



Ref: No: CS/S/L-473/2020-21

29<sup>th</sup> January, 2021

To: The Listing Department <b>NATIONAL STOCK EXCHANGE OF INDIA LIMITED</b> “Exchange Plaza” Bandra-Kurla Complex Bandra (E), Mumbai-400 051 <b>Scrip Code: VMART</b> Fax: 022-26598120 Email: <a href="mailto:cmlist@nse.co.in">cmlist@nse.co.in</a>	To: The Corporate Relationship Department <b>THE BSE LTD</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 <b>Scrip code: 534976</b> Fax: 022-22723121 Email: <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a>
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**Sub: Interim Condensed Financial Statements for the nine months ended December 31, 2020**

Sir/Ma'am,

In continuation to the disclosure filed by the Company vide Ref No. CS/S/L-471/2020-21 dated 28<sup>th</sup> January 2021, please find enclosed the interim condensed financial statements for the nine months ended December 31, 2020 of V-Mart Retail Limited (‘Company’) along with the review report on such Interim Condensed Financial Statements issued by the Statutory Auditors of the Company.

The Interim Condensed Financial Statements along with review report are also being uploaded on the Company’s website at <https://www.vmart.co.in>

We request you to take the above on record and the same to be treated as compliance under the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.

Thanking You,  
Yours faithfully  
For V-Mart Retail Limited



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

**V-MART RETAIL LTD.**

CIN- L51909DL2002PLC163727

Corporate Office : Plot No. 862, Udyog Vihar, Industrial Area Phase V, Gurgaon - 122 016 (Haryana)  
Tel. : 0124-4640030, Fax No. : 0124-4640046 Email : [info@vmart.co.in](mailto:info@vmart.co.in) Website : [www.vmart.co.in](http://www.vmart.co.in)  
Registered Office : 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092

## Review Report

### Review Report to The Board of Directors V-Mart Retail Limited

We have reviewed the accompanying special purpose interim condensed Ind AS financial statements of V-Mart Retail Limited (the "Company"), which comprise the condensed balance sheet as at December 31, 2020, and the related Statements of Profit and Loss, Comprehensive Income, Cash Flows and Changes in Equity for the nine months period ended December 31, 2020, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as the "Special Purpose Interim condensed Ind AS Financial Statements").

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these special purpose interim condensed Ind AS financial statements in accordance with recognition and measurement principles laid down as per the requirement of Indian Accounting Standard - 34 "Interim financial reporting" (Ind AS-34) specified under section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended. These special purpose interim condensed Ind AS financial Statements has been prepared solely in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations"). Our responsibility is to express a conclusion on the Special Purpose Interim condensed Ind AS Financial Statements based on our review.

### Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

### Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Special Purpose Interim condensed Ind AS Financial Statements have not been prepared in all material respects in accordance with recognition and measurement principles of Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies

### Emphasis of Matter

We draw attention to Note 9 to the Special Purpose Interim condensed Ind AS Financial Statements, which describe the uncertainties and impact of COVID-19 pandemic on the Company's operations and Special Purpose Interim condensed Ind AS Financial Statements as assessed by the management. Our conclusion is not modified in respect of these matters.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

## **Other Matters**

This report on the Special Purpose Interim Ind AS Financial Statements has been issued solely in connection with the purpose specified in note 2.1 of the Special Purpose Interim Condensed Ind AS Financial Statements and is intended solely for the information and use of the Board of Directors and should not be used for any other purpose or provided to other parties.

**For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

per **Vikas Mehra**

Partner

Membership No.: 094421

UDIN: 21094421AAAAAS8086

Place: New Delhi

Date : January 28, 2021



V-Mart Retail Limited  
Special Purpose Interim Condensed Balance Sheet as at December 31, 2020  
(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

