# Avenue Supermarts Limited

Plot No. B-72 & B-72A, Wagle Industrial Estate, Thane (West), Maharashtra, India - 400 604

Tel.: 91 22 33400500 • Fax: 91 22 33400599 • e-mail: info@dmartindia.com • Website: www.dmartindia.com


5th February, 2020

**BSE Limited**
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

**BSE Scrip Code**: 540376

**The National Stock Exchange of India Limited**
Corporate Communications Department
Exchange Plaza, 5th floor,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051

**NSE Scrip Symbol**: DMART

**Sub: Proceedings of the Board Meeting held on 5th February, 2020**

Dear Sir/ Madam,

We wish to inform you that the Board at its meeting held today i.e. 5th February, 2020 has, inter-alia, approved the unaudited condensed consolidated interim financial statements and unaudited condensed standalone interim financial statements as at and for the nine months ended December 31, 2019 and December 31, 2018 respectively along with the Limited Review Report issued by S R B C & CO LLP, Chartered Accountants, Statutory Auditors of the Company and a copy of the same is attached herewith.

The meeting of the Board commenced at 11.00 a.m. and concluded at 12.00 noon.

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

Thanking you,

Yours faithfully,
For **Avenue Supermarts Limited**

Ashu Gupta

**Ashu Gupta**
**Company Secretary and Compliance Officer**

AVENUE SUPERMARTS LIMITED MUMBAI

Encl: As above

**S R B C & CO LLP**
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

**Report on review of Unaudited Condensed Consolidated Interim Financial Statement**

To the Board of Directors of Avenue Supermarts Limited

We have reviewed the accompanying Unaudited Interim Condensed Consolidated Financial Statements of Avenue Supermarts Limited ("the Company/Holding Company") its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Unaudited Condensed Consolidated Interim Balance Sheet as at December 31, 2018, and the Unaudited Condensed Consolidated Interim Statement of Profit and Loss, including other comprehensive income, Unaudited Condensed Consolidated Interim Cash Flow Statement and the Unaudited Condensed Consolidated Interim Statement of Changes in Equity for the nine-month period then ended and a summary of select explanatory notes (together hereinafter referred to as the "Unaudited Condensed Consolidated Interim Financial Statement"). The Unaudited Condensed Consolidated Interim Financial Statements have been prepared by the Company solely in connection with a fund-raising transaction.

**Responsibilities of Management for the Unaudited Condensed Consolidated Interim Financial Statement**

The Holding Company's Board of Directors is responsible for the preparation of these Unaudited Condensed Consolidated Interim Financial Statement in accordance with the requirements of Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Consolidated Interim Financial Statement that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities for the Unaudited Condensed Consolidated Interim Financial Statement**

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

**Conclusion**

Based on our review conducted as above and based on the consideration of the reports of other auditors on the unaudited interim financial statements of the Company's subsidiary, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Consolidated Interim Financial Statement are not prepared, in all material respects, in accordance with requirements of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

S R B C & CO LLP MUMBAI CHARTERED ACCOUNTANTS

**Other matters**

We did not review Unaudited Condensed Interim Financial Statement and other financial information, in respect of three subsidiaries, whose Ind AS Financial Statements include total assets of Rs.29.33 crore as at December 31, 2018, total revenues of Rs. 17.18 crore and net cash outflows amounting to Rs. 0.10 crore for the nine months period then ended. These Unaudited Condensed Consolidated Interim Financial Statement and other financial information have been reviewed by other auditors, which Financial Statements, other financial information and review reports have been furnished to us by the management.

The comparative numbers for the nine months ended December 31, 2017 included in the Financial Statements are based on management certified information and not subjected to review.

Our conclusion on the Unaudited Condensed Consolidated Interim Financial Statement is not modified in respect of the above matter.

**Other matters - restriction of use**

The accompanying Unaudited Condensed Consolidated Interim Financial Statement have been prepared solely in connection with a fund-raising transaction. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Vijay Maniar
Partner
Membership no.: 36738
UDIN.: 20036738AAAAAY1255
Mumbai, February 05, 2020

O/c

**S R B C & CO LLP**
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

## Report on review of Unaudited Condensed Consolidated Interim Financial Statement

To the Board of Directors of Avenue Supermarts Limited

We have reviewed the accompanying Unaudited Condensed Consolidated Interim Financial Statements of Avenue Supermarts Limited ("the Company/Holding Company") its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Unaudited Condensed Consolidated Interim Balance Sheet as at December 31, 2019, and the Unaudited Condensed Consolidated Interim Statement of Profit and Loss, including other comprehensive income, Unaudited Condensed Interim Consolidated Cash Flow Statement and the Unaudited Condensed Consolidated Interim Statement of Changes in Equity for the nine-month period then ended and a summary of select explanatory notes (together hereinafter referred to as the "Unaudited Condensed Consolidated Interim Financial Statements"). The Unaudited Condensed Consolidated Interim Financial Statements have been prepared by the Company solely in connection with a fund-raising transaction.

### Responsibilities of Management for the Unaudited Condensed Consolidated Interim Financial Statement

The Holding Company's Board of Directors is responsible for the preparation of these Unaudited Condensed Consolidated Interim Financial Statements in accordance with the requirements of Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Consolidated Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Unaudited Condensed Consolidated Interim Financial Statement

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

### Conclusion

Based on our review conducted as above and based on the consideration of the reports of other auditors on the Unaudited Condensed Interim Financial Statements of the Company's subsidiary, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with requirements of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Other matters**

We did not review Unaudited Condensed Interim Financial Statements and other financial information, in respect of three subsidiaries, whose Ind AS financial statements include total assets of Rs. 37.83 crore as at December 31, 2019, total revenues of Rs. 24.06 crore and net cash outflows amounting to Rs. 0.15 crore for the nine months period then ended. These Unaudited Condensed Interim Financial Statements and other financial information have been reviewed by other auditors, which financial statements, other financial information and review reports have been furnished to us by the management.

Our conclusion on the Unaudited Condensed Consolidated Interim Financial Statements is not modified in respect of the above matter.

**Other matters - restriction of use**

The accompanying Unaudited Condensed Consolidated Interim Financial Statements have been prepared solely in connection with a fund-raising transaction. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

per Vijay Maniar
Partner
Membership no.: 36738
UDIN.: 20036738AAAAAV6732
Mumbai, February 05, 2020

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

**Report on review of Unaudited Condensed Standalone Interim Financial Statement**

To the Board of Directors of Avenue Supermarts Limited

We have reviewed the accompanying Unaudited Condensed Standalone Interim Financial Statements of Avenue Supermarts Limited ("the Company"), which comprise the Unaudited Condensed Standalone Interim Balance Sheet as at December 31, 2018 and the Unaudited Condensed Standalone Interim Statement of Profit and Loss, including other comprehensive income, Unaudited Condensed Standalone Interim Cash Flow Statement and the Unaudited Condensed Standalone Interim Statement of Changes in Equity for the nine-month period then ended and a summary of selected explanatory notes (together hereinafter referred to as the "Unaudited Condensed Standalone Interim Financial Statement"). The Unaudited Condensed Standalone Interim Financial Statement have been prepared by the Company solely in connection with a fund-raising transaction.

**Responsibilities of Management for the Unaudited Condensed Standalone Interim Financial Statement**

The Company's Board of Directors is responsible for the preparation of these Unaudited Condensed Standalone Interim Financial Statement in accordance with the requirements of Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Standalone Interim Financial Statement that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities for the Unaudited Condensed Standalone Interim Financial Statement**

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

**Conclusion**

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Standalone Interim Financial Statement are not prepared, in all material respects, in accordance with requirements of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Other matters**

The comparative numbers for the nine months ended December 31, 2017 included in the Financial Statements are based on management certified information and not subjected to review.

