



PRICE "LESS" FASHION

Ref. No. CS/S/L-414/2020-21

29th May, 2020

<p>The Listing Department NATIONAL STOCK EXCHANGE OF INDIA LIMITED "Exchange Plaza" Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Code: VMART Fax: 022-26598120 Email: cmlist@nse.co.in</p>	<p>The Corporate Relationship Department THE BSE LTD Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 534976 Fax: 022-22723121 Email: corp.relations@bseindia.com</p>
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Dear Sir(s),

Sub: Outcome of the Meeting of the Board of Directors of the Company held on 29th May, 2020

Ref. Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 we furnish herewith the audited financials of the Company for the fourth quarter and year ended 31st March, 2020 as considered, approved and taken on record by the Board of Directors of the Company in its meeting held today 29th May, 2020. The Auditors' Report(s) thereon as submitted by the Auditors of the Company and the Declaration of Audit Report(s) with unmodified opinion are also enclosed.

The Board Meeting commenced at 01:30 P.M. and concluded at 6:50 P.M.

Further, upon the recommendation of Nomination and Remuneration Committee, the Board of Directors has, inter-alia, approved the re-appointment of **Mr. Murli Ramachandran, (DIN: 00264018)** and **Ms. Sonal Mattoo (DIN: 00106795)** as Independent Directors, for a second term of 5 years, commencing from 28th September, 2020 subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company.

The brief profiles of both are mentioned below:

- A. Mr. Murli Ramachandran is a Management Consultant and CXO coach, specializing in transformation & strategy, performance improvement, leadership development and change management. He has about 30 years of rich and varied experience at leadership level in various companies including RPG Enterprises, Accenture & KPMG. Mr. Murli is also a Director

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 • Website : www.vmart.co.in
Registered Office : 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092



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on the Board of Junior Achievement (JA) India - part of Junior Achievement Worldwide™, the world's largest organization dedicated to educating students about Work Readiness, Financial Literacy and Entrepreneurship. He holds a BE (Hons) degree in Mechanical Engineering and an MMS from BITS Pilani. He also has an MS in Industrial Engineering from Columbia University, New York.

Mr. Murli Ramachandran is not related with any of other Directors of the Company.

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

Ms. Sonal Mattoo is not related with any of other Directors of the Company.

A detailed update on impact of Covid-19 on the operations of the Company pursuant to SEBI's advisory Circular dated May 20, 2020 is also enclosed herewith.

We request you to kindly take the above information on record.

Thanking you,

Yours faithfully,
For V-Mart Retail Limited

Megha Tandon
Company Secretary
Encl: As below

Enclosed:

1. Audited Financial Results;
2. Declaration of Auditors' Reports with unmodified opinion
3. Impact of Covid-19 on the operations of the Company

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Independent Auditor's Report on the Quarterly and Year to Date Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**To
The Board of Directors of
V-Mart Retail Limited**

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date financial results of V-Mart Retail Limited (the "Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note no. 10 to the financial results, which describes the uncertainties and impact of COVID-19 pandemic on the Company's operations and results as assessed by the management. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial



information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Vikas Mehra
per **Vikas Mehra**

