016-2017 | Director of Income Tax |
| Income Tax Act, 1961 | Short Deduction/ Late Deduction of TDS | 17.25 | 2007-2008 to 2017-2018 | Assessing Officer |

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or dues to debenture holders. There are no dues payable to any financial institution and government.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of initial public offer and term loans were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in fixed deposits. The maximum amount of idle/surplus funds invested during the year was Rs 185,040.11 lacs, of which Rs 49,172.10 lacs was outstanding at the end of the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: May 05, 2018

# Annexure 2

To the independent auditor's report of even date on the standalone financial statements of Avenue Supermarts Limited

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Avenue Supermarts Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018,based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: May 05, 2018

# Standalone Balance Sheet

as at 31st March, 2018

(₹ in Lakhs)

| | Notes | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 323,365.31 | 251,518.06 |
| (b) Capital work-in-progress | 2 | 14,705.06 | 15,289.36 |
| (c) Investment properties | 3 | 1,632.56 | 2,737.16 |
| (d) Intangible assets | 4 | 620.38 | 635.08 |
| (e) Financial assets | | | |
| (i) Investments in subsidiaries and an associate | 5 | 12,950.17 | 3,661.74 |
| (ii) Other non-current financial assets | 6 | 4,807.81 | 4,541.22 |
| (f) Other non-current assets | 7 | 8,525.53 | 5,021.53 |
| | | **366,606.82** | **283,404.15** |
| **Current assets** | | | |
| (a) Inventories | 8 | 114,703.59 | 93,315.99 |
| (b) Financial assets | | | |
| (i) Investments | 9 | 5,170.29 | - |
| (ii) Trade receivables | 10 | 3,336.01 | 2,099.79 |
| (iii) Cash and cash equivalents | 11 | 6,404.57 | 3,025.92 |
| (iv) Bank balances other than cash and cash equivalents | 12 | 49,241.32 | 185,105.42 |
| (v) Other current financial assets | 13 | 7,837.25 | 7,487.78 |
| (c) Other current assets | 14 | 7,947.22 | 5,776.24 |
| | | **194,640.25** | **296,811.14** |
| Total assets | | 561,247.07 | 580,215.29 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 15 | 62,408.45 | 62,408.45 |
| (b) Other equity | 16 | 401,862.81 | 321,297.88 |
| | | **464,271.26** | **383,706.33** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17 | 24,600.00 | 98,092.44 |
| (ii) Other non-current financial liabilities | 18 | 77.57 | 138.35 |
| (b) Deferred tax liabilities (net) | 19 | 4,629.86 | 5,174.50 |
| **Current liabilities** | | **29,307.43** | **103,405.29** |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | 725.39 | 12,266.04 |
| (ii) Trade payables | 21 | 31,587.82 | 26,675.52 |
| (iii) Other current financial liabilities | 22 | 33,044.60 | 50,125.05 |
| (b) Other current liabilities | 23 | 1,125.64 | 3,220.63 |
| (c) Provisions | 24 | 1,184.93 | 816.43 |
| | | **67,668.38** | **93,103.67** |
| Total equity and liabilities | | 561,247.07 | 580,215.29 |
| Summary of significant accounting policies | 1 | | |

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

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# Statement of Standalone Profit and Loss

for the year ended 31st March, 2018

(₹ in Lakhs)

| | Notes | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 1,500,889.30 | 1,188,111.90 |
| Other income | 26 | 7,264.77 | 3,128.86 |
| **Total income** | | **1,508,154.07** | **1,191,240.76** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 1,286,276.36 | 1,036,895.42 |
| Changes in inventories of stock-in-trade | 27 | (21,387.60) | (27,295.94) |
| Employee benefits expense | 28 | 27,655.70 | 18,947.32 |
| Finance costs | 29 | 5,941.99 | 12,180.39 |
| Depreciation and amortisation expense | 30 | 15,465.16 | 12,602.09 |
| Other expenses | 31 | 74,613.70 | 63,200.21 |
| **Total expenses** | | **1,388,565.31** | **1,116,529.49** |
| **Profit before tax** | | 119,588.76 | **74,711.27** |
| **Tax expense** | | | |
| Current tax | 32 | 41,716.71 | 25,124.37 |
| Adjustment of tax related to earlier periods | | (49.34) | 157.85 |
| Deferred tax charge/(credit) | | (544.64) | 1,165.20 |
| **Total income tax expenses** | | **41,122.73** | **26,447.42** |
| **Profit for the year** | | 78,466.03 | 48,263.85 |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurements gains/(loss) on defined benefit plans | 44 | (79.92) | 119.65 |
| Less: Income tax effect | | 27.66 | (41.41) |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(52.26)** | **78.24** |
| Total comprehensive income for the year | | 78,413.77 | 48,342.09 |
| **Earnings per equity share of ₹ 10 each: (in ₹)** | 41 | | |
| Basic | | 12.57 | 8.56 |
| Diluted | | 12.41 | 8.55 |
| Summary of significant accounting policies | 1 | | |

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Statement of Standalone Cash Flows

for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 119,588.76 | 74,711.27 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 15,465.16 | 12,602.09 |
| Finance cost | 5,941.99 | 12,180.39 |
| Dividend income | - | (1.90) |
| Interest income | (4,626.45) | (721.68) |
| Profit on sale of investments | (1,641.86) | (755.56) |
| Expense on employee stock option scheme | 2,123.08 | 114.27 |
| Rent income | (597.28) | (1,614.00) |
| (Gain)/ loss on disposal of PPE (net) | (299.82) | 84.81 |
| | 16,364.82 | 21,888.42 |
| **Operating profit before working capital changes** | **135,953.58** | **96,599.69** |
| Adjustments for: | | |
| Increase in trade payables | 4,912.30 | 6,628.56 |
| Increase in provisions | 288.58 | 398.44 |
| Increase in other current financial liabilities | 2,328.65 | 1,444.58 |
| Increase/(decrease) in other current liabilities | (2,094.99) | 1,283.67 |
| Decrease in other non-current financial liabilities | (60.78) | (1,667.33) |
| Increase in trade receivables | (1,236.22) | (1,262.05) |
| Increase in inventories | (21,387.60) | (27,295.94) |
| Increase in current investments | (5,170.29) | - |
| Increase in other non-current financial assets | (263.61) | (1,659.48) |
| Increase in bank balances other than cash and cash equivalents | (3.91) | (3.98) |
| Increase in other current assets | (2,170.98) | (1,048.72) |
| (Increase)/decrease in other current financial assets | 849.56 | (3,138.67) |
| | (24,009.29) | (26,320.92) |
| Cash flow from operating activities | 111,944.29 | 70,278.77 |
| Direct taxes paid (net of refunds) | (39,646.06) | (25,396.59) |
| **Net cash flow from operating activities** | **72,298.23** | **44,882.18** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of PPE | 687.26 | 963.58 |
| Realisation from FDs of IPO proceeds | 135,868.01 | - |
| Interest received | 3,427.42 | 522.13 |
| Dividend received | - | 1.90 |
| Gain on sale of investments | 1,641.86 | 755.56 |
| Rent income received | 593.39 | 1,614.00 |
| | **142,217.94** | **3,857.17** |
| Purchase of property, plant and equipment/ intangible assets/investment properties | (89,679.72) | (64,218.15) |
| IPO proceeds deposited in FDs | - | (185,040.11) |
| Investment in associate | (9,288.43) | (2,062.13) |
| | (98,968.15) | (251,320.39) |
| **Net cash flow (used in)/from investing activities** | **43,249.79** | **(247,463.22)** |

# Statement of Standalone Cash Flows

for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Cash flow from financing activities:** | | |
| Proceeds from issue of shares (net of IPO expenses) | - | 184,061.55 |
| Proceeds from long-term borrowings | - | 20,000.00 |
| Proceeds from non-convertible debentures | - | 25,000.00 |
| Proceeds of short-term borrowings | - | 5,916.93 |
| | - | **234,978.48** |
| Repayment of long-term borrowings | (54,246.87) | (15,530.65) |
| Repayment of non-convertible debentures | (38,400.00) | - |
| Repayment of commercial papers | - | (5,000.00) |
| Repayment of short-term borrowings | (11,540.65) | - |
| Interest paid | (7,985.26) | (12,018.66) |
| | (112,172.78) | (32,549.31) |
| **Cash flow (used in)/from financing activities** | **(112,172.78)** | **202,429.17** |
| **Net increase/(decrease) in cash and cash equivalent** | 3,375.24 | (151.87) |
| **Cash and cash equivalents at beginning of the year** | 3,025.73 | 3,177.60 |
| **Cash and cash equivalents at end of the year** | 6,400.97 | 3,025.73 |
| | | |
| **Cash and cash equivalents as per above comprises of the following** | | |
| **Cash and cash equivalents (Refer Note: 11)** | 6,404.57 | 3,025.92 |
| **Bank overdrawn (Refer Note: 22)** | (3.60) | (0.19) |
| **Balance as per statement of cash flows** | 6,400.97 | 3,025.73 |

The accompanying notes are an integral part of these financial statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Statement of Changes in Equity

for the year ended 31st March, 2018

## A. Equity share capital

| | Notes | No. of Shares | ₹ in Lakhs |
|---|---|---|---|
| Equity Share of ₹ 10 each issued, subscribed and fully paid | 15 | | |
| **At 1st April, 2016** | | 561,542,680 | 56,154.27 |
| Issue of Share Capital | | 62,541,806 | 6,254.18 |
| **At 31st March, 2017** | | 624,084,486 | 62,408.45 |
| Issue of Share Capital | | - | - |
| **At 31st March, 2018** | | **624,084,486** | **62,408.45** |

## B. Other equity

(₹ in Lakhs)

| | Notes | Other equity | | | | |
|---|---|---|---|---|---|---|
| | | Securities premium | Share options outstanding account | Debenture redemption reserve | Retained earnings | Total |
| **Balance as at 1st April, 2016** | | 3,169.46 | - | 2,832.00 | 89,030.75 | 95,032.21 |
| Profit for the year | | - | - | - | 48,263.85 | 48,263.85 |
| Other comprehensive income for the year | | - | - | - | 78.24 | 78.24 |
| Issue of share capital | 16 | 180,745.82 | - | - | - | 180,745.82 |
| Transaction cost of IPO | 16 | (2,938.45) | - | - | - | (2,938.45) |
| Share option expense | 43 | - | 116.21 | - | - | 116.21 |
| Transfer to debenture redemption reserve | | - | - | 9,640.00 | (9,640.00) | - |
| **Balance as at 31st March, 2017** | | **180,976.83** | **116.21** | **12,472.00** | **127,732.84** | **321,297.88** |
| Profit for the year | | - | - | - | 78,466.03 | 78,466.03 |
| Other comprehensive income for the year | | - | - | - | (52.26) | (52.26) |
| Share option expense | 43 | - | 2,151.16 | - | - | 2,151.16 |
| Transfer from debenture redemption reserve | | - | - | (3,777.00) | 3,777.00 | - |
| **Balance as at 31st March, 2018** | | **180,976.83** | **2,267.37** | **8,695.00** | **209,923.61** | **401,862.81** |

### Nature and purpose of reserve

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

**Share options outstanding account**

The share options outstanding is used to recognise the grant date fair value of options issued to employees under Avenue Supermarts Limited Employee Stock Option Scheme, 2016.

**Debenture redemption reserve**

The Company is required to create a debenture redemption reserves out of profit which is available for the purpose of redemption of debentures in accordance with provisions of Companies Act, 2013.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## Corporate Information

Avenue Supermarts Limited ('the Company') is a company limited by shares and is domiciled in India. The Company's registered office is at Anjaneya, Opp. Hiranandani Foundation School, Powai, Mumbai - 400076, Maharashtra, India. The Company is primarily engaged in the business of organised retail and operates supermarkets under the brand name of 'D-Mart'. Its equity shares are listed in India on BSE Limited and National Stock Exchange of India Limited.

The Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th May, 2018.

## 1. Summary of significant accounting policies

### (a) Basis of preparation

The Standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

#### (i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;

2) defined benefit plans - plan assets measured at fair value;

3) share based payments.

#### (ii) Current non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification. As asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose or trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### (iii) Rounding off amounts

The standalone financial statements are presented in ₹ and all values are rounded to the nearest lakhs (₹ 00,000), except when otherwise indicated.

### (b) Investment in subsidiaries and an associate

Investments in subsidiaries and an associates are accounted at cost in accordance with Ind AS 27.

### (c) Property, plant and equipment (PPE)

On transition to Ind AS, the company has elected to continue with the carrying value of all its property plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. (Referred to as "historical cost" in this section)

Freehold land is carried at historical cost. All other item of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Capital work-in-progress, property, plant and equipment is stated at cost, net of accumulated depreciation. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing cost for long-term construction

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company depreciates them separately based on thier specific useful lifes. Likewise, when a major inspection is performed, its cost is recongnised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation on property, plant and equipment**

Depreciation is provided to the extent of depreciable amount on written down value method (except for leasehold land which is amortised over the period of lease) over the useful life of asset as assessed by the management and the same is similar to the useful lives as prescribed in Part-C of Schedule II to the Companies Act, 2013. Depreciation is charged on pro-rata basis for asset purchased/sold during the year.

The assets residual values, useful life and method of depreciation of PPE are reviewed and adjusted if appropriate, at the end of each reporting period.

**(d) Intangible assets**

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.Intangible assets are amortised on a written down value basis over the economic useful life estimated by the management.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation on intangible assets

Amortisation is provided on straight-line method over the useful life of asset as assessed by the management and the same is similar to the useful lives as prescribed in Part-C of Schedule II to the Companies Act, 2013. Amortisation is charged on pro-rata basis for asset purchased/sold during the year.

**Estimated useful life of assets are as follows:**

Computer Software - 5 years
Trademarks - 5-10 years

**(e) Investment properties**

On transition to Ind AS, the company has elected to continue with the carrying value of all its investment properties recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

Investments in property that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are measured initially at its cost including transaction cost and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent cost are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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to the Standalone Financial Statements for the year ended 31st March, 2018

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

The company depreciates its investment properties over the useful life which is similar to that of Property, Plant and Equipment.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**(f) Impairment of non-financial assets**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Impairment losses are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**(g) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Ind AS 17 also contains similar requirements for recognition of lease rental income under operating leases. The company has determined that it does not meet criteria for recognition of lease rental expense/ income on a basis other than straight-line basis.

**(h) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprises cash at banks and on hand and Short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value. For the purpose of financial statement of cash flow, cash and cash equivalent consists of cash and Short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**(i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

**(j) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories, comprise costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

**(k) Financial instruments**

A Financial instrument is any contract that gives rise to a financial assets of one entity and a financial liability or equity instrument of another entity.

Financial asset

(i) Classification

The company classifies its financial assets in the following measurement categories:

* those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and

* those measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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Debt instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

* **Amortised cost:** A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

* **Fair value through other comprehensive income (FVOCI):** A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

  a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

  b) The asset's contractual cash flows represent SPPI.

  Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

* **Fair value through profit and loss:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity instruments:

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through the Statement of Profit and Loss are recognised in other income/other expenses in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(iii)** Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

(iv) **Derecognition of financial assets**

A financial asset is derecognised only when

* the company has transferred the rights to receive cash flows from the financial asset or
* retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of the financial asset. In such cases, the financial asset is derecognised. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**(l) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the company or the counterparty.

**(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(n) Borrowings and other financial liabilities**

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initiation is recognised as an asset/liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash transferred or liabilities assumed, is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**(o) Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing cost consist of interest and other cost that an entity incurs in connection with borrowing of funds.

**(p) Provisions and contingent liabilities**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the

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time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

A contingent asset is disclosed, where an inflow of economic benefits is probable. An entity shall not recognize a contingent asset unless the recovery is virtually certain.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefit will flow to the company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

Sale of goods

Revenue from sale of goods is recognised on delivery of merchandise to the customer, when the property in the goods is transferred for a price, and significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. It is the company's policy to sell its products to the end customers with a right of return within 7 days. Historical experience is used to estimate and provide for such returns at the time of sales.

The inventory of third party does not pass to the company till the product is sold. At the time of sale of such inventory, the sales value along with the cost of inventory is disclosed seprately as sale of goods on approval basis and cost of goods sold on approval basis and forms part of Revenue in the Statement of Profit and Loss. Only the net revenue earned i.e. margin is recorded as a part of revenue.

Rental income

Rental income arising from operating lease on investment properties is accounted for on a straight line basis over lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases and is included in the Statement of profit or loss due to its operating nature.

Interest income

Interest income is recongnised based on time proportion basis considering the amount outstanding and rate applicable (EIR). Interest income in included in the Other Income in the statement of Profit and Loss.

(r) Retirement and other employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefit in the form of provident fund is a defined contribution plan. The Company has no obligation , other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related services. If the Contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date,then excess is recognised as an asset to the extent that the prepayment will lead to , for example, a reduction in future payment or a cash refund.

ii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an

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unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligations
Defined benefit plans
**Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of profit or loss as past service cost.

Share based payment

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any is, recongised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the shared option outstanding account.

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Expense relating to options granted to employees of the subsidiaries under the company's share based payment plan, is recovered from the subsidiary. Such recovery is reduced from employee benefit expense.

**(s) Foreign currency transactions**

(a) Functional and presentation currency:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates. The Financial statements are presented in INR, which is functional and presentational currency.

(b) Transaction and balances:

Transaction in currencies other than entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transaction.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retransalted. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

**(t) Income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purpose at the reporting date. Deferred tax assets and liabilities are determined using tax rates (and laws) that

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have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity shareholder of the company
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(v) Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and deposits, trade and other receivables, trade payables, other current liabilities, Short-term loans from banks approximate their carrying amounts largely due to Short-term maturities of these instruments.
2. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
3. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(w) **Significant accounting judgement, estimates and assumption**

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the company's accounting policies.

Share based payment

The company initially measures the cost of equity settled transaction with employees using Black Scholes model to

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in Note no 44.

Provision for inventory

The company has calculated the provision for inventory basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determinning the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 45.

**(x) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the company. The Managing Director assesses the financial performance and position of the company as a whole, and makes strategic decisions.

**(y) Cash flow**

The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The company has disclosed these transactions, to the extent material, in notes to cash flow statement.

# Notes
to the Standalone Financial Statements as at 31st March, 2018

## 2 Property, plant and equipment

(₹ in Lakhs)

| | Freehold land (Refer Note: 2, 6) | Leasehold land (Refer Note: 1) | Buildings (Refer Note: 1, 2, 4) | Leasehold improvement | Plant & equipment | Computers | Furniture & fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| Balance as at 1st April, 2016 | 46,876.38 | 30,763.63 | 113,187.03 | 1,470.50 | 5,392.54 | 2,101.29 | 7,327.07 | 549.91 | 1,093.15 | 6,900.24 | 215,661.74 |
| Additions | 19,686.65 | 6,353.68 | 20,752.94 | 982.49 | 3,037.15 | 1,140.58 | 3,755.46 | 78.91 | 529.43 | 2,541.58 | 58,858.87 |
| Disposals/adjustment | - | - | 28.69 | - | 359.71 | 237.30 | 303.09 | 11.11 | 60.75 | 80.36 | 1,081.01 |
| **Balance as at 31st March, 2017** | **66,563.03** | **37,117.31** | **133,911.28** | **2,452.99** | **8,069.98** | **3,004.57** | **10,779.44** | **617.71** | **1,561.83** | **9,361.46** | **273,439.60** |
| Additions | 38,179.16 | 1,411.60 | 36,596.64 | 874.83 | 2,650.43 | 1,249.94 | 2,995.44 | 49.64 | 533.89 | 2,974.24 | 87,515.81 |
| Reclassification | - | - | (230.16) | (44.62) | 583.56 | - | 129.22 | (443.57) | (39.05) | 44.62 | - |
| Disposals | 163.26 | - | 25.70 | 115.45 | 86.07 | 26.24 | 89.85 | 2.25 | 16.87 | 7.13 | 532.82 |
| **Balance as at 31st March, 2018** | **104,578.93** | **38,528.91** | **170,252.06** | **3,167.75** | **11,217.90** | **4,228.27** | **13,814.25** | **221.53** | **2,039.80** | **12,373.19** | **360,422.59** |
| **Depreciation** | | | | | | | | | | | |
| Balance as at 1st April, 2016 | - | 369.70 | 4,375.26 | 66.01 | 717.62 | 752.39 | 1,372.04 | 142.22 | 320.99 | 1,418.88 | 9,535.11 |
| Charge for the year | - | 424.54 | 5,742.11 | 245.98 | 1,039.30 | 839.49 | 1,947.79 | 140.34 | 414.33 | 1,628.87 | 12,422.75 |
| Disposals/adjustment | - | - | 1.75 | 0.01 | 12.98 | 3.90 | 8.06 | 0.43 | 5.06 | 4.16 | 36.35 |
| **Balance as at 31st March, 2017** | **-** | **794.24** | **10,115.62** | **311.98** | **1,743.94** | **1,587.98** | **3,311.77** | **282.13** | **730.26** | **3,043.59** | **21,921.51** |
| Charge for the year | - | 433.39 | 6,877.44 | 391.24 | 1,867.21 | 1,012.77 | 2,246.48 | 107.57 | 439.25 | 1,905.80 | 15,281.15 |
| Reclassification | - | - | (28.54) | (31.85) | 335.40 | - | 12.12 | (288.63) | (18.97) | 20.47 | - |
| Disposals | - | - | 2.68 | 28.68 | 34.94 | 15.86 | 45.22 | 0.70 | 13.57 | 3.73 | 145.38 |
| **Balance as at 31st March, 2018** | **-** | **1,227.63** | **16,961.84** | **642.69** | **3,911.61** | **2,584.89** | **5,525.15** | **100.37** | **1,136.97** | **4,966.13** | **37,057.28** |
| Net book value | | | | | | | | | | | |
| **Balance as at 31st March, 2017** | **66,563.03** | **36,323.07** | **123,795.66** | **2,141.01** | **6,326.04** | **1,416.59** | **7,467.67** | **335.58** | **831.57** | **6,317.87** | **251,518.09** |
| **Balance as at 31st March, 2018** | **104,578.93** | **37,301.28** | **153,290.22** | **2,525.06** | **7,306.29** | **1,643.38** | **8,289.10** | **121.16** | **902.83** | **7,407.06** | **323,365.31** |

# Notes
## to the Standalone Financial Statements as at 31st March, 2018

Notes:

1 Leasehold land includes following amounts paid as premium under built operate and transfer (BOT) arrangement

(₹ in Lakhs)

| | Land | | Building constructed on the Land | |
|---|---|---|---|---|
| | **As at 31st March, 2018** | As at 31st March, 2017 | **As at 31st March, 2018** | As at 31st March, 2017 |
| Gross Block | 1,519.37 | 1,519.37 | 4,515.01 | 4,524.01 |
| Net Block | 1,337.88 | 1,353.22 | 3,666.32 | 3,862.22 |

2 Freehold land includes ₹ 15,746.49 lakhs (31st March, 2017: ₹ 9,785.57 lakhs) being property purchased, for which mutation is pending.