Notes	As at December 31, 2020	As at March 31, 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,169.33	17,127.15
Right-of-use assets	48,796.42	49,211.06
Capital work in progress	148.37	246.69
Intangible assets	295.00	365.87
<b>Financial assets</b>		
Investments	358.70	331.54
Loans	1,271.36	1,188.50
Other financial assets	140.68	125.22
Deferred tax assets (net)	2,276.40	1,601.23
Other non-current assets	268.56	408.62
	<u>69,724.82</u>	<u>70,605.88</u>
<b>Current assets.</b>		
Inventories	29,781.60	47,792.24
<b>Financial assets</b>		
Investments	4,988.80	457.47
Loans	3.47	3.44
Cash and cash equivalents	6,000.16	489.59
Other bank balances	295.13	9.26
Other financial assets	10.74	-
Other current assets	1,761.22	3,006.90
	<u>42,841.12</u>	<u>51,758.90</u>
	<u>1,12,565.94</u>	<u>1,22,364.78</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,817.55	1,815.55
Other equity	43,629.00	44,077.64
	<u>45,446.55</u>	<u>45,893.19</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Lease liabilities	48,921.17	43,783.81
Employee benefit obligations	746.19	612.26
	<u>49,667.36</u>	<u>44,396.07</u>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	14.53	104.65
Lease liabilities	4,017.57	7,782.64
Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	1,646.90	5,043.66
b) total outstanding dues of creditors other than micro enterprises and small enterprises	8,335.53	14,635.31
Other financial liabilities	1,125.19	2,608.14
Employee benefit obligations	248.45	254.92
Liabilities for current tax (net)	1,360.60	967.05
Other current liabilities	703.26	679.15
	<u>17,452.03</u>	<u>32,075.52</u>
	<u>1,12,565.94</u>	<u>1,22,364.78</u>

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the Special Purpose Interim Condensed Financial Statements.

As per our review report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

per Vilas Mehra  
Partner

Membership Number: 094421

Place: New Delhi

Date: January 28, 2021



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

Madan Gopal Agarwal  
Director  
DIN No. 02249947

Anand Agarwal  
Chief Financial Officer  
PAN: ADDPA0633P

Lalit Agarwal  
Managing Director  
DIN No. 00900900

Megha Tandon  
Company Secretary  
Mem. No. A35532



V-Mart Retail Limited

Special purpose Interim Condensed Statement of Profit and Loss for nine months ended December 31, 2020  
(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

Notes	For nine months ended December 31, 2020	For nine months ended December 31, 2019
<b>REVENUE</b>		
Revenue from contracts with customers	72,358.76	1,32,936.08
Other income	1,548.52	292.77
Finance income	121.11	76.64
<b>Total Revenues (I)</b>	<b>74,028.39</b>	<b>1,33,305.49</b>
<b>EXPENSES</b>		
Purchase of traded goods	29,645.62	1,00,101.97
Decrease/(increase) in inventory	18,010.64	(11,248.84)
Employee benefits expense	8,134.00	11,687.35
Finance costs	4,430.95	4,091.72
Depreciation and amortization expense	7,741.56	6,871.10
Other expenses	6,803.16	13,804.19
<b>Total Expenses (II)</b>	<b>74,765.93</b>	<b>1,25,307.49</b>
<b>(Loss)/Profit before tax (I)-(II)</b>	<b>(737.54)</b>	<b>7,998.00</b>
<b>Tax expense</b>		
Current tax (including earlier years)	393.16	2,557.88
Deferred tax (credit)	(657.82)	(337.91)
<b>Total tax expense</b>	<b>(264.66)</b>	<b>2,219.97</b>
<b>(Loss)/Profit for the period</b>	<b>(472.88)</b>	<b>5,778.03</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit obligations	(68.95)	(39.89)
Income tax on above	17.35	10.04
<b>Total other comprehensive income</b>	<b>(51.60)</b>	<b>(29.85)</b>
<b>Total comprehensive income for the period</b>	<b>(524.48)</b>	<b>5,748.18</b>
<b>Earnings per share [nominal value of share Rs. 10 (December 31, 2019 : Rs. 10)]</b>		
Basic	(2.60)	31.83
Diluted	(2.60)	31.80

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the Special Purpose Interim Condensed Financial Statements.

As per our review report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

*Vikas Mehra*

per Vikas Mehra  
Partner

Membership Number: 094421



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

*Madan Gopal Agarwal*

Madan Gopal Agarwal  
Director  
DIN No. 02249947

*Lalit Agarwal*

Lalit Agarwal  
Managing Director  
DIN No. 00900900

*Anand Agarwal*

Anand Agarwal  
Chief Financial Officer  
PAN: ADDPA0633P

*Megha Tandon*

Megha Tandon  
Company Secretary  
Mem. No. A35532

Place: New Delhi

Date: January 28, 2021



*[Signature]*

V-Mart Retail Limited

Special Purpose Interim Condensed Cash Flow Statement for the nine months ended December 31, 2020

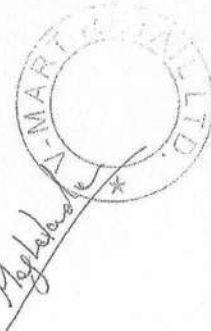
(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