Partner

Membership No.: 094421

UDIN: 20094421 AAAA BS9049

Place: New Delhi

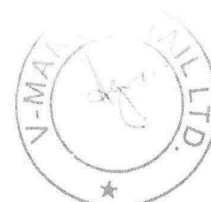
Date: *May 29, 2020*



Particulars	Quarter ended			Year ended	
	March 31, 2020 (Audited) refer note 9	December 31, 2019 (Unaudited)	March 31, 2019 (Audited)	March 31, 2020 (Audited)	March 31, 2019 (Audited)
Income:					
I. Revenue from operations	33,266.25	56,215.58	34,453.10	166,202.33	143,374.48
II. Other income	78.55	43.37	225.61	447.96	592.30
III. Total Income (I + II)	33,344.80	56,258.95	34,678.71	166,650.29	143,966.78
IV. Expenses:					
Purchase of stock-in-trade	27,418.06	23,744.79	25,557.89	127,520.03	99,216.07
Changes in inventories of stock-in-trade	(3,644.99)	12,062.96	(1,091.42)	(14,893.83)	(2,187.21)
Employee benefits expense	3,675.16	4,057.02	3,277.26	15,362.51	12,572.51
Finance costs	1,386.67	1,580.31	34.53	5,478.39	161.27
Depreciation and amortization expense	2,521.18	2,445.75	723.47	9,392.28	2,762.57
Other expenses	3,033.70	4,670.76	4,931.49	16,837.89	20,480.53
Total expenses (IV)	34,389.78	48,561.59	33,433.22	159,697.27	133,005.74
V. Profit/ (loss) before exceptional items and tax (III - IV)	(1,044.98)	7,697.36	1,245.49	6,953.02	10,961.04
VI. Exceptional Items	-	-	734.94	-	979.94
VII. Profit / (loss) before tax (V - VI)	(1,044.98)	7,697.36	510.55	6,953.02	9,981.10
VIII. Tax expense:					
- Current tax	(121.53)	2,046.16	594.64	2,436.35	4,062.21
- Deferred tax (credit) / charge	(79.95)	(170.91)	5.93	(417.86)	(243.73)
Total tax expense (VIII)	(201.48)	1,875.25	600.57	2,018.49	3,818.48
IX. Profit / (loss) for the period (VII - VIII)	(843.50)	5,822.11	(90.02)	4,934.53	6,162.62
X Other comprehensive income					
Items that will not be reclassified to statement of profit or loss					
(i) Remeasurement of net defined benefit obligations	38.37	(6.75)	(111.44)	(1.52)	(54.83)
(ii) Income tax on above	(9.66)	1.70	38.94	0.38	19.16
Total other comprehensive income	28.71	(5.05)	(72.50)	(1.14)	(35.67)
XI Total comprehensive income for the period (IX + X)	(814.79)	5,817.06	(162.52)	4,933.39	6,126.95
XII Paid - up equity share capital (face value of Rs.10 each)	1,815.55	1,815.55	1,813.00	1,815.55	1,813.00
XIII Earnings per share (of Rs.10 each) (not annualised)					
(a) Basic (Rs.)	(4.65)	32.07	(0.50)	27.18	34.01
(b) Diluted (Rs.)	(4.65)	32.03	(0.50)	27.17	33.90

S.R. Batliboi & Co. LLP, New Delhi

for Identification



V-Mart Retail Limited

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

Notes to audited financials results for the quarter and year ended March 31, 2020

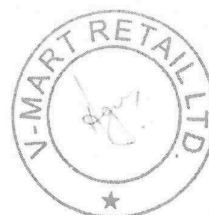
1 **Statement of Assets and Liabilities:**

(Amount in Rs. lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	(Audited)	(Audited)
I ASSETS		
Non-current assets		
Property, plant and equipment	17,127.15	16,220.79
Right to use	49,211.06	-
Capital work-in-progress	246.69	400.98
Intangible assets	365.87	328.67
Financial assets		
Investments	331.54	982.48
Loans	1,188.50	960.17
Other financial assets	125.22	117.65
Deferred tax assets (net)	1,601.23	1,182.99
Other non-current assets	408.62	832.12
	70,605.88	21,025.85
Current assets		
Inventories	47,792.24	32,898.41
Financial assets		
Investments	457.47	5,085.29
Loans	3.44	5.61
Cash and cash equivalents	489.59	1,488.69
Other bank balances	9.26	426.88
Other current assets	3,006.90	2,253.22
	51,758.90	42,158.10
Total Assets	122,364.78	63,183.95
II EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	1,815.55	1,813.00
Other equity	44,077.64	39,114.04
	45,893.19	40,927.04
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	-	2.60
Lease liability	43,783.81	-
Other financial liabilities	-	599.51
Employee benefit obligations	612.26	510.77
	44,396.07	1,112.88
Current liabilities		
Financial liabilities		
Borrowings	104.65	-
Lease liability	7,782.64	-
Trade payables		
a) total outstanding dues of micro enterprises and small enterprises	5,043.66	2,362.61
b) total outstanding dues of creditors other than micro enterprises and small enterprises	14,635.31	12,463.39
Other financial liabilities	2,608.14	4,233.95
Employee benefit obligations	254.92	211.64
Liabilities for current tax (net)	967.05	971.75
Other current liabilities	679.15	900.69
	32,075.52	21,144.03
Total Equity and Liabilities	122,364.78	63,183.95

