

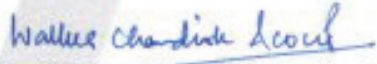





PRICE "LESS" FASHION
FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	V-Mart Retail Limited
2.	Annual standalone financial statements for the year ended	31 March 2015
3.	Type of audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not applicable
5.	Signed by-	
	• Managing Director	 Lalit Agarwal
	• Chief Financial Officer	 Deepak Sharma
	• Audit Committee Chairman	 Aakash Moondhra
	• Auditors of the Company	Refer our audit report dated 4 May 2015 on the financial statements of the Company.  For Walker Chandiok & Co LLP (formerly Walker, Chandiok & Co) Chartered Accountants Firm's Registration No.: 001076N/N500013  per Sumit Mahajan Partner Membership No.: 504882  Place : Gurgaon Date : 30 July 2015

V-MART RETAIL LTD.

CIN- L51909DL2002PLC163727

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Dedicated
retailer to the
other India

DISCLAIMER

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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There are a number of Indias within India.

The chic upmarket India. And the aspiring underpenetrated mid-market India.

It would have been easier to market to the chic upmarket India.

At V-Mart, we selected to retail to the aspiring, under-penetrated mid-market India instead.

And that has made all the difference.

V-Mart reported a 49% increase in PAT and a 25% increase in EBITDA in 2014-15, both being among the highest within its industry.



Availability. Accessibility. Affordability.

At V-Mart, we are focused on servicing the widening needs of an aspiring India – with a difference.

Not the India that lives in the metro cities. Not the India that frequently travels abroad. Not the upper-class India.

But the ‘other’ India. The India outside its metro cities. The larger middle-class India. The India that lives in Tier II and Tier III locations. The relatively under-penetrated India. The relatively under-served India. The aspiring India.

The result is that V-Mart reported a CAGR of 35% and 56% in revenue and PAT respectively over a period of five years ending in 2014-15, indicating sustained profitable growth.

Our stores

V-MART ASPIRE

V-Mart Aspire caters to the youth segment with apparel which is in sync with the latest trends. We stay abreast of market developments to purchase and stock merchandise accordingly.



Our vision

Create value and make our ecosystem proud

Our mission

- Care for customer aspirations
- Discover and nurture talent
 - Sustain ethical growth
- Harness vendor relationships



Who we are

Established in 2002 as Varin Commercial Private Limited (later renamed as V-Mart Retail Limited), the Company was one of the pioneers in setting up family fashion stores – in the value-for-money retail segment across various small Indian towns and cities like Sultanpur,

Ujjain and Motihari, among others. Over the years, V-Mart Retail Limited (VMRL) has evolved into a one-stop family shop in non-metro locations with a diversely comprehensive portfolio of retail offerings around the positioning of 'Price-less Fashion'.

What we do

Our business is spread across three verticals – apparel, general merchandise (non-apparel and home mart) and *kirana bazaar*.

The Company offers customers a range of products at reasonable prices, emerging as a destination-of-choice

in Tier-II and Tier-III locations of the country.

The Company caters to the aspiring middle-class population, targeting the fashion-led aspirations of the youth and young families.

Where we are

The Company enjoys a pan-India presence across Tier-II and Tier-III locations.

As of 31st March 2015, the Company's 108 stores were spread across 91 cities in 12 states and union territories; the Company had 89 stores as on 31st March 2014.

The Company's store coverage was 8.83 lac square feet at the close of the year under review increasing from 7.12 lac square feet coverage as on 31st March 2014.

V-MART PLUS

V-Mart Plus caters to all age groups and serves the basic as well as discretionary needs of customers. Since these stores serve customers of all age groups and sections of the society, the Company stocks merchandise accordingly.

V-MART CORPORATE

V-Mart Corporate targets office-goers (both male and female) and the product line has been internally termed as Gold Line Fashion. These stores are located in areas where the population mostly comprises working professionals.

V-MART VALUES

V-Mart Values caters to all age groups and focuses on cost-competitive but quality products, keeping in mind the economic profile of the inhabitants of the region.