	For nine months ended December 31, 2020	For nine months ended December 31, 2019
<b>A. Operating activities</b>		
(Loss)/Profit before income tax		
Adjustments to reconcile profit before tax to net cash flows:	(737.54)	7,998.00
Depreciation and amortization expense	7,741.56	6,871.10
Loss on sale / write-off of fixed assets	46.13	80.31
Employee stock option expense	-	221.87
Provision against doubtful advances	17.18	62.46
Balances written off	5.85	3.88
Finance costs	4,430.95	4,091.72
Rent Concession on lease rentals	(2,277.58)	-
Expense on fair valuation of security deposits	-	72.51
Interest income	(121.11)	(76.64)
Profit on sale of investments (net)	(4.89)	(181.49)
Income on investment designated at FVTPL	(49.00)	(24.31)
Liabilities written back	(47.96)	(66.81)
<b>Operating profit before working capital changes</b>	<b>9,003.59</b>	<b>19,052.60</b>
<b>Changes in working capital :</b>		
Increase in financial assets	(115.02)	(192.23)
Decrease / (increase) in other assets	1,227.55	(755.07)
Decrease / (increase) in inventories	18,010.64	(11,248.84)
(Decrease) in trade payables	(9,648.58)	(2,115.32)
(Decrease)/increase in other financial liabilities	(990.45)	1,972.21
Decrease in other liabilities	(270.30)	(498.68)
Increase in provisions	58.51	73.08
<b>Cash flow from operations</b>	<b>17,275.94</b>	<b>6,287.75</b>
Taxes paid (net of refunds)	(9.11)	(1,903.00)
<b>Net cash flow from operating activities (A)</b>	<b>17,266.83</b>	<b>4,384.75</b>
<b>B. Investing activities</b>		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(2,032.54)	(4,290.37)
Proceeds from sale of fixed assets	34.76	3.57
Purchase of investments	(8,399.67)	(18,353.98)
Proceeds from sale of investments	3,895.05	24,241.67
Interest received	9.66	6.65
Movement in pledged fixed deposits (including earmarked balances with bank net of liabilities)	(8.04)	380.85
<b>Net cash (used in)/ from investing activities (B)</b>	<b>(6,500.78)</b>	<b>2,008.39</b>
<b>C. Financing activities</b>		
Proceeds from issue of equity shares including securities premium	94.22	133.55
Repayment of long term borrowings	(2.60)	(22.01)
Proceeds from short term borrowings (net)	(90.12)	-
Equity dividend paid	-	(308.61)
Corporate dividend tax paid	-	(63.44)
Lease payments (net of sublease income)	(959.85)	(2,171.70)
Finance charges paid	(4,431.09)	(4,091.94)
<b>Net cash (used in) financing activities (C)</b>	<b>(5,389.44)</b>	<b>(6,524.15)</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,376.61</b>	<b>(131.01)</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	<b>480.83</b>	<b>1,231.71</b>
<b>F. Cash and cash equivalents at the end of the period (D+E)</b>	<b>5,857.44</b>	<b>1,100.70</b>

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V-Mart Retail Limited

Special Purpose Interim Condensed Cash Flow Statement for the nine months ended December 31, 2020  
(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2019
<b>Components of cash and cash equivalents</b>		
Balances with banks		
- on current account	2.04	415.90
- on cash credit account	78.24	109.74
- Deposits with original maturity of less than three months	5,490.00	-
Cash on hand	287.16	575.06
	<u>5,857.44</u>	<u>1,100.70</u>
Summary of significant accounting policies	Note 2.2	

The accompanying notes are an integral part of the Special Purpose Interim Condensed Financial Statements.  
As per our review report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No.: 301003F/E300005

Chartered Accountants

Dr. Vinita Mehra

Partner

Membership Number: 094421



Place: New Delhi

Date: January 28, 2021

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

Madan Gopal Agarwal

Director

DIN No. 02249947

Anand Agarwal

Chief Financial Officer

PAN: ADDPA0633P

Lalit Agarwal

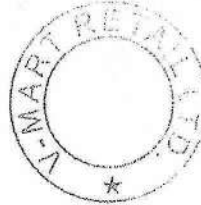
Managing Director

DIN No. 00900900

Megha Tandon

Company Secretary

Mem. No. A35532



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V-Mart Retail Limited  
 Special Purpose Interim Condensed Statement of changes in equity for the nine months ended December 31, 2020  
 (All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

A. Equity share capital

	No.	Amount
Balance as at April 1, 2019		
Issue of equity share capital under Employee Stock Option Scheme	1,81,29,993	1,813.00
Balance as at December 31, 2019	25,491	2.55
	<u>1,81,55,484</u>	<u>1,815.55</u>
	No.	Amount
Balance as at April 1, 2020		
Issue of equity share capital under Employee Stock Option Scheme	1,81,55,484	1,815.55
Balance as at December 31, 2020	20,047	2.00
	<u>1,81,75,531</u>	<u>1,817.55</u>