3 Capital work-in-progress as at 31st March, 2018 comprises expenditure for the new stores in the course of construction. Total amount of CWIP (including fit outs) is ₹ 14,705.06 lakhs (31st March, 2017: ₹ 15,289.36).

4 Building includes interest capitalised on borrowings of ₹ Nil (31st March, 2017: ₹1,142.76 lakhs).

5 From the above given note, assets pledged as security for borrowings is disclosed under note 34.

6 Freehold land ₹ 1,065.35 lakhs being the value of a land purchased by the Company at Nagpur from Pramod Walmandhare and others. The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 07.07.2017 (by Virtue of which Ownership of the Pramod Walmandre and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the Company.

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# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 3 Investment properties

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **Cost** | | | |
| | **Opening balance** | 2,889.92 | 1,429.97 |
| | Additions | - | 1,459.95 |
| | Adjustment/transfer to PPE | (1,066.08) | - |
| | **Closing balance** | **1,823.84** | **2,889.92** |
| **Depreciation** | | | |
| | **Opening balance** | (152.76) | (64.88) |
| | Charge for the year | (38.52) | (87.88) |
| | **Closing balance** | **(191.28)** | **(152.76)** |
| | **Net book value** | **1,632.56** | **2,737.16** |
| | **Information regarding income and expenditure of investment properties:** | | |
| (i) | **Amounts recognised in profit or loss for investment properties** | | |
| | Rental income including contingent rent of ₹ 2.99 lakhs (Previous year ₹ 3.19 lakhs) | 305.52 | 1,335.55 |
| | Direct operating expenses from property that generated rental income | 62.50 | 149.17 |
| | **Income from investment properties before depreciation** | **243.02** | **1,186.38** |
| | Depreciation | 38.52 | 87.88 |
| | **Income from investment properties** | **204.50** | **1,098.50** |
| (ii) | **Leasing arrangements** | | |
| | Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows: | | |
| | Within one year | 24.94 | 1,210.05 |
| | Later than one year but not later than 5 years | 9.74 | 752.37 |
| | Later than 5 years | - | - |
| | | 34.68 | 1,962.42 |
| (iii) | **Fair value** | | |
| | Investment properties | 6,164.49 | 18,460.00 |

The company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

### Estimation of fair value

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent.

This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorized in level 2 fair value hierarchy.

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 4 Intangible assets

(₹ in Lakhs)

| | Computer Software | Trademarks | Total |
|---|---|---|---|
| **Cost** | | | |
| **Balance as at 1st April, 2016** | 575.80 | 1.86 | 577.66 |
| Additions | 430.89 | - | 430.89 |
| Disposals | 8.15 | - | 8.15 |
| **Balance as at 31st March, 2017** | **998.54** | **1.86** | **1,000.40** |
| Additions | 202.46 | - | 202.46 |
| Adjustment | (4.07) | - | (4.07) |
| **Balance as at 31st March, 2018** | **1,205.07** | **1.86** | **1,206.93** |
| **Amortisation** | | | |
| **Balance as at 1st April, 2016** | 159.39 | 0.59 | 159.98 |
| Charge for the year | 209.34 | 0.42 | 209.76 |
| Disposals | 4.42 | - | 4.42 |
| **Balance as at 31st March, 2017** | **364.31** | **1.01** | **365.32** |
| Charge for the year | 216.89 | 0.27 | 217.16 |
| Adjustment | (4.07) | - | (4.07) |
| **Balance as at 31st March, 2018** | **585.27** | **1.28** | **586.55** |
| **Net book value** | | | |
| **Balance as at 31st March, 2017** | **634.23** | **0.85** | **635.08** |
| **Balance as at 31st March, 2018** | **619.80** | **0.58** | **620.38** |

## 5 Investments in subsidiaries and associate

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **A. Investment in subsidiaries** | | |
| **Unquoted equity shares** | | |
| **i. Equity instruments at cost** | | |
| 2,000,000 (31st March, 2017: 2,000,000) shares of Align Retail Trades Private Limited (equity shares of ₹ 10 each) | 200.00 | 200.00 |
| 10,000 (31st March, 2017: 10,000) shares of Avenue Food Plaza Private Limited (equity shares of ₹ 10 each) | 1.00 | 1.00 |
| 90,000 (31st March, 2017: 90,000) shares of Nahar Seth Jogani Developers Private Limited (equity shares of ₹ 10 each) | 9.00 | 9.00 |
| 117,598,330 (31st March, 2017: 34,517,432) shares of Avenue E-commerce Limited (equity shares of ₹ 10/- each)* | 12,740.17 | - |
| Total (A) | 12,950.17 | 210.00 |

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# Notes

to the Standalone Financial Statements as at 31st March, 2018

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **B.** | **Investment in associate** | | |
| | **Unquoted** | | |
| | **Equity instruments at cost** | | |
| | 117,598,330 (31st March, 2017 : 34,517,432) shares of Avenue E-commerce Limited (equity shares of ₹ 10/- each)* | - | 3,451.74 |
| | **Total (B)** | **-** | **3,451.74** |
| | **Total (A+B)** | **12,950.17** | **3,661.74** |
| | Aggregate amount of unquoted investments | 12,950.17 | 3,661.74 |
| | Aggregate amount of impairment in the value of investment | - | - |
| | Non-current | 12,950.17 | 3,661.74 |

* On 25th January, 2018, the company entered into share purchase agreement with promoters of Avenue E-commerce Limited (together referred to as 'Seller') and acquired an additional stake of 50.79% equity interest in Avenue E-commerce Limited ('AEL') for a cash consideration of ₹ 4,921.19 lakhs.With the additional stake Avenue E-commerce Limited ceases to be an associate with effect from 2nd February, 2018 and is a subsidiary of the company.

## 6 Other non-current financial assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Rent deposits given | | |
| - Related parties (Refer Note: 33) | 836.94 | 836.94 |
| - Others | 2,203.33 | 1,572.97 |
| Other deposits | 1,659.43 | 2,047.03 |
| Margin money deposits with banks (held as lien by bank against bank guarantees) | 81.93 | 68.25 |
| Long-term deposits with banks with maturity period more than 12 months (Provided as security for various regulatory registrations) | 17.46 | 10.29 |
| Current tax assets (net) | 8.72 | 5.74 |
| **Total** | **4,807.81** | **4,541.22** |

The above non-current financial assets are carried at amortised cost.

## 7 Other non-current assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Capital advances | 8,525.53 | 5,021.53 |
| **Total** | **8,525.53** | **5,021.53** |

## 8 Inventories

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Stock-in-trade (at lower of cost and net relisable value) | 114,703.59 | 93,315.99 |
| **Total** | **114,703.59** | **93,315.99** |

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 9 Current investments

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Investment in mutual funds** | | |
| **Unquoted** | | |
| HDFC Liquid Fund - Growth | 3,392.62 | - |
| ICICI Prudential Mutual Fund - Growth | 1,777.67 | - |
| Total | 5,170.29 | - |
| **Aggregate amount of unquoted investments** | 5,170.29 | - |
| Aggregate amount of impairment in the value of investment | - | - |

## 10 Trade receivables

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Considered good** | | |
| **Unsecured** | | |
| Related parties (Refer Note: 33) | - | 75.92 |
| Other than related parties | 3,336.01 | 2,023.87 |
| Total | 3,336.01 | 2,099.79 |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally received within the credit period.

## 11 Cash and cash equivalents

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Balances with Banks - In current accounts | 5,113.90 | 2,098.58 |
| Cash on hand | 1,290.67 | 910.11 |
| Remittance in transit | - | 17.23 |
| Total | 6,404.57 | 3,025.92 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Total cash and cash equivalents | 6,404.57 | 3,025.92 |
| Less: Overdrawn bank balances (Refer Note: 22) | (3.60) | (0.19) |
| **Cash and cash Equivalents for cash flow purpose** | 6,400.97 | 3,025.73 |

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 12 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Margin money deposits with bank (held as lien by bank against guarantees) | 69.16 | 65.25 |
| Deposits with bank | 0.06 | 0.06 |
| IPO proceeds pending utilisation (Refer Note: 15) | | |
| Current accounts (escrow) | 672.10 | 1,440.11 |
| Fixed deposits | 48,500.00 | 183,600.00 |
| **Total** | **49,241.32** | **185,105.42** |

## 13 Other current financial assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Advances recoverable in cash or in kind or in value to be received | | |
| - Related parties (Refer Note: 33)* | 43.54 | 166.31 |
| - others | 6,035.48 | 6,795.27 |
| Interest receivable | | |
| - Related parties (Refer Note: 33) | 61.61 | 64.21 |
| - other deposits | 1,558.49 | 356.86 |
| Loans to employees | 138.13 | 105.13 |
| **Total** | **7,837.25** | **7,487.78** |
| The above current financial assets are carried at amortised cost. | | |
| * Maximum amount outstanding during the year | 241.87 | 166.31 |

## 14 Other current assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Prepaid expenses | 432.45 | 407.46 |
| Advances to suppliers | 4,397.16 | 3,891.91 |
| Advances to subsidiary companies (Refer Note: 33)* | 1,600.00 | 1,165.00 |
| Balance with government authorities | 1,225.68 | 311.87 |
| Others | 291.93 | - |
| **Total** | **7,947.22** | **5,776.24** |

| | | |
|---|---|---|
| * Maximum amount outstanding during the year | 2,862.67 | 1,403.13 |

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 15 Equity share capital

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **A.** | **Authorised** | | |
| | 750,000,000 [31st March, 2017: 750,000,000] equity Shares of ₹ 10 each | 75,000.00 | 75,000.00 |
| | **Issued, subscribed and fully paid-up** | | |
| | 624,084,486 [31st March, 2017: 624,084,486] equity Shares of ₹ 10 each | 62,408.45 | 62,408.45 |
| Total | | 62,408.45 | 62,408.45 |

Notes:

| | | | |
|---|---|---|---|
| a) | **Reconciliation of number of shares** | | |
| | **Balance at the beginning of the year** | | |
| | No. of shares | 624,084,486 | 561,542,680 |
| | Amount in ₹ Lakhs | 62,408.45 | 56,154.27 |
| | **Issued, subscribed and paid-up during the year** | | |
| | No. of shares | - | 62,541,806 |
| | Amount in ₹ Lakhs | - | 6,254.18 |
| | **Balance at the end of the year** | | |
| | No. of shares | 624,084,486 | 624,084,486 |
| | Amount in ₹ Lakhs | 62,408.45 | 62,408.45 |

In March 2017, the company had completed the Initial Public offering (IPO) of fresh issue of 62,541,806 equity shares of ₹ 10 each at an issue price of ₹ 299 per share. The equity shares of the company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. 21st March, 2017.

Utilisation of IPO proceeds are as follows:-

(₹ in Lakhs)

| Particulars | Planned as per Prospectus | Utilisation upto 31st March, 2018 | Balance as per 31st March, 2018 |
|---|---|---|---|
| Towards repayment/payment of NCDs/term loans | 108,000.00 | 86,400.00 | 21,600.00 |
| Construction and purchase of fit outs for new stores | 36,660.00 | 9,402.11 | 27,257.89 |
| Towards general corporate purpose (including transaction cost of IPO) | 42,340.00 | 42,025.79 | 314.21 |
| Total | 187,000.00 | 137,827.90 | 49,172.10 |

Expenses incurred by the company aggregating to ₹ 2,938.45 lakhs, in connection with IPO have been adjusted towards securities premium reserve in March 2017.

**b) Terms and rights attached to equity shares**

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

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

**c) Shares reserved for issue under option**

Information relating to Avenue Supermarts limited Employee Stock Option Scheme, 2016, including details of option granted, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 44.

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# Notes

to the Standalone Financial Statements as at 31st March, 2018

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the company

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Mr. Radhakishan S. Damani | 245,930,000 | 245,930,000 |
| - % holding of shares | 39.41% | 39.41% |
| Mr. Gopikishan S. Damani | 50,980,000 | 50,980,000 |
| - % holding of shares | 8.17% | 8.17% |
| Bright Star Investments Private Limited | 88,750,000 | 88,750,000 |
| - % holding of shares | 14.22% | 14.22% |

## 16 Other equity

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| (a) | **Securities premium reserve** | | |
| | Opening balance | 180,976.83 | 3,169.46 |
| | Issue of share capital | - | 180,745.82 |
| | Transaction cost of IPO | - | (2,938.45) |
| | **Closing balance** | **180,976.83** | **180,976.83** |
| (b) | **Debenture redemption reserve** | | |
| | Opening balance | 12,472.00 | 2,832.00 |
| | Appropriations/reversal during the year | (3,777.00) | 9,640.00 |
| | **Closing balance** | **8,695.00** | **12,472.00** |
| (c) | **Share options outstanding account** | | |
| | Opening balance | 116.21 | - |
| | Share option expense | 2,151.16 | 116.21 |
| | **Closing balance** | **2,267.37** | **116.21** |
| (d) | **Retained earnings** | | |
| | Opening balance | 127,732.84 | 89,030.75 |
| | Net Profit for the year | 78,466.03 | 48,263.85 |
| | Items of other comprehensive income recognised directly in retained earnings | | |
| | - Remeasurements of post-employment benefit obligation, net of tax | (52.26) | 78.24 |
| | Transfer to/from debenture redemption reserve | 3,777.00 | (9,640.00) |
| | **Closing balance** | **209,923.61** | **127,732.84** |
| | **Total Reserves and surplus** | **401,862.81** | **321,297.88** |

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 17 Non-current borrowings

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 1,600.00 | 55,846.87 |
| Less: Current maturities disclosed in other current financial liabilities (Refer Note: 22) | (1,600.00) | (17,654.43) |
| | - | **38,192.44** |
| Non-convertible debentures | 41,600.00 | 80,000.00 |
| Less: Current maturities disclosed in other current financial liabilities (Refer Note: 22) | (17,000.00) | (20,100.00) |
| | **24,600.00** | **59,900.00** |
| **Total secured loans** | **24,600.00** | **98,092.44** |

**Nature of security and terms of repayment for borrowings:**

| Sr. No. | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Term loan are secured by way of mortgage of various stores properties to the banks. | Repayable in 4 Quarterly installments. Last installment due in February, 2019. Rate of interest is 9.70% p.a. as at the year end. |
| 2 | The above term loans from banks are further secured by way of personal guarantees given by the promoters. | |
| 3 | Non-convertible debentures (NCD) are secured by way of mortgage of specific store properties to the Debenture Trustee. | NCD for ₹ 41,600 lakhs is repayable in 1 to 2 annual installments. Last installments are due in August 2020. Rate of interest is ranging between 9.10% and 10.38% p.a. as at the year end. |

## 18 Other non-current financial liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Other financial liabilities at amortised cost** | | |
| Rent deposits taken | 77.57 | 138.35 |
| **Total** | **77.57** | **138.35** |

The above non-current financial liabilities are carried at amortised cost.

## 19 Deferred tax liabilities (net)

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Deferred Tax liability on account of: | | |
| - Depreciation | 5,684.00 | 5,366.18 |
| Deferred Tax Assets on account of: | | |
| - Employee benefits | 1,054.14 | 191.68 |
| **Deferred tax liabilities (net)** | **4,629.86** | **5,174.50** |

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# Notes

to the Standalone Financial Statements as at 31st March, 2018

### Movements in deferred tax liabilitites

(₹ in Lakhs)

| | Property plant and equipment | Employee benefits | Total |
|---|---|---|---|
| **At 1 April 2016** | **4,149.30** | **(140.00)** | **4,009.30** |
| **Charged/(credited) to** | | | |
| Profit and loss | 1,216.88 | (51.68) | 1,165.20 |
| Other Comprehensive income | - | - | - |
| **At 31st March 2017** | **5,366.18** | **(191.68)** | **5,174.50** |
| **Charged/(credited) to** | | | |
| Profit and loss | 317.82 | (862.46) | (544.64) |
| Other comprehensive income | - | - | - |
| **At 31st March 2018** | **5,684.00** | **(1,054.14)** | **4,629.86** |

## 20 Current borrowings

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **A.** | **Secured** | | |
| | Loan repayable on demand | 725.39 | 12,266.04 |
| | **(a) Working capital loans from banks** | | |
| | (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| | Total | 725.39 | 12,266.04 |

At 31 March 2018, the company had available ₹ 17,151.00 lakhs (31st March, 2017: ₹ 9,081.00 lakhs) of undrawn committed borrowing facilities.

The above working capital loans from banks are further secured by way of personal guarantees given by the promoters except in respect of an outstanding loan of ₹ Nil (Previous year - ₹ 3,929.61 lakhs).

## 21 Trade payables

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| | **Trade payables** | | |
| | Amounts payable to related parties (Refer Note: 33) | 835.43 | 981.17 |
| | Others | 30,752.39 | 25,694.35 |
| | Total | 31,587.82 | 26,675.52 |
| **(a)** | **Dues to micro and small enterprises (Refer Note: 35)** | | |
| | The company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows. | | |
| | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 116.53 | 65.48 |

# Notes

to the Standalone Financial Statements as at 31st March, 2018

## 22 Other current financial liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Other financial liabilities measured at amortised cost:** | | |
| Current maturities of term loans (Refer Note: 17) | 1,600.00 | 17,654.43 |
| Current maturities of debentures (Refer Note: 17) | 17,000.00 | 20,100.00 |
| Interest accrued but not due on borrowings | 1,675.13 | 3,718.40 |
| Escrow deposits received* | 4,148.12 | 979.18 |
| Overdrawn bank balances | 3.60 | 0.19 |
| Salary and wages payable | 2,690.03 | 1,999.89 |
| Capital creditors | 3,116.98 | 3,296.48 |
| Rent deposits taken (due for repayment within a year) | - | 1,534.71 |
| Current tax liabilities (Net) | 2,810.74 | 841.77 |
| Total | 33,044.60 | 50,125.05 |

* Escrow deposits represents amount received for any possible claims that may arise in future in respect of certain properties.

## 23 Other current liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Statutory dues | 1,060.93 | 3,146.23 |
| Other payables | 64.11 | 74.40 |
| Other payables - Related Party (Refer Note: 33) | 0.60 | - |
| Total | 1,125.64 | 3,220.63 |

## 24 Provisions

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Provision for employee benefits** | | |
| Gratuity (Refer Note: 45) | 339.89 | 278.88 |
| Leave entitlement | 845.04 | 537.55 |
| Total | 1,184.93 | 816.43 |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## 25 Revenue from operations

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Sale of goods | 1,643,606.04 | 1,270,696.91 |
| Sale of goods on approval basis | 8,250.98 | 8,644.69 |
| | **1,651,857.02** | **1,279,341.60** |
| Less: Tax | (147,188.74) | (85,929.50) |
| Less: Cost of goods sold on approval basis | (7,203.39) | (7,570.13) |
| Other operating income | 3,424.41 | 2,269.93 |
| **Total** | 1,500,889.30 | 1,188,111.90 |

## 26 Other income

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Interest on deposits and advances | 4,626.45 | 721.68 |
| Rent and amenities service income (Refer Note: 3) | 597.28 | 1,588.99 |
| Gain on sale of current investment | 1,641.86 | 755.56 |
| Gain on sale/discardment of PPE (net) | 299.82 | - |
| Miscellaneous income | 99.36 | 62.63 |
| **Total** | **7,264.77** | **3,128.86** |

## 27 Changes in inventories of stock-in-trade

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Closing Stock | 114,703.59 | 93,315.99 |
| Opening Stock | 93,315.99 | 66,020.05 |
| **Total** | **(21,387.60)** | **(27,295.94)** |

## 28 Employee benefits expenses

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Salaries, allowances and others | 22,410.66 | 16,407.21 |
| Expense on employee stock option scheme (Refer Note: 44) | 2,123.08 | 114.27 |
| Contribution to provident fund and other funds | 1,425.06 | 1,233.97 |
| Employee welfare expenses | 1,696.90 | 1,191.87 |
| **Total** | **27,655.70** | **18,947.32** |

## 29 Finance costs

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Interest on term loans from banks | 733.07 | 5,936.49 |
| Interest on non-convertible debentures | 4,672.38 | 6,706.48 |
| Interest others | 182.25 | 636.11 |
| | 5,587.70 | 13,279.08 |
| Less: Capitalised | - | (1,142.76) |
| | 5,587.70 | 12,136.32 |
| Finance charges | 354.29 | 44.07 |
| **Total** | **5,941.99** | **12,180.39** |

Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the general borrowings during the year, for 31st March, 2018: Nil (31st March, 2017: 9.8%).

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## 30 Depreciation and amortisation expense

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Depreciation/amortisation on: | | |
| - Tangible assets (Refer Note: 2) | 15,281.15 | 12,422.75 |
| - Intangible assets (Refer Note: 4) | 217.16 | 209.76 |
| - Investment property (Refer Note: 3) | 38.52 | 87.88 |
| | 15,536.83 | 12,720.39 |
| Less: Capitalised | (71.67) | (118.30) |
| **Total** | **15,465.16** | **12,602.09** |

## 31 Other expenses

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Contract labour charges | 31,606.40 | 28,870.58 |
| Rent (Refer Note: 36) | 4,758.38 | 3,421.15 |
| Electricity and fuel charges | 12,013.13 | 9,844.21 |
| Insurance | 419.80 | 221.39 |
| Rates and taxes | 1,453.33 | 1,167.71 |
| **Repairs and maintenance:** | | |
| - Building | 1,522.97 | 1,112.09 |
| - Plant and machinery | 2,046.29 | 1,576.52 |
| - Others | 1,262.97 | 1,072.98 |
| Legal and professional fees | 956.02 | 951.00 |
| Travelling and conveyance | 1,700.98 | 1,153.89 |
| Directors fees | 55.43 | 16.10 |
| **Payment to auditors*** | | |
| - Audit fees | 31.00 | 31.19 |
| - Other services | 14.66 | 27.63 |
| - Reimbursement of expenses | 1.15 | 0.47 |
| Miscellaneous expenses | 15,711.12 | 12,926.80 |
| Expenditure towards corporate social responsibility (CSR) activities (Refer Note: 38) | 1,059.88 | 734.52 |
| Loss on sale/discardment of PPE (net) | - | 84.81 |
| Exchange loss/(gain) (net) | 0.19 | (12.83) |
| **Total** | **74,613.70** | **63,200.21** |

* In March 2017, the audit fees is excluding fees relating to IPO ₹ 126.50 lakhs and reimbursement of expenses ₹ 1.15 lakhs, both debited to securities premium reserve.

