

Directors' Report

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report of Avenue Supermarts Limited ("the Company") together with the audited financial statements of the Company for the financial year ended 31st March, 2020.

FINANCIAL PERFORMANCE

The Company's financial performance during the year ended 31st March, 2020 compared to the previous financial year is summarised below:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Income from operations	24,675.01	19,916.25	24,870.20	20,004.52
Other Income	63.33	51.41	59.99	48.35
Total Income	24,738.34	19,967.66	24,930.19	20,052.87
Expenses	22,955.45	18,520.02	23,185.42	18,630.93
Profit before tax	1,782.89	1,447.64	1,744.77	1,421.94
Less: Tax Expense	433.00	511.29	443.79	519.48
Profit after Tax	1,349.89	936.35	1,300.98	902.46
Other comprehensive Income (net of taxes)	(3.79)	(1.27)	(4.08)	(1.31)
Total Comprehensive income for the year	1,346.10	935.08	1,296.90	901.15

The financial statements for the year ended 31st March, 2020 have been prepared as per the Indian Accounting Standards (Ind AS).

BUSINESS AND OPERATIONS

During the year under review, your Company recorded steady growth and opened maximum stores ever in its history by adding 38 new stores. We now have presence across 11 states and 1 union territory with 214 stores as of March, 2020. We continued to provide value to our customers with the existing approach of Everyday Low Cost/Everyday Low Price principle.

On standalone basis, the total income for FY 2020 was ₹ 24,738.34 crore, which is 23.89 % higher over the previous year's income of ₹ 19,967.66 crore. Our total income on consolidated basis for FY 2020 was ₹ 24,930.19 crore as against ₹ 20,052.87 crore during FY 2019.

On standalone basis, the net profit after tax (PAT) for FY 2020 stood at ₹ 1,349.89 crore as against previous year's net profit of ₹ 936.35 crore thereby recording a growth of 44.17%. Our net profit after tax (PAT) on consolidated basis for FY 2020 amounted for ₹ 1,300.98 crore as compared to ₹ 902.46 crore in the previous year.

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

CREDIT RATING

Your Company has been rated by CRISIL Limited ("CRISIL") vide its letter dated 11th October, 2019 for its debentures and long-term bank facilities/ non-convertible debenture/ commercial paper programmes as follows:

Sr. No.	Instruments	Rating
1	Bank Loan Facilities of ₹ 750 crores	CRISIL AA+/Stable (Reaffirmed)
2	Non-Convertible Debentures of ₹ 200 crores	CRISIL AA+/Stable (Assigned)
3	Non-Convertible Debentures of ₹ 323 crores	CRISIL AA+/Stable (Reaffirmed)
4	Commercial Paper of ₹ 500 crores	CRISIL A1+ (Reaffirmed)

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

On request of the Company, CARE Ratings Limited has withdrawn its rating ("CARE A1+"(CARE A one plus)) assigned to Company's Commercial paper issue w.e.f. 12th March, 2020, since the Company has not placed the Commercial Paper and there is no outstanding issue as on date.

UTILISATION OF IPO PROCEEDS

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

Sr. No.	Particulars	Projected utilisation of IPO proceeds as per the Objects of the Issue (₹ in crore)	Actual utilisation of IPO proceeds upto 31 st March, 2020 (₹ in crore)	Deviation (if any)
1.	Repayment or Prepayment of a portion of loans and redemption or early redemption of NCDs availed by the Company	1,080.00	1,080.00	NIL
2.	Construction and purchase of fit outs for new stores	366.60	366.60	NIL
3.	General Corporate expenses (excluding IPO expenses)	394.02	394.02	NIL
	Total	1,840.62	1,840.62	

The Company had appointed HDFC Bank Limited as the Monitoring Agency in accordance with the Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, for monitoring the use of proceeds of IPO of the Company.

There has been no deviation in the utilisation of IPO proceeds by the Company as mentioned in the Prospectus and actuals.

UTILISATION OF QIP PROCEEDS

The Company allotted 20,000,000 equity shares through Qualified Institutional Placement (QIP) at an issue price of Rs. 2,049 per equity share (including a premium of Rs. 2,039 per equity share) aggregating to Rs. 4,098 crore on 11th February, 2020. The issue was made in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and Sections 42 and 62 of the Companies Act, 2013, as amended, including the rules made thereunder.