B. Other equity

Particulars	Securities premium reserve	Amalgamation reserve	Retained earnings	Shares option outstanding account	Total
Balance as at April 1, 2019	9,345.13	154.76	29,240.93	373.62	39,114.04
Profit for the period	-	-	5,778.03	-	5,778.03
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(29.85)	-	(29.85)
Payment of dividend on equity shares #	-	-	(308.61)	-	(308.61)
Payment of dividend distribution tax	-	-	(63.44)	-	(63.44)
Recognition of share based payment expenses	-	-	-	221.87	221.87
Transfer from share option outstanding account on exercise of options	64.52	-	-	(64.52)	-
Received during the year against issue of shares to employees under ESOP scheme	131.00	-	-	-	131.00
<b>Balance as at December 31, 2019</b>	<b>9,540.65</b>	<b>154.76</b>	<b>34,616.66</b>	<b>530.97</b>	<b>44,843.04</b>

Particulars	Securities premium reserve	Amalgamation reserve	Retained earnings	Shares option outstanding account	Total
Balance as at April 1, 2020	9,544.20	154.76	33,801.87	576.81	44,077.64
Profit for the period	-	-	(472.88)	-	(472.88)
Other Comprehensive Income (Remeasurement of defined benefit obligations)	-	-	(51.60)	-	(51.60)
Payment of dividend on equity shares #	-	-	-	-	-
Payment of dividend distribution tax	-	-	-	-	-
Recognition of share based payment expenses	-	-	-	(16.37)	(16.37)
Transfer from share option outstanding account on exercise of options	42.30	-	-	(42.30)	-
Received during the year against issue of shares to employees under ESOP scheme	92.22	-	-	-	92.22
<b>Balance as on Dec 31, 2020</b>	<b>9,678.72</b>	<b>154.76</b>	<b>33,277.39</b>	<b>518.14</b>	<b>43,629.01</b>

# Transactions with owners in their capacity as owners

Summary of significant accounting policies

Note 2.2

The accompanying notes are an integral part of the Special Purpose Interim Condensed Financial Statements.

As per our review report of even date

For S.R. Batliboi & Co. LLP

Firm Registration No. 301003E/E300005

Chartered Accountants

per Vilas Mehra  
 Partner  
 Membership Number: 094421



Place: New Delhi  
 Date: January 28, 2021

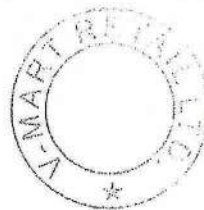
For and on behalf of the board of directors of  
 V-Mart Retail Limited

Madan Gopal Agarwal  
 Director  
 DIN No. 02249947

Anand Agarwal  
 Chief Financial Officer  
 PAN: ADDPA0653P

Lalit Agarwal  
 Managing Director  
 DIN No. 00900900

Megha Pandon  
 Company Secretary  
 Mem. No. A35532





## 1 Corporate Information

V-Mart Retail Limited (the 'Company'), incorporated on July 24, 2002, is a public limited company with its equity shares listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India (NSE). The Company retails readymade garments, accessories, etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various cities in India. The Company is domiciled in India with registered office situated at 610-611, Guru Ram Dass Nagar, Main Market, Opposite SBI Bank, Laxmi Nagar, New Delhi and corporate office situated at Plot No-86Z, Udyog Vihar Industrial Area, Phase V, Gurugram.

## 2 Significant accounting policies

### 2.1 Basis of preparation

These Special purpose interim condensed Ind AS financial statements of the Company, which comprise the Special purpose interim condensed balance sheet as at December 31, 2020; Special purpose interim condensed statement of Profit and Loss including the statement of Other Comprehensive Income; Special purpose interim condensed Cash Flow Statement and Special purpose interim condensed Statement of Changes in Equity for the period then ended and other select explanatory notes has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting". This unaudited special purpose interim condensed Ind AS financial statements has been prepared in connection with raising of funds in accordance with provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI ICDR Regulations").