S.R. Batliboi & Co. LLP, New Delhi

for Identification



2 Cash Flow Statement for the year ended March 31, 2020

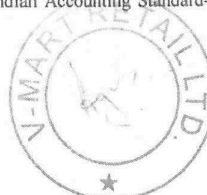
	(Amount in Rs. lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
	(Audited)	(Audited)
A. Operating activities		
Profit before Income tax	6,953.02	9,981.10
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	9,392.28	2,675.76
Loss on sale / write-off of fixed assets	118.08	69.74
Employee stock option expense	271.26	306.53
Provision against doubtful advances	142.50	19.87
Balances written off	18.15	17.25
Impairment in value of investments	-	979.94
Finance costs	5,478.39	161.27
Expense on fair valuation of security deposits	-	76.63
Interest income	(100.74)	(180.51)
Profit on sale of investments (net)	(184.86)	(184.12)
Income on investment designated at FVTPL	(32.51)	(66.97)
Liabilities written back	(98.06)	(148.48)
Operating profit before working capital changes	21,957.51	13,708.01
Changes in working capital :		
Decrease / (Increase) in financial assets	627.40	(315.52)
(Increase) in other assets	(850.16)	(883.14)
(Increase) in inventories	(14,893.83)	(2,187.21)
Increase / (decrease) in trade payables	4,951.03	(1,852.20)
(Decrease) / increase in other financial liabilities	(1,072.10)	2,233.82
Increase in other liabilities	180.46	4.58
Increase in provisions	143.25	247.43
Cash flow from operations	11,043.56	10,955.77
Taxes paid (net of refunds)	(2,413.72)	(3,321.47)
Net cash flow from operating activities	8,629.84	7,634.30
B. Investing activities		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(6,141.59)	(4,068.99)
Purchase of investments	(23,793.91)	(47,027.65)
Proceeds from sale of investments	29,290.04	43,634.34
Proceeds from sale of fixed assets	679.08	3.83
Interest received	6.68	107.93
Movement in pledged fixed deposits (including earmarked balances with bank net of liabilities)	10.98	13.37
Net cash from / (used in) investing activities	51.28	(7,337.17)
C. Financing activities		
Proceeds from issue of equity shares including securities premium	133.55	186.40
Repayment of long term borrowings	(29.65)	(27.28)
Proceeds from short term borrowings (net)	104.65	-
Equity dividend paid	(308.61)	(362.47)
Corporate dividend tax paid	(63.44)	(74.51)
Lease payment made (net of sublease income)	(3,789.89)	-
Finance charges paid	(5,478.61)	(161.27)
Net cash (used in) financing activities	(9,432.00)	(439.13)
D. Net decrease in cash and cash equivalents (A+B+C)	(750.88)	(142.00)
E. Cash and cash equivalents at the beginning of the year	1,231.71	1,373.71
F. Cash and cash equivalents at the end of the year (D+E)	480.83	1,231.71

Note

The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard-7, "Statement of Cash Flows"

S.R. Batliboi & Co. LLP, New Delhi

for Identification



V-Mart Retail Limited

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

Notes to audited financials results for the quarter and year ended March 31, 2020