**Other matters - restriction of use**

The accompanying Unaudited Condensed Interim Standalone Financial Statements have been prepared solely in connection with a fund-raising transaction. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

per Vijay Maniar
Partner
Membership no.: 36738
UDIN:20036738AAAAAX2633
Mumbai, February 05, 2020

S R B C & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

8/C

**S R B C & CO LLP**
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel : +91 22 6819 8000

## Report on review of Unaudited Condensed Standalone Interim Financial Statement

To the Board of Directors of Avenue Supermarts Limited

We have reviewed the accompanying Unaudited Condensed Standalone Interim Financial Statement of Avenue Supermarts Limited ("the Company"), which comprise the Unaudited Condensed Standalone Interim Balance Sheet as at December 31, 2019, and the Unaudited Condensed Standalone Interim Statement of Profit and Loss, including other comprehensive income, Unaudited Condensed Standalone Interim Cash Flow Statement and the Unaudited Condensed Standalone Interim Statement of Changes in Equity for the nine-month period then ended and a summary of selected explanatory notes (together hereinafter referred to as the "Unaudited Condensed Standalone Interim Financial Statement"). The Unaudited Condensed Standalone Interim Financial Statement have been prepared by the Company solely in connection with a fund-raising transaction.

### Responsibilities of Management for the Unaudited Condensed Standalone Interim Financial Statement

The Company's Board of Directors is responsible for the preparation of these Unaudited interim condensed standalone Ind AS financial statements in accordance with the requirements of Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Companies Act, 2013 (the "Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Unaudited Condensed Standalone Interim Financial Statement that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Unaudited Condensed Standalone Interim Financial Statement

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

### Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Standalone Interim Financial Statement are not prepared, in all material respects, in accordance with requirements of Ind AS 34 as specified under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

S R B C & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

**Other matters - restriction of use**

The accompanying Unaudited Condensed Standalone Interim Financial Statement have been prepared solely in connection with a fund-raising transaction. Accordingly, this report should not be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number 324982E/E300003

per Vijay Maniar
Partner
Membership no.: 36738
UDIN.: 20036738AAAAAU1394
Mumbai, February 05, 2020

AVENUE SUPERMARTS LIMITED

Unaudited Condensed Consolidated Interim Balance Sheet as at 31st December, 2018

(₹ in Crores)

| | Notes | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 3,791.28 | 3,276.01 |
| (b) Capital work-in-progress | | 479.24 | 147.07 |
| (c) Investment properties | | 15.73 | 16.33 |
| (d) Goodwill | | 78.27 | 78.27 |
| (e) Other Intangible assets | | 29.25 | 29.36 |
| (f) Financial assets | | | |
| (i) Other non-current financial assets | | 40.54 | 42.39 |
| (g) Deferred tax assets (net) | | 0.16 | 0.13 |
| (h) Other non-current assets | | 142.64 | 86.59 |
| **Total Non-current assets** | | **4,577.11** | **3,676.15** |
| **Current assets** | | | |
| (a) Inventories | | 1,497.78 | 1,163.45 |
| (b) Financial assets | | | |
| (i) Investments | | 121.67 | 68.18 |
| (ii) Trade receivables | | 31.07 | 33.52 |
| (iii) Cash and cash equivalents | | 65.91 | 67.45 |
| (iv) Bank Balances other than cash and cash equivalents | | 166.62 | 492.73 |
| (v) Other current financial assets | | 62.91 | 77.50 |
| (c) Other current assets | | 143.75 | 69.37 |
| **Total Current assets** | | **2,089.71** | **1,972.20** |
| **Total assets** | | **6,666.82** | **5,648.35** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| a) Equity share capital | | 624.08 | 624.08 |
| b) Other equity | | 4,771.23 | 4,044.97 |
| **Equity attributable to owner** | | **5,395.31** | **4,669.05** |
| Non-controlling interest | | 0.57 | 0.64 |
| **Total equity** | | **5,395.88** | **4,669.69** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 3 | 116.33 | 246.00 |
| (ii) Other non-current financial liabilities | | 1.40 | 0.78 |
| (b) Provisions | | 0.65 | 0.74 |
| (c) Deferred tax liabilities (net) | | 47.58 | 45.18 |
| **Total Non-current liabilities** | | **165.96** | **292.70** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 4 | 410.86 | 7.25 |
| (ii) Trade payables due to : | | | |
| Micro and small enterprises | | 8.54 | 1.17 |
| Other than micro and small enterprises | | 314.71 | 316.11 |
| (iii) Other current financial liabilities | | 328.20 | 336.93 |
| (b) Other current liabilities | | 28.92 | 12.50 |
| (c) Provisions | | 13.75 | 12.00 |
| **Total Current liabilities** | | **1,104.98** | **685.96** |
| **Total equity and liabilities** | | **6,666.82** | **5,648.35** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

AVENUE SUPERMARTS LIMITED

Unaudited Condensed Consolidated Interim Statement of Profit and Loss for the nine months ended 31st December, 2018

(₹ in Crores)

| | Notes | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | 14,942.87 | 11,216.01 |
| Other income | | 35.11 | 54.94 |
| **Total income** | | **14,977.98** | **11,270.95** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 13,015.17 | 9,480.81 |
| Changes in inventories of stock-in-trade | | (333.78) | (87.34) |
| Employee benefits expense | | 263.47 | 206.54 |
| Finance costs | | 35.17 | 46.36 |
| Depreciation and amortisation expense | | 146.64 | 109.85 |
| Other expenses | | 737.05 | 555.72 |
| **Total expenses** | | **13,863.72** | **10,311.94** |
| **Profit before share of loss of an associate** | | **1,114.26** | **959.01** |
| Share of Net loss of Associate | | - | (17.74) |
| **Profit before tax** | | **1,114.26** | **941.27** |
| **Tax expense** | | | |
| Current tax | | 401.38 | 327.95 |
| Adjustment of tax related to earlier periods | | (0.37) | 5.13 |
| Deferred tax charge/(credit) | | 2.37 | (0.50) |
| **Total tax expense** | | **403.38** | **332.58** |
| **Profit for the period** | | 710.88 | 608.69 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent period** | | | |
| Re-measurements gains/(loss) on defined benefit plans | | (0.63) | (1.19) |
| Less: Income tax effect | | 0.22 | 0.41 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(0.41)** | **(0.78)** |
| **Total Comprehensive Income for the period** | | **710.47** | **607.91** |
| **Profit for the period** | | **710.88** | **608.69** |
| Attributable to: | | | |
| Equity holders of the parent | | 710.95 | 608.65 |
| Non-controlling interests | | (0.07) | 0.04 |
| **Total comprehensive income for the period** | | **710.47** | **607.91** |
| **Attributable to:** | | | |
| Equity holders of the parent | | 710.54 | 607.87 |
| Non-controlling interests | | (0.07) | 0.04 |
| **Earnings per equity share of ₹ 10 each: (in ₹) (not annualised)** | 5 | | |
| Basic | | **11.39** | **9.75** |
| Diluted | | **11.23** | **9.61** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Consolidated Interim Statement of Changes in Equity for the nine months ended 31st December, 2018**

**A. Equity share capital**

| | No. of Shares | ₹ in Crores |
|---|---|---|
| **Equity share of ₹ 10 each issued, subscribed and fully paid** | | |
| **At 1st April, 2018** | 624,084,486 | 624.08 |
| Issue of share capital | - | - |
| **At 31st December, 2018** | 624,084,486 | 624.08 |
| | | |
| **At 1st April, 2017** | 624,084,486 | 624.08 |
| Issue of share capital | - | - |
| **At 31st December, 2017** | 624,084,486 | 624.08 |