The accounting policies adopted in the preparation of these unaudited special purpose interim condensed Ind AS financial statements are consistent with those followed in the preparation of the annual audited Ind AS financial statements for the year ended March 31, 2020. Further, certain selected explanatory notes are included to explain events and transactions that are significant for the understanding of the changes in the financial position and performance since the last annual audited Ind AS financial statements.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements. The presentation and disclosure requirements of Guidance note to Schedule III are also complied with by the Company.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 100,000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

-All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Company classifies all other liabilities as non-current.
- Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

#### b. Foreign Currencies

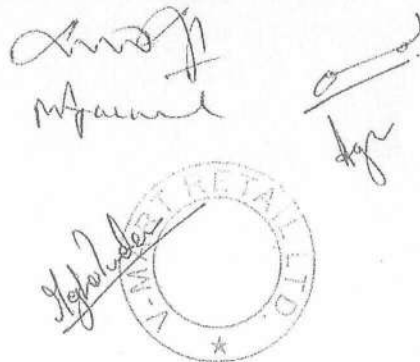
The Company's financial statements are presented in the nearest lakhs (INR 100,000) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash.

Transactions in foreign currencies are initially recorded by the Company's at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses rate at the beginning of each month which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given below.

**Disclosure for valuation method, significant estimates and assumption**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**d. Revenue from contract with customer**

Revenue from contract with customer is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from contract with customer is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

**Sale of goods:**

Revenue from sale of goods is recognised on delivery of merchandise to the customer, when the property in the goods is transferred for a price, and significant risks and rewards have been transferred and no effective ownership control is retained. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. It is the Company's policy to sell its products to the end customers with a right of return within 7 days. Historical experience is used to estimate and provide for such returns at the time of sales. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory risk.

**Loyalty points programme:**

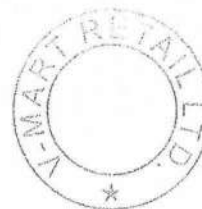
The Company has a loyalty points programme, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

**Interest Income:**

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. Interest income is included in finance income in the Statement of Profit and Loss.

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**e. Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**f. Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection and overhaul is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**g. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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V-Mart Retail Limited

Notes to Special Purpose Interim Condensed financial statements for nine months ended December 31, 2020

(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

**h. Depreciation on Property, plant and equipment**

Depreciation on PPE is provided on the straight-line method computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013 ('Schedule II') on a pro-rata basis from the date the asset is ready to put to use. Considering the applicability of Schedule II as mentioned above, in respect of certain class of assets- the Company has assessed the useful lives (as mentioned in the table below) lower than as prescribed in Schedule II, based on the technical assessment.

Asset Category	Useful life estimated by the management based on technical assessment (years)	Useful life as per Schedule II (years)
Plant and equipment	6-9 years	15 years
Office equipment	5 years	5 years
Computers	3-6 years	3-6 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

Leasehold improvements are amortized on a straight line basis over the period of lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**i. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**j. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Company has adopted modified retrospective approach as per para C8(c)(ii) of IND AS 116 - "Leases" for its store, warehouse, office premises and other assets taken on leases, effective from the annual reporting period beginning April 1, 2019. Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Stores, ware house and office premises 9 to 15 years
- Plant and Machinery/ Office equipment 3 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

**Lease Liabilities**

The Company recognises lease liabilities at the present value of lease payments to be made over the remaining lease term effective April 1, 2019. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of rented premises, Plant and machinery and office equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



Handwritten signatures and stamps of V-Mart Retail Ltd. The stamp is circular and contains the text "V-MART RETAIL LTD." and a star symbol. There are several handwritten signatures over and around the stamp.

**k. Inventories**

Inventories are valued as follows:

- a) **Packing and accessories:** At lower of cost and net realisable value. Cost represents purchase price and other direct costs and is determined on a "first in, first out" basis.
- b) **Traded goods:** At lower of cost and net realisable value. Cost of inventories comprises all costs of purchase price and other incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

**l. Impairment of non-financial assets**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life (including right of use assets).

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Impairment losses are recognized in the statement of profit and loss.

**m. Provisions and Contingent liabilities**

**Provisions**

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligations, the provision is reversed.

**Contingent liabilities**

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

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

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M. Chand  
M. Chand

**ii. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is defined benefit plan and is provided for on the basis of an actuarial valuation on projected unit credit (PUC) method made at the end of each year. Actuarial gain and loss for defined plan benefit plan is recognized in full in the year in which occur in the statement of profit and loss.

Accumulated leave, which are expected to be utilized within the next twelve months are treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of unused entitlement that has accumulated at that reporting period.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- (a) The date of the plan amendment or curtailment, and
- (b) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- (b) Net interest expense or income

**o. Share-based payments**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized as an employee benefit expense with a corresponding increase in 'Share Option Outstanding Account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company best estimate of the number of equity instruments that will ultimately vest.