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# Notes
to the Standalone Financial Statements for the year ended 31st March, 2018

## 32 Income tax expenses

(₹ in Lakhs)

| | | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| **Tax expense recognized in the Statement of Profit and Loss** | | | |
| (a) | Income tax expense | | |
| | Current tax | | |
| | Current tax on profits for the year recognised in statement of profit and loss | 41,716.71 | 25,124.37 |
| | Current tax on Re-measurements gains/(loss) on defined benefit plans recognised in OCI | (27.66) | 41.41 |
| | Adjustments for current tax of prior periods | (49.34) | 157.85 |
| | Total current tax expense | **41,639.71** | **25,323.63** |
| | | | |
| | Deferred tax | | |
| | (Decrease)/increase in deferred tax | | |
| | Total deferred tax expense/(benefit) | (544.64) | 1,165.20 |
| | Income tax expense | **41,095.07** | **26,488.83** |
| (b) | **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:** | | |
| | Accounting profit before tax | 119,588.76 | 74,711.27 |
| | Tax calculated at tax rates applicable to profit @ 34.61% | 41,389.67 | 25,857.57 |
| | Permanent differences due to: | | |
| | Donation | 2.33 | 1.32 |
| | Corporate social responsibility | 322.01 | 158.97 |
| | Interest on income tax | 40.96 | 16.36 |
| | Fines and penalty | 0.29 | 1.68 |
| | Deduction from income from house property | (37.52) | (139.94) |
| | Others | (573.33) | 435.02 |
| | Adjustments for current tax of prior periods | (49.34) | 157.85 |
| | Income tax recognised in the statement of profit and loss and OCI | **41,095.07** | **26,488.83** |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## 33 Related party transactions

(₹ in Lakhs)

| | | Ownership interest | |
|---|---|---|---|
| | | 31st March, 2018 | 31st March, 2017 |
| (i) | **Subsidiary companies:** | | |
| | Avenue Food Plaza Private Limited | 100.00 | 100.00 |
| | Align Retail Trades Private Limited | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (w.e.f. 1st February, 2018) | 99.66 | - |
| (ii) | **Associate enterprises:** | | |
| | Avenue E-Commerce Limited (till 31st January, 2018) | - | 49.21 |
| (iii) | **Shareholders who exercise control:** | | |
| | Mr. Gopikishan Damani | | |
| | Mr. Radhakishan Damani | | |
| | Mrs. Kirandevi Damani | | |
| | Mrs. Shrikantadevi Damani | | |
| | Bright Star Investments Private Limited | | |
| (iv) | **Directors and Key managerial personnel:** | | |
| | Mr. Ramakant Baheti (Chief Financial Officer and Executive Director) | | |
| | Mr. Ignatius Navil Noronha (Managing Director) | | |
| | Mr. Ramesh Damani (Chairman and Independent Director) | | |
| | Mrs. Manjri Chandak (Non-Executive Director) | | |
| | Mr. Elvin Machado (Executive Director) | | |
| | Mr. Chandrashekhar B. Bhave (Independent Director) | | |
| (v) | **Entities over which parties listed in (iii) above exercise control/significant influence and transactions have taken place with them during the year:** | | |
| | 7 Apple Hotels Private Limited | | |
| | Bombay Swadeshi Stores Limited | | |
| | Derive Trading and Resorts Private Limited | | |
| | Damani Estates and Finance Private Limited | | |
| | Derive Trading and Resorts Private Limited | | |
| | Boutique Hotels India Private Limited | | |
| (vi) | **Trust:** | | |
| | Avenue Supermarts Limited Employees Group Gratuity Trust | | |

## (b) Transaction with related parties

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Remuneration to Directors | 628.83 | 493.08 |
| Sitting fees to Directors | 15.43 | 16.10 |
| Commission to Independent Directors | 40.00 | - |
| Mentor fees | ₹ 1 | - |
| **Align Retail Trades Private Limited** | | |
| Purchase of goods | 70,059.52 | 58,655.96 |
| Rent and amenities service income | 1.36 | 8.16 |
| Business support service income | 5.00 | - |
| Interest on advance given | 281.06 | 292.39 |
| ESOP expenses reimbursement | 28.69 | 1.94 |
| Transport charges reimbursement | 56.53 | - |

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# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Balances as at: | | |
| Trade payables | 829.98 | 981.17 |
| Advances given | 1,600.00 | 1,165.00 |
| Interest receivable | 61.61 | 64.21 |
| Other receivables | 33.21 | 4.80 |
| **Avenue Food Plaza Private Limited** | | |
| Rent and amenities service income | 89.71 | 29.57 |
| Balances as at: | | |
| Other receivables | 10.34 | 9.54 |
| **Nahar Seth & Jogani Developers Private Limited** | | |
| Rent expenses | 75.00 | 75.00 |
| Balances as at: | | |
| Rent deposits given | 836.94 | 836.94 |
| Other payables | - | 78.75 |
| **Avenue E-Commerce Ltd.** | | |
| Sales | 2,533.60 | 141.27 |
| Business support service income | 72.00 | 60.00 |
| ESOP expenses provided | 0.60 | - |
| Balances as at: | | |
| Payable towards employee stock option scheme | 0.60 | - |
| Other receivables | - | 63.00 |
| Trade payables | 5.45 | - |
| Trade receivables | - | 75.92 |
| Investment in share capital | 12,740.17 | 3,451.74 |
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 87.00 | 61.87 |
| Employee Welfare Expenses | 17.06 | - |
| Balances as at: | | |
| Other payables | 0.56 | - |
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 26.60 | 13.80 |
| Balances as at: | | |
| Other receivables | 0.43 | 10.22 |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 16.65 | - |
| Other payables | 10.64 | - |
| **Damani Estates and Finance Private Limited** | | |
| Reimbursement of expenses | 2.46 | - |
| **Boutique Hotels India Private Limited** | | |
| Employee welfare expenses | 38.41 | - |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 278.88 | 149.42 |

Note: Compensation to Directors of the company:

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Short-term employment benefits | 583.99 | 447.37 |
| Post employment benefits | 44.84 | 45.71 |
| Sitting fees | 15.43 | 16.10 |
| Commission to Independent Directors | 40.00 | 16.10 |

The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable.

* During current financial year, the subsidiary company Avenue E-commerce Limited has instituted an Avenue E-commerce Limited Employee Stock Option Scheme, 2018 ('the Scheme') as approved by the Board of Directors dated 2nd February, 2018 and the resolution of shareholders dated 15th February, 2018 for issuance of stock option to eligible employee of the Avenue E-commerce Limited and Avenue Supermarts Limited.

Pursuant to the said scheme and subject to terms and condition of the Scheme 2018, equity shares of ₹ 10 each were ganted to eligible employees at an execrise prices of ₹ 11.30.

Further Avenue E-commerce Limited has debited to the Avenue Supermarts Limited,expense relating to options granted under the said scheme relating to the employees, aggregating ₹ 0.60 lakhs which has been classified under Employee Benefit Expense. (Note 28)

**Guarantees taken by the company from related parties:**

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Secured loans (Amount outstanding as at 31.03.2018)<br>(Personal guarantees of Mr. Radhakishan Damani and Mr. Gopikishan Damani) | 2,328.99 | 43,133.49 |

**Guarantees given by the company on related parties:**

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Secured loans<br>(Guarantee given by ASL for ARTL) | 1,600.00 | 1,600.00 |

## 34 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Current assets** | | |
| Trade receivables | 3,336.01 | 2,099.79 |
| Inventories | 114,703.59 | 93,315.99 |
| **Total current assets pledged as security** | **118,039.60** | **95,415.78** |
| **Non-current assets** | | |
| **First charge** | | |
| Land | 6,994.27 | 24,755.08 |
| Building | 21,909.94 | 68,180.10 |
| **Total non-current assets pledged as security** | **28,904.21** | **92,935.18** |
| **Total assets pledged as security** | **146,943.81** | **188,350.96** |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## 35 MSME disclosure

The details of amounts outstanding to Micro and Small enterprises under the Micro and Small Enterprises Development Act, 2006 (MSED Act), based on the available information with the company are as under:

(₹ in Lakhs)

| | | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| 1 | Principal amount not due and remaining unpaid | 111.91 | 62.17 |
| 2 | Principal amount due and remaining unpaid | 4.62 | 3.31 |
| 3 | Interest due on (1) above and the unpaid interest | - | 0.10 |
| 4 | Interest due and payable for the period of delay other than (3) above | - | 0.10 |

## 36 Lease disclosure

The company has entered into agreements for taking on lease certain office/store premises, warehouses. The lease term is for period ranging from 1 year to 30 years.

**Premises taken on operating lease:**

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Lease rent expenses recognized in the statement of Profit and Loss account | 4,758.38 | 3,421.15 |
| The total future minimum lease rent payable for the non cancellable period of lease at the Balance Sheet date: | | |
| - For a period not later than one year | 5,700.15 | 2,657.66 |
| - For a period later than one year and not later than 5 years | 15,820.98 | 5,984.27 |
| - For a period later than five years | 1,441.83 | - |

The initial non-cancellable period of lease contracts have been taken for the disclosure above.

## 37 Contingent liabilities and commitments

### (a) Contingent liabilities

Claims against the company not acknowledged as debts

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Income tax matters | 11.28 | 6.47 |
| Indirect tax matters | 342.06 | 290.18 |
| Other matters | - | 63.12 |
| Corporate Guarantee | 1,600.00 | 1,600.00 |

It is not practicable for the company to estimate the timings of cash outflows, if any in respect of above pending resolutions of the respective proceedings.

The company has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's financial statements. The company does not expect the outcome of these proceedings to have a materially adverse effect on it's financial results.

The company has process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, Company has reviewed and ensured that adequate provision as required under any law/accounting standard for material forseeable losses on such long-term contracts has been made in the books of accounts.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

### (b) Capital commitments

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 109,625.43 | 70,022.86 |

## 38 Expenditure towards corporate social responsibility (CSR) activites

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Amount required to be spent as per Section 135 of the Act | 1,050.06 | 701.75 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 1,059.88 | 734.52 |
| **Total** | **1,059.88** | **734.52** |

Amount spent during the year for corporate social responsibility (CSR) activities are in cash.

## 39 Segment information

The company's business activity falls within a single primary business segment of retail and one reportable geographical segment which is 'within India'. Accordingly, the Company is a single segment company in accordance with Indian Accounting Standard 108 'Operating Segment'.

**40** The company has not entered into any derivative transaction during the year. Unhedged foreign currency exposure at the end of the year is NIL.

## 41 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the year as per statement of Profit and Loss | 78,466.03 | 48,263.85 |
| Weighted average number of equity shares outstanding for basic EPS | 624,084,486 | 563,941,544 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 7,999,253 | 685,057 |
| Weighted average number of equity shares outstanding for dilutive EPS | **632,083,739** | **564,626,601** |
| Earnings Per Share (₹) - Basic (Face value of ₹ 10 per share) | 12.57 | 8.56 |
| Earnings Per Share (₹) - Diluted (Face value of ₹ 10 per share) | **12.41** | **8.55** |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

**42 (a) Capital risk management**

For the purpose of the company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value.

The company manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants. The company has raised capital by issue of equity shares through an IPO in the previous year ended 31st March, 2017. Certain proceeds from the IPO have been used for repayment of borrowings which have significantly reduced the company's borrowings.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices funding requirements are reviewed periodically.

**(b) Dividends**

The company has not paid any dividend since its incorporation.

**43 Fair values and fair value hierarchy**

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their Short-term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

**44 Share-based payments**

**Employee stock option plan**

During the previous year ended 31st March, 2017, the company had instituted an Avenue Supermarts Limited Employee Stock Option Scheme, 2016 ('the Scheme') as approved by the Board of Directors dated 23rd July, 2016 for issuance of stock option to eligible employee of the company and of its subsidiaries.

Pursuant to the said scheme, Stock options convertible into Nil (Previous year: 13,973,325) equity shares of ₹ 10 each were granted to eligible employee at an exercise prices of ₹ 299/- being price at which fresh issue of shares made in initial public offer (IPO).

**Subject to terms and condition of the scheme, options are classified into three categories.**

| | Option A | Option B | Option C |
|---|---|---|---|
| No. of options | 2,772,525 | 5,001,075 | 6,199,725 |
| Method of accounting | Fair value | Fair value | Fair value |
| Vesting plan | 9 years | 6 years | 2.5 years |
| Grant date | 14th March, 2017 | 14th March, 2017 | 14th March, 2017 |
| Exercise/Expiry date | 13th March, 2026 | 13th March, 2023 | 13th September, 2019 |
| Grant/Exercise price | ₹ 299.00 | ₹ 299.00 | ₹ 299.00 |
| Method of settlement | Equity – settled | Equity – settled | Equity – settled |

Exercise period, would commence from the date of options are vested and will expire at the end of three months from the date of vesting.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

### Movement of options granted;

| | 31st March, 2018 | | 31st March, 2017 | |
|---|---|---|---|---|
| | Average exercise price per share option | Number of options | Average exercise price per share option | Number of options |
| Opening balance | 299.00 | 13,889,025 | - | - |
| Granted during the year | 299.00 | - | 299.00 | 13,973,325 |
| Exercised during the year | 299.00 | - | 299.00 | - |
| Forfeited during the year | 299.00 | 896,850 | 299.00 | 81,900 |
| **Closing balance** | | **12,992,175** | | **13,891,425** |
| Vested | | 1,200 | | 2,400 |

### The model inputs for fair value of option granted as on the grant date:

| Inputs | Option A | Option B | Option C |
|---|---|---|---|
| Exercise price | ₹ 299.00 | ₹ 299.00 | ₹ 299.00 |
| Dividend yield | 0% | 0% | 0% |
| Risk free interest rate | 6.98% | 7.24% | 6.77% |
| Expected volatility | 14.22% | 14.22% | 14.22% |
| Fair value per option | ₹ 144.94 | ₹ 112.93 | ₹ 58.63 |
| Model used | Black Scholes | Black Scholes | Black Scholes |

### Expense arising from equity settled share based payments transactions:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Total ESOP expenditure | 2,151.17 | 116.21 |
| Less: Recovered from subsidiaries | (28.69) | (1.94) |
| Add: Payable to subsidiary | 0.60 | - |
| Recognised in the statement of profit or loss | **2,123.08** | **114.27** |

**45** As per Indian Accounting Standard 19 ‘Employee benefits’, the disclosures as defined are given below:

### Defined Benefit Plan

The company operates a gratuity plan wherein every employees entitled to the benefit equivalent to fifteen days salary last drawn for each year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vest after five years of continuous service. The gratuity paid is governed by The Payment of Gratuity Act,1972. The company contributes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the company is not exposed to market risk. The following table summarises the component of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

**1 Change in the present value of defined benefit obligation are as follows:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Present value of benefit obligation at the beginning of the year | 1,053.47 | 712.08 |
| Interest cost | 71.74 | 55.83 |
| Current service cost | 253.60 | 164.85 |
| Past service cost | 43.72 | - |
| Benefit paid directly by the employer | (56.34) | (17.33) |
| Actuarial (gains)/losses on obligations – due to change in financial assumptions | (69.71) | 58.65 |
| Actuarial (gains)/losses on obligations – due to experience | 138.30 | 79.39 |
| **Present value of benefit obligation at the end of the year** | **1,434.78** | **1,053.47** |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

2 **Change in fair value of plan assets:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | 774.59 | 562.66 |
| Interest income | 52.75 | 44.12 |
| Contributions by the employer | 278.88 | 149.42 |
| Return on plan assets, excluding interest income | (11.33) | 18.39 |
| **Fair value of plan assets at the end of the year** | **1,094.89** | **774.59** |

3 **Change in fair value of assets and obligations:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Present value of benefit obligation at the end of the year | (1,434.78) | (1,053.47) |
| Fair value of plan assets at the end of the year | 1,094.89 | 774.59 |
| Funded status (surplus/ (deficit)) | **(339.89)** | **(278.88)** |
| Net liability is bifurcated as follows: | | |
| Current liability | (339.89) | (278.88) |
| **Net liability** | **(339.89)** | **(278.88)** |

4 **Net benefit expenses recognised during the year:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| In the statement of Profit and Loss | | |
| Current service cost | 253.60 | 164.85 |
| Net interest cost | 18.99 | 11.70 |
| Past service cost | 43.72 | - |
| Net cost | **316.31** | **176.56** |
| In other comprehensive income | | |
| Actuarial (gains)/losses on obligation for the year | 68.59 | 138.04 |
| Return on plan assets, excluding interest income | 11.33 | (18.39) |
| **Net (income)/expense for the year recognized in OCI** | **79.92** | **119.65** |

5 All investment of plan asset are done in M/s. Avenue Supermarts Limited Employees Group Gratuity Trust which is governed by Board of Trustees.

6 **The principal assumptions in determining gratuity defined benefit obligation for the company are as follows:**

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Expected return on plan assets | 7.65% | 6.81% |
| Rate of discounting | 7.65% | 6.81% |
| Rate of salary increase | 8.00% | 8.00% |
| Rate of employee turnover | 15.00% | 15.00% |
| Mortality rate during employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality rate after employment | N.A. | N.A. |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the company's policy for plan assets management.

**7 The expected contributions for defined benefit plan for the future years is as follows:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Projected benefits payable in future years from the date of reporting | | |
| 1st following year | 156.93 | 117.82 |
| 2nd following year | 161.67 | 114.88 |
| 3rd following year | 168.32 | 117.24 |
| 4th following year | 173.67 | 120.09 |
| 5th following year | 182.15 | 119.87 |
| Sum of years 6 To 10 | 678.06 | 472.09 |

**8 Sensitivity analysis:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Projected benefit obligation on current assumptions | 1,434.78 | 1,053.47 |
| Delta effect of +1% change in rate of discounting | (74.88) | (57.03) |
| Delta effect of -1% change in rate of discounting | 83.76 | 64.09 |
| Delta effect of +1% change in rate of salary increase | 79.75 | 59.11 |
| Delta effect of -1% change in rate of salary increase | (72.81) | (54.21) |
| Delta effect of +1% change in rate of employee turnover | (11.57) | (11.05) |
| Delta effect of -1% change in rate of employee turnover | 11.91 | 11.65 |

There has been no change from the previous year in the method and assumptions used in perparing the sensitivity analysis.

These plans typically exposed the company to acturial risks such as Interest risk, salary risk, investment risk, asset liability matching risk and mortality risk.

Gratuity is a defined benefit plan and company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

## 46 Financial risk management

### Financial risk management objectives and policies

The company's financial principal liabilities comprises borrowings, trade payables and other payables. The main purpose of these financial liabilities to finance the company operation. The company's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balance that derive from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

### A) Market Rate Risk

#### i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The company's exposure to the risk of changes in market interest rates relates to primarily to company's Short-term borrowing with floating interest rates. The company's fixed rates of borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount not the future cash flows will fluctuate because of a change in market interest rate. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to interest rate risk

(₹ in Lakhs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Borrowings bearing variable rate of interest | 725.39 | 12,266.04 |

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings taken at floating rates. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowing as follows:

A change of 50 bps (basis points) in interest rates would have following Impact on profit before tax

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| 50 bp increase- decrease in profits | (3.63) | (5.59) |
| 50 bp decrease- Increase in profits | 3.63 | 5.59 |

### B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution.

Credit risk from balances with banks is managed by the Company's treasury department in accordance with Company's policy.

Since company operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

### Liquidity risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

### Maturity patterns of borrowings

(₹ in Lakhs)

| | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long-term borrowings (including current maturity of long-term debt) | 18,600.00 | 24,600.00 | - | 43,200.00 |
| Short-term borrowings | 725.39 | - | - | 725.39 |
| Expected interest payable | 3,914.81 | 2,816.93 | - | 6,731.74 |
| **Total** | **23,240.20** | **27,416.93** | **-** | **50,657.13** |

(₹ in Lakhs)

| | As at 31st March, 2017 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Tota |
| Long-term borrowings (including current maturity of long-term debt) | 37,754.43 | 98,092.44 | - | 135,846.87 |
| Short-term borrowings | 12,266.04 | - | - | 12,266.04 |
| Expected interest payable | 7,254.04 | 6,463.42 | - | 13,717.46 |
| **Total** | **57,274.51** | **104,555.86** | **-** | **161,830.37** |

### Maturity patterns of other financial liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Overdue/ Payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
| Trade payable | 31,587.82 | - | - | - | - | 31,587.82 |
| Payable related to capital goods | 3,116.98 | - | - | - | - | 3,116.98 |
| Other financial liabilities (current and non current) | 11,327.62 | - | - | - | 77.57 | 11,405.19 |
| **Total** | **46,032.42** | **-** | **-** | **-** | **77.57** | **46,109.99** |

(₹ in Lakhs)

| | As at 31st March, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Overdue/ Payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
| Trade payable | 26,675.52 | - | - | - | - | 26,675.52 |
| Payable related to capital goods | 3,296.48 | - | - | - | - | 3,296.48 |
| Other financial liabilities (current and non current) | 9,074.14 | - | - | - | 138.35 | 9,212.49 |
| **Total** | **39,046.14** | **-** | **-** | **-** | **138.35** | **39,184.49** |

# Notes

to the Standalone Financial Statements for the year ended 31st March, 2018

## 47 Events after the reporting period

The company has evaluated subsequent events from the balance sheet date through 5th May, 2018, the date at which the financial statements were available to be issued, and determined that there are no material items to disclose other than those disclosed above.

## 48 Ind AS issued but not effective

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard which the company intends to adopt, when they become effective.

### Ind AS 115: Revenue from Contracts with Customers

Ind AS 115 was notified on 28th March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the company. Ind AS 115 is effective for the company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1st April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the company does not expects to have material changes in the recognition of revenue from the current practice. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

### Ind AS 40: Investment property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April, 2018. Upon adoption the company does not expects to have material changes in the recognition of investment property from the current practice. A reliable estimate of the quantitative impact of Ind AS 40 on the financial statements will only be possible once the implementation project has been completed.