**B. Other equity**

(₹ in Crores)

| | Other equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Securities premium | Share options outstanding account | Debenture redemption reserve | Retained earnings | Other Equity | Non- controlling Interest | Total |
| **Balance as at 1st April, 2018** | 1,809.77 | 22.67 | 86.95 | 2,125.58 | 4,044.97 | 0.64 | 4,045.61 |
| Profit for the period | - | - | - | 710.95 | 710.95 | (0.07) | 710.88 |
| Other comprehensive income for the period | - | - | - | (0.41) | (0.41) | | (0.41) |
| Share option expense | - | 15.72 | - | - | 15.72 | | 15.72 |
| Transfer from debenture redemption reserve | - | - | (22.30) | 22.30 | - | | - |
| **Balance as at 31st December, 2018** | 1,809.77 | 38.39 | 64.65 | 2,858.42 | 4,771.23 | 0.57 | 4,771.80 |
| **Balance as at 1st April, 2017** | 1,809.77 | 1.16 | 124.72 | 1,282.05 | 3,217.70 | 0.15 | 3,217.85 |
| Profit for the period | - | - | - | 608.65 | 608.65 | 0.04 | 608.69 |
| Other comprehensive income for the period | - | - | - | (0.78) | (0.78) | | (0.78) |
| Share option expense | - | 16.67 | - | - | 16.67 | | 16.67 |
| Transfer from debenture redemption reserve | - | - | (45.51) | 45.51 | - | | - |
| **Balance as at 31st December, 2017** | 1,809.77 | 17.83 | 79.21 | 1,935.43 | 3,842.24 | 0.19 | 3,842.43 |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Consolidated Interim Statement of Cash Flows for the nine months ended 31st December, 2018**

(₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 1,114.26 | 959.01 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 146.64 | 109.85 |
| Finance cost | 35.17 | 46.36 |
| Interest income | (20.86) | (35.06) |
| Profit on sale of investments | (8.95) | (11.98) |
| Expense on employee stock option scheme | 15.70 | 16.64 |
| Rent income | (2.92) | (3.93) |
| (Gain)/ loss on disposal of property plant and equipment (net) | (1.81) | (3.43) |
| | 162.97 | 118.45 |
| **Operating profit before working capital changes** | **1,277.23** | **1,077.46** |
| Adjustments for: | | |
| Increase in trade payables | 5.97 | 73.22 |
| Increase in current provisions | 1.12 | 2.39 |
| Decrease in other current financial liabilities | (35.09) | (7.66) |
| Increase/(decrease) in other current liabilities | 16.49 | (17.55) |
| Increase/(decrease) in non-current provisions | (0.09) | 0.02 |
| Increase/ (decrease) in other non-current financial liabilities | 0.62 | (0.30) |
| (Increase)/ decrease in trade receivables | 2.45 | (28.35) |
| Increase in inventories | (334.33) | (87.34) |
| Increase in current investments | (53.49) | (175.19) |
| Increase in other non-current assets | (2.12) | - |
| (Increase)/decrease in other non-current financial assets | 1.99 | (5.48) |
| Increase in bank balances other than cash and cash equivalents | (0.25) | (0.04) |
| Increase in other current assets | (74.38) | (64.77) |
| (Increase)/ decrease in other current financial assets | 1.20 | (25.11) |
| | (469.91) | (336.16) |
| Cash flow from operating activities | 807.32 | 741.30 |
| Direct taxes paid (net of refunds) | (393.00) | (303.90) |
| **Net cash flow from operating activities** | **414.32** | **437.40** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of Property, plant and equipment | 7.31 | 6.90 |
| Realisation from FDs of IPO proceeds | 326.27 | 1,310.10 |
| Interest received | 34.25 | 29.30 |
| Gain on sale of investments | 8.95 | 11.98 |
| Investment in an associate before conversion to subsidiary | - | 7.67 |
| Rent income received | 2.47 | 3.89 |
| | 379.25 | 1,369.84 |
| Purchase of property, plant and equipment/ intangible assets/investment properties | (1,060.44) | (610.73) |
| Investment in an associate for conversion to subsidiary | - | (7.67) |
| | (1,060.44) | (618.40) |
| **Net cash flow from/ (used) in investing activities** | **(681.19)** | **751.44** |
| **Cash flow from financing activities:** | | |
| Proceeds from long term borrowings | 50.00 | - |
| Proceeds from commercial papers | 540.99 | - |
| Proceeds of short term borrowings | 57.45 | - |
| | 648.44 | - |
| Repayment of long term borrowings | (12.00) | (538.47) |
| Repayment of non convertible debentures | (135.00) | (384.00) |
| Repayment of commercial papers | (200.00) | - |
| Repayment of short term borrowings | - | (132.92) |
| Interest paid | (36.16) | (72.11) |
| | (383.16) | (1,127.50) |
| **Cash flow from/(used) in financing activities** | **265.28** | **(1,127.50)** |
| Net increase/(decrease) in cash and cash equivalents | (1.59) | 61.34 |
| Cash and cash equivalents at beginning of the period | 67.41 | 32.93 |
| Cash and cash equivalents at end of the period | 65.82 | 94.27 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 65.91 | 94.37 |
| Bank overdrawn | (0.09) | (0.10) |
| Balance as per statement of cash flows | 65.82 | 94.27 |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**Corporate information**

Avenue Supermarts Limited ('The group') is a company limited by shares and is domiciled in India. The group's registered office is at Anjaneya, Opp. Hiranandani Foundation School, Powai, Mumbai, Maharashtra India 400076. The group is primarily engaged in the business of organized retail and operates supermarkets under the brand name of "D-Mart". Its equity shares are listed in India on BSE Limited and National Stock Exchange of India Limited.

The Unaudited Condensed Consolidated Interim Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th February, 2020.

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

The unaudited condensed consolidated Interim financial statements have been prepared in accordance with the Indian Accounting Standards 34 'Interim Financial Reporting (IND AS 34) , prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting standards) Rules, 2015, (as amended from time to time) and presentation requirement of Division II of Schedule of the Companies Act, 2013 (IND AS Compliant Schedule III), as applicable to unaudited condensed consolidated Interim financial statements.

**(i) Historical cost convention**

The Group has prepared these Unaudited Condensed Consolidated Interim Financial Statements which comprise the Unaudited Condensed Consolidated Interim Balance Sheet as at 31st December 2018, the Unaudited Interim Condensed Consolidated Statement of Profit and Loss, the Unaudited Condensed Consolidated Interim Statements of Changes in Equity and the Unaudited Condensed Consolidated Interim Statements of Cash Flows for the nine months ended 31st December 2018, and other explanatory information (together hereinafter referred to as "Unaudited Condensed Consolidated Interim Financial Statements" or "financial statements").

The Unaudited condensed consolidated Interim financial statements have been prepared on a historical cost basis, except for the following:
1) certain financial assets and liabilities that are measured at fair value;
2) defined benefit plans - plan assets measured at fair value;
3) share based payments.

The Unaudited Condensed Consolidated Interim Financial Statements do not include all the information and disclosures normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with annual financial statements for the year ended 31st March, 2018 and any public announcement made during interim reporting period.

Accounting policies and methods of computation followed in the Unaudited Interim Condensed Consolidated Financial Statements are same as compared with the annual Consolidated Financial Statements for the year ended 31st March, 2018, except for adoption of new standard or any pronouncements effective from 1st April, 2018.

**(ii) Business combinations and goodwill**

The Group has accounted business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**(b) Impairment of non financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

Impairment losses are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI.

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

**(c) Significant accounting judgement, estimates and assumption**

The preparation of Unaudited condensed consolidated Interim financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying The group's accounting policies.

**Share based payment**

The group initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction.

