



GOOD PRODUCTS GREAT VALUE

2017-18
ANNUAL REPORT
AVENUE SUPERMARTS LIMITED

Contents

Corporate Overview

01	Good Products Great Value
02	About DMart
03	Vision, Mission and Core Values
04	Presence and Expansion Strategy
06	Key Product Categories
08	Key Performance Indicators
10	Message from the Chairman
12	Message from the Managing Director & CEO
14	Sustainability at DMart
16	Corporate Social Responsibility
18	Board of Directors
20	Senior Leadership Team
21	Corporate Information

Financial Statements

Standalone Accounts

82	Independent Auditor's Report
84	Annexure 1 to Independent Auditor's Report
86	Annexure 2 to Independent Auditor's Report
88	Standalone Balance Sheet
89	Statement of Standalone Profit and Loss
90	Statement of Standalone Cash Flows
92	Statement of Changes in Equity
93	Notes

Consolidated Accounts

131	Independent Auditor's Report
134	Annexure 1 to Independent Auditor's Report
136	Consolidated Balance Sheet
137	Statement of Consolidated Profit and Loss
138	Statement of Consolidated Cash Flows
140	Statement of Changes in Consolidated Equity
141	Notes

Statutory Reports

22	Management Discussion & Analysis
26	Directors' Report
58	Corporate Governance Report
76	Business Responsibility Report

182	Notice for the Annual General Meeting
-----	---------------------------------------

KEY HIGHLIGHTS FY 2017-18

₹15,009 cr.

Revenue from Operations

₹1,337 cr.

EBITDA

₹785 cr.

Profit After Tax

155 stores

In 11 Indian States
and 1 Union Territory

24 stores

New Stores Added

4.9 mn sq. ft.

Retail Business Area

Good Products Great Value

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

**Our Credo -
Everyday Low Cost /
Everyday Low Price**



CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

NOTICE OF THE AGM

About DMart

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



OUR BEGINNING

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

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

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

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

More importantly, from the very beginning, he had the foresight to understand and

strongly believe that any business needs the right blend of entrepreneurship and professionalism. Entrepreneurship to build and strengthen the concept in its formative years and professionalism to allow a committed team to create, sustain and grow a scalable business model into the future.

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

Core Values

Action

Focus:

To be focused about what I do.

Motivated:

To be clear of achieving my goal.

Enthusiastic:

To love what I do.

Care

Respect:

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

Listen:

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

Truth

Integrity:

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

VISION & MISSION

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



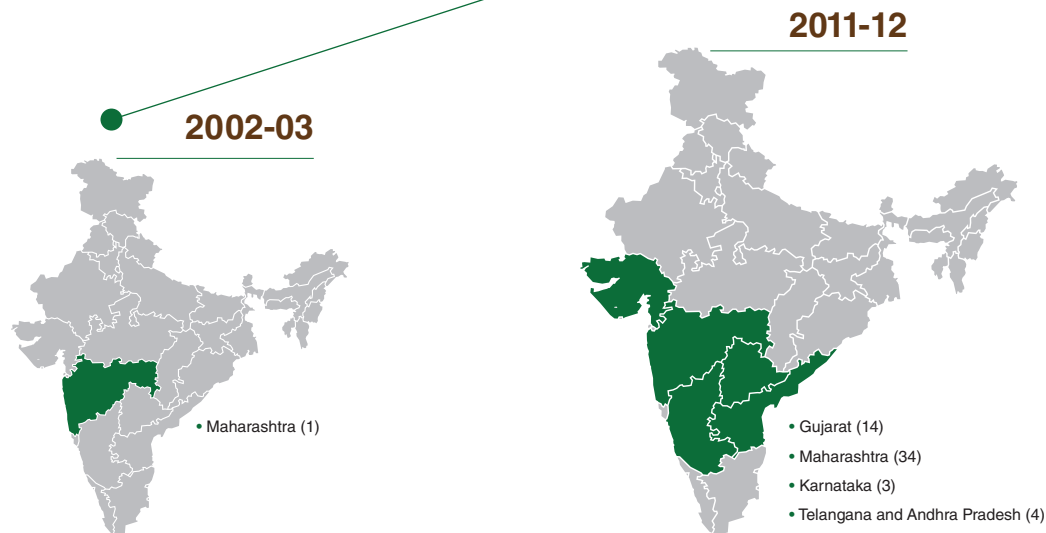
CORPORATE OVERVIEW

STATUTORY REPORTS
FINANCIAL STATEMENTS
NOTICE OF THE AGM

Presence and Expansion Strategy

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

DMart has a consistently growing presence across India

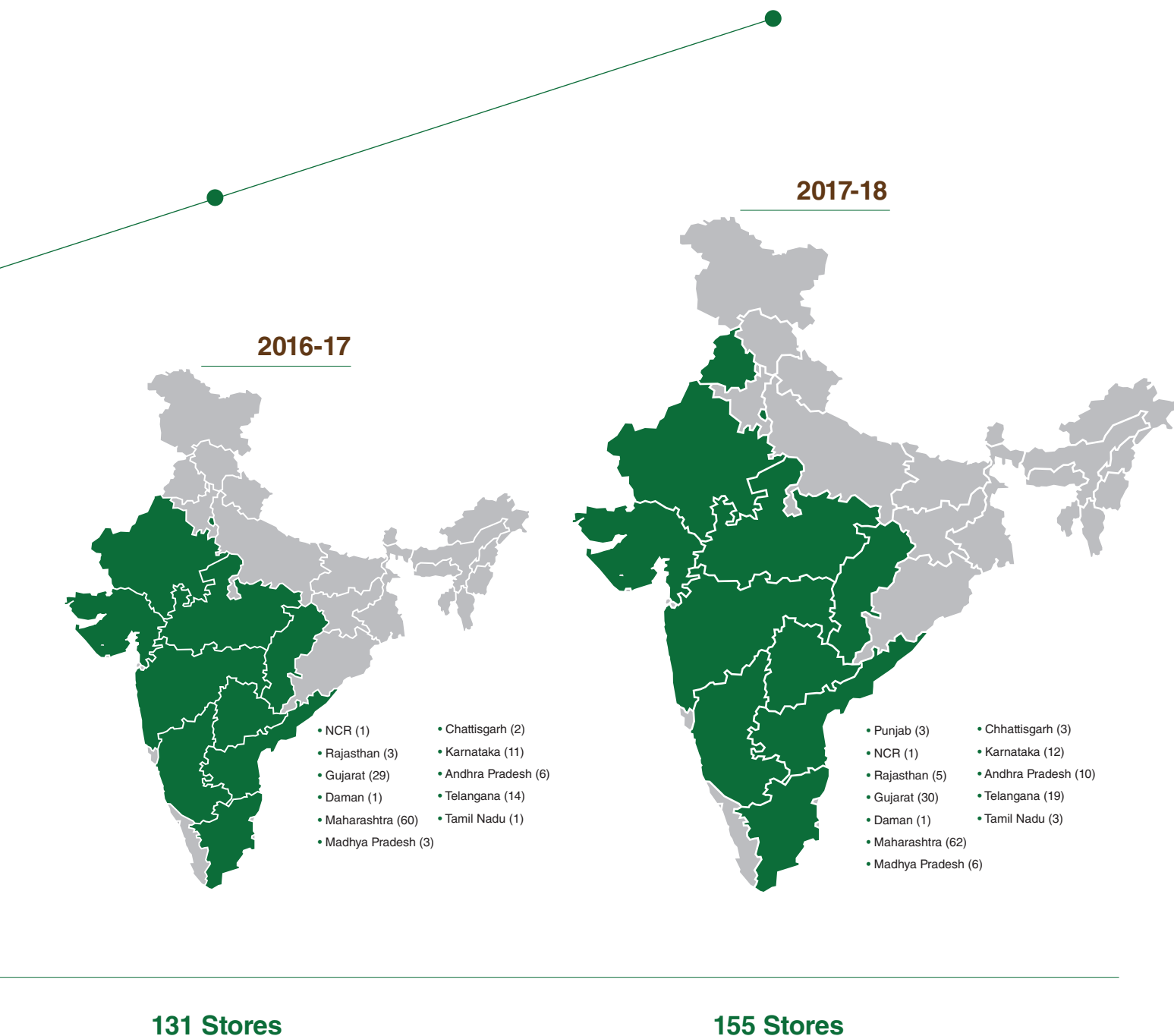


CUMULATIVE STORES

Note: Maps not to scale

1 Store

55 Stores



CORPORATE OVERVIEW

STATUTORY REPORTS

FINANCIAL STATEMENTS

NOTICE OF THE AGM

Key Product Categories

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



THE KEY PRODUCT CATEGORIES CAN BE CLASSIFIED INTO:

Foods

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

53.32%

Revenue Contribution 2016-17

51.55%

Revenue Contribution 2017-18



Non-Foods (FMCG)

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

19.85%

Revenue Contribution 2016-17

20.03%

Revenue Contribution 2017-18



General Merchandise & Apparel

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

26.83%

Revenue Contribution 2016-17

28.42%

Revenue Contribution 2017-18



CORPORATE OVERVIEW

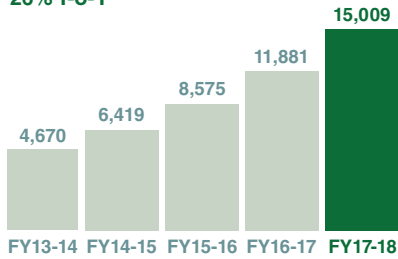
STATUTORY REPORTS

FINANCIAL STATEMENTS

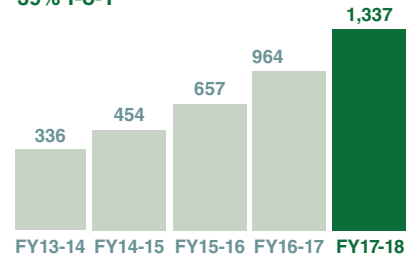
NOTICE OF THE AGM

Key Performance Indicators

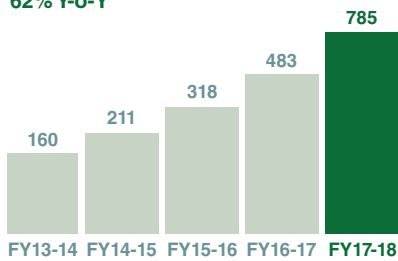
With a strategy of maintaining cost efficiencies while offering the best customer value, DMart has continued to witness stable performance across financial and operational parameters, year-on-year.

REVENUE FROM OPERATIONS**26% Y-o-Y**

(₹ in crores)

EBITDA**39% Y-o-Y**

(₹ in crores)

PROFIT AFTER TAX**62% Y-o-Y**

(₹ in crores)

FIXED ASSET TURNOVER RATIO