- 3 These financials have been prepared in accordance with Indian Accounting Standard (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments thereafter.
- 4 The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on May 29, 2020. The statutory auditors of the Company have conducted audit of these financial results pursuant to regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 5 In line with the provision of Ind AS 108 - operating segments, the Company is engaged in retail trade through chain of stores, which constitute single reportable business segment. The Company is operating only in India and there is no other significant geographical segment.
- 6 During the quarter, as per the Employee Stock Option Scheme 2012 ("Scheme")
 - a) The Company has allotted Nil equity shares of face value of Rs. 10 each to the eligible employees of the Company on account of exercise of vested stock options; and
 - b) An amount of Rs. 49.39 lakhs has been recorded as employee benefit expense for the quarter, as the proportionate cost of employee Stock option granted.
- 7 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. This has resulted in recognizing a right to use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of Rs.39,859.07 lakhs as at April 1, 2019. In the statement of profit and loss for the current period, operating lease expenses has been changed from rent to depreciation charge for the right to use assets and finance cost for interest accrued on lease liability. To this extent performance for the quarter and year ending March 31, 2020 is not comparable with the previous period results.

The effects of the transition on statement of profit and loss for the quarter and year ended March 31, 2020 is as follows:

(Amount in Rs. Lakhs)

Particulars	Quarter ended March 31, 2020	Quarter ended December 31, 2019	Quarter ended September 30, 2019	Quarter ended June 30, 2019	Year ended March 31, 2020
Other Expenses (- Decrease, + Increase)	(2,152.41)	(2,263.88)	(1,937.95)	(1,873.38)	(8,227.62)
Finance Costs (- Decrease, + Increase)	1,323.81	1,414.42	1,219.03	1,184.54	5,141.80
Depreciation and amortisation (- Decrease, + Increase)	1,599.90	1,605.96	1,441.22	1,403.33	6,050.41
Other Operating Income (+ Decrease, - Increase)	26.70	26.70	19.21	22.95	95.56
Profit before tax (- Decrease, + Increase)	(798.00)	(783.20)	(741.51)	(737.44)	(3,060.15)

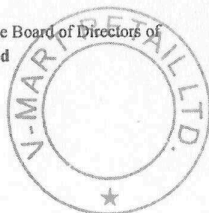
- 8 The Company has opted reduced rates as per section 115BAA of the Income Tax Act, 1961 (introduced by the Taxation Laws Amendment Ordinance, 2019). Accordingly, the Company has recognised Provision for Income Tax for the year and re-measured deferred tax assets on the basis of rates prescribed in the said ordinance.
- 9 The figures for the quarter ended March 31, 2020 are the balancing figures between audited figures in respect of full financial year up to March 31, 2020 and the unaudited published year to date figures up to December 31, 2019, being the date of the end of the third quarter of the financial year which were subjected to limited review.
- 10 World Health Organization (WHO) declared outbreak of Corona virus disease (COVID-19) a global pandemic on March 31, 2020. Consequent to this, Government of India has declared lockdown w.e.f. March 24, 2020 which has temporarily impacted the business activities of the Company such as closure of stores and warehouse, disruption of supply chain, etc. On account of this, the Company has prepared cash flow projections to assess the cash flow requirements and funds available from various sources including bank borrowings, etc for next 12 months. On the basis of its evaluation considering various internal and external information up to the date of approval of these financial results and current indicators of future economic conditions, the Company believes that it has sufficient funds to operate for next 12 months. It has also assessed recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments and further, re-assessed the provision for inventory markdown and shrinkage on a more conservative approach. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of COVID-19 may impact the underlying assumptions and estimates used to prepare the Company's financial statements, which may differ from that considered as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business. (Separately note on COVID-19 Pandemic and related developments is being reported to the exchange in term of SEBI circular issued on May 20, 2020).

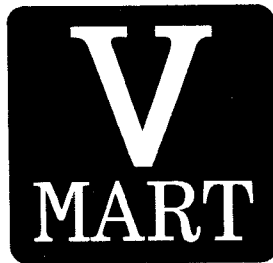
For and on behalf of the Board of Directors of
V-Mart Retail Limited

Lalit Agarwal
Managing Director

Place: Gurugram
Date: May 29, 2020



S.R. Balliboi & Co. LLP, New Delhi
for Identification



PRICE "LESS" FASHION

Ref. No. CS/S/L-412/2020-21

29th May, 2020

<p>To: The Listing Department NATIONAL STOCK EXCHANGE OF INDIA LIMITED "Exchange Plaza" Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 Scrip Code: VMART Fax: 022-26598120 Email: cmlist@nse.co.in</p>	<p>To: The Corporate Relationship Department THE BSE LTD Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Scrip Code: 534976 Fax: 022-22723121 Email: corp.relations@bseindia.com</p>
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Dear Sir(s),