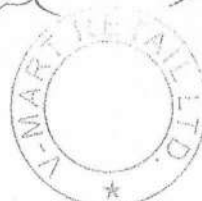
Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

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**p. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- Those measured at amortized cost

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss) or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (ii) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Investments**

Investments in mutual fund are measured at FVTPL.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- (i) The rights to receive cash flows from the assets have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.



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**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**q. Segment reporting**

Identification of segments:

**Business segment:**

The company operates in single segment of retails of readymade garments, accessories, etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various cities in India.

**Geographical segment:**

The analysis of geographical segments is based on the geographical location of the customers. The company operates in single geographical segment i.e. India.

**r. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of Company's cash management.

**s. Cash dividend and non-cash distribution to equity holders**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**t. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

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



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3 Commitments and Contingencies

i) Commitments

Particulars	As at	
	December 31, 2020	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account not provided in books	31.84	105.28
	<b>31.84</b>	<b>105.28</b>

ii) Contingent liabilities

Particulars	As at	
	December 31, 2020	March 31, 2020
Income tax <sup>1</sup>	74.97	74.97
Value added tax <sup>2</sup>	435.56	450.30
Service tax <sup>3</sup>	30.33	30.33
Payment of Bonus (Amendment) Act, 2015 <sup>4</sup>	107.61	107.61
Minimum Wages Act, 1948 <sup>5</sup>	94.45	94.45
<b>Total Contingent Liabilities</b>	<b>742.92</b>	<b>757.66</b>

Income Tax<sup>1</sup>

Demand amounting to Rs. 17.38 lakhs (March 31, 2020 : Rs. 17.38 lakhs) was raised by the income tax department for AY 13-14 and AY 16-17 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961 and other non deductible expenses. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal before CIT (A) for assessment year 13-14 and has also filed a rectification application for assessment year 16-17.

Demand amounting to Rs. 80.20 lakhs (March 31, 2020 : Rs. Nil) was raised by the income tax department for AY 17-18 in respect of addition made under rule 8D of section 14A of Income Tax Act, 1961, allowance of education cess, delay in payment of PF and disallowance of interest on delayed payment of Income Tax. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal before CIT (A).

Demand amounting to Rs. 74.97 lakhs (March 31, 2020 : Rs. Nil) was raised by the income tax department for AY 12-13 in respect of addition made on disallowance of certain purchases based on inadvertent assumption. The Company has reduced the refund due to it against such demand. However, the Company has filed an appeal before CIT (A). The Company does not believe any liability devolving against the Company.

Value added tax<sup>2</sup>

Rs. 426.55 lakhs (March 31, 2020: Rs. 450.30 lakhs) represents demand relating to the appropriateness of forms/ declaration made by the Company under relevant sales tax legislations which were primarily procedural and on interstate movement of goods. Pending final decisions, the Company has deposited amounts under protest with statutory authorities for certain cases amounting to Rs. 111.76 (March 31, 2020: Rs.129.26).

Further, during the period ending December 31, 2020, the Company has received a demand of Rs 9.01 lakhs under section 32/34/35 of Gujarat Value Added Tax, 2003 on account of mismatch of input tax credit claimed by it.

Service tax<sup>3</sup>

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1 2007 by the Finance Act, 2010, the Retailer Association of India (the Company being a member of such Association) has challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has issued an interim order dated October 14, 2011, directing to deposit 50% of the arrears of service tax due upto September 30, 2011 and the balance, if any, at the time of final disposal of the appeal. The amount of service tax on rent in respect of rented stores from June 1, 2007 till September 30, 2011 amounted to Rs.108.26 lacs of which Rs.77.93 lacs has been provided for in the Statement of Profit and Loss till March 31, 2017 and the balance Rs.30.33 lacs has been disclosed as contingent liability as at reporting date. As per directions of the Hon'ble Supreme Court, the Company, has deposited Rs.37.69 lacs under protest with the concerned authorities and has disclosed this balance as "Service tax deposit" under other non-current assets.

Payment of Bonus (Amendment) Act, 2015<sup>4</sup>

The Payment of Bonus (Amendment) Act, 2015 dated December 31, 2015 (which was made effective from 1 April 2014) revised the thresholds for coverage of employees eligible for bonus and also enhanced the ceiling limits for computation of bonus. However, taking cognizance of the stay granted by Hon'ble High Courts of Kerala (Ernakulam), Karnataka (Bengaluru), Uttar Pradesh (Allahabad) and Madhya Pradesh (Indore) and pending disposal of such matter, the Company, in accordance with the Payment of Bonus (Amendment) Act, 2015, has only recognized an additional expense of Rs.213.81 lakhs for the period April 1, 2015 to March 31, 2016 during year ended March 31, 2016 and has not recognised the differential amount of bonus of Rs.107.61 lakhs for the period April 1, 2014 to March 31, 2015.