The proceeds of funds raised under Qualified Institutional Placement of the Company are utilised as per Objects of the Issue.

The disclosure in compliance with the Regulation 32 (7A) of the Listing Regulations is as under:

Sr. No.	Particulars	Actual utilisation of QIP proceeds upto 31 st March, 2020 (₹ in crore)
1.	Repayment of Non-convertible Debentures	300.00
2.	Repayment of WCDL/Commercial Paper	250.00
3.	Repayment of Term Loan	158.00
4.	WC/General Corporate expenses (Excluding QIP expenses)	302.00
	Total	1,010.00

Out of the total fund raised by the Company under Qualified Institutional Placement, an amount of ₹ 3,068 crore is unutilised as on 31st March, 2020.

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CHANGES IN SHARE CAPITAL

During the year, the paid-up share capital of the Company increased as follows:

- Pursuant to exercise of stock options under Avenue Supermarts Limited Employee Stock Option Scheme, 2016 by Employees of the Company and that of its subsidiary companies, the Company allotted 3,690,205 (Thirty Six Lakh Ninety Thousand Two Hundred and Five) Equity Shares of ₹ 10/- (Rupees Ten) each at ₹ 299/- (Rupees Two Hundred and Ninety Nine) per share (including a premium of ₹ 289/- (Rupees Two Hundred and Eighty Nine) per Equity Share) aggregating to ₹ 1,103,371,295/- (Rupees One Hundred and Ten Crore Thirty Three Lakh Seventy One Thousand Two Hundred and Ninety Five). Pursuant to the said allotment, the equity share capital of the Company increased from ₹ 6,240,844,860/- (Six Hundred and Twenty Four Crore Eight Lakh Forty Four Thousand Eight Hundred and Sixty) divided into 624,084,486 (Sixty Two Crore Forty Lakh Eighty Four Thousand Four Hundred and Eighty Six) equity shares of ₹ 10/- (Rupees Ten) each to ₹ 6,277,746,910 (Six Hundred and Twenty Seven Crore Seventy Seven Lakh Forty Six Thousand Nine Hundred and Ten) divided into 627,774,691 (Sixty Two Crore Seventy Seven Lakh Seventy Four Thousand Six Hundred and Ninety One) equity shares of ₹ 10/- (Rupees Ten) each.
- Allotment of 20,000,000 (Two Crore) Equity Shares of face value ₹ 10 (Rupees Ten) each to eligible Qualified Institutional Buyers at an issue price of ₹ 2,049/- (Two Thousand and Forty Nine) per Equity Share (including a premium of ₹ 2,039/- (Two Thousand and Thirty Nine) per Equity Share), aggregating to ₹ 40,980,000,000/- (Rupees Four Thousand and Ninety Eight Crore). Pursuant to the said allotment, the equity share capital of the Company increased from ₹ 6,277,746,910 (Six Hundred and Twenty Seven Crore Seventy Seven Lakh Forty Six Thousand Nine Hundred and Ten) divided into 627,774,691 (Sixty Two Crore Seventy Seven Lakh Seventy Four Thousand Six Hundred and Ninety One) equity shares of ₹ 10/- (Rupees Ten) each to ₹ 6,477,746,910 (Six Hundred and Forty Seven Crore Seventy Seven Lakh Forty Six Thousand Nine Hundred and Ten) divided into 647,774,691 (Sixty Four Crore Seventy Seven Lakh Seventy Four Thousand Six Hundred and Ninety One) Equity Shares.

During FY 2019-20 there was no change in the authorised share capital of the Company.

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

NON-CONVERTIBLE DEBENTURES

During the year, the Company allotted Non-convertible Debentures (NCD) in the following tranches:

Sr. No.	Description of NCD	Date of Issue	Amount (₹ in crore)	Date of early redemption
1.	Secured Rated Unlisted Redeemable NCD	18.09.2019	100	18.03.2020
2.	Secured Rated Listed Redeemable NCD	27.09.2019	100	27.03.2020
3.	Secured Rated Unlisted Redeemable NCD	17.10.2019	100	17.03.2020

As on 31st March, 2020, the outstanding amount of NCD issued in previous financial years is ₹ 34 crore.