Subject: Declaration in respect of Unmodified Opinion on Audited Financial Statement for the Financial Year ended March 31, 2020

In terms of SEBI Circular CIR/CFD/56/2016 dated May 27, 2016, we hereby declare and confirm that the Statutory Auditors of the Company viz. M/S S.R. Batliboi & Co. LLP Chartered Accountants (Firm registration no. 301003 E/E300005), have issued an Unmodified Statutory Report on Standalone financial statements of the Company for the year ended March 31, 2020.

We request you to kindly take the above information on record.

Thanking you,

Yours Truly,
For V-Mart Retail Limited

Anand Agarwal
Chief Financial Officer

Encl: As below

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 • Website : www.vmart.co.in
Registered Office : 610-611, Guru Ram Dass Nagar, Main Market, Opp. SBI Bank, Laxmi Nagar, New Delhi - 110092

COVID-19 Impact and Update

Founded in 2002, V-Mart Retail Limited is a value fashion pioneer focusing on tier 2/3/4 towns in India, with a network of 266 stores across 19 states and 191 towns. During FY20, V-Mart maintained its stable performance, and in particular Q4, propelled by the late onset of winters saw revenue growth of 29%, LTL growth of 8% and EBITDA growth of 60% until 15th March, when the Covid-19 pandemic heightened, resulting into store closures and business disruption.

Since March 2020, the entire country has been severely affected by the pandemic, leading to lockdowns, restrictions in movements, fear among customers and consequently deferment of non-essentials shopping. Starting from 22nd March and until early May, stores remained closed for operations. During this time, our centralized warehouse in Haryana maintained a minimal level of operations during the lockdown, to support the very few functional stores selling essentials and the Company's CSR activities. The company's front-line store teams distributed food supplies to thousands of stranded migrants, slum dwellers and other needy segments daily. The company has also taken proactive steps to ensure the safety of our customers and employees – hygiene and social distancing SOPs formulated and implemented at stores and workplaces, early implementation of company-wide work-from-home measures, and person-level daily 'roll call' and health monitoring of its 7000+ employees.

1. Impact on Business

The store closures resulting from back-to-back lockdowns have adversely affected our business operations and led to significant decline in revenues, which was otherwise growing at 29% over last year till mid- March. This impacted gross margins and EBITDA disproportionately, as large part of our business expenses are fixed costs.

2. Ability to maintain operations

The Company was cash positive as of March year-end and has sufficient working capital arrangements to meet its operational requirements on a sustained basis. The Company had recently got its credit rating re-assessed as AA- (pronounced ICRA AA minus Long Term), and A1+ for short term, and also increased its sanctioned limits by Rs. 80 Cr in Feb 2020, over and above the existing Rs. 150 Cr, all of which were completely un-utilised as of 31st March 2020.

The Company has been paying all its statutory dues and other commitments on a timely basis. Acting as per the ethos of the organization to safeguard the interest of all stakeholders, the company has not laid off any employee and ensured continuous partnership with all the stakeholders. The company's large vendor base is also being supported with payments at regular intervals.

3. Schedule for restarting operations

Subject to the relaxations provided in lockdown in the respective states/districts, we have started re-opening our stores. As on date, we have permission to re-open over 70% of our stores, with a limited number of employees and adequate safety procedures & practices, as prescribed by the MHA. Depending on the zoning, few re-opened stores have been allowed

to serve customers only for essential goods while most others have been permitted to sell apparel also.

We are currently opening approx. 140 stores daily out of the 185 for which permissions are available, owing to rotational opening arrangements, limited operational hours, local restrictions and partial permissions. We are witnessing roughly 40% of normal footfalls in the opened stores for the relative operational hours.