Minimum Wages Act, 1948<sup>5</sup>

Rs 94.45 lakhs (March 31, 2020 :Rs.63.98 lakhs) represents demand under imposed by the labour enforcement officer under The Minimum Wages Act, 1948 mainly on classification of employees into skilled, semi-skilled and un-skilled. The Company has contested the demand and does not anticipate any material liability devolving on the Company.

Further there are various labour, legal metrology, food adulteration and cases under other acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.



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4 Related party disclosures

(a) Names of related parties and related party relationship

Names of related parties where control exists

Conquest Business Services Private Limited	Entity along with promotor holding having control
<b>Key managerial personnel</b>	
Mr. Lalit Madangopal Agarwal	Managing Director
Mr. Madan Gopal Agarwal	Whole-time Director
Mr. Aakash Moondhra	Independent Director
Mr. Murlu Ramchandran	Independent Director
Ms. Sonal Mattoo	Independent Director
Mr. Govind Shridhar Shrikhande	Independent Director
Mr. Anand Agarwal	Chief financial officer
Mrs. Megha Tandon	Company Secretary
<b>Relative of Key managerial personnel</b>	
Mrs. Sangeta Agarwal	Wife of Mr. Lalit Madangopal Agarwal
Mrs. Uma Devi Agarwal	Wife of Mr. Madan Gopal Agarwal and Mother of Mr. Lalit Madangopal Agarwal
Mr. Snehal Shah	Son-in-law of Mr. Madan Gopal Agarwal
Mr. Hemant Agarwal	Son of Mr. Madan Gopal Agarwal and Brother of Mr. Lalit Madangopal Agarwal
Mrs. Smriti Agarwal	Daughter -in-law of Mr. Madan Gopal Agarwal
<b>Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel*</b>	
Lalit M Agarwal (HUF)	HUF in which Mr. Lalit Madangopal Agarwal is Karta
Hemant Agarwal (HUF)	HUF in which Mr. Hemant Agarwal is Karta
V-Mart Foundation	Trust in which Mr. Lalit Madangopal Agarwal and Mrs. Sangeta Agarwal is trustee

\*Where transactions have occurred.

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

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	For nine months ended December 31, 2020	For nine months ended December 31, 2019	For nine months ended December 31, 2020	For nine months ended December 31, 2019	For nine months ended December 31, 2020	For nine months ended December 31, 2019
<b>Managerial</b>						
Mr. Lalit Madangopal Agarwal	110.19	213.12	-	-	-	-
Mr. Madan Gopal	20.74	51.20	-	-	-	-
<b>Past employment benefits - Gratuity</b>						
Mr. Lalit Madangopal	0.43	-	-	-	-	-
Mr. Madan Gopal	0.06	-	-	-	-	-
<b>Independent directors' commission</b>						
Mr. Aakash Moondhra	-	14.45	-	-	-	-
Mr. Murlu Ramchandran	-	14.45	-	-	-	-
Ms. Sonal Mattoo	-	14.45	-	-	-	-
Mr. Govind Shridhar Shrikhande	-	14.45	-	-	-	-
<b>Director sitting fees</b>						
Mr. Aakash Moondhra	2.00	1.50	-	-	-	-
Mr. Murlu Ramchandran	2.00	1.50	-	-	-	-
Ms. Sonal Mattoo	2.00	1.50	-	-	-	-
Mr. Govind Shridhar Shrikhande	2.00	1.50	-	-	-	-
<b>Salaries, wages and bonus #</b>						
Mr. Anand Agarwal	63.38	76.04	-	-	-	-
Mr. Snehal Shah	-	-	37.89	47.26	-	-
Mrs. Megha Tandon	4.65	6.99	-	-	-	-
<b>ESOP issued</b>						
Mr. Anand Agarwal	-	16.99	-	-	-	-
Mr. Snehal Shah	-	-	-	7.66	-	-
<b>Dividend paid</b>						
Mr. Hemant Agarwal	-	-	-	0.94	-	-
Lalit Agarwal (HUF)	-	-	-	-	-	21.71
Hemant Agarwal (HUF)	-	-	-	-	-	5.73
Mrs. Smriti Agarwal	-	-	-	6.18	-	-
Conquest Business Services Pvt. Ltd.	-	-	-	-	-	127.33



\*Managerial remuneration comprises of the following:-

	For nine months ended December 31, 2020	For nine months ended December 31, 2019
Remuneration (excluding post employment benefits)	63.44	87.52
Commission	-	111.73
Perquisites	67.50	65.07
	<b>130.94</b>	<b>264.32</b>

# Gross salary as per pay sheet including bonus, contribution to PF and LWF. It does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the company as a whole. Further, it does not include perquisites on ESOP considered for income tax purposes on the date of exercise of option.