Apparels and accessories

The Company provides a wide range apparels and accessories for men, women, boys, girls and infants.

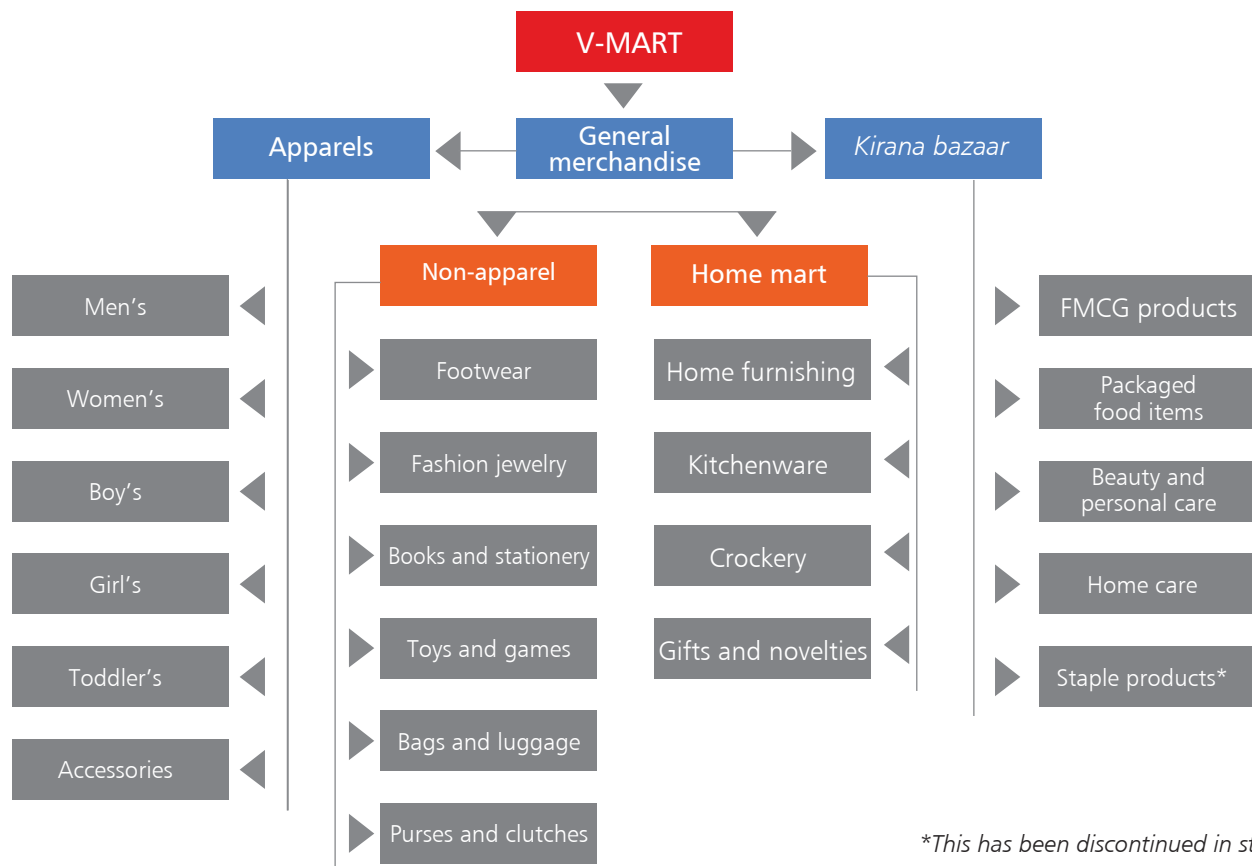
General merchandise

Non-apparel division: Footwear, books and stationery, toys and games, purses and clutches, fashion jewellery, bags and luggage.

Home mart division: Home furnishing, kitchenware, crockery, gifts and novelties.