**Provision for inventory shrinkages**

The group has calculated the provision for inventory shrinkage basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**AVENUE SUPERMARTS LIMITED**
**Notes to Unaudited Condensed Consolidated Interim Financial Statements as at and for the nine months ended 31st December, 2018**

**2. Property, plant and equipment**

(₹ in Crores)

| | Freehold land (Refer note 3) | Leasehold land | Buildings (Refer note 1) | Leasehold improvement | Plant and equipment | Computers | Furniture and fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | 1,048.30 | 389.96 | 1,718.16 | 39.02 | 123.79 | 53.17 | 140.47 | 2.21 | 21.46 | 124.56 | 3,661.10 |
| Additions | 380.72 | - | 110.79 | 21.86 | 71.30 | 17.52 | 39.83 | 0.76 | 4.77 | 13.55 | 661.10 |
| Reclassification | - | - | 0.70 | (1.42) | - | - | - | - | - | 0.58 | (0.14) |
| Disposals | 4.51 | - | 0.10 | - | 1.56 | 0.30 | 0.82 | 0.03 | 0.21 | 0.33 | 7.86 |
| **Balance as at 31st December, 2018** | **1,424.51** | **389.96** | **1,829.55** | **59.46** | **193.53** | **70.39** | **179.48** | **2.94** | **26.02** | **138.36** | **4,314.20** |
| | | | | | | | | | | | |
| **Depreciation** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | - | 12.44 | 170.87 | 8.09 | 42.13 | 32.68 | 55.94 | 1.00 | 11.84 | 50.10 | 385.09 |
| Depreciation charge for the period | - | 3.37 | 59.67 | 4.52 | 20.85 | 11.89 | 19.97 | 0.38 | 3.89 | 15.67 | 140.21 |
| Reclassification | - | - | 0.11 | (0.55) | - | - | - | - | - | 0.30 | (0.14) |
| Disposals | - | - | - | 0.01 | 1.05 | 0.21 | 0.65 | 0.02 | 0.16 | 0.14 | 2.24 |
| **Balance as at 31st December, 2018** | **-** | **15.81** | **230.65** | **12.05** | **61.93** | **44.36** | **75.26** | **1.36** | **15.57** | **65.93** | **522.92** |
| | | | | | | | | | | | |
| **Net book value** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | **1,048.30** | **377.52** | **1,547.29** | **30.93** | **81.66** | **20.49** | **84.53** | **1.21** | **9.62** | **74.46** | **3,276.01** |
| **Balance as at 31st December, 2018** | **1,424.51** | **374.15** | **1,598.90** | **47.41** | **131.60** | **26.03** | **104.22** | **1.58** | **10.45** | **72.43** | **3,791.28** |

**Note:**

1 Building and CWIP includes interest capitalised on borrowings for the period ended 31st December, 2018 ₹ 0.07 Crores ( 31st December, 2017 ₹ Nil)

2 Assets pledged as security for borrowings is disclosed under note 6.

3 Freehold land ₹ 10.65 Crores being the value of a land purchased by the company at Nagpur from Pramod Walmandhare and others The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 7th July, 2017 (by Virtue of which Ownership of the Pramod Walmandhare and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the company.

**3 Non-current borrowings**

(₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 54.00 | 16.00 |
| Less : Current maturities disclosed in other current financial liabilities | (20.67) | (16.00) |
| | 33.33 | - |
| Non convertible debentures | 281.00 | 416.00 |
| Less : Current maturities disclosed in other current financial liabilities | (198.00) | (170.00) |
| | 83.00 | 246.00 |
| **Total secured loans** | **116.33** | **246.00** |

**Nature of security and terms of repayment for borrowings as at 31st December, 2018:**

| Sr no | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Term loan are secured by way of mortgage of various stores properties to the banks. | Repayment in 6 equal quarterly installments starting after 6 month moratorium. Last installment due in December, 2020. Rate of interest is ranging between 8.13% to 8.64% p.a. as at the 31st December , 2018. |
| 2 | Non convertible debentures (NCD) are secured by way of mortgage of specific stores properties to the Debenture Trustee. | NCD for ₹ 281 Crores is repayable in 1 to 2 annual installments. Last installments are due in August 2020. Rate of interest is ranging between 9.10% to 10.38% p.a. as at the 31st December, 2018. |

**4 Current borrowings**

(₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Secured** | | |
| **(a) Working capital loans from banks (Payable on demand)** | 14.70 | 7.25 |
| (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| **(b) Term loans from bank** | 50.00 | - |
| (Short term loan from bank to be secured by way of mortgage of various store properties to the bank within four months from the first date of disbursement) | | |
| **(b) Unsecured** | | |
| By issue of commercial papers | 346.16 | - |
| **Total** | **410.86** | **7.25** |

At 31st December, 2018, the group had available ₹ 424.36 Crores (31st March, 2018: ₹ 201.51 Crores) of undrawn committed borrowing facilities.

Working capital loan from bank of ₹ 14.70 Crores (31st March, 2018 : ₹ 7.25 crores) was further secured by way of personal guarantees given by the promoters.

**5 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation: (not annualised)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the period as per statement of Profit and Loss (₹ in Crores) : | 710.95 | 608.65 |
| Weighted average number of equity shares outstanding for basic EPS | 624,084,486 | 624,084,486 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 9,018,637 | 9,094,513 |
| Weighted average number of equity shares outstanding for dilutive EPS | 633,103,123 | 633,178,999 |
| Earnings Per Share (₹) - Basic (Face value of ₹ 10 per share) | 11.39 | 9.75 |
| Earnings Per Share (₹) - Diluted (Face value of ₹ 10 per share) | 11.23 | 9.61 |

**6 Assets pledge as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are: (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Current Assets** | | |
| Trade receivables | 51.21 | 33.36 |
| Inventories | 1,491.09 | 1,147.04 |
| **Total current assets pledged as security** | **1,542.30** | **1,180.40** |
| **Non current assets** | | |
| First charge | | |
| Land (Freehold and Leasehold) | 117.34 | 69.94 |
| Building | 210.02 | 219.10 |
| **Total non-current assets pledged as security** | **327.36** | **289.04** |
| **Total assets pledged as security** | **1,869.66** | **1,469.44** |

**7 Contingent liabilities and commitments**

**(a) Contingent liabilities**

Claims against the group not acknowledged as debts (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Income tax matters | 0.03 | 0.11 |
| Indirect tax matters | 4.44 | 4.17 |

It is not practicable for the group to estimate the timings of cash outflows , if any in respect of above pending resolutions of the respective proceedings.

The group has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's unaudited interim condensed consolidated financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on it's unaudited interim condensed consolidated financial statements.

The group has process whereby periodically all long term contracts are assessed for material foreseeable losses. At 31st December, 2018, group has reviewed and ensured that adequate provision as required under any law/accounting standard for material forseeable losses on such long term contracts has been made in the books of accounts.

**(b) Capital commitments** (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 1,315.79 | 1,096.47 |

**8 Segment reporting**

The Group is primarily engaged in the business of retail trades through offline and online channels. There are no separate reportable segments as per IND AS 108 - Operating Segments.

**9 Fair values and fair value hierarchy**

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their short term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