4. Steps taken to ensure smooth functioning

Despite our offices remaining completely closed during Lockdown 1-3, we managed to keep our back-office teams operational through effective work-from-home arrangements. The company has ensured that all its employees are adequately covered under health insurance, including protection against Covid. We have invested significant resources in building & ensuring physical, mental and emotional wellbeing by conducting a series of fitness, counselling, management and knowledge sessions digitally. Comprehensive training was imparted to our retail, managerial, and leadership staff in areas of functional expertise, leadership and augmenting the safety norms for making V-Mart a safe place to work and shop.

5. Details of impact of Covid-19 on the Company

5.1 Capital and Financial Resources: We have good visibility of having adequate resources to sustain the Covid-19 related impact in the interim period and we do not perceive any adverse impact to sustain our operations as of now.

5.2 Profitability: Due to the facts mentioned above, our revenues have been lower by 3% for the fourth quarter of FY 20, versus last year. While the company has worked significantly on mitigating the fixed cost pressures, but owing to the reduced revenues in the last few months the profitability situation may remain challenging till the time the situation normalises.

5.3 Liquidity: We have focused on cash conservation, cost reductions, discharging operational expenses and ensuring optimum availability of working capital. We are responsibly leveraging the working capital arrangements with banks to maintain liquidity and safeguard the interest of all stakeholders. The Company is in good financial health and has adequate liquidity to meet its obligations.

5.4 Ability to Service Debt and other financing arrangements: The Company did not have any debt obligations as of 31st March 2020.

5.5 Assets: After assessing the impact of the Covid-19 related developments and given the measures being pursued to safeguard & mitigate related risks, we do not see significant risk to the recoverability of our tangible assets, inventories and other current assets.

5.6 Internal Financial Reporting and Control: We have effective internal financial reporting and controls in place. The centralised ERP system for recording and monitoring the business & financial transactions was effectively leveraged along with work from home framework to render continuous support to operations and monitor the concerned areas.

5.7 Supply Chain: We have successfully partnered with our vendors through webinars, talks and other support mechanisms to collaboratively deal with the challenges posed by Covid-19. Understanding the economic severity of this crisis, we have developed an

equitable commercial arrangement with our vendors and landlords to combat the challenging environment. We believe that the wider ecosystem, including our partners in the value chain, are reasonably equipped to revive and scale up the operations in the near term.

5.8 Demand for Products: We envisage that, even after lockdown restrictions are eased, short term reduction in purchasing power, and deferment of discretionary expenses may lead to weak demand, taking a few months to adjust and fully recover. The company is also looking at introducing newer products which are suitable for the current environment, including fashion masks, accessories and wellness products.

6. Estimation of the future impact of CoVID-19

As lockdown measures were gradually eased in May, our operations have started opening up, as per safety norms and protocols advised by MHA and local administration.

Our view regarding the future is as follows:

1. While the extent to which the pandemic will further affect operations depends upon its severity, lockdowns and restrictions and recovery of consumer sentiments and household income; we are optimistic of partial recovery after the first quarter of FY21.
2. Though the lockdown has been eased, the restoration of the normalcy of business will depend on the pace of economic revival and mitigation of health concerns. It would be premature to perceive the forthcoming impact on consumer behavior.
3. We believe that once the lockdown is lifted and the economy starts lifting back to normalcy, consumers' pent-up aspirations will come to the fore with less focus on experimentation and leaning towards the stores they trust with greater emphasis on value-led purchases.
4. With reaffirmed credit rankings, the company has proactively taken adequate liquidity measures to ensure the availability of financial resources for sustaining the impermanent phase of sub-normal operations.
5. We are exploring innovative prospects amid the COVID challenge to converge, collaborate and harness available opportunities including expanding the FMCG offerings across larger number of stores and also increasing the width of the essentials product portfolio.
6. The company is evaluating swapping some of its historically bottom performing stores with new attractive locations which may become available in the current environment.
7. To drive significant cost reductions and cash preservation, our focus will be around optimising resources, store network, operating costs and exploring innovative models.
8. We are focused on sustaining the growth journey in our strong markets, leveraging the unprecedented digital penetration and scaling up Omnichannel operations by introducing new offerings and expanding our footprints across e-commerce marketplaces.