# Notes
to the Standalone Financial Statements for the year ended 31st March, 2018

**Ind AS 28: Investments in associates and joint ventures**
Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1st April, 2018. These amendments are not applicable to the company.

**Ind AS 12: Recognition of deferred tax assets for unrealised losses**
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April, 2018. These amendments are not applicable to the company.

**49.** The previous year numbers have been audited by an audit firm other than S R B C & Co LLP. The previous year numbers have been reclassified wherever necessary.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Independent Auditor's Report

To the Members of
Avenue Supermarts Limited

## Report on the Consolidated Indian Accounting Standard (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Avenue Supermarts Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and associates, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## Other Matter

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of Rs 2,462 lacs and net assets of Rs 1,518 lacs as at March 31, 2018, and total revenues of Rs 1,857 lacs and net cash outflows of Rs 130 lacs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

(b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 6, 2017.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries,, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2017, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations as at March 31, 2018 on its consolidated financial position of the Group, – Refer note 39 to the consolidated Ind AS financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended March 31, 2018.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: May 05, 2018

# Annexure 1

To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Avenue Supermarts Limited

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Avenue Supermarts Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Avenue Supermarts Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**
Partner
Membership Number: 36738

Place of Signature: Mumbai
Date: May 05, 2018

# Consolidated Balance Sheet
as at 31st March, 2018

(₹ in Lakhs)

| | Notes | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 327,601.90 | 254,393.67 |
| (b) Capital work-in-progress | | 14,708.54 | 15,289.36 |
| (c) Investment properties | 3 | 1,632.56 | 2,737.16 |
| (d) Goodwill | | 7,826.86 | - |
| (e) Intangible assets | 4 | 2,937.36 | 644.07 |
| (f) Financial assets | | | |
| (i) Investments in associate | 5 | - | 2,152.48 |
| (ii) Other non-current financial assets | 6 | 4,238.66 | 3,795.26 |
| (g) Deferred tax assets (net) | 7 | 13.26 | 7.41 |
| (h) Other non-current assets | 8 | 8,657.82 | 5,055.43 |
| | | **367,616.96** | **284,074.84** |
| **Current assets** | | | |
| (a) Inventories | 9 | 116,344.68 | 94,790.31 |
| (b) Financial assets | | | |
| (i) Investments | 10 | 6,818.16 | 416.58 |
| (ii) Trade receivables | 11 | 3,351.22 | 2,100.24 |
| (iii) Cash and cash equivalents | 12 | 6,744.78 | 3,292.85 |
| (iv) Bank balances other than cash and cash equivalents | 13 | 49,273.67 | 185,135.93 |
| (v) Other current financial assets | 14 | 7,750.08 | 7,414.38 |
| (c) Other current assets | 15 | 6,937.51 | 4,710.25 |
| | | **197,220.10** | **297,860.54** |
| Total assets | | **564,837.06** | **581,935.38** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 16 | 62,408.45 | 62,408.45 |
| (b) Other equity | 17 | 404,497.11 | 321,770.07 |
| **Equity attributable to equity holders of the parent** | | **466,905.56** | **384,178.52** |
| **Non-controlling interest** | | 64.54 | 14.53 |
| | | **466,970.10** | **384,193.05** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18 | 24,600.00 | 98,092.44 |
| (ii) Other non-current financial liabilities | 19 | 77.57 | 138.35 |
| (b) Provisions | 20 | 73.93 | 18.27 |
| (c) Deferred tax liabilities (net) | 21 | 4,517.48 | 5,057.89 |
| | | **29,268.98** | **103,306.95** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 22 | 725.39 | 13,884.78 |
| (ii) Trade payables | 23 | 31,730.05 | 26,066.48 |
| (iii) Other current financial liabilities | 24 | 33,691.90 | 50,396.43 |
| (b) Other current liabilities | 25 | 1,250.55 | 3,265.21 |
| (c) Provisions | 26 | 1,200.09 | 822.48 |
| | | **68,597.98** | **94,435.38** |
| Total equity and liabilities | | **564,837.06** | **581,935.38** |
| Summary of significant accounting policies | 1 | | |

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

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# Statement of Consolidated Profit and Loss

for the year ended 31st March, 2018

(₹ in Lakhs)

| | Notes | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 27 | 1,503,319.90 | 1,189,769.56 |
| Other income | 28 | 6,932.08 | 2,855.93 |
| | | **1,510,251.98** | **1,192,625.49** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 1,284,695.30 | 1,035,725.06 |
| Changes in inventories of stock-in-trade | 29 | (21,131.13) | (27,621.50) |
| Employee benefits expense | 30 | 28,258.03 | 19,251.15 |
| Finance costs | 31 | 5,954.74 | 12,197.86 |
| Depreciation and amortisation expense | 32 | 15,899.61 | 12,781.86 |
| Other expenses | 33 | 76,216.22 | 64,290.59 |
| | | **1,389,892.77** | **1,116,625.02** |
| **Profit before share of loss of an associate** | | **120,359.21** | **76,000.47** |
| Share of Net loss of Associate | | (2,004.41) | (1,292.05) |
| Gain on fair valuation of pre existing equity interest in an associate (Refer Note: 49) | | 3,852.11 | 0.00 |
| **Profit before tax** | | **122,206.91** | **74,708.42** |
| **Tax expense** | | | |
| Current tax | 34 | 42,170.78 | 25,608.41 |
| Adjustment of tax related to earlier periods | | (44.39) | 157.85 |
| Deferred tax charge/(credit) | | (547.06) | 1,062.35 |
| | | **41,579.33** | **26,828.61** |
| **Profit for the year** | | **80,627.58** | **47,879.81** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurements gains/(loss) on defined benefit plans | 47 | (76.24) | 124.55 |
| Less: Deferred tax effect | | (0.80) | (1.62) |
| Less: Income tax effect | | 27.67 | (41.41) |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(49.37)** | **81.52** |
| **Total Comprehensive Income for the year** | | **80,578.21** | **47,961.33** |
| **Profit for the year** | | **80,627.58** | **47,879.81** |
| Attributable to: | | | |
| Equity holders of the parent | | 80,625.25 | 47,875.23 |
| Non-controlling interests | | 2.33 | 4.58 |
| **Total comprehensive income for the year** | | **80,578.21** | **47,961.33** |
| **Attributable to:** | | | |
| Equity holders of the parent | | 80,575.88 | 47,956.75 |
| Non-controlling interests | | 2.33 | 4.58 |
| **Earnings per equity share of ₹ 10 each: (in ₹)** | | | |
| Basic | 43 | **12.92** | **8.49** |
| Diluted | | **12.76** | **8.48** |
| Summary of significant accounting policies | 1 | | |

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Statement of Consolidated Cash Flows

for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 120,359.21 | 76,000.47 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 15,899.61 | 12,781.86 |
| Finance cost | 5,954.74 | 12,197.86 |
| Dividend income | - | (1.90) |
| Interest income | (4,349.11) | (431.89) |
| Profit on sale of investments | (1,688.04) | (781.51) |
| Expense on employee stock option scheme | 2,151.16 | 116.21 |
| Rent income | (489.21) | (1,576.27) |
| (Gain)/loss on disposal of PPE(net) | (295.02) | 85.09 |
| | 17,184.13 | 22,389.45 |
| **Operating profit before working capital changes** | **137,543.34** | **98,389.92** |
| Adjustments for: | | |
| Increase in trade payables | 5,482.88 | 6,622.30 |
| Increase in current provisions | 297.42 | 402.20 |
| Increase in other current financial liabilities | 2,032.29 | 1,455.91 |
| Increase/(decrease) in other current liabilities | (2,055.06) | 1,267.68 |
| Increase in non-current provisions | 3.17 | 0.99 |
| Decrease in other non-current financial liabilities | (60.78) | (1,478.83) |
| Increase in trade receivables | (1,250.02) | (1,258.61) |
| Increase in inventories | (21,222.15) | (27,621.50) |
| Increase in current investments | (6,201.47) | (230.94) |
| Decrease in other non-current assets | 14.03 | - |
| Increase in other non-current financial assets | (265.17) | (1,651.88) |
| Increase in bank balances other than cash and cash equivalents | (5.75) | (5.85) |
| Increase in other current assets | (1,920.09) | (1,342.10) |
| (Increase)/decrease in other current financial assets | 876.70 | (3,202.31) |
| | (24,274.00) | (27,042.94) |
| Cash flow from operating activities | 113,269.34 | 71,346.98 |
| Direct taxes paid (net of refunds) | (40,268.72) | (25,818.69) |
| **Net cash flow from operating activities** | **73,000.62** | **45,528.29** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of PPE | 687.99 | 964.04 |
| Realisation from FDs of IPO proceeds | 135,868.01 | - |
| Interest received | 3,147.46 | 118.77 |
| Dividend received | - | 1.90 |
| Gain on sale of investments | 1,688.04 | 781.51 |
| Investment in associate before conversion to subsidiary | 767.05 | - |
| Rent income received | 485.32 | 1,576.27 |
| | **142,643.87** | **3,442.49** |
| Purchase of property, plant and equipment/intangible assets/investment properties | (91,562.52) | (64,501.58) |
| IPO proceeds in bank, pending utilisation | - | (185,040.11) |
| Investment in an associate for conversion to subsidiary | (4,921.19) | (2,062.13) |
| | (96,483.71) | (251,603.82) |
| **Net cash flow (used in)/from investing activities** | **46,160.16** | **(248,161.33)** |

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# Statement of Consolidated Cash Flows

for the year ended 31st March, 2018

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Cash flow from financing activities:** | | |
| Proceeds from issue of shares (net of IPO expenses) | - | 184,061.55 |
| Proceeds from long-term borrowings | - | 20,000.00 |
| Proceeds from non-convertible debentures | - | 25,000.00 |
| Proceeds of short-term borrowings | - | 6,027.85 |
| | **-** | **235,089.40** |
| Repayment of long-term borrowings | (54,246.87) | (15,530.65) |
| Repayment of non-convertible debentures | (38,400.00) | - |
| Repayment of commercial papers | - | (5,000.00) |
| Repayment of short-term borrowings | (15,259.39) | - |
| Interest paid | (8,000.99) | (12,033.15) |
| | **(115,907.25)** | **(32,563.80)** |
| **Cash flow (used in)/from financing activities** | **(115,907.25)** | **202,525.60** |
| **Net increase/(decrease) in cash and cash equivalent** | **3,253.53** | **(107.44)** |
| **Cash and Cash Equivalents at Beginning of the Year** | **3,292.66** | **3,400.10** |
| **Cash acquired on acquisition** | 194.61 | - |
| **Cash and cash equivalents at end of the year** | 6,740.80 | 3,292.66 |
| **Cash and cash equivalents as per above comprises of the following** | | |
| **Cash and cash equivalents (Refer Note: 12)** | 6,744.78 | 3,292.85 |
| **Bank overdrawn (Refer Note: 24)** | (3.98) | (0.19) |
| **Balance as per statement of cash flows** | 6,740.80 | 3,292.66 |

The accompanying notes are an integral part of these financial statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Statement of Changes in Consolidated Equity

for the year ended 31st March, 2018

## A. Equity share capital

| | Notes | No. of Shares | (₹ in Lakhs) |
|---|---|---|---|
| **Equity share of ₹ 10 each issued, subscribed and fully paid** | 16 | | |
| **At 1st April, 2016** | | **561,542,680** | **56,154.27** |
| Issue of Share Capital | | 62,541,806 | 6,254.18 |
| **At 31st March, 2017** | | **624,084,486** | **62,408.45** |
| Issue of Share Capital | | - | - |
| **At 31st March, 2018** | | **624,084,486** | **62,408.45** |

## B. Other equity

(₹ in Lakhs)

| | Notes | Other equity | | | | |
|---|---|---|---|---|---|---|
| | | Securities premium | Share options outstanding account | Debenture redemption reserve | Retained earnings | Total |
| **Balance as at 1st April, 2016** | | 3,169.46 | - | 2,832.00 | 89,888.28 | 95,889.74 |
| Profit for the year | | - | - | - | 47,875.23 | 47,875.23 |
| Other comprehensive income for the year | | - | - | - | 81.52 | 81.52 |
| Issue of share capital | 17 | 180,745.82 | - | - | - | 180,745.82 |
| Transaction cost of IPO | 17 | (2,938.45) | - | - | - | (2,938.45) |
| Share option expense | 46 | - | 116.21 | - | - | 116.21 |
| Transfer to debenture redemption reserve | | - | - | 9,640.00 | (9,640.00) | - |
| **Balance as at 31st March, 2017** | | **180,976.83** | **116.21** | **12,472.00** | **128,205.03** | **321,770.07** |
| Profit for the year | | - | - | - | 80,625.25 | 80,625.25 |
| Other comprehensive income for the year | | - | - | - | (49.37) | (49.37) |
| Share option expense | 46 | - | 2,151.16 | - | - | 2,151.16 |
| Transfer from debenture redemption reserve | | - | - | (3,777.00) | 3,777.00 | - |
| **Balance as at 31st March, 2018** | | **180,976.83** | **2,267.37** | **8,695.00** | **212,557.91** | **404,497.11** |

### Nature and purpose of reserve

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

#### Share options outstanding account

The share options outstanding is used to recognise the grant date fair value of options issued to employees under Avenue Supermarts Limited Employee Stock Option Scheme, 2016.

#### Debenture redemption reserve

The Company is required to create a debenture redemption reserves out of profit which is available for the purpose of redemption of debentures in accordance with provisions of Companies Act, 2013.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Notes

to the Consolidated Financial Statements

## Corporate information

The consolidated financial statement comprises of the financial statement of Avenue Supermarts Limited ('the Holding Company') and its subsidaries hereinafter referred to as the 'Group'. The group is primarily engaged in the business of organised online and offline retail and operates supermarkets.

The Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th May, 2018.

## 1 Summary of significant accounting policies

### (a) Basis of preparation

The Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules, 2015 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

#### (i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;
2) defined benefit plans – plan assets measured at fair value;
3) share based payments.

#### (ii) Current non-current classification

The group presents assets and liabilities in the balance sheet based on current/non-current classification. As asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose or trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

#### (iii) Rounding off amounts

The Consolidated financial statements are presented in ₹ and all values are rounded to the nearest lakhs (₹ 00,000), except when otherwise indicated.

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2018. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if and only if the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets or liabilities.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

**(c) Property, plant and equipment (PPE)**

On transition to Ind AS, the group has elected to continue with the carrying value of all its property plant and equipment recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. (Referred to as 'historical cost' in this section).

Freehold land is carried at historical cost. All other item of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Capital work-in-progress, property, plant and equipment is stated at cost, net of accumulated depreciation. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing cost for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group depreciates them separately based on thier specific useful lifes. Likewise, when a major inspection is performed, its cost is recongnised in the carrying amount of the property, plant and equipment as a replacement if the recongnition criteria are satisfied. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress comprises cost of property, plant and equipment (including related expenses), that are not yet ready for their intended use at the reporting date.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation on property, plant and equipment**

Depreciation is provided to the extent of depreciable amount on written down value method (except for leasehold land which is amortised over the period of lease) over the useful life of asset as assessed by the management and the same is similar to the useful lives as prescribed in Part-C of Schedule II to the Companies Act, 2013. Depreciation is charged on pro-rata basis for asset purchased/sold during the year.

The assets residual values, useful life and method of depreciation of PPE are reviewed and adjusted if appropriate, at the end of each reporting period.

**(d) Business combinations and goodwill**

The Group has accounted business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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**(e) Intangible assets**

On transition to Ind AS, the group has elected to continue with the carrying value of all its intangible assets recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a written down value basis over the economic useful life estimated by the management.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**Amortisation on intangible assets**

Amortisation is provided on straight line method over the useful life of asset as assessed by the management and the same is similar to the useful lives as prescribed in Part-C of Schedule II to the Companies Act, 2013. Amortisation is charged on pro-rata basis for asset purchased/sold during the year.

Estimated useful life of assets are as follows:
Computer Software – 5 years
Trademarks – 5-10 years

**(f) Investment properties**

On transition to Ind AS, the group has elected to continue with the carrying value of all its investment properties recognised as at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

Investments in property that are not intended to be occupied substantially for use by, or in the operations of the group, have been classified as investment property. Investment properties are measured initially at its cost including transaction cost and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent cost are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Though the group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

The group depreciates its investment properties over the useful life which is similar to that of Property, Plant and Equipment.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

**(g) Impairment of non-financial assets**

The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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In determining fair value less costs of disposal, recent market transactions are taken into account.

Impairment losses,are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## (h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a lessor**

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Ind AS 17 also contains similar requirements for recognition of lease rental income under operating leases. The group has determined that it does not meet criteria for recognition of lease rental expense/ income on a basis other than straight-line basis.

## (i) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprises cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value. For the purpose of financial statement of cash flow, cash and cash equivalent consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

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**(j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

**(k) Inventories**

Inventories are valued at lower of cost and net realisable value. Cost of inventories, comprise costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

**(l) Financial instruments**

A Financial instrument is any contract that gives rise to a financial assets of one entity and a financial liability or equity instrument of another entity.

Financial asset

(i) Classification

The group classifies its financial assets in the following measurement categories:

* those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and

* those measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss.

**Debt instruments:**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

* Amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met: a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

* Fair value through other comprehensive income (FVOCI): A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met: a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified

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from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

* Fair value through profit and loss: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

Equity instruments:

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through the Statement of Profit and Loss are recognised in other income/other expenses in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

* the group has transferred the rights to receive cash flows from the financial asset or

* retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the group has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of the financial asset. In such cases, the financial asset is derecognised. Where the group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (m) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the group or the counterparty.

### (n) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (o) Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on

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initiation is recognised as an asset/liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash transferred or liabilities assumed, is recognised in the Statement of Profit and Loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## (p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowing cost consist of interest and other cost that an entity incurs in connection with borrowing of funds.

## (q) Provisions and contingent liabilities

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

A contingent asset is disclosed, where an inflow of economic benefits is probable. An entity shall not recognise a contingent asset unless the recovery is virtually certain.

## (r) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefit will flow to the group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

### Sale of goods

Revenue from sale of goods is recognised on delivery of merchandise to the customer, when the property in the goods is transferred for a price, and significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. It is the group's policy to sell its products to the end customers with a right of return within 7 days. Historical experience is used to estimate and provide for such returns at the time of sales.

The property in the merchandise of third party stock does not pass to the group till the product is sold. However since, the sale of such stock forms a part of the activities of the group, the gross sales values and cost of the merchandise are disclosed separately and form part of Revenue in the Statement of Profit and Loss. Only the net revenue earned i.e. margin is recorded as a part of revenue.

### Rental income

Rental income arising from operating lease on investment properties is accounted for on a straight-line basis over lease terms unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases and is included in the Statement of profit or loss due to its operating nature.

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**Interest income**

Interest income is recongnised based on time proportion basis considering the amount outstanding and rate applicable (EIR). Interest income in included in the Other Income in the statement of Profit and Loss.

## (s) Retirement and other employee benefits

**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefit in the form of provident fund is a defined contribution plan. The group has no obligation, other than the contribution payable to the provident fund. The group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related services. If the Contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

**(b) Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(c) Post-employment obligations**

Defined benefit plans :

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of profit or loss as past service cost.

Share based payment

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period , the group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any is, recongised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the shared option outstanding account.

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

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The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Expense relating to options granted to employees of the subsidiaries under the group's share based payment plan, is recovered from the subsidiary. Such recovery is reduced from employee benefit expense.

## (t) Foreign currency transactions

### (a) Functional and presentation currency:

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates. The Financial statements are presented in INR, which is functional and presentational currency.

### (b) Transaction and balances:

Transaction in currencies other than than entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transaction.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retransalted. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

## (u) Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted, at the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount for financial reorting purpose at the reporting date. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are off set where the group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## (v) Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity shareholder of the group
- by the weighted average number of equity shares outstanding during the financial year

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## (w) Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and deposits, trade and other receivables, trade payables, other current liabilities, short-term loans from banks approximate their carrying

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amounts largely due to short-term maturities of these instruments.

2. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

3. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## (x) Significant accounting judgement, estimates and assumption

The preparation of financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying the group's accounting policies.

**Share based payment**

The group initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transacton requires determination of the most appropirate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropirate inputs to the valuation model including expected life of the share option, volatality and dividend yield and making assumptions about them.For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction are disclosed in Note No 44.

**Provision for inventory**

The group has calculated the provision for inventory basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determinning the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note : 45.

## (y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Managing Director of the group. The Managing Director assesses the financial performance and position of the group as a whole, and makes strategic decisions.

## (z) Cash flow

The investing and financing activities in cash flow statement do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The group has disclosed these transactions, to the extent material, in notes to cash flow statement.