10

(a) Related party transactions

| | | Ownership interest | | |
|---|---|---|---|---|
| | | 31st December 2018 | 31st December 2017 | 31st March, 2018 |
| (i) | Subsidiary companies : | | | |
| | Avenue Food Plaza Private Limited (AFPPL) | 100.00 | 100.00 | 100.00 |
| | Align Retail Trades Private Limited (ARTPL) | 100.00 | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited (NSJDPL) | 90.00 | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (AEL) | 99.71 | 0.00 | 99.66 |
| | Reflect Wholesale and Retail Private Limited (w.e.f 28th May, 2018) | 100.00 | - | - |
| (ii) | *Associate enterprises* | | | |
| | Avenue E-Commerce Limited (till 31st January, 2018) | - | 49.21 | - |
| *(ii)* | *Shareholders who exercise control:* | | | |
| | Mr. Radhakishan Damani | | | |
| | Mr. Gopikishan Damani | | | |
| | Mrs. Shrikantadevi Damani | | | |
| | Mrs. Kirandevi Damani | | | |
| | Bright Star Investments Private Limited | | | |
| *(iii)* | *Directors and Key managerial personnel:* | | | |
| | Mr. Ignatius Navil Noronha (Managing Director and Chief Executive Officer of Avenue Supermarts Limited (ASL)) | | | |
| | Mr. Ramakant Baheti (Whole-time Director and Group Chief Financial Officer of ASL) | | | |
| | Mr. Elvin Machado (Executive Director of ASL) | | | |
| | Mrs. Manjri Chandak (Non Executive Director of ASL and AEL) | | | |
| | Mr. Ramesh Damani (Chairman and Independent Director of ASL) | | | |
| | Mr. Chandrashekhar B. Bhave (Independent Director of ASL) | | | |
| | Ms. Kalpana Unadkat (Independent Director of ASL) (w.e.f 30th July, 2018) | | | |
| | Mr. Niladri Deb (Chief Financial Officer of ASL) (w.e.f 7th May, 2018) | | | |
| | Mrs. Ashu Gupta (Company Secretary of ASL) | | | |
| | Mr. Navin Nerurkar (Director of ARTPL and AFPPL) | | | |
| | Mr. Prakash Pachisia (Director of ARTPL and AFPPL) | | | |
| | Mr. Trivikrama Rao Dasu (Chief executive officer of AEL) | | | |
| (iv) | *Entities over which parties listed in (ii) above exercise control / significant influence and transactions have taken place with them during the period* | | | |
| | 7 Apple Hotels Private Limited | | | |
| | Bombay Swadeshi Stores Limited | | | |
| | Derive Trading and Resorts Private Limited | | | |
| | Boutique Hotels India Private Limited | | | |
| (v) | *Trust :* | | | |
| | Avenue Supermarts Limited Employees Group Gratuity Trust | | | |

**(b) Transaction with related parties**

(₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Remuneration to Directors/Key Managerial Person (KMP) | 5.77 | 5.64 |
| Sitting fees to Directors | 0.13 | 0.11 |
| Commission to Independent Directors | 0.38 | - |
| Mentor fees | ₹ 0 | ₹ 0 |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Sales | - | 16.10 |
| Rent and amenities service income | - | 0.54 |
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 0.73 | 0.75 |
| Employee welfare expenses | 0.07 | 0.12 |
| Reimbursement of expenses | 0.23 | - |
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 0.16 | 0.19 |
| Reimbursement of expenses (Electricity reimbursement) | 0.01 | - |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 0.15 | 0.06 |
| **Boutique Hotels India Private Limited** | | |
| Employee welfare expenses | - | 0.10 |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 3.40 | - |

**(c) Balance with related parties**

(₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Balance to Directors/KMP** | | |
| Other receivables | 0.07 | 0.07 |
| Other payables | 0.23 | 0.30 |
| **7 Apple Hotels Private Limited** | | |
| Other receivables (Electricity reimbursement) | 0.05 | - |
| Other payables | 0.00 | 0.01 |
| **Bombay Swadeshi Stores Limited** | | |
| Other receivables | - | 0.00 |
| **Derive Trading and Resorts Private Limited** | | |
| Other payables | - | 0.11 |

Note : Compensation to Directors of the group:

(₹ in Crores)

| **Nature of Benefit** | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Short Term Employment Benefits | 5.56 | 5.23 |
| Post Employment Benefits | 0.21 | 0.41 |
| Sitting Fees | 0.13 | 0.11 |
| Commission to Independent Directors | 0.38 | - |

The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable.

**11 Financial risk management**

**Financial risk management objectives and policies**

The group's financial principal liabilities comprises borrowings, trade payables,Lease Liability and other payables. The main purpose of these financial liabilities is to finance the group's operation. The group's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balances derived from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

**A) Market Rate Risk**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The group's exposure to the risk of changes in market interest rates relates to primarily to group's borrowing with floating interest rates. The group's fixed rates of borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rate. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**Exposure to interest rate risk**

(₹ in Crores)

| Particulars | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Borrowings bearing variable rate of interest | 64.70 | 7.25 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on variable rate borrowing as follows:

**A change of 50 bps in interest rates would have following Impact on profit before tax**

(₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| 50 bp increase- decrease in profits | (0.32) | (0.04) |
| 50 bp decrease- Increase in profits | 0.32 | 0.04 |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution. Credit risk from balances with banks is managed by the group's treasury department in accordance with group's policy.

Since group operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

**Liquidity risk**

Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity patterns of borrowings**

(₹ in Crores)

| | As at 31st December, 2018 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 218.67 | 116.33 | - | 335.00 |
| Short term borrowings | 410.86 | - | - | 410.86 |
| Expected interest payable | 31.28 | 9.32 | - | 40.60 |
| **Total** | **660.81** | **125.65** | - | **786.46** |

(₹ in Crores)

| | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 186.00 | 246.00 | - | 432.00 |
| Short term borrowings | 7.25 | - | - | 7.25 |
| Expected interest payable | 39.15 | 28.17 | - | 67.32 |
| **Total** | **232.40** | **274.17** | - | **506.57** |

**Maturity patterns of other financial liabilities**

**As at 31st December, 2018**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 323.25 | - | - | - | - | 323.25 |
| Payable related to capital goods | 24.12 | - | - | - | - | 24.12 |
| Other financial liabilities (current and non current) | 85.20 | - | - | - | 1.40 | 86.60 |
| **Total** | **432.57** | - | - | - | **1.40** | **433.97** |

**As at 31st March, 2018**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 317.28 | - | - | - | - | 317.28 |
| Payable related to capital goods | 31.88 | - | - | - | - | 31.88 |
| Other financial liabilities (current and non current) | 119.05 | - | - | - | 0.78 | 119.83 |
| **Total** | **468.21** | - | - | - | **0.78** | **468.99** |

**12 Ind AS 115 : Revenue from Contracts with Customers**

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1st April, 2018.

The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited interim condensed consolidated financial statements.

**1. Disaggregated revenue information :**

**Set out below is the disaggregation of the company's revenue from contracts with customers:** (₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| **Type of goods or service** | | |
| Sale of goods | 16,371.65 | 12,274.00 |
| Sale of goods on approval basis net of Cost of Goods Sold | 5.98 | 7.65 |
| Other operating income | 26.33 | 27.84 |
| Tax | (1,461.09) | (1,093.48) |
| **Total revenue from contract with customers** | **14,942.87** | **11,216.01** |
| India | 14,942.87 | 11,216.01 |
| Outside India | - | - |
| **Total revenue from contract with customers** | **14,942.87** | **11,216.01** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 14,916.54 | 11,188.17 |
| Services transferred over time (Other operating income) | 26.33 | 27.84 |
| **Total revenue from contract with customers** | **14,942.87** | **11,216.01** |

(₹ in Crores)

| **2. Contract balances :** | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Trade receivables | 31.07 | 33.52 |
| Contract assets | - | - |
| Contract liabilities | 0.50 | 0.77 |

**13.** The Parent Company has instituted an Avenue Supermarts Limited Employee Stock Option Scheme, 2016 ("the Scheme") as approved by the Board of Directors for issuance of stock option to eligible employee of the Parent Company and of its subsidiaries. Pursuant to the said Scheme, Stock options convertible into 13,973,325 equity shares of ₹ 10/- each were granted to eligible employees at an exercise price of ₹ 299/- being the price at which fresh issue of shares were made in IPO. Out of the total options granted, 1,676,250 options lapsed (31st March, 2018 : 978,750) and 18,000 options were vested (31st March, 2018 : 3,600) till the end of period 31st December, 2018. No options have been exercised as at 31st December, 2018.