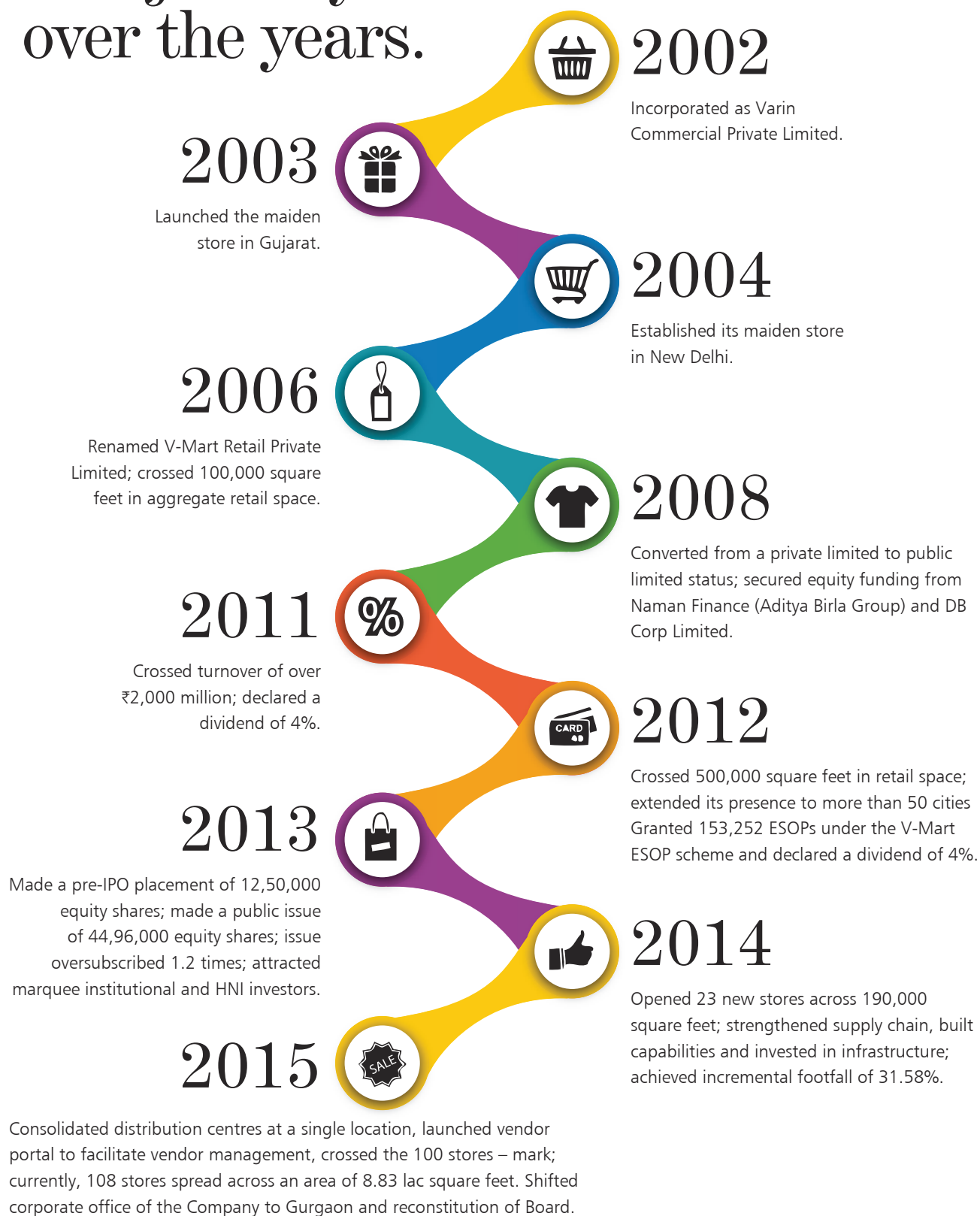
Kirana bazaar

FMCG products, packaged food items, beauty and personal care, homeware and staples.*



**This has been discontinued in stores opened after 31st March 2012.*

Our journey over the years.