MINIMUM PUBLIC SHAREHOLDING COMPLIANCE

Mr. Radhakishan S. Damani, Mr. Gopikishan S. Damani, Mrs. Shrikantadevi R. Damani and Mrs. Kirandevi G. Damani, the individual promoters of the Company, sold 14,800,000 equity shares of the Company constituting 2.28% of the total paid-up capital of the Company to the public in accordance with the "Comprehensive Guidelines on Offer for Sale (OFS) of Shares by Promoters through the Stock Exchange Mechanism" issued by the Securities and Exchange Board of India on 14th February, 2020 and 17th February, 2020, respectively.

Consequently, the Company is now compliant with the Minimum Public Shareholding requirements as mandated under Rules 19(2)(b) and 19A of the Securities Contracts (Regulation) Rules, 1957 read with Regulation 38 of the Listing Regulations.

The breakup of Promoter and Public Shareholding of the Company post aforesaid sale of shares is provided below:

Category	No. of equity shares	% of total paid-up share capital
Promoter and Promoter Group	485,747,156	74.99%
Public	162,027,535	25.01%
Non-Promoter Non-Public	-	-
Total	647,774,691	100%

DIVIDEND

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

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy adopted by your Company is available on the Company's website at <https://www.dmartindia.com/investor-relationship>. The said Policy is disclosed under **Annexure-I** to this Report.

TRANSFER TO RESERVES

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

CONSOLIDATED FINANCIAL STATEMENTS

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

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has 5 subsidiaries as on 31st March, 2020. The details of which are appended hereunder:

ALIGN RETAIL TRADES PRIVATE LIMITED (ARTPL)

ARTPL, a wholly-owned subsidiary Company incorporated on 22nd September, 2006, is engaged in the business of packing and selling of grocery products, spices, dry fruits, etc. Its revenue from operations for FY 2020 stood at ₹ 1,177.62 crore against ₹ 920.10 crore in the previous year and the Company posted net profit after tax of ₹ 24.81 crore for FY 2020 against ₹ 10.10 crore for FY 2019.

AVENUE FOOD PLAZA PRIVATE LIMITED (AFPPL):

AFPPL is a wholly-owned subsidiary Company incorporated on 8th June, 2004. It is engaged in the business of operating food stalls at DMart stores. The revenue from operations of the Company for FY 2020 stood at ₹ 32.41 crore as against ₹ 23.59 crore for FY 2019. The Company reported net profit after tax of ₹ 6.29 crore against ₹ 5.67 crore for previous year.

AVENUE E-COMMERCE LIMITED (AEL)

AEL, a subsidiary Company incorporated on 11th November, 2014 is engaged in the business of online grocery retail under the brand name "DMart Ready". AEL currently operates its business in selected areas of Mumbai region. AEL allows its customers to order abroad range of grocery and household products through its mobile app DMart online grocery shopping and through the website www.dmart.in. Customers can either self-pick up their online orders from any designated Dmart Ready Pick-Up Points or get them delivered at their door step.

AEL's revenue from operations for FY 2020 stood at ₹ 354.03 crore vis-à-vis ₹ 143.59 crore in the FY 2019. The Company registered a loss of ₹ 79.71 crore in FY 2020 against the loss of ₹ 50.82 crore in FY 2019.

NAHAR SETH & JOGANI DEVELOPERS PRIVATE LIMITED (NSJDPL):

NSJDPL, subsidiary Company was incorporated on 21st February, 2014, with main object of, amongst others, development of land and construction. Revenue from operations of the Company for FY 2020 and FY 2019 was ₹ 0.75 crore and the Company earned net profit after tax of ₹ 0.54 crore for FY 2020 against ₹ 0.47 crore for FY 2019.

REFLECT WHOLESALE AND RETAIL PRIVATE LIMITED (RWRPL)

RWRPL, a wholly-owned subsidiary Company was incorporated on 28th May, 2018, to carry on the business of wholesale and retail of goods and products. It is yet to commence its operations.