(c) Balance at the end of year

Description	Key managerial personnel		Relatives of key managerial personnel		Entities owned by the Key Managerial Personnel and Relatives of Key Managerial Personnel	
	As at December 31, 2020	As at March 31, 2020	As at December 31, 2020	As at March 31, 2020	As at December 31, 2020	As at March 31, 2020
Remuneration/salary payable (net of TDS)						
Mr. Lalit Msdangopal Agarwal	15.10	27.12	-	-	-	-
Mr. Madan Gopal	1.80	18.39	-	-	-	-
Loan and Advance						
Mr. Anand Agarwal	5.35	-	-	-	-	-
Mr. Sushal Singh	-	-	11.27	-	-	-
Independent directors' commission payable (net of TDS)						
Mr. Anil Kash Moondhra	-	8.21	-	-	-	-
Mr. Murli Ramachandran	-	8.21	-	-	-	-
Mr. Govind Sridhar	-	11.65	-	-	-	-
Shrikhande	-	-	-	-	-	-
Ms. Sonal Mattoo	-	11.65	-	-	-	-

5 Material additions and deletions in property, plant and equipment and intangible assets are as follows:

Particulars	For nine months ended December 31, 2020		For nine months ended December 31, 2019	
	Additions	Deletions	Additions	Deletions
Plant and Equipment	661.99	184.19	1,752.19	92.06
Office equipment	53.90	10.98	112.12	7.75
Leasehold Improvements	4.29	8.99	73.64	18.31
Computer equipment	44.36	3.21	304.24	6.48
Furniture and fixtures	969.69	122.47	1,702.01	70.81
Vehicles	18.50	3.67	65.58	-
Intangible assets				
Computer software	36.76	31.55	77.35	0.27

6 The Company on a periodic basis assesses the markdown of its aged and obsolete inventories (including shrinkage due to various reasons). The exercise has been carried out throughout the period. The estimated markdown including shrinkage in consumption of stock-in-trade amounts to Rs. 3,217.06 lakhs [March 31, 2020: Rs. 3,502.15 lakhs]. The management is confident that above estimation is adequate both in line with the industry standards and as well as considering the current COVID-19 situation. Also refer note 8 below

7 There is no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments during the period ended December 31, 2020

8 Segment information

Ind AS 108 establishes standards for the way that the Company report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations comprises of only one segment i.e. Retail sale business of various merchandise products. The Company operates primarily in India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment. The management also reviews and measure the operating results taking the whole business as one segment. In view of the same, separate segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments". The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in the segment, and are as set out in the significant accounting policies.

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V-Mart Retail Limited

Notes to Special Purpose Interim Condensed financial statements for nine months ended December 31, 2020

(All amounts in Rs Lakhs, except for share data, per share data and unless otherwise stated)

9 COVID-19 pandemic has a significant impact on the business operations and financial statements of the Company for the period ended December 31, 2020. With easing lockdown and opening of economic activities, the Company believes that the Company's operations will increase and expects the momentum to continue with an overall improvement in COVID-19 situation. The Company believes that the pandemic is not likely to impact the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories, etc. Further, it has re-assessed the provision for inventory markdown and shrinkage, which is in line with the present situation and current indicators of future economic conditions

As the pandemic is still not over, the management believes that the situation is evolving, and accordingly the underlying assumptions and estimates used to prepare the Company's financial statements, may differ from that considered as at the date of approval of these financial statements. Further, the numbers of nine months ended December 31, 2020 are not comparable to previous nine months ended December 31, 2019 because of the aforementioned pandemic situation

As per our review report of even date

For S.R. Batliboi & Co. LLP  
Firm Registration No.: 301093E/E300005  
Chartered Accountants

per Vikas Mehra  
Partner  
Membership Number: 094421



Place: New Delhi  
Date: January 28, 2021

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

Madan Gopal Agarwal  
Director  
DIN No. 02249947

Anand Agarwal  
Chief Financial Officer  
PAN: ADDPA0633P

Lalit Agarwal  
Managing Director  
DIN No. 00900900

Megha Tandon  
Company Secretary  
Mem No. A35532