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 2 Property, plant and equipment

(₹ in Lakhs)

| | Freehold land (Refer Note: 2, 6) | Leasehold land (Refer Note: 1) | Buildings (Refer Note: 1, 4) | Leasehold improvement | Plant & equipment | Computers | Furniture & fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | | | |
| **Balance as at 1st April, 2016** | 47,127.92 | 31,230.68 | 114,730.65 | 1,472.76 | 5,906.73 | 2,132.99 | 7,349.83 | 549.91 | 1,105.86 | 6,979.21 | 218,586.54 |
| Additions | 19,686.65 | 6,353.68 | 20,773.44 | 983.98 | 3,263.17 | 1,144.97 | 3,757.80 | 78.91 | 529.83 | 2,544.11 | 59,116.54 |
| Disposals/adjustment | - | - | 28.69 | - | 360.32 | 237.31 | 303.09 | 11.11 | 61.12 | 80.36 | 1,082.00 |
| **Balance as at 31st March, 2017** | **66,814.57** | **37,584.36** | **135,475.40** | **2,456.74** | **8,809.58** | **3,040.65** | **10,804.54** | **617.71** | **1,574.57** | **9,442.96** | **276,621.08** |
| Additions | 38,179.16 | 1,411.60 | 36,596.64 | 1,605.24 | 3,080.96 | 2,302.31 | 3,203.29 | 49.64 | 626.85 | 2,975.37 | 90,031.06 |
| Reclassification | - | - | (230.16) | (44.62) | 583.56 | - | 129.22 | (443.57) | (39.05) | 44.62 | - |
| Disposals | 163.26 | - | 25.70 | 115.56 | 95.04 | 26.26 | 90.09 | 2.25 | 16.87 | 7.13 | 542.16 |
| **Balance as at 31st March, 2018** | **104,830.47** | **38,995.96** | **171,816.18** | **3,901.80** | **12,379.06** | **5,316.70** | **14,046.96** | **221.53** | **2,145.50** | **12,455.82** | **366,109.98** |
| **Depreciation** | | | | | | | | | | | |
| **Balance as at 1st April, 2016** | - | 375.21 | 4,404.79 | 66.47 | 783.05 | 763.21 | 1,377.19 | 141.79 | 325.02 | 1,432.14 | 9,668.87 |
| Depreciation charge for the year | - | 430.04 | 5,790.56 | 247.11 | 1,117.55 | 853.11 | 1,952.31 | 140.34 | 418.01 | 1,646.07 | 12,595.10 |
| Disposals/adjustment | - | - | 1.75 | 0.01 | 13.11 | 3.91 | 8.07 | - | 5.15 | 4.59 | 36.59 |
| **Balance as at 31st March, 2017** | **-** | **805.25** | **10,193.60** | **313.57** | **1,887.49** | **1,612.41** | **3,321.43** | **282.13** | **737.88** | **3,073.62** | **22,227.38** |
| Depreciation charge for the year | - | 438.90 | 6,924.51 | 555.01 | 2,028.24 | 1,671.42 | 2,305.29 | 107.57 | 478.89 | 1,920.06 | 16,429.89 |
| Reclassification | - | - | (28.54) | (31.85) | 335.40 | - | 12.12 | (288.63) | (18.97) | 20.47 | - |
| Disposals | - | - | 2.68 | 28.70 | 39.15 | 14.96 | 45.30 | 0.70 | 13.97 | 3.73 | 149.19 |
| **Balance as at 31st March, 2018** | **-** | **1,244.15** | **17,086.89** | **808.03** | **4,211.98** | **3,268.87** | **5,593.54** | **100.37** | **1,183.83** | **5,010.42** | **38,508.08** |
| **Net book value** | | | | | | | | | | | |
| **Balance as at 31st March, 2017** | **66,814.57** | **36,779.11** | **125,281.80** | **2,143.17** | **6,922.09** | **1,428.24** | **7,483.11** | **335.58** | **836.69** | **6,369.34** | **254,393.70** |
| **Balance as at 31st March, 2018** | **104,830.47** | **37,751.81** | **154,729.29** | **3,093.77** | **8,167.08** | **2,047.83** | **8,453.42** | **121.16** | **961.67** | **7,445.40** | **327,601.90** |

# Notes

## to the Consolidated Financial Statements as at 31st March, 2018

Notes:

1 Leasehold land includes following amounts paid as premium under built operate and transfer (BOT) arrangement

(₹ in Lakhs)

| | Land | | Building constructed on the Land | |
|---|---|---|---|---|
| | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2018 | As at 31st March, 2017 |
| Gross block | 1,519.37 | 1,519.37 | 4,515.01 | 4,524.01 |
| Net block | 1,337.88 | 1,353.22 | 3,666.32 | 3,862.22 |

2 Freehold land includes ₹ 15,746.49 lakhs (31st March, 2017: ₹ 9,785.57 lakhs) being property purchased, for which mutation is pending.

3 Capital work in progress as at 31st March, 2018 comprises expenditure for the new stores in the course of construction. Total amount of CWIP (including fit outs) is ₹ 14,708.54 lakhs (31st March, 2017: ₹ 15,289.36).

4 Building includes interest capitalised on borrowings of ₹ Nil (31st March, 2017: ₹1,142.76 lakhs).

5 From the above given note, assets pledged as security for borrowings is disclosed under Note 36.

6 Freehold land ₹ 1,065.35 lakhs being the value of a land purchased by the Company at Nagpur from Pramod Walmandhare and others. The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 07.07.2017 (by Virtue of which Ownership of the Pramod Walmandre and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the Company.

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 3 Investment properties

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Cost** | | |
| **Opening balance** | 2,889.92 | 1,429.97 |
| Additions | - | 1,459.95 |
| Disposals/adjustment/transfer to PPE | (1,066.08) | - |
| **Closing balance** | **1,823.84** | **2,889.92** |
| **Depreciation** | | |
| **Opening balance** | (152.76) | (64.88) |
| Charge for the year | (38.52) | (87.88) |
| **Closing balance** | **(191.28)** | **(152.76)** |
| Net book value | 1,632.56 | 2,737.16 |

**Information regarding income and expenditure of investment properties:**

(i) **Amounts recognised in profit or loss for investment properties**

| | | |
|---|---|---|
| Rental income including contingent rent of ₹ 3.19 lakhs (Previous year ₹ 3.00 lakhs) | 305.52 | 1,335.55 |
| Direct operating expenses from property that generated rental income | 62.50 | 149.17 |
| **Income from investment properties before depreciation** | **243.02** | **1,186.38** |
| Depreciation | 38.52 | 87.88 |
| Income from investment properties | 204.50 | 1,098.50 |

(ii) **Leasing arrangements**

Certain investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

| | | |
|---|---|---|
| Within one year | 24.94 | 1,210.05 |
| Later than one year but not later than 5 years | 9.74 | 752.37 |
| Later than 5 years | - | - |
| | 34.68 | 1,962.42 |

(iii) **Fair value**

| | | |
|---|---|---|
| | 6,164.49 | 18,460.00 |

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Estimation of fair value

The fair valuation is based on current prices in the active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent.

This valuation is based on valuations performed by an accredited independent valuer. Fair valuation is based on replacement cost method. The fair value measurement is categorised in level 2 fair value hierarchy.

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 4 Intangible assets

(₹ in Lakhs)

| | Computer software | Trademarks | Total |
|---|---|---|---|
| **Cost** | | | |
| **Balance as at 1st April, 2016** | 593.60 | 1.86 | 595.46 |
| Additions | 430.89 | - | 430.89 |
| Disposals | 8.15 | - | 8.15 |
| **Balance as at 31st March, 2017** | **1,016.34** | **1.86** | **1,018.20** |
| Additions | 3,277.56 | - | 3,277.56 |
| Disposals | (4.07) | - | (4.07) |
| **Balance as at 31st March, 2018** | **4,297.97** | **1.86** | **4,299.83** |
| **Amortisation** | | | |
| **Balance as at 1st April 2016** | 160.79 | 0.59 | 161.38 |
| Charge for the year | 216.76 | 0.42 | 217.18 |
| Disposals | 4.43 | - | 4.43 |
| **Balance as at 31st March, 2017** | **373.12** | **1.01** | **374.13** |
| Charge for the year | 984.00 | 0.27 | 984.27 |
| Disposals | (4.07) | - | (4.07) |
| **Balance as at 31st March, 2018** | **1,361.19** | **1.28** | **1,362.47** |
| **Net book value** | | | |
| **Balance as at 31st March, 2017** | **643.22** | **0.85** | **644.07** |
| **Balance as at 31st March, 2018** | **2,936.78** | **0.58** | **2,937.36** |

## 5 Investments in associate

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **A.** | **Investment in associate** | | |
| | **Unquoted** | | |
| | **Equity instruments at cost** | | |
| | Nil shares (31st March, 2017: 34,517,432) of Avenue E-commerce Limited (equity shares of ₹ 10/- each) | - | 3,451.74 |
| | Less: Share of accumulated loss | - | (1,299.26) |
| | Add: Share of net profit on fair valuation | - | |
| | **Total (A)** | **-** | **2,152.48** |
| | Aggregate amount of unquoted investments | - | 2,152.48 |
| | Aggregate amount of impairment in the value of investment | - | - |
| | Non-current | **-** | **2,152.48** |

On 25th January, 2018, the Avenue Supermarts Limited (ASL) entered into share purchase agreement with promoters of Avenue E-commerce Limited (AEL) and acquired an additional stake of 50.79% equity interest in AEL. With the additional stake AEL ceases to be an associate with effect from 2nd February, 2018 and is a subsidiary of the ASL.

## 6 Other non-current financial assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Rent deposits given | 2,376.30 | 1,626.71 |
| Other deposits | 1,664.69 | 2,050.56 |
| Margin money deposits with banks (held as lien by bank against bank guarantees) | 81.93 | 68.25 |
| Long term deposits with banks with maturity period more than 12 months (Provided as security for various regulatory registrations) | 17.46 | 10.29 |
| Current tax assets (net) | 98.28 | 39.45 |
| Total | 4,238.66 | 3,795.26 |

# Notes
to the Consolidated Financial Statements as at 31st March, 2018

## 7 Deferred tax assets (net)

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Deferred tax liability on account of: | | |
| – Depreciation | 0.30 | 2.74 |
| Deferred tax assets on account of: | | |
| – Depreciation | 3.27 | 2.11 |
| – Employee benefits | 10.29 | 8.04 |
| **Deferred tax assets (net)** | **13.26** | **7.41** |

| Details of deferred tax assets (net) | Property plant and equipment | Employee benefits | Total |
|---|---|---|---|
| **At 1st April, 2016** | 14.70 | 8.09 | 22.79 |
| Charged/(Credited) to | | | |
| Profit and Loss | (15.33) | (0.05) | (15.38) |
| Other Comprehensive income | - | - | - |
| **At 31st March, 2017** | **(0.63)** | **8.04** | **7.41** |
| Charged/(Credited) to | | | |
| Profit and Loss | 3.60 | 2.25 | 5.85 |
| Other Comprehensive income | - | - | - |
| **At 31st March, 2018** | **2.97** | **10.29** | **13.26** |

## 8 Other non-current assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Capital advances | 8,546.18 | 5,055.43 |
| Prepaid Expenses | 111.64 | - |
| Total | 8,657.82 | 5,055.43 |

## 9 Inventories

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Stock-in-trade (at lower of cost and net relisable value) | 116,127.84 | 94,651.41 |
| Stock of packing material | 216.84 | 138.90 |
| Total | 116,344.68 | 94,790.31 |

## 10 Current investments

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Investment in mutual funds** | | |
| **Unquoted** | | |
| HDFC Liquid Fund - Growth | 5,040.49 | 416.58 |
| ICICI Prudential Mutual Fund - Growth | 1,777.67 | - |
| Total | 6,818.16 | 416.58 |
| Aggregate amount of unquoted investments | 6,818.16 | 416.58 |
| Aggregate amount of impairment in the value of investment | - | - |

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 11 Trade receivables

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Considered good** | | |
| **Unsecured** | | |
| Related parties (Refer Note: 35) | - | 75.92 |
| Other than related parties | 3,351.22 | 2,024.32 |
| **Total** | **3,351.22** | **2,100.24** |

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally received within the credit period.

## 12 Cash and cash equivalents

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Balances with banks - In current accounts | 5,442.99 | 2,359.76 |
| Cash on hand | 1,301.79 | 915.86 |
| Remittance in transit | - | 17.23 |
| **Total** | **6,744.78** | **3,292.85** |

**For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Total cash and cash equivalents | 6,744.78 | 3,292.85 |
| Less: Overdrawn bank balances (Refer Note: 24) | (3.98) | (0.19) |
| **Cash and cash Equivalents for cash flow purpose** | **6,740.80** | **3,292.66** |

## 13 Bank balances other than cash and cash equivalents

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Margin money deposits with bank (held as lien by bank against guarantees) | 101.51 | 95.76 |
| deposits with Bank | 0.06 | 0.06 |
| IPO proceeds pending utilisation (Refer note 16) | | |
| Current accounts (escrow) | 672.10 | 1,440.11 |
| Fixed deposits | 48,500.00 | 183,600.00 |
| **Total** | **49,273.67** | **185,135.93** |

## 14 Other current financial assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Advances recoverable in cash or in kind or in value to be received | | |
| – Related parties (Refer note: 35) | - | 73.22 |
| – others | 6,037.17 | 6,875.71 |
| Interest receivable | 1,560.12 | 358.47 |
| Loans to employees | 152.79 | 106.98 |
| **Total** | **7,750.08** | **7,414.38** |

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

The above current financial assets are carried at amortised cost.

## 15 Other current assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Prepaid Expenses | 506.63 | 408.63 |
| Advances to suppliers | 4,434.27 | 3,946.47 |
| Advances to Subsidiary Companies | - | - |
| Balance with government authorities | 1,703.19 | 353.66 |
| Advances recoverable in kind for value to be received | 1.49 | 1.49 |
| Others | 291.93 | - |
| **Total** | **6,937.51** | **4,710.25** |

## 16 Equity share capital

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **A.** | **Authorised** | | |
| | 750,000,000 [31st March, 2017: 750,000,000] equity Shares of ₹ 10 each | 75,000.00 | 75,000.00 |
| | **Issued, subscribed and fully paid-up** | | |
| | 624,084,486 [31st March, 2017: 624,084,486] equity Shares of ₹ 10 each | 62,408.45 | 62,408.45 |
| | | **62,408.45** | **62,408.45** |
| | **Notes:** | | |
| **a)** | **Reconciliation of number of shares** | | |
| | **Balance at the beginning of the year** | | |
| | No. of shares | 624,084,486 | 561,542,680 |
| | Amount in ₹ Lakhs | 62,408.45 | 56,154.27 |
| | **Issued, subscribed and paid-up during the year** | | |
| | No. of shares | - | 62,541,806 |
| | Amount in ₹ Lakhs | - | 6,254.18 |
| | **Balance at the end of the year** | | |
| | No. of shares | 624,084,486 | 624,084,486 |
| | Amount in ₹ Lakhs | 62,408.45 | 62,408.45 |

In March 2017, the company had completed the Initial Public offering (IPO) of fresh issue of 62,541,806 equity shares of ₹ 10 each at an issue price of ₹ 299 per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. 21st March, 2017.

**Utilisation of IPO proceeds are as follows:-**

| Particulars | Planned as per Prospectus | Utilisation upto 31st March, 2018 | Balance as per 31st March, 2018 |
|---|---|---|---|
| Towards repayment/payment of NCDs/term loans | 108,000.00 | 86,400.00 | 21,600.00 |
| Construction and purchase of fit outs for new stores | 36,660.00 | 9,402.11 | 27,257.89 |
| Towards general corporate purpose (including transaction cost of IPO) | 42,340.00 | 42,025.79 | 314.21 |
| **Total** | **187,000.00** | **137,827.90** | **49,172.10** |

Expenses incurred by the company aggregating to ₹ 2,938.45 lakhs, in connection with IPO have been adjusted towards securities premium reserve in March 2017.

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

b) **Terms and rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Shares reserved for issue under option**

Information relating to Avenue Supermarts limited Employee Stock Option Scheme, 2016, including details of option granted, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 46.

d) **Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Mr. Radhakishan S. Damani | 245,930,000 | 245,930,000 |
| - % holding of shares | 39.41% | 39.41% |
| Mr. Gopikishan S. Damani | 50,980,000 | 50,980,000 |
| - % holding of shares | 8.17% | 8.17% |
| Bright Star Investments Private Limited | 88,750,000 | 88,750,000 |
| - % holding of shares | 14.22% | 14.22% |

## 17 Other equity

(₹ in Lakhs)

| | | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| **(a)** | **Securities premium reserve** | | |
| | Opening balance | 180,976.83 | 3,169.46 |
| | Issue of share capital | - | 180,745.82 |
| | Transaction cost of IPO | - | (2,938.45) |
| | **Closing balance** | **180,976.83** | **180,976.83** |
| **(b)** | **Debenture redemption reserve** | | |
| | Opening balance | 12,472.00 | 2,832.00 |
| | Appropriations/reversal during the year | (3,777.00) | 9,640.00 |
| | **Closing balance** | **8,695.00** | **12,472.00** |
| **(c)** | **Share options outstanding account** | | |
| | Opening balance | 116.21 | - |
| | Share option expense | 2,151.16 | 116.21 |
| | Closing balance | **2,267.37** | **116.21** |
| **(d)** | **Retained earnings** | | |
| | Opening balance | 128,205.03 | 89,888.28 |
| | Net Profit for the year | 80,625.25 | 47,875.23 |
| | Items of other comprehensive income recognised directly in retained earnings | | |
| | - Remeasurements of post-employment benefit obligation, net of tax | (49.37) | 81.52 |
| | Transfer to/from debenture redemption reserve | 3,777.00 | (9,640.00) |
| | **Closing balance** | **212,557.91** | **128,205.03** |
| | Total Reserves and surplus | 404,497.11 | 321,770.07 |

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 18 Non-current borrowings

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 1,600.00 | 55,846.87 |
| Less: Current maturities disclosed in other current financial liabilities | (1,600.00) | (17,654.43) |
| | - | **38,192.44** |
| Non-convertible debentures | 41,600.00 | 80,000.00 |
| Less: Current maturities disclosed in other current financial liabilities | (17,000.00) | (20,100.00) |
| | **24,600.00** | **59,900.00** |
| **Total secured loans** | **24,600.00** | **98,092.44** |

**Nature of security and terms of repayment for borrowings:**

| Sr. No. | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Term loan are secured by way of mortgage of various stores properties to the banks. | Repayable in 4 Quarterly installments. Last installment due in Feb, 2019. Rate of interest is 9.70% p.a. as at the year end. |
| 2 | The above term loans from banks are further secured by way of personal guarantees given by the promoters. | |
| 3 | Non-convertible debentures (NCD) are secured by way of mortgage of specific store properties to the Debenture Trustee. | NCD for ₹ 41,600 lakhs is repayable in 1 to 2 annual installments. Last installments are due in August 2020. Rate of interest is ranging between 9.10% and 10.38% p.a. as at the year end. |

## 19 Other non-current financial liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 1st April, 2017 |
|---|---|---|
| **Other financial liabilities at amortised cost** | | |
| Rent deposits taken | 77.57 | 138.35 |
| **Total** | **77.57** | **138.35** |

The above non-current financial liabilities are carried at amortised cost.

## 20 Provisions

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Provision for employee benefits | | |
| Leave encashment | 17.71 | - |
| Gratuity (Refer Note: 47) | 56.22 | 18.27 |
| **Total** | **73.93** | **18.27** |

## 21 Deferred tax liabilities (net)

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Deferred tax liability on account of: | | |
| – Depreciation | 5,684.00 | 5,366.18 |
| Deferred tax assets on account of: | | |
| – Employee benefits | 1,054.14 | 191.69 |
| – Unrealised profit on consolidation | 112.38 | 116.60 |
| **Deffered tax liabilities (net)** | **4,517.48** | **5,057.89** |

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

**Details of deferred tax liabilities (net)**

(₹ in Lakhs)

| | Stock reserve | Property plant and equipment | Employee benefits | Total |
|---|---|---|---|---|
| **At 1st April, 2016** | - | **4,149.30** | **(140.00)** | **4,009.30** |
| **Charged/(Credited) to** | | | | |
| Profit and Loss | (116.60) | 1,216.88 | (51.69) | 1,048.59 |
| Other Comprehensive income | - | - | - | - |
| **At 31st March, 2017** | **(116.60)** | **5,366.18** | **(191.69)** | **5,057.89** |
| **Charged/(Credited) to** | | | | |
| Profit and Loss | 4.22 | 317.82 | (862.45) | (540.41) |
| Other Comprehensive income | - | - | - | - |
| **At 31st March, 2018** | **(112.38)** | **5,684.00** | **(1,054.14)** | **4,517.48** |

## 22 Current borrowings

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Secured** | | |
| **Loan repayable on demand** | | |
| (a) Working capital loans from banks | 725.39 | 13,884.78 |
| (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| **Total** | **725.39** | **13,884.78** |

The above working capital loans from banks are further secured by way of personal guarantees given by the promoters except in respect of an outstanding loan of ₹ Nil (Previous year: ₹ 3,929.61 lakhs).

## 23 Trade payables

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Trade payables | 31,730.05 | 26,066.48 |
| **Total** | **31,730.05** | **26,066.48** |

### (a) Dues to micro and small enterprises (Refer note 37)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows.

| | | |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 116.53 | 65.48 |

# Notes

to the Consolidated Financial Statements as at 31st March, 2018

## 24 Other current financial liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Other financial liabilities measured at amortised cost:** | | |
| Current maturities of term loans (Refer Note: 18) | 1,600.00 | 17,654.43 |
| Current maturities of debentures (Refer Note: 18) | 17,000.00 | 20,100.00 |
| Interest accrued but not due on borrowings | 1,675.13 | 3,721.38 |
| Escrow deposits received* | 4,148.12 | 979.18 |
| Overdrawn bank balances | 3.98 | 0.19 |
| Salary and wages payable | 2,826.35 | 2,033.36 |
| Capital creditors | 3,188.24 | 3,311.65 |
| Rent deposits taken (due for repayment within a year) | - | 1,534.71 |
| Current tax liabilities (Net) | 2,811.15 | 922.32 |
| Other payables | 438.93 | 139.21 |
| **Total** | **33,691.90** | **50,396.43** |

* Escrow deposits represents amount received for any possible claims that may arise in future in respect of certain properties.