**14.** The previous period numbers have been reclassified/regrouped wherever necessary.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Balance Sheet as at 31st December, 2018**

(₹ in Crores)

| | Notes | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 3,745.47 | 3,233.65 |
| (b) Capital work-in-progress | | 478.62 | 147.05 |
| (c) Investment properties | | 15.73 | 16.33 |
| (d) Intangible assets | | 9.11 | 6.20 |
| (e) Financial assets | | | |
| (i) Investments in subsidiaries | | 154.60 | 129.50 |
| (ii) Other non-current financial assets | | 44.43 | 48.07 |
| (f) Other non-current assets | | 125.94 | 85.26 |
| **Total Non-current assets** | | **4,573.90** | **3,666.06** |
| **Current assets** | | | |
| (a) Inventories | | 1,470.15 | 1,147.04 |
| (b) Financial assets | | | |
| (i) Investments | | 109.56 | 51.71 |
| (ii) Trade receivables | | 43.45 | 33.36 |
| (iii) Cash and cash equivalents | | 62.34 | 64.05 |
| (iv) Bank Balances other than cash and cash equivalents | | 166.19 | 492.41 |
| (v) Other current financial assets | | 65.32 | 78.37 |
| (c) Other current assets | | 158.58 | 79.47 |
| **Total current assets** | | **2,075.59** | **1,946.41** |
| **Total assets** | | **6,649.49** | **5,612.47** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| a) Equity share capital | | 624.08 | 624.08 |
| b) Other equity | | 4,766.96 | 4,018.63 |
| **Total equity** | | **5,391.04** | **4,642.71** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 3 | 116.33 | 246.00 |
| (ii) Other non-current financial liabilities | | 1.40 | 0.78 |
| (b) Deferred tax liabilities (net) | | 48.40 | 46.30 |
| **Total non current liabilities** | | **166.13** | **293.08** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 4 | 410.86 | 7.25 |
| (ii) Trade payables due to : | | | |
| Micro and small enterprises | | 8.54 | 1.17 |
| Other than micro and small enterprises | | 308.01 | 314.70 |
| (iii) Other current financial liabilities | | 322.87 | 330.45 |
| (b) Other current liabilities | | 28.65 | 11.26 |
| (c) Provisions | | 13.39 | 11.85 |
| **Total current liabilities** | | **1,092.32** | **676.68** |
| **Total equity and liabilities** | | **6,649.49** | **5,612.47** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Statement of Profit and Loss for the nine months ended 31st December, 2018**

(₹ in Crores)

| | Notes | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | 14,882.88 | 11,198.93 |
| Other income | | 36.75 | 57.73 |
| **Total income** | | **14,919.63** | **11,256.66** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 12,994.73 | 9,493.29 |
| Changes in inventories of stock-in-trade | | (323.11) | (87.61) |
| Employee benefits expense | | 249.09 | 204.14 |
| Finance costs | | 34.99 | 46.23 |
| Depreciation and amortisation expense | | 136.86 | 108.14 |
| Other expenses | | 696.52 | 546.25 |
| **Total expenses** | | **13,789.08** | **10,310.44** |
| **Profit before tax** | | **1,130.55** | **946.22** |
| **Tax expense** | | | |
| Current tax | | 395.35 | 323.93 |
| Adjustment of tax related to earlier periods | | (0.37) | (0.47) |
| Deferred tax charge | | 2.11 | 5.18 |
| **Total tax expenses** | | **397.09** | **328.64** |
| **Profit for the period** | | 733.46 | 617.58 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent period** | | | |
| Re-measurements gains/(loss) on defined benefit plans | | (0.66) | (1.21) |
| Less: Income tax effect | | 0.23 | 0.42 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(0.43)** | **(0.79)** |
| **Total Comprehensive Income for the period** | | **733.03** | **616.79** |
| **Earnings per equity share of ₹ 10 each: (in ₹) (not annualised)** | 5 | | |
| Basic | | **11.75** | **9.90** |
| Diluted | | **11.59** | **9.75** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed standalone Interim Statement of Cash Flows for the nine months ended 31st December, 2018**

(₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 1,130.55 | 946.22 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 136.86 | 108.14 |
| Finance cost | 34.99 | 46.23 |
| Interest income | (21.93) | (37.19) |
| Profit on sale of investments | (8.03) | (11.98) |
| Expense on employee stock option scheme (net) | 15.19 | 16.37 |
| Rent income | (4.44) | (4.63) |
| Gain on disposal of property plant and equipment (net) | (1.81) | (3.43) |
| | 150.83 | 113.51 |
| **Operating profit before working capital changes** | **1,281.38** | **1,059.73** |
| Adjustments for: | | |
| Increase in trade payables | 0.68 | 78.16 |
| Increase in current provisions | 0.88 | 2.33 |
| Decrease in other current financial liabilities | (34.03) | (6.75) |
| Increase/(decrease) in other current liabilities | 17.39 | (17.40) |
| Increase/ (decrease) in other non-current financial liabilities | 0.62 | (0.30) |
| Decrease in trade receivables | (10.09) | (28.21) |
| Decrease in inventories | (323.11) | (87.61) |
| (Increase)/decrease in other non-current financial assets | 3.63 | (5.23) |
| Increase in current investments | (57.85) | (171.46) |
| Increase in bank balances other than cash and cash equivalents | (0.05) | (0.05) |
| Increase in other current assets | (79.11) | (80.73) |
| (Increase)/ decrease in other current financial assets | 1.37 | (25.73) |
| | (479.67) | (342.98) |
| Cash flow from operating activities | 801.71 | 716.75 |
| Direct taxes paid (net of refunds) | (387.25) | (293.73) |
| **Net cash flow from operating activities** | **414.46** | **423.02** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of Property plant and equipment | 7.58 | 6.78 |
| Realisation from FDs of IPO proceeds | 326.27 | 1,310.10 |
| Interest received | 34.23 | 30.72 |
| Gain on sale of investments | 8.03 | 11.98 |
| Rent income received | 4.02 | 3.63 |
| | 380.13 | 1,363.21 |
| Purchase of property, plant and equipment/ intangible assets/investment properties | (1,036.71) | (605.65) |
| Investment in associate | - | (7.67) |
| Investment in subsidiary | (25.10) | |
| | (1,061.81) | (613.32) |
| **Net cash from/ (used) in investing activities** | **(681.68)** | **749.89** |
| **Cash flow from financing activities:** | | |
| Proceeds from long term borrowings | 50.00 | - |
| Proceeds from short term borrowings | 57.45 | - |
| Proceeds from commercial papers | 540.99 | - |
| | 648.44 | - |
| Repayment of long term borrowings | (12.00) | (538.46) |
| Repayment of short term borrowings | - | (116.73) |
| Repayment of commercial papers | (200.00) | - |
| Repayment of non convertible debentures | (135.00) | (384.00) |
| Interest paid | (35.98) | (71.94) |
| | (382.98) | (1,111.13) |
| **Net cash from/ (used in) financing activities** | **265.46** | **(1,111.13)** |
| Net increase/(decrease) in cash and cash equivalent | (1.76) | 61.78 |
| Cash and cash equivalents at beginning of the period | 64.01 | 30.26 |
| Cash and cash equivalents at end of the period | 62.25 | 92.04 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 62.34 | 92.09 |
| Bank overdrawn | (0.09) | (0.05) |
| Balance as per statement of cash flows | 62.25 | 92.04 |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

AVENUE SUPERMARTS LIMITED

Unaudited Condensed Standalone Interim Statement of Changes in Equity for the nine months ended 31st December, 2018

A. Equity share capital

| | No. of Shares | ₹ in Crores |
|---|---|---|
| Equity share of ₹ 10 each issued, subscribed and fully paid | | |
| **At 1st April, 2018** | **624,084,486** | **624.08** |
| Issue of Share Capital | - | - |
| **At 31st December, 2018** | **624,084,486** | **624.08** |
| | | |
| **At 1st April, 2017** | **624,084,486** | **624.08** |
| Issue of Share Capital | - | - |
| **At 31st December, 2017** | **624,084,486** | **624.08** |