The Company does not have any Joint Venture or Associate Company within the meaning of Section 2(6) of the Companies Act, 2013. No material change has taken place in the nature of business of the subsidiaries.

Pursuant to the first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 and 8 of the Companies (Accounts) Rules, 2014, the salient features of the financial statements and performance of each subsidiary in Form AOC-1 is disclosed under **Annexure-II** and forms part of this Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements and separate audited financial statements in respect of subsidiaries are available on the website of the Company under web link <https://www.dmartindia.com/investor-relationship>. The same shall also be sent to Members electronically who request for the same by sending e-mail to Company at investorrelations@dmartindia.com from their registered e-mail address.

The Company has formulated a Policy for determining material subsidiaries. The said policy is available on the website of the Company at <https://www.dmartindia.com/investor-relationship>.

RELATED PARTY TRANSACTIONS

In compliance with the requirements of the Listing Regulations, the Company has in place a Policy on Related Party Transactions which is available on the website of the Company <https://www.dmartindia.com/investor-relationship>.

All the related party transactions are placed before the Audit Committee for the review and approval. Prior omnibus approval is obtained for related party transactions which are repetitive in nature. All related party transactions entered into by the Company during the financial year under review were in the ordinary course of business and on arm's length basis and the same were in compliance with the applicable provisions of the Companies Act, 2013 read with the relevant rules made thereunder and the Listing Regulations. The transactions entered by the Company during the financial year under review were in conformity with the Company's Policy on Related Party Transactions.

During the year 2019-20, your Company did not enter into any material related party transactions. Accordingly, disclosure with respect to the same in the **Form AOC-2** in terms of Section 134 of the Companies Act, 2013 is not applicable.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Particulars of loans given, investments made, guarantees given and securities provided during the year under review and as covered under the provisions of Section 186 of the Companies

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Act, 2013 have been disclosed in the notes to the standalone financial statements forming part of the Annual Report.

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company comprises of seven Directors, of which three are Executive Directors, one Non-Executive Woman Director and three Independent Directors (including Woman Independent Director). The constitution of the Board of Directors of the Company is in accordance with Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, as amended from time to time.

APPOINTMENTS

Re-appointment of Mr. Ramesh Damani

The members of the Company re-appointed Mr. Ramesh Damani (DIN: 00304347) as an Independent Director of the Company for a term of five years commencing from 1st April, 2019 through Postal Ballot on 6th March, 2019.

Re-appointment of Mr. Ramakant Baheti

Mr. Ramakant Baheti (DIN: 00246480) was re-appointed as a Whole-time Director of the Company designated as 'Group Chief Financial Officer' for a term of five years commencing from 1st May, 2019 by the members of the Company through Postal Ballot on 6th March, 2019.

Directors retiring by rotation

Pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the relevant rules made thereunder, one-third of the Directors are liable to retire by rotation every year and if eligible, offer themselves for re-appointment at the AGM.

Mr. Ramakant Baheti (DIN: 00246480), Director being longest in the office, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and he being eligible has offered himself for re-appointment. The Board of Directors recommend his re-appointment and the matter is being placed for seeking approval of members at the ensuing Annual General Meeting of the Company.

Pursuant to Regulation 36 of the Listing Regulations read with Secretarial Standard-2 on General Meetings, brief details of Mr. Ramakant Baheti, are provided as an Annexure to the Notice of the Annual General Meeting.

Key Managerial Personnel

During the year under review, there was no change in the Key Managerial Personnel of the Company.

Independent Directors

In accordance with Section 149 (7) of the Companies Act, 2013, and Regulation 16(1)(b) of the Listing Regulations, as amended, each Independent Director of the Company has provided a written declaration confirming that he/she meets the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, Independent Directors fulfill the conditions specified in Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Listing Regulations and are independent from Management.

All the Independent Directors of the Company have enrolled their names in the online database of Independent Directors by Indian Institute of Corporate Affairs in terms of the recently introduced regulatory requirements. Also, the online proficiency self-assessment test as mandated will be undertaken by those Independent Directors of the Company who are not exempted within the prescribed timelines.