## 25 Other current liabilities

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Statutory dues | 1,172.99 | 3,187.49 |
| Others payables | 77.56 | 77.72 |
| **Total** | **1,250.55** | **3,265.21** |

## 26 Provisions

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity (Refer Note: 47) | 339.89 | 278.87 |
| Leave entitlement | 860.20 | 543.61 |
| **Total** | **1,200.09** | **822.48** |

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# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 27 Revenue from operations

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Sale of goods | 1,645,951.05 | 1,272,429.16 |
| Sale of goods on approval basis | 8,250.98 | 8,644.69 |
| | **1,654,202.03** | **1,281,073.85** |
| Less : Tax | (147,196.83) | (86,045.00) |
| Less : Cost of goods sold on approval basis | (7,203.39) | (7,570.13) |
| Other operating income | 3,518.09 | 2,310.84 |
| **Total** | **1,503,319.90** | **1,189,769.56** |

## 28 Other income

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Interest on deposits and advances | 4,349.11 | 431.89 |
| Rent and amenities service income (Refer note 3) | 489.21 | 1,551.26 |
| Gain on sale of current investment | 1,688.04 | 781.51 |
| Gain on sale/discardment of PPE (net) | 299.82 | - |
| Miscellaneous income | 105.90 | 91.27 |
| **Total** | **6,932.08** | **2,855.93** |

## 29 Changes in inventories of stock-in-trade

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Closing stock | 116,344.68 | 94,790.31 |
| Opening stock | 95,213.55 | 67,168.81 |
| **Total** | **(21,131.13)** | **(27,621.50)** |

## 30 Employee benefits expenses

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Salaries, allowances and others | 22,918.99 | 16,666.63 |
| Expense on employee stock option scheme (Refer note 46) | 2,151.16 | 116.21 |
| Contribution to provident fund and other funds | 1,459.00 | 1,255.44 |
| Employee welfare expenses | 1,728.88 | 1,212.87 |
| **Total** | **28,258.03** | **19,251.15** |

## 31 Finance costs

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Interest on term loans from banks | 733.07 | 5,936.49 |
| Interest on non-convertible debentures | 4,672.38 | 6,706.48 |
| Interest others | 195.00 | 653.44 |
| | **5,600.45** | **13,296.41** |
| Less: Capitalised | - | (1,142.76) |
| | **5,600.45** | **12,153.65** |
| Finance charges | 354.29 | 44.21 |
| **Total** | **5,954.74** | **12,197.86** |

Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the general borrowings during the year, for 31st March, 2018 - Nil (31st March, 2017 - 9.8%)

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 32 Depreciation and amortisation expense

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Depreciation/amortisation on: | | |
| – Tangible assets (Refer Note: 2) | 15,609.18 | 12,595.10 |
| – Intangible assets (Refer Note: 4) | 323.58 | 217.18 |
| – Investment property (Refer Note: 3) | 38.52 | 87.88 |
| | **15,971.28** | **12,900.16** |
| Less: Capitalised | (71.67) | (118.30) |
| **Total** | **15,899.61** | **12,781.86** |

Depreciation amount of ₹ 1,481.40 charged on property, plant and equipment of Avenue E-Commerce Limited upto 31st January, 2018 is shown in property, plant and equipment schedule under charged for the year but not included in this schedule as it relates to the period prior to acquisition.

## 33 Other expenses

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Contract labour charges | 32,391.13 | 29,417.22 |
| Rent (Refer note 38) | 4,984.06 | 3,542.39 |
| Electricity and fuel charges | 12,126.41 | 9,940.95 |
| Insurance | 420.98 | 222.59 |
| Rates and taxes | 1,467.54 | 1,172.46 |
| Repairs and maintenance: | | |
| – Building | 1,522.97 | 1,112.09 |
| – Plant and machinery | 2,162.16 | 1,670.67 |
| – Others | 1,295.58 | 1,089.52 |
| Legal and professional fees | 963.93 | 956.85 |
| Travelling and conveyance | 1,711.55 | 1,164.92 |
| Directors fees | 55.43 | 16.10 |
| Payment to auditors | | |
| – Audit fees | 35.50 | 35.40 |
| – Other services | 15.19 | 28.28 |
| – Reimbursement of expenses | 1.17 | 0.55 |
| Miscellaneous expenses | 15,984.56 | 13,063.84 |
| Selling and Distribution Expenses | | |
| Expenditure towards corporate social responsibility (CSR) activities (Refer Note 40) | 1,072.74 | 734.52 |
| Sundry balances written off | 0.33 | 49.98 |
| Loss on sale/discardment of PPE (net) | 4.80 | 85.09 |
| Exchange loss/(gain) (net) | 0.19 | (12.83) |
| **Total** | **76,216.22** | **64,290.59** |

* In March 2017, the audit fees is excluding fees relating to IPO ₹ 126.50 lakhs and reimbursement of expenses ₹ 1.15 lakhs, both debited to securities premium reserve.

## 34 Income tax expenses

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Tax expense recognised in the statement of Profit and Loss** | | |
| **(a) Income tax expense** | | |
| **Current tax** | | |
| Current tax on profits for the year recognised in statement of profit and loss | 42,170.78 | 25,608.41 |
| Current tax on Re-measurements gains/(loss) on defined benefit plans recognised in OCI | (27.67) | 41.41 |
| Adjustments for current tax of prior periods | (44.39) | 157.85 |
| **Total current tax expense** | **42,098.72** | **25,807.67** |
| **Deferred tax** | | |
| (Decrease) increase in deferred tax | | |
| **Total deferred tax expense/(benefit)** | (546.26) | 1,063.97 |
| **Income tax expense** | 41,552.46 | 26,871.64 |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in Lakhs)

| | | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| (b) | **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:** | | |
| | Accounting profit before tax | 120,359.21 | 76,000.47 |
| | Tax calculated at tax rates applicable to profit @ 34.61% | 41,876.84 | 26,352.67 |
| | **Permanent differences due to:** | | |
| | Donation | 2.33 | 1.32 |
| | Corporate social responsibility | 326.45 | 158.97 |
| | Interest on income tax | 40.96 | 16.36 |
| | Fines and penalty | 0.29 | 1.68 |
| | Deduction from income from house property | (37.52) | (139.94) |
| | Others | (612.50) | 322.73 |
| | Adjustments for current tax of prior periods | (44.39) | 157.85 |
| **Income tax recognised in the statement of profit and loss and OCI** | | **41,552.46** | **26,871.64** |

## 35 Related party transactions

| | | Ownership interest | |
|---|---|---|---|
| | | 31st March, 2018 | 31st March, 2017 |
| (i) | **Subsidiary companies** | | |
| | Avenue Food Plaza Private Limited (AFPPL) | 100.00 | 100.00 |
| | Align Retail Trades Private Limited (ARTPL) | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited (NSJDPL) | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (AEL) (w.e.f. 1st February, 2018) | 99.66 | - |
| (ii) | **Associate enterprises** | | |
| | Avenue E-Commerce Limited (till 31st January, 2018) | - | 49.21 |
| (iii) | **Shareholders who exercise control** | | |
| | Mr. Gopikishan Damani | | |
| | Mr. Radhakishan Damani | | |
| | Mrs. Kirandevi Damani | | |
| | Mrs. Shrikantadevi Damani | | |
| | Bright Star Investments Private Limited | | |
| (iv) | **Directors and Key managerial personnel** | | |
| | Mr. Ramakant Baheti (Chief Financial Officer and Executive Director of Avenue Supermarts Limited (ASL)) | | |
| | Mr. Ignatius Navil Noronha (Managing Director of ASL) | | |
| | Mr. Ramesh Damani (Chairman and Independent Director of ASL) | | |
| | Mrs. Manjri Chandak (Non-Executive Director of ASL and AEL) | | |
| | Mr. Elvin Machado (Executive Director of ASL) | | |
| | Mr. Chandrashekhar B. Bhave (Independent Director of ASL) | | |
| | Mr. Navin Nerurkar (Director of ARTPL and AFPPL) | | |
| | Mr. Prakash Pachisia (Director of ARTPL and AFPPL) | | |
| | Mr. Trivikrama Rao Dasu (Chief Executive Officer of AEL w.e.f. 1st April, 2016) | | |
| (v) | **Entities over which parties listed in (iii) above exercise control/significant influence and transactions have taken place with them during the year** | | |
| | 7 Apple Hotels Private Limited | | |
| | Bombay Swadeshi Stores Limited | | |
| | Derive Trading and Resorts Private Limited | | |
| | Damani Estates and Finance Private Limited | | |
| | Derive Trading and Resorts Private Limited | | |
| | Boutique Hotels India Private Limited | | |
| (vi) | **Trust:** | | |
| | Avenue Supermarts Limited Employees Group Gratuity Trust | | |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## (b) Transaction with related parties

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Remuneration to Directors | 758.80 | 493.08 |
| Sitting fees to Directors | 15.43 | 16.10 |
| Commission to Independent Directors | 40.00 | - |
| Mentor fees | ₹ 1 | - |
| Repayment of loans | 2,283.00 | - |
| Loan taken | 2,150.00 | - |
| **Balances as at:** | | |
| Loan taken outstanding | - | 133.00 |
| Other payable | 30.10 | - |
| Other receivables | 7.41 | - |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Sales | 1,862.38 | 141.27 |
| Business support service income | 60.00 | 60.00 |
| **Balances as at:** | | |
| Other receivables | - | 63.00 |
| Trade receivables | - | 75.92 |
| Investment in Share Capital | - | 3,451.74 |
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 87.00 | 61.87 |
| Employee welfare expenses | 17.06 | - |
| **Balances as at:** | | |
| Other payables | 0.56 | - |
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 26.60 | 13.80 |
| **Balances as at:** | | |
| Other receivables | 0.43 | 10.22 |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 18.38 | - |
| **Balances as at:** | | |
| Other payables | 10.64 | - |
| **Damani Estates and Finance Private Limited** | | |
| Reimbursement of expenses | 2.46 | - |
| **Boutique Hotels India Private Limited** | | |
| Employee welfare expenses | 38.41 | - |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 278.88 | 149.42 |

Note: Compensation to Directors of the group:

(₹ in Lakhs)

| Nature of Benefit | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Short-term Employment Benefits | 583.81 | 447.37 |
| Post Employment Benefits | 44.84 | 45.71 |
| Sitting Fees | 14.90 | 16.10 |
| Commission to Independent Directors | 40.00 | - |

The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

**Guarantees taken by the group from related parties:**

(₹ in Lakhs)

| Type of loan | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Secured loans (Amount outstanding as at 31.03.2018)<br>(Personal guarantees of Mr. Radhakishan Damani and Mr. Gopikishan Damani) | 2,328.99 | 43,133.49 |

## 36 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Current Assets** | | |
| Trade receivables | 3,336.01 | 2,099.79 |
| Inventories | 114,703.59 | 93,315.99 |
| **Total current assets pledged as security** | **118,039.60** | **95,415.78** |
| **Non-current assets** | | |
| First charge | | |
| Land | 6,994.27 | 24,755.08 |
| Building | 21,909.94 | 68,180.10 |
| **Total non-current assets pledged as security** | **28,904.21** | **92,935.18** |
| **Total assets pledged as security** | **146,943.81** | **188,350.96** |

## 37 MSME disclosure

The details of amounts outstanding to Micro and Small enterprises under the Micro and Small Enterprises Development Act, 2006 (MSED Act), based on the available information with the Company are as under:

(₹ in Lakhs)

| | | 31st March, 2018 | 31st March, 2017 |
|---|---|---|---|
| 1 | Principal amount not due and remaining unpaid | 111.91 | 62.17 |
| 2 | Principal amount due and remaining unpaid | 4.62 | 3.31 |
| 3 | Interest due on (1) above and the unpaid interest | - | 0.10 |
| 4 | Interest due and payable for the period of delay other than (3) above | - | 0.10 |

## 38 Lease disclosure

The group has entered into agreements for taking on lease certain office/store premises, warehouses. The lease term is for period ranging from 1 year to 30 years.

### Premises taken on operating lease:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Lease rent expenses recognised in the statement of Profit and Loss account | 4,984.06 | 3,542.39 |
| The total future minimum lease rent payable for the non cancellable period of lease at the Balance Sheet date: | | |
| – For a period not later than one year | 5,946.39 | 2,788.07 |
| – For a period later than one year and not later than 5 years | 16,330.42 | 6,366.79 |
| – For a period later than five years | 1,441.83 | 7.94 |

The initial non-cancellable period of lease contracts have been taken for the disclosure above.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 39 Contingent liabilities and commitments

### (a) Contingent liabilities

Claims against the group not acknowledged as debts

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Income tax matters | 11.28 | 6.47 |
| Indirect tax matters | 314.39 | 300.10 |
| Other matters | - | 63.12 |

It is not practicable for the group to estimate the timings of cash outflows, if any in respect of above pending resolutions of the respective proceedings.

The group has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on it's financial results.

The group has process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, group has reviewed and ensured that adequate provision as required under any law/accounting stanadard for material forseeable losses on such long-term contracts has been made in the books of accounts.

### (b) Capital commitments

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 109,647.09 | 70,022.86 |

## 40 Expenditure towards corporate social responsibility (CSR) activites

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Amount required to be spent as per Section 135 of the Act | 1,062.63 | 701.75 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 1,072.74 | 734.52 |
| **Total** | **1,072.74** | **734.52** |

Amount spent during the year for corporate social responsibility (CSR) activities are in cash.

## 41 Segment reporting

The Group is primarily engaged in the business of retail trades through offline and online channels. There are no separate reportable segments as per IND AS 108 – Operating Segments.

**42** The Group has not entered into any derivative transaction during the year. Unhedged foreign currency exposure at the end of the year is NIL.

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# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 43 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation:

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the year as per statement of Profit and Loss : | 80,625.25 | 47,875.23 |
| Weighted average number of equity shares outstanding for basic EPS | 624,084,486 | 563,941,544 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 7,999,253 | 685,057 |
| Weighted average number of equity shares outstanding for dilutive EPS | **632,083,739** | **564,626,600** |
| Earnings Per Share (₹) – Basic (Face value of ₹ 10 per share) | 12.92 | 8.49 |
| Earnings Per Share (₹) – Diluted (Face value of ₹ 10 per share) | 12.76 | 8.48 |

## 44 (a) Capital risk management

For the purpose of the group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value.

The group manages its capital structure and makes adjustments in light of changes in economic condition and the requirements of the financial covenants. The group has raised capital by issue of equity shares through an IPO in the previous year ended 31st March, 2017. Certain proceeds from the IPO have been used for repayment of borrowings which have significantly reduced the group's borrowings.

The capital structure is governed by policies approved by the Board of Directors and is monitored by various matrices funding requirements are reviewed periodically.

### (b) Dividends

The group has not paid any dividend since its incorporation.

## 45 Fair values and fair value hierarchy

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their short-term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 46 Share-based payments

### Employee stock option plan of Avenue Supermarts Limited

During the previous year ended 31st March, 2017, the Company had instituted an Avenue Supermarts Limited Employee Stock Option Scheme, 2016 ('the Scheme') as approved by the Board of Directors dated 23rd July, 2016 for issuance of stock option to eligible employee of the Company and of its subsidiaries.

Pursuant to the said scheme, Stock options convertible into Nil (Previous year: 13,973,325) equity shares of ₹ 10 each were granted to eligible employee at an exercise prices of ₹ 299.00 being price at which fresh issue of shares made in initial public offer (IPO).

**Subject to terms and condition of the scheme, options are classified into three categories.**

| | Option A | Option B | Option C |
|---|---|---|---|
| No. of options | 2,772,525 | 5,001,075 | 6,199,725 |
| Method of accounting | Fair value | Fair value | Fair value |
| Vesting plan | 9 years | 6 years | 2.5 years |
| Grant date | 14th March, 2017 | 14th March, 2017 | 14th March, 2017 |
| Exercise/Expiry date | 13th March, 2026 | 13th March, 2023 | 13th September, 2019 |
| Grant/Exercise price | ₹ 299.00 | ₹ 299.00 | ₹ 299.00 |
| Method of settlement | Equity – settled | Equity – settled | Equity – settled |

Exercise period, would commence from the date of options are vested and will expire at the end of three months from the date of vesting .

**Movement of options granted**

| | 31st March, 2018 | | 31st March, 2017 | |
|---|---|---|---|---|
| | Average exercise price per share option | Number of options | Average exercise price per share option | Number of options |
| Opening balance | 299.00 | 13,889,025 | - | - |
| Granted during the year | 299.00 | - | 299.00 | 13,973,325 |
| Exercised during the year | 299.00 | - | 299.00 | - |
| Forfeited during the year | 299.00 | 896,850 | 299.00 | 81,900 |
| **Closing balance** | | **12,992,175** | | **13,891,425** |
| Vested | | 1,200 | | 2,400 |

**The model inputs for fair value of option granted as on the grant date:**

| Inputs | Option A | Option B | Option C |
|---|---|---|---|
| Exercise price | ₹ 299.00 | ₹ 299.00 | ₹ 299.00 |
| Dividend yield | 0% | 0% | 0% |
| Risk free interest rate | 6.98% | 7.24% | 6.77% |
| Expected volatility | 14.22% | 14.22% | 14.22% |
| Fair value per option | ₹ 144.94 | ₹ 112.93 | ₹ 58.63 |
| Model used | Black Scholes | Black Scholes | Black Scholes |

### Employee stock option plan of Avenue E-Commerce Limited

During the year ended 31st March, 2018, the Company has instituted an Avenue E-Commerce Limited Employee Stock Option Scheme, 2018 (the Scheme) as approved by the Board of Directors dated 2nd February, 2018 and the resolution of shareholders dated 15th February, 2018 for issuance of stock option to eligible employee of the Company and of its holding Company.

Pursuant to the said scheme, Stock options convertible into 5,183,600 equity shares of ₹ 10 each were granted to eligible employee at an exercise prices of ₹ 11.30.

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# Notes
to the Consolidated Financial Statements for the year ended 31st March, 2018

**Subject to terms and condition of the scheme, options are classified into two categories.**

| | Option A | Option B |
|---|---|---|
| No. of options | 3,423,800 | 1,759,800 |
| Method of accounting | Fair value | Fair value |
| Vesting plan | 8 years and 2 months | 5 years and 2 months |
| Grant date | 15th March, 2018 | 15th March, 2018 |
| Exercise/Expiry date | 14th May, 2026 | 14th May, 2023 |
| Grant/Exercise price | ₹ 11.30 | ₹ 11.30 |
| Method of settlement | Equity – settled | Equity – settled |

Exercise period, would commence from the date of options are vested and will expire at the end of three months from the date of vesting.

**Movement of options granted**

| | 31st March, 2018 | | 31st March, 2017 | |
|---|---|---|---|---|
| | Average exercise price per share option | Number of options | Average exercise price per share option | Number of options |
| Opening balance | - | - | - | - |
| Granted during the year | 11.30 | 5,183,600 | - | - |
| Exercised during the year | 11.30 | - | - | - |
| Forfeited during the year | 11.30 | 24,000 | - | - |
| **Closing balance** | | **5,159,600** | | **-** |

**The model inputs for fair value of option granted as on the grant date :**

| Inputs | Option A | Option B |
|---|---|---|
| Exercise price | ₹ 11.30 | ₹ 11.30 |
| Dividend yield | 0% | 0% |
| Risk free interest rate | 7.90% | 7.60% |
| Expected volatility | 57.40% | 59.90% |
| Fair value per option | ₹ 11.30 | ₹ 11.30 |
| Model used | Black Scholes | Black Scholes |

**Expense arising from equity settled share based payments transactions :**

(₹ in Lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| Avenue Supermarts Limited | 2,123.08 | 114.27 |
| Align Retail Trades Private Limited | 26.20 | 1.94 |
| Avenue E-Commerce Limited | 1.88 | - |
| Recognised in the statement of profit or loss | **2,151.16** | **116.21** |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 47 Post retirement benefit plans

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below :

### Defined Benefit Plan

The group operates a gratuity plan wherein every employees entitled to the benefit equivalent to fifteen days salary last drawn for each year of service. The same is payable on termination of sevice or retirement whichever is earlier. The benefit vest after five years of continuous service. The gratuity paid is governed by The Payment of Gratuity Act,1972. The Company contibutes to the fund based on actuarial report details of which is available in the table of investment pattern of plan asset, based on which the Company is not exposed to market risk. The following table summarises the component of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for respective period.

1 Change in the present value of defined benefit obligation are as follows

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Present value of benefit obligation at the beginning of the year | 1,098.44 | 729.37 |
| Interest cost | 75.08 | 57.20 |
| Current service cost | 271.32 | 169.61 |
| Past service cost | 44.62 | - |
| Benefit paid directly by the employer | (56.87) | (17.58) |
| Actuarial (gains)/losses on obligations - due to change in demographic assumptions | (4.01) | - |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | (71.23) | 59.34 |
| Actuarial (gains)/losses on obligations - due to experience | 133.65 | 73.80 |
| **Present value of benefit obligation at the end of the year** | **1,491.00** | **1,071.74** |

2 Change in fair value of plan assets

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | 774.59 | 562.66 |
| Interest income | 52.75 | 44.12 |
| Contributions by the employer | 278.88 | 149.42 |
| Return on plan assets, excluding interest income | (11.33) | 18.39 |
| **Fair value of plan assets at the end of the year** | **1,094.89** | **774.59** |

3 Change in fair value of assets and obligations

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Present value of benefit obligation at the end of the year | (1,491.00) | (1,071.74) |
| Fair value of plan assets at the end of the year | 1,094.89 | 774.59 |
| **Funded status (surplus/ (deficit))** | **(396.11)** | **(297.15)** |
| Net liability is bifurcated as follows: | | |
| Current liability | (339.89) | (278.87) |
| Non-current liability | (56.22) | (18.28) |
| **Net liability** | **(396.11)** | **(297.15)** |

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# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

4 **Net benefit expenses recognised during the year**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **In the statement of Profit and Loss** | | |
| Current service cost | 271.32 | 169.61 |
| Net interest cost | 22.33 | 13.08 |
| Past service cost | 44.62 | - |
| **Net cost** | **338.27** | **182.69** |
| **In other comprehensive income** | | |
| Actuarial (gains)/losses on obligation for the year | 58.42 | 133.14 |
| Return on plan assets, excluding interest income | 11.33 | (18.39) |
| **Net (income)/expense for the year recognised in OCI** | **69.74** | **114.75** |

5 All investment of Avenue Supermarts Limited of plan asset are done in M/s. Avenue Supermarts Limited Employees Group Gratuity Trust which is governed by Board of Trustees.

6 **The principal assumptions in determining gratuity defined benefit obligation for the group are as follows:**

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Expected Return on Plan Assets | 7.65% | 6.81% |
| Rate of Discounting | 7.65% - 7.87% | 6.81% - 7.71% |
| Rate of Salary Increase | 8.00% | 8.00% |
| Rate of Employee Turnover | 2% - 15% | 2% - 15% |
| Mortality Rate During Employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Mortality Rate After Employment | N.A. | N.A. |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The Expected Rate of Return on Plan Assets is determined considering several applicable factors, mainly the composition of Plan Assets held, assessed risks, historical results of return on Plan Assets and the group's policy for Plan Assets Management.

7 **The expected contributions for Defined Benefit Plan for the future years is as follows:**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 159.51 | 118.60 |
| 2nd Following Year | 164.15 | 115.22 |
| 3rd Following Year | 172.62 | 117.63 |
| 4th Following Year | 178.91 | 120.53 |
| 5th Following Year | 188.55 | 120.36 |
| Sum of Years 6 To 10 | 703.70 | 478.47 |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

8 **Sensitivity Analysis**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 1,491.00 | 1,071.74 |
| Delta Effect of +1% Change in Rate of Discounting | (80.05) | (59.67) |
| Delta Effect of -1% Change in Rate of Discounting | 89.97 | 67.40 |
| Delta Effect of +1% Change in Rate of Salary Increase | 85.80 | 62.37 |
| Delta Effect of -1% Change in Rate of Salary Increase | (78.01) | (56.86) |
| Delta Effect of +1% Change in Rate of Employee Turnover | (12.40) | (11.25) |
| Delta Effect of -1% Change in Rate of Employee Turnover | 12.76 | 11.86 |

There has been no change from the previous year in the method and assumptions used in perparing the sensitivity analysis.