Chairman's message

IT IS WITH BOTH
EXTREME PLEASURE AND
A SENSE OF GRATITUDE
TO OUR ASSOCIATES
AND CUSTOMERS THAT
I PRESENT THE 13TH
ANNUAL REPORT OF
V-MART FOR 2014-15.



25

increase (%) in the
EBITDA of the Company
in 2014-15.

We, at V-Mart are propelled by have a differentiated and farsighted objective. We are humble yet possess firm values and have thousands of associates who are committed to do what is best for our customers and the society at large. The future is poised to become more vibrant especially with digital commerce accelerating, which would empower us to serve our customers in innovative ways. Our customers increasingly look forward to value addition, a wider variety and improved buyer experience that leads to an enhanced shopping experience in terms of both time and money saved. The combination of our human capital and exciting market opportunities makes me even more confident about our growth prospects.

Positioning ourselves to serve our customers better

V-Mart has been perennially committed to providing robust store sales across all markets by scaling its marketing efforts, maintaining an extremely competitive pricing strategy and customer-centric service delivery.

In keeping with our strategy to focus on Tier-II and Tier-III cities, we are committed to keep prices low and competitive on the back of a continued endeavour to maintain a low cost infrastructure. The price leadership is the epitome of our brand regardless of the market setup.

Driving operational excellence

We continue to enhance productivity so as to optimise our operational expenditures.

A continued thrust on increasing sales is foremost towards accomplishing our objectives. By keeping our operating expenses low and purchasing economically, we are well-positioned to sell at comparatively lower prices which, in turn, will encourage and drive our customers to buy from us. Further, our work culture draws upon best practices to continually improve our processes.

Optimal capital investments form the backbone of our operational excellence and business development projects. Our associates have increasingly proved their worth by bringing down expenses related to setting up new stores and renovating them. A keen emphasis on capex optimisation is the cornerstone of our new project development initiatives.

Embracing the challenge of changing proactively

Cognisant of the need to change constantly, we have equipped ourselves with all that is required to prosper in the unfolding retail scenario.

Our objective is clear, and that is to enable people to buy quality merchandise from us at the lowest possible rates – and our strategy will be mediated by enhancing these opportunities. As stated before, we

would be open to changes whenever required to continue serving our customers better and delighting them via an ever-improving shopping experience.

The Company is acutely aware of the fact that technology needs to be the key driver towards the Company's achievement of the long-term goals. Towards the same, the Company is making investments in the creation of infrastructure which shall support the growing needs of the Company. The Company intends to leverage cutting-edge technology to make information available on a real-time basis to support informed decision-making, ensure higher levels of systemic control and reduce the manual intervention in data/transactional processing. The Company has, during the year, implemented a communication platform to facilitate better reach and feedback to-and-from stores across geographies based on the belief that physical distance should not be a constraint for better communication.

The vendors play a key role in providing affordable fashion to our customers and as such the Company has started actively engaging with them. We have started an annual event, Sahyog, as a forum to engage vendors wherein we invited a select group of 200, shortlisted on the basis of performance predetermined parameters. The forum was utilised to communicate the way forward of the Company and also our expectations from them. In turn, opportunities were

also provided to them to suggest of areas of improvement and highlight constraints faced by them. The open exchange of ideas gave a number of areas for both the vendors and the Company to work on and, based on the success of the forum, it has been decided that the same shall be made a recurring event to holistically engage our vendor base.

The management appointed Ernst & Young as internal auditors so as to transparently evaluate internal processes by an external entity who, by virtue of their experience, would be in a position to provide valuable inputs to strengthen processes. The Company has also started the complete review of all processes to ensure that the same are in sync with the size and scale of the organisation.

As the Founder and CMD of V-Mart, I hope to continue to uphold the fundamentals our Company is founded upon – value for our customers, a drive for excellence and doing business with integrity. I look forward to explore the exciting opportunities that lie ahead to make sure that V-Mart continues serving customers the way we have been the past.

Serving customers and delivering value and money

Customers choose V-Mart for our broad assortment, including private labels and locally relevant merchandise, at affordable prices. It is our winning formula that results in our continued market share gains in