Familiarisation Programme

The Company has conducted familiarisation programmes for the Independent Directors of the Company covering the matters as specified in Regulation 25(7) of the Listing Regulations. The details of the training and familiarisation programme conducted by the Company are hosted on the Company's website under the web link <https://www.dmartindia.com/investor-relationship>.

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

Board Meetings

The Board of Directors met Six (6) times during the financial year under review. The details of the Board meetings and attendance of each Director there at are provided in the Corporate Governance Report forming part of the Annual Report.

Audit Committee

The Company's Audit Committee composition is in line with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

The composition of the Audit Committee is as under:

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

The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise. The terms of reference of the Audit Committee and the particulars of meetings held and attendance there at are mentioned in the Corporate Governance Report forming part of the Annual Report. During the year under review, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

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

The composition of the Nomination and Remuneration Committee is as under:

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

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

The Company has formulated Nomination and Remuneration Policy, which sets standards for nomination, remuneration and evaluation of the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company.

The Nomination and Remuneration Policy of the Company is hosted on the Company's website under the web link <https://www.dmartindia.com/investor-relationship>. The Nomination and Remuneration Policy of the Company is disclosed under **Annexure-III** and forms part of this report.

Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations, the Stakeholders' Relationship Committee was constituted by the Board of Directors.

The composition of the Stakeholders Relationship Committee is as under:

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

The brief terms of reference of the Stakeholders' Relationship Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report.

Corporate Social Responsibility Committee

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

- Formulating and recommending to the Board, Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken;

- Monitoring the implementation of framework of the CSR Policy; and
- Recommending the amount to be spent on CSR activities.

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

The composition of the CSR Committee is as under:

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

The brief terms of reference, particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report

Risk Management Committee

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

The Risk Management Committee has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's enterprise wide risk management framework. A detailed analysis of the business risks and opportunities is given under Management Discussion and Analysis Report.

The composition of the Risk Management Committee is as under:

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

Director's Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2020; the Board of Directors hereby confirms that:

- a) in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) such accounting policies have been selected and applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for that year;
- c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts of the Company have been prepared on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Vigil Mechanism

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

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Vigil Mechanism Policy is hosted on the Company's website www.dmartindia.com.

Annual Evaluation of Directors, Committees and Board

Pursuant to the provisions of the Companies Act, 2013 and as per the Listing Regulations, the Board of Directors has carried out annual performance evaluation of its own performance, the directors individually as well as the working of its Committees.

The performance of the Board as a whole and of its Committees was evaluated by the Board through structured questionnaire which covered various aspects such as the composition

and quality, meetings and procedures, contribution to Board processes, effectiveness of the functions allocated, relationship with management, professional development, adequacy, appropriateness and timeliness of information etc.

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

In terms of requirements of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors of the Company was held on Saturday, 11th January, 2020 to review:

- The performance of non-independent directors and the Board as a whole and its Committees thereof;
- The performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- To assess the quality, quantity and timeliness of the flow of information between the Management and the Board.

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

PARTICULARS OF EMPLOYEES

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure-V**.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available and shall be sent to Members electronically who request for the same by sending e-mail to Company at investorrelations@dmartindia.com from their registered e-mail address.

Employee Stock Options

The Members of the ESOP Committee vide circular resolution dated 14th March, 2017 approved grant of 13,973,325 options under the ESOP Scheme 2016 to 4,747 eligible employees of the Company, irrespective of their grade, pursuant to the eligibility criteria stipulated under the ESOP Scheme 2016.

The Employee Stock Option Scheme 2016 is being administered and monitored by the ESOP Committee of the Company. During the year under review 3,691,105 options were vested, against which 3,690,205 options were exercised by 3,985 employees of the Company and its subsidiaries and 900 unexercised options were lapsed.

The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

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

A certificate from S R B C & Co. LLP, Statutory Auditors of the Company, has been obtained by the Company with respect to implementation of Employee Stock Option Scheme, 2016 and the same shall be available for inspection by Members who request for the same by sending e-mail to Company at investorrelations@dmartindia.com from their registered e-mail address.