These plans typically exposed the group to acturial risks such as Interest risk, Salary risk, Investment risk, Asset liability matching risk and Mortality risk.

Gratuity is a defined benefit plan and group is exposed to the Following Risks:
**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance Company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 48 Financial risk management

### Financial risk management objectives and policies

The group's financial principal liabilities comprises borrowings, trade payables and other payables. The main purpose of these financial liabilities to finance the group's operation. The group's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balance that derive from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

### A) Market Rate Risk

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The group's exposure to the risk of changes in market interest rates relates to primarily to group's short-term borrowing with floating interest rates. The group's fixed rates of borrowing are carried at amortised cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount not the future cash flows will fluctuate because of a change in market interest rate.

**Exposure to interest rate risk**

(₹ in Lakhs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Borrowings bearing variable rate of interest | 725.39 | 13,884.78 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on variable rate borrowing as follows:

**A change of 50 bps in interest rates would have following Impact on profit before tax**

(₹ in Lakhs)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| 50 bp increase – decrease in profits | (3.63) | (5.59) |
| 50 bp decrease – Increase in profits | 3.63 | 5.59 |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution.

Credit risk from balances with banks is managed by the group's treasury department in accordance with group's policy.

Since group operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

**Liquidity risk**

Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

**Maturity patterns of borrowings**

(₹ in Lakhs)

| | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | Beyond 5 years | Total |
| Long-term borrowings (Including current maturity of long-term debt) | 18,600.00 | 24,600.00 | - | 43,200.00 |
| Short-term borrowings | 725.39 | - | - | 725.39 |
| Expected interest payable | 3,914.81 | 2,816.93 | - | 6,731.74 |
| Total | 23,240.20 | 27,416.93 | - | 50,657.13 |

(₹ in Lakhs)

| | As at 31st March, 2017 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | Beyond 5 years | Total |
| Long term borrowings (Including current maturity of long-term debt) | 37,754.43 | 98,092.44 | - | 135,846.87 |
| Short term borrowings | 13,884.78 | - | - | 13,884.78 |
| Expected interest payable | 7,254.04 | 6,463.42 | - | 13,717.46 |
| Total | 58,893.25 | 104,555.86 | - | 163,449.11 |

**Maturity patterns of other financial liabilities**

(₹ in Lakhs)

| | As at 31st March, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | Beyond 12 months | Total |
| Trade payable | 31,730.05 | - | - | - | - | 31,730.05 |
| Payable related to capital goods | 3,188.24 | - | - | - | - | 3,188.24 |
| Other financial liabilities (current and non current) | 11,903.66 | - | - | - | 77.57 | 11,981.23 |
| Total | 46,821.95 | - | - | - | 77.57 | 46,899.52 |

(₹ in Lakhs)

| | As at 31st March, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Overdue/ Payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | Beyond 12 months | Total |
| Trade payable | 26,066.48 | - | - | - | - | 26,066.48 |
| Payable related to capital goods | 3,311.65 | - | - | - | - | 3,311.65 |
| Other financial liabilities (current and non current) | 9,330.35 | - | - | - | 138.35 | 9,468.70 |
| Total | 38,708.48 | - | - | - | 138.35 | 38,846.83 |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 49 Business combinations and acquisitions of non-controlling interests

On 25th January 2018, the Company (together referred to as 'Purchaser') entered into share purchase agreement with promoters of Avenue E-commerce Limited (together referred to as 'Seller') and has acquired an additional stake of 50.79% equity interest in its associate Avenue E-commerce Limited (AEL).

The consideration paid for the acquisition is ₹ 4,921.19 lakhs in cash. The group has paid the cash consideration and the shares have been transferred on 2nd February, 2018 and for convenience purpose 1st February, 2018 has been designated as the acquisition date. Prior to the step up acquisition, the group accounted for 49.21 % interest in Avenue E-commerce Limited as an equity method investment.

With the additional stake Avenue E-commerce Limited ceases to be an associate with effect from 2nd February, 2018 and is a subsidiary of the Company.

Avenue E-commerce Limited is engaged in the business of online retail of food products and groceries.

The acquisition of AEL has been accounted in accordance with Ind AS 103- Business Combinations. Accordingly the group has re-measured the existing 49.21% interest in the assets and liabilities of AEL held prior to this transaction to their fair value and has recorded a gain of ₹ 3,852.11 lakhs as gain on fair value of pre-existing equity interest in the associate in the Consolidated Statement of Profit and Loss.

| | (₹ in Lakhs) |
|---|---|
| Fair value of previously held equity interest in the associate | 4,767.24 |
| Carrying value of the associate as at the acquisition date | 915.13 |
| Resulting gain on fair value of pre- existing equity share | 3,852.11 |

As per para 18 of Ind AS 103- Business Combinations, the acquired assets have been fair valued by the management. Fair value of assets has been carried our on 'Fair Market Value' basis which has been done using the replacement cost method. The group has recognised and measured the goodwill acquired in business combination as per IND AS 103 and has aggregated the fair values of net assets acquired and reduced the amount of total consideration paid for the acquisition of the subsidiary so as to derive the amount attributable to goodwill. No identifiable intangible assets has been identified by the group.

# Notes
to the Consolidated Financial Statements for the year ended 31st March, 2018

### Assets acquired and liabilities assumed

The fair values of identifiable assets and liabilities as at the date of acquisition are as follows:-

(₹ in Lakhs)

| | As at 31st January, 2018 |
|---|---|
| **Assets** | |
| **Non-current assets** | |
| Property, plant and equipment | 1,291.33 |
| Capital work-in-progress | 2.16 |
| Intangible assets | 2,348.20 |
| Financial assets | |
| Other non-current financial assets | 119.40 |
| Other non-current assets | 125.67 |
| **Current assets** | |
| Inventories | 332.22 |
| Financial assets | |
| Investments | 200.11 |
| Trade receivables | 0.96 |
| Cash and cash equivalents | 194.61 |
| Other current financial assets | 10.75 |
| Other current assets | 307.17 |
| | **4,932.58** |
| **Liabilities** | |
| **Non-current liabilities** | |
| Provisions | 52.49 |
| **Current liabilities** | |
| Financial liabilities | |
| Borrowings | 2,100.00 |
| Trade payables | 180.69 |
| Other current financial liabilities | 693.48 |
| Other current liabilities | 40.40 |
| Provisions | 3.95 |
| | **3,071.01** |
| **Total identifiable net assets as on date of acquisition** | **1,861.57** |

A transaction cost of ₹ 20.83 lakhs has been recognised in the Consolidated Statement of Profit and Loss.

| | (₹ in Lakhs) |
|---|---|
| Fair value of previously held equity interest in the associate | 4,767.24 |
| Purchase consideration paid for acquisition | 4,921.19 |
| Less : Net assets taken over | (1,861.57) |
| Goodwill on acquisition | 7,826.86 |

The Goodwill of ₹ 7,826.86 lakhs comprises the expected value to be derived from selling goods under the online channel of AEL arising from the acquisition which is not separately recognised.

From the date of acquisition, AEL has contributed ₹ 1,192.78 lakhs of revenue and ₹ 45.58 lakhs loss before tax to the group. If the combination had taken place at the beginning of the year, revenue from operations would have been ₹ 4,443.88 lakhs and loss before tax ₹ 2,346.26 lakhs.

### Analysis of Cash flows on acquisition

Transaction cost of the acquisition (included in cash flow from operating activities) – ₹ 20.83 lakhs

Purchase Consideration paid in Cash (included in cash flow from investing activities) – ₹ 4,921.19 lakhs

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

**50 (a) For disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information, refer below:**

| | Name of the entity | As at 31st March, 2018 Net assets i.e. total assets minus total liabilities | | As at 31st March, 2018 Share in total comprehensive income | |
|---|---|---|---|---|---|
| | | As a % of consolidated net assets | (₹ in Lakhs) | As a % of consolidated net assets | (₹ in Lakhs) |
| | **Parent** | | | | |
| | Avenue Supermarts Limited | 98.30% | 464,271.26 | 99.61% | 78,413.77 |
| | **Subsidiaries** | | | | |
| 1 | Align Retail Trades Private Limited | 0.37% | 1,733.76 | 0.72% | 570.35 |
| 2 | Avenue Food Plaza Private Limited | 0.28% | 1,325.06 | 0.53% | 417.85 |
| 3 | Nahar Seth & Jogani Developers Private Limited | 0.04% | 193.34 | 0.06% | 48.07 |
| 4 | Avenue E-Commerce Limited | 1.01% | 4,781.93 | -0.92% | (727.50) |
| | **Sub-total** | | **472,305.35** | | **78,722.54** |
| | Inter company elimination and consolidation adjustments | | (5,335.25) | | 7.97 |
| | Grand total | | **466,970.10** | | **78,730.51** |
| | **Minority interest** | | (64.54) | | (2.33) |
| | **Share of net loss in associates** | | | | (2,004.41) |
| | **Gain on fair valuation of pre existing equity interest in an associate** | | | | 3,852.11 |

| | Name of the entity | As at 31st March, 2017 Net assets i.e. total assets minus total liabilities | | As at 31st March, 2017 Share in Profit or Loss | |
|---|---|---|---|---|---|
| | | As a % of consolidated net assets | (₹ in Lakhs) | As a % of consolidated net assets | (₹ in Lakhs) |
| | **Parent** | | | | |
| | Avenue Supermarts Limited | 99.43% | 383,706.33 | 97.94% | 48,342.09 |
| | **Subsidiaries** | | | | |
| 1 | Align Retail Trades Private Limited | 0.30% | 1,163.41 | 1.18% | 584.20 |
| 2 | Avenue Food Plaza Private Limited | 0.24% | 907.21 | 0.79% | 387.54 |
| 3 | Nahar Seth & Jogani Developers Private Limited | 0.03% | 145.27 | 0.09% | 45.75 |
| | **Subtotal** | | **385,922.22** | | **49,359.58** |
| | Inter Company Elimination & Consolidation Adjustments | | (1,729.17) | | (106.20) |
| | Grand Total | | **384,193.05** | | **49,253.38** |
| | **Minority Interest** | | (14.53) | | (4.58) |
| | **Share of Net loss in Associates** | | | | (1,292.05) |

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

## 51 Events after the reporting period

The group has evaluated subsequent events from the balance sheet date through 5th May, 2018, the date at which the financial statements were available to be issued, and determined that there are no material items to disclose other than those disclosed above.

## 52 Ind AS issued but not effective

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard which the group intends to adopt, when they become effective.

### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28th March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the group. Ind AS 115 is effective for the group in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognised at the date of initial application (1st April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

Upon adoption the group expects there to be insignificant changes in the recognition of revenue from the current practice. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

### Ind AS 40: Investment property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April, 2018. Upon adoption the group does not expects to have material changes in the recognition of investment property from the current practice. A reliable estimate of the quantitative impact of Ind AS 40 on the financial statements will only be possible once the implementation project has been completed.

# Notes

to the Consolidated Financial Statements for the year ended 31st March, 2018

**Ind AS 28: Investments in associates and joint ventures**

Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1st April, 2018. These amendments are not applicable to the group.

**Ind AS 12: Recognition of deferred tax assets for unrealised losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April, 2018. These amendments are not applicable to the group.

**53.** The previous year numbers have been audited by an audit firm other than S R B C & Co LLP. The previous year numbers have been reclassified wherever necessary.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

**per Vijay Maniar**
Partner
Membership No. 36738

Thane, 5th May, 2018

For and on behalf of Board of Directors of
Avenue Supermarts Limited

**Ignatius Navil Noronha**
Managing Director
DIN: 01787989

**Ramakant Baheti**
Chief Financial Officer and Executive Director
DIN: 00246480

**Ashu Gupta**
Company Secretary

Thane, 5th May, 2018

# Notice of the 18th Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Avenue Supermarts Limited will be held on Tuesday, 28th August, 2018 at 11.00 A.M. at Nehru Centre Auditorium, Discovery of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

## ORDINARY BUSINESS:

### 1. Adoption of Accounts:

a) To receive, consider and adopt the standalone audited financial statements of the Company for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors and Auditors thereon;

b) To receive, consider and adopt the consolidated audited financial statements of the Company for the financial year ended 31st March, 2018 together with the Reports of Auditors thereon;

### 2. Retire by Rotation:

To appoint a Director in place of Mr. Ramakant Baheti (DIN: 00246480), who retires by rotation and being eligible, offers himself for re-appointment;

### 3. Ratification of Appointment of the Statutory Auditors:

To ratify appointment of S R B C & Co. LLP, Chartered Accountants, (Firm Registration No.: 324982E/E300003) as the Statutory Auditors of the Company from the conclusion of the 18th Annual General Meeting till the conclusion of the 19th Annual General Meeting of the Company, pursuant to the resolution passed by the Members of the Company at 17th Annual General Meeting who shall hold office upto the conclusion of 22nd Annual General Meeting of the Company, on such remuneration as maybe recommended by the Audit Committee and decided by the Board of Directors in consultation with the said Auditors.

## SPECIAL BUSINESS:

### 4. Offer and Issue of Secured, Rated, Cumulative, Redeemable, Non-Convertible Debentures:

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 42 and 71 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable rules under the Companies Act, 2013 (including statutory modification thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time) and in accordance with the Memorandum and Articles of Association of the Company, and subject to such approvals, consents, sanctions, permissions, laws, rules, regulations, guidelines, as may be necessary from all appropriate statutory and regulatory authorities, and subject to such conditions and modifications as may be prescribed by the respective statutory and/or regulatory authorities while granting such approvals, consents, sanctions, permissions and subject to the total borrowings of the Company not exceeding the borrowing powers approved by the members under Section 180(1)(c) of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board (hereinafter which term shall be deemed to include any Committee constituted/ to be constituted by the Board to exercise its powers, including the powers conferred by this resolution) to offer, issue and allot Secured, Rated, Cumulative, Redeemable Non-Convertible Debentures (the "Debentures") aggregating up to ₹ 15,000,000,000/- (Rupees One Thousand and Five Hundred Crore only) in one or more tranches (to such persons who may or may not be debenture holders of the Company), during a period of one year from the conclusion of this meeting and with such ranking and seniority and on such other terms and conditions as the Board of Directors, may approve or authorize, in the exercise of its authority and discretion in terms of this resolution.

**RESOLVED FURTHER THAT** the powers may be delegated to the Operations Committee of the Company, a committee duly constituted by the Board of Directors of the Company and that the Operations Committee be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and including without limitation, for matters connected therewith or incidental thereto and to sign and execute any deeds / documents/ undertakings / agreements / papers/writing, as may be required in this regard."

5. **Re-appointment of Mr. Elvin Machado as a Whole-time Director:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Elvin Machado (DIN: 07206710) be and is hereby re-appointed as a Whole-time Director of the Company for a period of three years with effect from 10th June, 2018 to 9th June, 2021 on a remuneration of ₹ 70,21,344/- (Rupees Seventy Lacs Twenty One Thousand Three Hundred and Forty Four only) per annum (exclusive of perquisites and allowances as may be applicable as per the Companies rules) and as per Letter of Appointment containing terms of appointment of the said Whole-time Director, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions on recommendation of Nomination and Remuneration Committee, without further reference to the members of the Company, in such manner as may be agreed to between the Board of Directors and Mr. Elvin Machado; subject to the provisions of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as in their absolute discretion they may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by them in the best interest of the Company."

By order of the Board of Directors of
**Avenue Supermarts Limited**

**Ashu Gupta**
Company Secretary
Membership No. A13449

Place: Thane
Date: 5th May, 2018

**Registered Office:**
Anjaneya CHS Limited, Orchard Avenue
Opp. Hiranandani Foundation School,
Powai, Mumbai – 400 076
**CIN:** L51900MH2000PLC126473
**Tel No.:** 022-40496500
**Fax No.:** 022-40496503
**Email Id:** investorrelations@dmartindia.com
**Website:** www.dmartindia.com

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of total share capital of the Company carrying voting rights. A member holding more than ten percent, of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other member.

   The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Annual General Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

2. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.

3. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, concerning the special business in the Notice of this Annual General Meeting is annexed hereto and forms part of this Notice.

4. Statement giving details of the Director seeking appointment/ re-appointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as ‘Listing Regulations’) and Secretarial Standard on General Meeting (“SS-2”).

5. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information for replying in the meeting.

6. Members /Proxies/ Authorized Persons attending the Annual General Meeting (AGM) of the Company are requested to hand over the attendance slip, duly filled in for admission to the AGM hall.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. Members holding shares in demat/electronic form are requested to write their Client ID and DP ID and those holding shares in physical form are requested to write their folio number in the attendance slip and deliver duly signed attendance slip at the entrance of the meeting hall.

9. Members may also note that the Notice of the 18th Annual General Meeting and the Company’s Annual Report 2017-18 will be available on the Company’s website, www.dmartindia.com. All the relevant documents referred to in this AGM Notice and Explanatory Statement etc. shall remain open for inspection purpose at the Registered Office of the Company during its business hours on all working days up to the date of AGM.

10. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.

11. The Register of Members and Transfer Books of the Company will be closed from Wednesday, 22nd August, 2018 to Tuesday, 28th August, 2018 (Both days inclusive).

12. Members holding shares of the Company as on Tuesday, 21st August, 2018, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

13. The annual accounts of the Subsidiaries shall be available at the Registered Office of the Company for inspection by any member. The copies of the accounts of subsidiaries required by any members will be provided on written request to the Company Secretary at the Registered Office of the Company.

14. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company for the financial year 2017-18 are being sent by e-mail to those Members who have registered their e-mail address with the Company or Registrar and Share Transfer Agent or Depository Participant unless any Member has requested for the hard copy of the same. Physical copies of the Annual Report will be sent by way of permitted modes in case where the email addresses of the Members are not registered.

15. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates,

nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent, Link Intime India Private Limited. Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agent, Link Intime India Private Limited at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400 083.

16. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent, Link Intime India Private Limited.

17. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Link Intime India Private Limited for assistance in this regard.

    Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Link Intime India Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

18. Voting Options:

    **Remote e-voting**

    In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Listing Regulations, the members are provided the facility to cast their votes electronically, through remote e-voting services, provided by National Securities Depository Limited ("NSDL"), on all resolutions set forth in this Notice.

    **Voting at AGM**

    The Members who have not cast their votes electronically can exercise their voting rights at the AGM. The Company shall make necessary arrangements in this regard at the AGM venue.

**The details of the process and manner for remote e-voting are as under:**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Members' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

   a. If you are already registered with NSDL for remote e-voting then you can use your existing user ID for login.

   b. In case of Member holding shares in demat account with NSDL, USER-ID is the combination of (DP ID + Client ID).

   c. In case of Member holding shares in demat account with CDSL, USER-ID is 16 Digit Beneficiary ID.

   d. In case Member are holding shares in physical mode, USER-ID is the combination of (EVEN No + Folio No).

5. Your password details are given below :

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

10. After successful login, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

11. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

12. Select "EVEN" of company for which you wish to cast your vote.

13. Now you are ready for e-Voting as the Voting page opens.

14. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

15. Upon confirmation, the message "Vote cast successfully" will be displayed.

16. You can also take the printout of the votes cast by clicking on the print option on the confirmation page.

17. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for members**

1. Institutional members (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to hsk@rathiandassociates.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in. Members can also contact Ms. Pallavi Mhatre, Assistant Manager, NSDL, to resolve any grievances with regard to e-voting, Tel no.: 022-2499 4545, email-id: pallavid@nsdl.co.in.

**Other instructions**

1. The Company has appointed Mr. Himanshu S. Kamdar (Membership No.: 5171), Partner of M/s. Rathi & Associates, Practicing Company Secretaries, as scrutinizer (the 'Scrutinizer') for conducting the voting and remote e-voting process for the Annual General Meeting in a fair and transparent manner.

2. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

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3. The members who have cast their vote by remote e-voting may attend the meeting but shall not be entitled to cast their vote again.

4. The remote e-voting period commences on Friday, 24th August, 2018 (9:00 a.m.) and ends on Monday, 27th August, 2018 (5:00 p.m.). During this period members of the Company, holding shares as on the cut-off date of Tuesday, 21st August, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be forthwith blocked by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

5. The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Tuesday, 21st August, 2018.

6. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Tuesday, 21st August, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting vote. If you forget your password, you can reset your password by using “Forgot User Details / Password” option available on www.evoting.nsdl.com.

7. A person, whose name is recorded in the register of members or in the register of beneficial owners as on the cut-off date, Tuesday, 21st August, 2018 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

8. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

9. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.dmartindia.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman/Managing Director or a person authorized by him in writing. The Company shall simultaneously forward the results to National Stock Exchange Limited of India and BSE Limited, where the shares of the Company are listed.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 4:

In order to augment long term resources for financing, inter alia, for the strategic business expansion in future and for general corporate purposes, it is proposed to raise funds upto ₹ 1,500 crores (Rupees one thousand and fifteen hundred crore only) by way of Issue of Secured, Rated, Non-Convertible, Cumulative, Redeemable Debentures.

Members may note that pursuant to Section 71 read with rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and subject to the provisions of Section 42 of the Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, a Company can issue securities on private placement basis only when the proposed offer of securities or invitation to subscribe securities has been previously approved by the Members of the Company by a special resolution.

Further, sub-rule (2) of the said rule 14 states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement basis, it shall be sufficient if the Company obtains prior approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year.

It is proposed to authorize the Board (hereinafter which term shall be deemed to include any Committee constituted/to be constituted by the Board), to offer or invite subscription for secured, rated, cumulative, redeemable non-convertible debentures, in one or more series / tranches on private placement as may be required by the company from time to time for a period of one year from the date of passing the resolution.

Hence, the Board recommends and seeks approval for the resolution set out in Item No. 4 of the Notice by way of Special Resolution.