B. Other equity

(₹ in Crores)

| | Other equity | | | | |
|---|---|---|---|---|---|
| | Securities premium | Share options outstanding account | Debenture redemption reserve | Retained earnings | Total |
| **Balance as at 1st April, 2018** | **1,809.77** | **22.67** | **86.95** | **2,099.24** | **4,018.63** |
| Profit for the period | - | - | - | 733.46 | 733.46 |
| Other comprehensive income for the period | - | - | - | (0.43) | (0.43) |
| Share option expense | - | 15.30 | - | - | 15.30 |
| Transfer from debenture redemption reserve | - | - | (22.30) | 22.30 | - |
| **Balance as at 31st December, 2018** | **1,809.77** | **37.97** | **64.65** | **2,854.57** | **4,766.96** |
| **Balance as at 1st April, 2017** | 1,809.77 | 1.16 | 124.72 | 1,277.31 | 3,212.96 |
| Profit for the period | - | - | - | 617.58 | 617.58 |
| Other comprehensive income for the period | - | - | - | (0.79) | (0.79) |
| Share option expense | - | 16.67 | - | - | 16.67 |
| Transfer from debenture redemption reserve | - | - | (45.51) | 45.51 | - |
| **Balance as at 31st December, 2017** | **1,809.77** | **17.83** | **79.21** | **1,939.61** | **3,846.42** |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
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DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018**

**Corporate information**

Avenue Supermarts Limited ('The Company') is a company limited by shares and is domiciled in India. The Company's registered office is at Anjaneya, Opp. Hiranandani Foundation School, Powai, Mumbai, Maharashtra India 400076. The Company is primarily engaged in the business of organized retail and operates supermarkets under the brand name of "D-Mart". Its equity shares are listed in India on BSE Limited and National Stock Exchange of India Limited.

The Unaudited Condensed Standalone Interim Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th February, 2020.

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

The unaudited condensed Standalone Interim financial statements have been prepared in accordance with the Indian Accounting Standards 34 'Interim Financial Reporting (IND AS 34) , prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting standards) Rules, 2015, (as amended from time to time) and presentation requirement of Division II of Schedule of the Companies Act, 2013 (IND AS Compliant Schedule III), as applicable to Unaudited Interim Condensed Standalone Financial Statements.

**(i) Historical cost convention**

The Company has prepared these Unaudited Condensed Standalone Interim Financial Statements which comprise the Unaudited Interim Condensed Standalone Interim Balance Sheet as at 31st December 2018, the Unaudited Interim Condensed Standalone Statement of Profit and Loss, the Unaudited Interim Condensed Standalone Statements of Changes in Equity and the Unaudited Interim Condensed Standalone Statements of Cash Flows for the nine months ended 31st December 2018, and other explanatory information (together hereinafter referred to as "Unaudited Condensed Standalone Interim Financial Statements" or "financial statements").

The Unaudited condensed Standalone Interim financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;
2) defined benefit plans - plan assets measured at fair value;
3) share based payments.

The Unaudited Condensed Standalone Interim Financial Statements do not include all the information and disclosures normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with annual financial statements for the year ended 31st March 2018 and any public announcement made during interim reporting period.

Accounting policies and methods of computation followed in the Unaudited Condensed Standalone Interim Financial Statements are same as compared with the annual Standalone Financial Statements for the year ended 31st March 2018, except for adoption of new standard or any pronouncements effective from 1st April 2018.

**(b) Significant accounting judgement, estimates and assumption**

The preparation of Unaudited condensed Standalone Interim financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying The Company's accounting policies.

**(i) Share based payment**

The Company initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction.

**(ii) Provision for inventory shrinkages**

The Company has calculated the provision for inventory shrinkages basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

**(iii) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**AVENUE SUPERMARTS LIMITED**
**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018**

**2. Property, plant and equipment**

(₹ in Crores)

| | Freehold land (Refer note : 3) | Leasehold land | Buildings (Refer note : 1) | Leasehold improvement | Plant and equipment | Computers | Furniture and fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | 1,045.79 | 385.29 | 1,702.52 | 31.68 | 112.18 | 42.29 | 138.13 | 2.22 | 20.40 | 123.73 | 3,604.23 |
| Additions | 380.72 | - | 110.66 | 20.33 | 66.90 | 16.63 | 38.88 | 0.75 | 4.07 | 13.44 | 652.38 |
| Reclassification | - | - | 0.70 | (1.42) | - | - | - | - | - | 0.58 | (0.14) |
| Disposals | 4.51 | - | 0.10 | - | 1.35 | 0.30 | 0.82 | 0.03 | 0.21 | 0.18 | 7.50 |
| **Balance as at 31st December, 2018** | **1,422.00** | **385.29** | **1,813.78** | **50.59** | **177.73** | **58.62** | **176.19** | **2.94** | **24.26** | **137.57** | **4,248.97** |
| | | | | | | | | | | | |
| **Depreciation** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | - | 12.28 | 169.62 | 6.43 | 39.12 | 25.85 | 55.26 | 1.00 | 11.36 | 49.66 | 370.58 |
| Depreciation charge for the period | - | 3.33 | 59.22 | 3.59 | 19.22 | 10.35 | 19.64 | 0.38 | 3.58 | 15.59 | 134.90 |
| Reclassification | - | - | 0.11 | (0.55) | - | - | - | - | - | 0.30 | (0.14) |
| Disposals | - | 0.01 | 0.02 | - | 0.80 | 0.22 | 0.49 | 0.02 | 0.15 | 0.13 | 1.84 |
| **Balance as at 31st December, 2018** | **-** | **15.60** | **228.93** | **9.47** | **57.54** | **35.98** | **74.41** | **1.36** | **14.79** | **65.42** | **503.50** |
| | | | | | | | | | | | |
| **Net book value** | | | | | | | | | | | |
| **Balance as at 31st March, 2018** | **1,045.79** | **373.01** | **1,532.90** | **25.25** | **73.06** | **16.44** | **82.87** | **1.22** | **9.04** | **74.07** | **3,233.65** |
| **Balance as at 31st December, 2018** | **1,422.00** | **369.69** | **1,584.85** | **41.12** | **120.19** | **22.64** | **101.78** | **1.58** | **9.47** | **72.15** | **3,745.47** |

1 Building and CWIP includes interest capitalised on borrowings for the period ended 31st December,2018 of ₹ 0.07 Crores ( 31st December,2017 ₹ Nil)

2 Assets pledged as security for borrowings is disclosed under note 6.

3 Freehold land ₹ 10.65 Crores being the value of a land purchased by the Company at Nagpur from Pramod Walmandhare and others . The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 7th July, 2017 (by Virtue of which Ownership of the Pramod Walmandre and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the company.

AVENUE SUPERMARTS LIMITED

Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018

**3 Non-current borrowings** (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 54.00 | 16.00 |
| Less : Current maturities disclosed in other current financial liabilities | (20.67) | (16.00) |
| | 33.33 | - |
| Non convertible debentures | 281.00 | 416.00 |
| Less : Current maturities disclosed in other current financial liabilities | (198.00) | (170.00) |
| | 83.00 | 246.00 |
| **Total secured loans** | **116.33** | **246.00** |

**Nature of security and terms of repayment for borrowings as at 31st December 2018:**

| Sr no | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Terms loan are secured by way of mortgage of various stores properties to the banks. | Repayment in 6 equal quarterly installments starting after 6 month moratorium. Last installment due in December, 2020. Rate of interest is ranging between 8.13% to 8.64% p.a. as at the December 31, 2018. |
| 2 | Non convertible debentures (NCD) are secured by way of mortgage of specific stores properties to the Debenture Trustee. | NCD for ₹ 281 Crores is repayable in 1 to 2 annual installments. Last installments are due in August 2020. Rate of interest is ranging between 9.10% to 10.38% p.a. as at the December 31, 2018. |

**4 Current borrowings** (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Secured** | | |
| **Loan repayable on demand** | | |
| **(a) Working capital loans from banks (Payable on demand)** | 14.70 | 7.25 |
| (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| **(b) Term loans from bank** | 50.00 | - |
| (Short term loan from bank to be secured by way of mortgage of various store properties to the bank within four months from the first date of disbursement.) | | |
| **Unsecured** | | |
| (a) By issue of commercial papers | 346.16 | - |
| **Total** | **410.86** | **7.25** |

At 31 December 2018, the company had available ₹ 394.36 Crores (31st March, 2018: ₹ 171.51 Crores) of undrawn committed borrowing facilities.