Internal Financial Control Systems and their adequacy

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

AUDITORS AND REPORTS

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

Statutory Auditors

S R B C & Co. LLP, Chartered Accountants (Firm Registration No.: 324982E/E300003) were appointed as Statutory Auditors of your Company at the 17th Annual General Meeting held on 6th September, 2017, for a term of five consecutive years from the conclusion of that Annual General Meeting until the conclusion of 22nd Annual General Meeting, subject to ratification of their appointment by members at every Annual General Meeting of the Company. The requirement for annual ratification of Auditors' appointment at the AGM has been omitted pursuant to the Companies (Amendment) Act, 2017 notified on 7th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at this AGM. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

Observations of Statutory Auditors on Accounts for the year ended 31st March, 2020

The Auditors Report for the financial year ended 31st March, 2020 does not contain any qualification, adverse remark or reservation and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Auditors have not reported any matter to the Company required to be disclosed under Section 143(12) of the Companies Act, 2013.

Secretarial Audit Report for the year ended 31st March, 2020

The Secretarial Audit Report, pursuant to the provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, was obtained from M/s. Rathi and Associates, Practicing Company Secretaries in Form MR-3 for the financial year 2019-20. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

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

Internal Audit and Control

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

Mr. Rajan Arora was appointed as an Internal Auditor of the Company by the Board at its meeting held on Saturday, 11th May, 2019 and the Internal Auditor directly reports to the Audit Committee for functional matters. The Audit Committee in its quarterly meetings reviews the internal audit and controls reports. Company's internal controls are commensurate with the size and operations of the business. Continuous internal monitoring mechanism ensures timely identification and redressal of issues.

OTHER DISCLOSURES

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

Extract of Annual Return

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is disclosed under **Annexure-VII** and forms part to this report and is also available on the website of the Company at www.dmartindia.com.

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

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

Report on Corporate Governance and Management Discussion and Analysis

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

Business Responsibility Report

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

Secretarial Standards Compliance

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

CORPORATE OVERVIEW
STATUTORY REPORTS
 FINANCIAL STATEMENTS
 NOTICE OF THE AGM

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

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

The details of complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during FY 2019-20 are as follows:

No. of Complaints received during the year	1
Complaints disposed off	1
No. of complaints pending as on 31.03.2020	0

COMPANY AFFIRMATION OF READINESS TOWARDS COVID-19

India is going through a tough phase of a global pandemic – Novel Coronavirus disease (COVID-19). The Indian government is taking all possible measures to keep a check on the spread of this disease within the country.

Accordingly, as a responsible private establishment, your Company also took part in the mission of social distancing by:

- Putting in place Work from Home Policy (WFH) for the employees of the Company;
- Conduct of meetings through VC, telephone, computerised & other electronic means;
- Strictly adhering to the “Do’s and Don’ts” advised by the Public Health Authorities;
- Only essential staff are being called on duty with staggered timings to be followed in order to minimise physical interaction in all the Offices, DMart stores and Distribution Centres at various locations; and
- To follow other preventive measures prescribed by the local authorities from time to time.

Your Company has filed the web based form – Company Affirmation of Readiness towards COVID-19 (CAR) and affirmed to its requirements.

GENERAL

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

1. Deposits covered under Chapter V of the Companies Act, 2013;
2. Material changes and/or commitments that could affect the Company’s financial position, which have occurred between the end of the financial year of the Company and the date of this report;
3. Significant or material orders passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company’s operations in future;
4. Non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Companies Act, 2013 read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014;
5. Receipt of any remuneration or commission from any of its subsidiary companies by the Managing Director or the Whole-Time Directors of the Company;
6. Revision of the financial statements pertaining to previous financial periods during the financial year under review;
7. Maintenance of cost records as per sub-section (1) of Section 148 of the Companies Act, 2013;
8. Frauds reported as per Section 143(12) of the Companies Act, 2013.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Board takes this opportunity to thank Company’s employees at all levels for their hard work and commitment. Your Board also places on record its sincere appreciation for the continued support received from the customers, members, suppliers, bankers, financial institutions and all other business partners/associates.

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

Ignatius Navil Noronha
 Managing Director & CEO
 DIN: 01787989

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

Place: Thane
 Date: 23rd May, 2020

Registered Office:

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