None of the Promoters, Directors, Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

### ITEM NO. 5:

The members of the Company by passing a special resolution at its Annual General Meeting held on 30th September, 2015 had appointed Mr. Elvin Machado as a Whole-time Director of the Company for a period of 3 years w.e.f. 10th June, 2015 and payment of remuneration during his tenure.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on 5th May, 2018, approved his re-appointment as a Whole-time Director, for a further period of 3 (three) years with effect from 10th June, 2018, and payment of the remuneration to him.

For the financial year 2018-19, remuneration of a sum not exceeding ₹ 7,021,344/- (Rupees seventy lacs twenty one thousand three hundred and forty four only) has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. The remuneration for financial years 2019-20, 2020-21 and part of 2021-22 (i.e. upto 9th June, 2021) shall be determined by the Nomination and Remuneration Committee & Board of Directors by giving annual increments to the aforesaid remuneration, as may be deemed appropriate, which shall be merit-based taking into account other relevant factors subject to the approval of the members, in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Elvin Machado under Section 190 of the Companies Act, 2013.

The Board of Directors recommends the resolution in relation to the re-appointment of Mr. Elvin Machado as a Whole-Time Director and payment of remuneration to him, for the approval of the members of the Company.

The required details as per the Secretarial Standards ("SS-2") and Regulation 36(3) of the Listing Regulations, is provided at Annexure A of this Notice.

Except Mr. Elvin Machado, none of the Promoters, Directors, Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

By order of the Board of Directors of
**Avenue Supermarts Limited**

**Ashu Gupta**
Company Secretary
Membership No. A13449

Place: Thane
Date: 5th May, 2018

**Registered Office:**
Anjaneya CHS Limited, Orchard Avenue
Opp. Hiranandani Foundation School,
Powai, Mumbai – 400 076
**CIN:** L51900MH2000PLC126473
**Tel No.:** 022-40496500
**Fax No.:** 022-40496503
**Email Id:** investorrelations@dmartindia.com
**Website:** www.dmartindia.com

## ANNEXURE-A

## BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING IN ACCORDANCE WITH THE SECRETARIAL STANDARDS ("SS-2") AND REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

### 1. Mr. Ramakant Baheti

| | |
|---|---|
| Age | 45 years |
| Date of appointment on the Board | 2nd January, 2006 |
| Qualifications | Chartered Accountant |
| Nature of expertise & experience | Mr. Ramakant Baheti is a Chartered Accountant from the Institute of Chartered Accountants of India and holds a graduation degree in Commerce from Maharishi Dayanand Sarswati University, Ajmer. He has 20 years of experience in finance. Prior to joining the Company, he was the Manager-Finance of Bright Star Investments Private Limited. He has been a Director of the Company since 2nd January, 2006. |
| Relationship with other Director, Manager and other Key Managerial Personnel of the Company | Not related to any Director / Key Managerial Personnel. |
| Terms and conditions of appointment or re-appointment | In terms of Section 152(6) of the Companies Act, 2013, Mr. Ramakant Baheti is liable to retire by rotation at the Meeting and being eligible has offered himself for re-appointment. |
| Remuneration last drawn | Refer to Directors' Report and Corporate Governance Report forming part of the Annual Report. |
| Remuneration proposed to be paid | As per existing approved terms and conditions |
| No. of meetings of the Board attended during the Financial Year 2017-18 | 4 Board Meetings |
| Directorships held in other Companies | Avenue E-Commerce Limited<br>Damani Estates & Finance Private Limited<br>Avishkaar Technoventure Private Limited<br>Trishala Realty Private Limited<br>Nahar Seth and Jogani Developers Private Limited<br>Habitat Micro Build India Housing Finance Company Private Limited |
| Memberships / Chairmanships of Committees of other Companies | **Avenue E-Commerce Limited**<br>Audit Committee - Member<br>Nomination And Remuneration Committee - Member |
| No. of shares in the Company | 3,175,000 equity shares of ₹ 10/- each |

## 2. Mr. Elvin Machado

| | |
|---|---|
| Age | 52 years |
| Date of appointment on the Board | 10th June, 2015 |
| Qualifications | M.A. (Part I) in Economics |
| Nature of expertise & experience | Mr. Elvin Machado did his Graduation from St. Xavier's College - Mumbai in the year 1987 majoring in Economics and later completed M.A. (Part I) from Mumbai University. Post the graduation, he worked as a "Statistician" with a Pharmaceutical Company. In 1988 joined FMCG giant HLL now Hindustan Unilever Limited as a Trainee Territory Sales In-charge promoted as Officer. Later he was posted at Lever House (HO) as Trade Marketing Executive from where he has supervised and monitored work in many locations across India. At Unilever, his last posting was as "Branch Operations Manager" at Kolkata Branch. Post 19 years of stint with Unilever, he joined Avenue Supermarts Limited in 2007 as General Manager-Operations. In capacity of GM- Operations, he headed the Mumbai Circle. With a successful stint in Mumbai went on to Head the Gujarat Circle for two and half years. He had been in Mumbai taking care of "Real Estate Acquisition" for 4 years. Subsequently he was taken on Board as Whole-time Director. He has completed 10 years with Avenue Supermarts Limited and is presently looking after Operations Department. |
| Relationship with other Director, Manager and other Key Managerial Personnel of the Company | Not related to any Director / Key Managerial Personnel. |
| Terms and conditions of appointment or re-appointment | It is proposed to re-appoint Mr. Elvin Machado as a Whole-time Director, for a further period of 3 (three) years with effect from 10th June, 2018. |
| Remuneration last drawn | Refer to Directors' Report and Corporate Governance Report forming part of the Annual Report. |
| Remuneration proposed to be paid | As per the Resolution No. 5 of the Notice convening this Meeting read along with Explanatory Statement thereto. |
| No. of meetings of the Board attended during the Financial Year 2017-18 | 4 Board Meetings |
| Directorships held in other Companies | Nil |
| Memberships / Chairmanships of Committees of other Companies | Nil |
| No. of shares in the Company | 411,400 equity shares of ₹ 10/- each |

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# AVENUE SUPERMARTS LIMITED

**Regd. Office:** Anjaneya CHS Limited, Orchard Avenue,
Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076
**Tel No.:**+91-22-40496500 **Fax No.:**+91-22-40496503
**CIN:** L51900MH2000PLC126473
**E-mail Id:** investorrelations@dmartindia.com **Website:** www.dmartindia.com

## PROXY FORM

### [Form No. MGT- 11]

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): ..........................................................................................................

Registered address: ..........................................................................................................

E-mail Id: ..........................................................................................................

Folio No/ Client Id: ......................................................................DP ID: ......................................................................

I/ We, being the member (s) holding .......................................................................... shares of the above named Company, hereby appoint

1. Name:...................................................................................... E-mail Id:......................................................................

   Address: ..........................................................................................................

   ...................................................................................... Signature: ...................................................... or failing him

2. Name:...................................................................................... E-mail Id: ......................................................................

   Address: ..........................................................................................................

   ...................................................................................... Signature: ...................................................... or failing him

3. Name:...................................................................................... E-mail Id: ......................................................................

   Address: ..........................................................................................................

   ...................................................................................... Signature: ......................................................................

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 18th Annual General Meeting of the Company to be held on Tuesday, 28th August, 2018 at 11.00 A.M. at Nehru Centre Auditorium, Discovery of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof in respect of resolutions, as indicated below:

| Item No. | Description | Type of resolution (Ordinary / Special) | I / We assent to the resolution (For)* | I / We dissent to the resolution (Against)* |
|---|---|---|---|---|
| 1 | To receive, consider and adopt the Standalone and Consolidated Audited Accounts of the Company along with the reports of the Board of Directors and Auditors thereon. | Ordinary | | |
| 2 | Re-appointment of Mr. Ramakant Baheti (DIN: 00246480) who retires by rotation and being eligible, offers himself for re-appointment. | Ordinary | | |
| 3 | Ratification of S R B C & Co. LLP, Chartered Accountants (Firm Registration No.: 324982E/ E300003) as the Statutory Auditors of the Company. | Ordinary | | |
| 4 | To offer / issue secured, rated, cumulative, redeemable non-convertible debentures up to an amount not exceeding ₹ 1,500 crores (Rupees One Thousand and Five Hundred Crore only). | Special | | |
| 5 | To approve re-appointment of Mr. Elvin Machado as a Whole-time Director for a period of 3 (three) years w.e.f. 10th June, 2018. | Ordinary | | |

Signed this ...................................................................... day of ...................................................................... 2018.

Signature of Member(s):..........................................................................................................

Signature of Proxy holder(s):..........................................................................................................

Affix ₹ 1/-
Revenue
Stamp

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A Proxy need not be a member of the Company.

3. Appointing a proxy does not prevent a member from attending the meeting in person if he / she so wishes.

4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

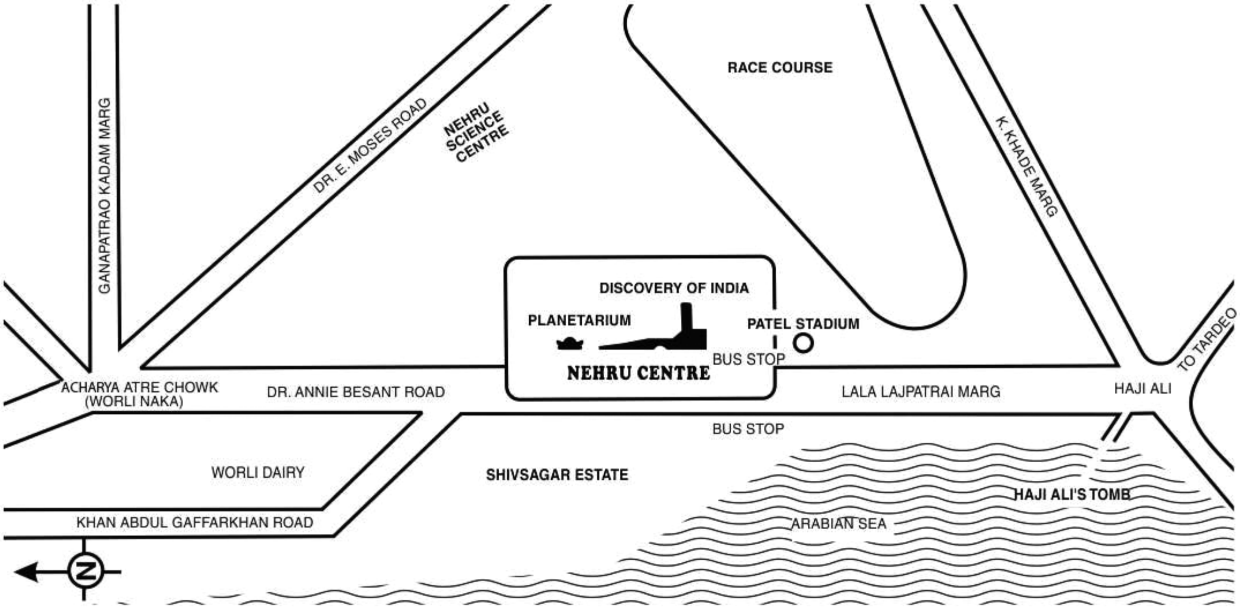
5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

6. The holders of the Proxy shall be entitled to vote either for or against the above mentioned resolutions.

7. *It is optional to put (√) in the appropriate column against the Resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

## ROUTE MAP TO VENUE OF ANNUAL GENERAL MEETING

**Venue:** Nehru Centre Auditorium, Discovery of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai- 400 018
**Landmark:** Nehru Centre Art Gallery



# NOTES

# NOTES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REGISTERED OFFICE
Anjaneya Co-op. Housing Society Ltd.
Orchard Avenue,
Opp. Hiranandani Foundation School,
Powai, Mumbai – 400 076

Tel: +91-22-33400500
Fax: +91-22-33400599
Website: www.dmartindia.com

/concept, content and design at AICL (hello@aicl.in)

D Mart

## AVENUE SUPERMARTS LIMITED

**Regd. Office:** Anjaneya CHS Limited, Orchard Avenue,
Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076
**Tel No.:**+91-22-40496500 **Fax No.:**+91-22-40496503
**CIN:** L51900MH2000PLC126473
**E-mail Id:** investorrelations@dmartindia.com **Website:** www.dmartindia.com

# Addendum to the Notice of the 18th Annual General Meeting of Avenue Supermarts Limited

**ADDENDUM TO THE NOTICE OF 18TH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON TUESDAY, 28TH AUGUST, 2018 AT 11.00 A.M. AT NEHRU CENTRE AUDITORIUM, DISCOVERY OF INDIA BUILDING, GROUND FLOOR, DR. ANNIE BESANT ROAD, WORLI, MUMBAI- 400 018.**

Pursuant to Section 160 of the Companies Act, 2013 read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, Notice is hereby given that the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member of the Company, proposing candidature of Ms. Kalpana Unadkat (DIN:02490816) for election to the office of Director at the ensuing 18th Annual General Meeting ("AGM") of the Company, scheduled to be held on Tuesday, 28th August, 2018 at 11.00 A.M., at Nehru Centre Auditorium, Discovery of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai-400 018. As the Notice was received from a Member subsequent to circulation of the Notice of the 18th AGM, an Addendum to the Notice of 18th AGM is being circulated to the members in terms of the aforesaid provisions of the Companies Act, 2013.

Your Directors recommend the following resolution for appointment of Ms. Kalpana Unadkat (DIN: 02490816) as an Independent Director for your approval in the AGM, as part of the Special Business, as set forth below:

**6. Appointment of Ms. Kalpana Unadkat as an Independent Director:**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160, Schedule IV and all other applicable provisions of the Companies Act, 2013 (the "Act") read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"), Ms. Kalpana Unadkat (DIN: 02490816), who was appointed as an Additional Director of the Company pursuant to provisions of Section 161 of the Act and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director and who meets the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16 of SEBI Listing Regulations, be and is hereby appointed as an Independent Director of the Company for a period of Five (5) years w.e.f. 30th July, 2018, not liable to retire by rotation.

**RESOLVED FURTHER THAT** anyone of the Directors or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds, things and matters from time to time in order to give effect to the above resolution."

By order of the Board of Directors of
**Avenue Supermarts Limited**

**Ashu Gupta**
Company Secretary
Membership No. A13449

Place: Thane
Date: 30th July, 2018

**Registered Office:**
Anjaneya CHS Limited, Orchard Avenue
Opp. Hiranandani Foundation School,
Powai, Mumbai – 400 076
**CIN:** L51900MH2000PLC126473
**Tel No.:** 022-40496500
**Fax No.:** 022-40496503
**Email Id:** investorrelations@dmartindia.com
**Website:** www.dmartindia.com

**NOTES:**

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business as proposed above to be transacted at the AGM is annexed hereto.

2. Statement giving details of the Director seeking appointment pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting ("SS-2") is given below.

3. Relevant documents referred to in this Addendum to Notice of 18th AGM are open for inspection purpose at the Registered Office of the Company during its business hours on all working days up to the date of AGM.

4. This Addendum to the Notice of 18th AGM is available along with the Notice of 18th AGM on the website of the Company www.dmartindia.com. The revised Proxy Form including the resolution proposed hereinabove as item No. 6 is enclosed and also available on the website of the Company.

5. All the processes, notes and instructions relating to e-voting set out for and applicable to the ensuing 18th AGM shall mutatis-mutandis apply to the e-voting for the Resolution proposed in this Addendum to the Notice. Furthermore, Scrutinizer appointed for the ensuing 18th AGM will act as a Scrutinizer for the Resolution proposed in this Addendum to the Notice.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

**Item No. 6**

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, had appointed Ms. Kalpana Unadkat (DIN: 02490816), as an Additional Director (Independent Category) on the Board of the Company, not liable to retire by rotation, pursuant to Section 161 of the Companies Act, 2013 on 30th July, 2018 to hold office upto the date of ensuing 18th Annual General Meeting of the Company.

In terms of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from a Member of the Company signifying his intention to propose the candidature of Ms. Kalpana Unadkat for the office of Director of the Company.

Ms. Kalpana Unadkat, is a solicitor and partner at the Mumbai office of Khaitan & Co. Prior to joining Khaitan & Co., she worked at the London office of Ashurst for 10 years. While working in London, she played a key role in building India practice with a team that included lawyers in Germany, Milan, Paris, and Singapore. Since returning to Mumbai in 2008, she specialises in cross border mergers & acquisitions and joint ventures. Her focus is on representing corporates and their boards on strategic matters. She helps clients on a broad range of complex corporate transactions, such as mergers, acquisitions, divestitures, joint ventures, spin-offs, etc. She has been awarded "women super achiever award" and "Corporate Governance lawyer of the Year – India" for corporate governance. Her detailed profile is given below.

The Company has received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, she fulfills the criteria of Independence and possesses appropriate skills, experience and knowledge for being appointed as an Independent Director. Considering her vast experience and knowledge in the field of Corporate Governance and Law and strategic guidance her appointment would be in the interest of the Company.

The Board of Directors recommends the appointment of Ms. Kalpana Unadkat as an Independent Director of the Company for a period of Five (5) years commencing from 30th July, 2018, not liable to retire by rotation, as set in this Addendum to the Notice of 18th AGM.

Save and except Ms. Kalpana Unadkat and her relatives, none of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the above Resolution.

**BRIEF RESUME OF DIRECTOR SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING IN ACCORDANCE WITH THE SECRETARIAL STANDARDS ("SS-2") AND REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

| | |
|---|---|
| Age | 48 years |
| Date of first appointment on the Board | $30^{th}$ July, 2018 |
| Qualifications | • Solicitor, Mumbai<br>• Solicitor, England & Wales<br>• Bachelor of Laws<br>• Bachelor of Commerce |
| Nature of Expertise & Experience | Ms. Kalpana Unadkat is a solicitor and a partner at the Mumbai office of Khaitan & Co. Prior to joining Khaitan & Co., she worked at the London office of Ashurst LLP for 10 years. While working in London, she played a key role in building the India practice with a team that included lawyers in Germany, Milan, Paris, and Singapore. Since returning to Mumbai in 2008, she specialises in cross border joint ventures and mergers & acquisitions. Ms. Kalpana's focus is on representing corporates and their boards on strategic matters. She helps clients in a broad range of complex corporate transactions, such as mergers, acquisitions, divestitures, joint ventures, spin-offs, etc.<br><br>Ms. Kalpana has a consultative and collaborative style. She regularly acts for international companies and is widely recognised as one of the leading lawyers. Ms. Kalpana is a well-recognized expert on diversity and leadership development. Her passion is to reform corporate governance principles to increase the number of women in decision making. She has led several workshops and advises clients on board effectiveness, particularly around issues of corporate governance, leadership, organisational climate, and decision-making. Her clients benefit from her vast knowledge, particularly regarding disclosures, board and committee structure and composition, executive compensation, and compliance policies and corporate governance matters.<br><br>She has been awarded "women super achiever award" and "women lawyer of the Year – 2017" for corporate governance. She has published numerous articles and is a frequent speaker at conferences. Best known for her co-authored of the research "Women on Board", Ms. Kalpana is a go-to lawyer for boards and general counsels in relation to corporate governance matters. She has been frequently quoted in newspapers on corporate governance and M&A deals in India.<br><br>Ms. Kalpana is a Chairperson of Confederation of Indian Industry (IWN - Indian Women Network) – Maharashtra and is a member of industry committees on corporate governance and is also an independent director on board of public companies. Apart from being a board member, she is also a member of several committees including Corporate Governance and Prevention of Sexual Harassment. |

| | |
|---|---|
| Relationship with other Director/ Key Managerial Personnel | Not related to any Director / Key Managerial Personnel. |
| Terms and conditions of appointment/ re-appointment | It is proposed to appoint Ms. Kalpana Unadkat as an Independent Director of the Company for a period of Five (5) years w.e.f. 30th July, 2018, not liable to retire by rotation. |
| Remuneration last drawn | N.A. |
| Remuneration proposed to be paid | Ms. Kalpana being a Non-executive Independent Director shall be paid sitting fees for attending Board and/or Committee Meetings and commission, as approved by the Members of the Company. |
| Number of meetings of the Board attended during the financial year (2017-18) | N.A. |
| Directorships held in other companies | Essel Mining & Industries Limited<br>TVS Housing Finance Private Limited |
| Memberships / Chairmanships of committees of other companies | Nil |
| No. of shares in the Company | Nil |

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# AVENUE SUPERMARTS LIMITED

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Opp. Hiranandani Foundation School, Powai, Mumbai - 400 076
**Tel No.:**+91-22-40496500 **Fax No.:**+91-22-40496503
**CIN:** L51900MH2000PLC126473
**E-mail Id:** investorrelations@dmartindia.com **Website:** www.dmartindia.com

## PROXY FORM
### [Form No. MGT- 11]

[Pursuant to Section 105 (6) of the Companies Act, 2013 read with Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): ..........................................................................................

Registered address: ..........................................................................................

E-mail Id: ..........................................................................................

Folio No/ Client Id: ..........................................................DP ID: ..........................................................

I/ We, being the member (s) holding ...................................................... shares of the above named Company, hereby appoint

1. Name:...................................................... E-mail Id:......................................................
   Address: ..........................................................................................
   ...................................................... Signature: ...................................................... or failing him
2. Name:...................................................... E-mail Id: ......................................................
   Address: ..........................................................................................
   ...................................................... Signature: ...................................................... or failing him
3. Name:...................................................... E-mail Id: ......................................................
   Address: ..........................................................................................
   ...................................................... Signature: ......................................................

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 18th Annual General Meeting of the Company to be held on Tuesday, 28th August, 2018 at 11.00 A.M. at Nehru Centre Auditorium, Discovery of India Building, Ground Floor, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof in respect of resolutions, as indicated below:

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| 3 | Ratification of S R B C & Co. LLP, Chartered Accountants (Firm Registration No.: 324982E/ E300003) as the Statutory Auditors of the Company. | Ordinary | | |
| 4 | To offer / issue secured, rated, cumulative, redeemable non-convertible debentures up to an amount not exceeding ₹ 1,500 crores (Rupees One Thousand and Five Hundred Crore only). | Special | | |
| 5 | To approve re-appointment of Mr. Elvin Machado as a Whole-time Director for a period of 3 (three) years w.e.f. 10th June, 2018. | Ordinary | | |
| 6 | To approve appointment of Ms. Kalpana Unadkat (DIN: 02490816) as an Independent Director for a period of 5 (five) years w.e.f. 30th July, 2018. | Ordinary | | |

Signed this ...................................................... day of ...................................................... 2018.

Signature of Member(s):..........................................................................................

Signature of Proxy holder(s):..........................................................................................

Affix ₹ 1/-
Revenue
Stamp

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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