Working capital loan from bank of ₹ 14.7 Crores (31st March, 2018 : ₹ 7.25 Crores) was further secured by way of personal guarantees given by the promoters.

AVENUE SUPERMARTS LIMITED

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018**

**5 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation (not annualised):

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the period as per statement of Profit and Loss (` in Crores) : | 733.46 | 617.58 |
| Weighted average number of equity shares outstanding for basic EPS | 624,084,486 | 624,084,486 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 9,018,637 | 9,094,513 |
| Weighted average number of equity shares outstanding for dilutive EPS | 633,103,123 | 633,178,999 |
| Earnings Per Share (₹) - Basic (Face value of ₹ 10 per share) | 11.75 | 9.90 |
| Earnings Per Share (₹) - Diluted (Face value of ₹ 10 per share) | 11.59 | 9.75 |

**6 Assets pledge as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are: (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Current Assets** | | |
| Trade receivables | 43.45 | 33.36 |
| Inventories | 1,470.15 | 1,147.04 |
| **Total current assets pledged as security** | **1,513.60** | **1,180.40** |
| **Non current assets** | | |
| First charge | | |
| Land (Freehold and Leasehold) | 107.34 | 69.94 |
| Building | 210.02 | 219.10 |
| **Total non-current assets pledged as security** | **317.36** | **289.04** |
| **Total assets pledged as security** | **1,830.96** | **1,469.44** |

**7 Contingent liabilities and commitments**

**(a) Contingent liabilities**

Claims against the Company not acknowledged as debts (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Income tax matters | 0.03 | 0.11 |
| Indirect tax matters | 4.33 | 4.06 |
| Corporate Guarantee | 16.00 | 16.00 |

It is not practicable for the Company to estimate the timings of cash outflows , if any in respect of above pending resolutions of the respective proceedings.

The Company has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's unaudited interim condensed standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on it's unaudited interim condensed standalone financial statements.

The Company has process whereby periodically all long term contracts are assessed for material foreseeable losses. At 31st December, 2018, Company has reviewed and ensured that adequate provision as required under any law/accounting standard for material foreseeable losses on such long term contracts has been made in the books of accounts.

**(b) Capital commitments** (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 1,314.24 | 1,096.25 |

**8 Segment reporting**

The Company is primarily engaged in the business of retail trades through offline channels. There are no separate reportable segment as per IND AS 108 - Operating Segments.

**9 Fair values and fair value hierarchy**

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their short term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

AVENUE SUPERMARTS LIMITED

Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018

10

(a) Related party transactions

| | | Ownership interest | | |
|---|---|---|---|---|
| | | 31st December 2018 | 31st December 2017 | 31st March, 2018 |
| (i) | Subsidiary companies : | | | |
| | Avenue Food Plaza Private Limited (AFPPL) | 100.00 | 100.00 | 100.00 |
| | Align Retail Trades Private Limited (ARTPL) | 100.00 | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited (NSJDPL) | 90.00 | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (AEL) (w.e.f 1st February,2018) | 99.71 | - | 99.66 |
| | Reflect Wholesale and Retail Private Limited (w.e.f 28th May, 2018) | 100.00 | - | - |
| (ii) | *Associate enterprises* | | | |
| | Avenue E-Commerce Limited (till 31st January, 2018) | - | 49.21 | - |
| *(iii)* | *Shareholders who exercise control:* | | | |
| | Mr. Radhakishan Damani | | | |
| | Mr. Gopikishan Damani | | | |
| | Mrs. Shrikantadevi Damani | | | |
| | Mrs. Kirandevi Damani | | | |
| | Bright Star Investments Private Limited | | | |
| (iv) | *Directors and Key managerial personnel:* | | | |
| | Mr. Ignatius Navil Noronha (Managing Director and Chief Executive Officer) | | | |
| | Mr. Ramakant Baheti (Whole-time Director and Group Chief Financial Officer) | | | |
| | Mr. Elvin Machado (Executive Director) | | | |
| | Mrs. Manjri Chandak (Non Executive Director | | | |
| | Mr. Ramesh Damani (Chairman and Independent Director) | | | |
| | Mr. Chandrashekhar B. Bhave (Independent Director) | | | |
| | Ms. Kalpana Unadkat (Independent Director) (w.e.f 30th July,2018) | | | |
| | Mr. Niladri Deb (Chief Financial Officer) (w.e.f 7th May,2018) | | | |
| | Mrs. Ashu Gupta (Company Secretary) | | | |
| (v) | *Entities over which parties listed in (iii) and (iv) above exercise control / significant influence and transactions have taken place with them during the period* | | | |
| | 7 Apple Hotels Private Limited | | | |
| | Bombay Swadeshi Stores Limited | | | |
| | Derive Trading and Resorts Private Limited | | | |
| | Boutique Hotels India Private Limited | | | |
| (vi) | *Trust :* | | | |
| | Avenue Supermarts Limited Employees Group Gratuity Trust | | | |

(b) Transaction with related parties

(₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Remuneration to Directors/Key Managerial Person (KMP) | 4.77 | 4.57 |
| Sitting fees to Directors | 0.13 | 0.11 |
| Commission to Independent Directors | 0.38 | - |
| Mentor fees | - | - |
| **Align Retail Trades Private Limited** | | |
| Purchase of goods | 704.42 | 526.59 |
| Rent and Amenities Service income | - | 0.01 |
| Business support service income | 0.04 | - |
| Interest on advance given | 1.08 | 2.13 |
| ESOP expenses reimbursement | 0.21 | - |
| Reimbursement of expenses | - | 0.30 |
| **Avenue Food Plaza Private Limited** | | |
| Rent and Amenities Service income | 0.86 | 0.69 |
| **Nahar Seth & Jogani Developers Private Limited** | | |
| Rent Expenses | 0.56 | 0.56 |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Sales | 53.38 | 16.10 |
| Rent and Amenities Service income | - | 0.54 |
| Purchase of Property Plant and Equipment | 0.17 | - |
| Business support service income | 0.63 | - |
| ESOP expenses provided | 0.10 | - |
| Reimbursement of income | 1.36 | - |
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 0.73 | 0.75 |
| Employee welfare expenses | 0.07 | 0.12 |
| Reimbursement of expenses | 0.23 | - |

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 0.16 | 0.19 |
| Reimbursement of expenses (Electricity reimbursement) | 0.01 | - |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 0.15 | 0.06 |
| **Boutique Hotels India Private Limited** | | |
| Employee welfare expenses | | 0.10 |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 3.40 | - |

**(C) Balances with related parties** (₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| **Align Retail Trades Private Limited** | | |
| Trade payables | 7.76 | 8.30 |
| Advances given | 24.45 | 16.00 |
| Other receivables | 0.22 | 0.33 |
| Interest receivable | 1.70 | 0.62 |
| Investment in share capital | 2.00 | 2.00 |
| **Avenue Food Plaza Private Limited** | | |
| Other receivables | 0.55 | 0.10 |
| Investment in share capital | 0.01 | 0.01 |
| **Nahar Seth & Jogani Developers Private Limited** | | |
| Rent deposit given | 7.61 | 8.37 |
| Prepaid rent | 0.76 | - |
| Investment in share capital | 0.09 | 0.09 |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Trade payables | - | 0.05 |
| Other payables | 0.33 | 0.01 |
| Trade receivables | 12.45 | |
| Investment in share capital | 152.40 | 127.40 |
| **7 Apple Hotels Private Limited** | | |
| Other receivables (Electricity reimbursement) | 0.05 | - |
| Other payables | 0.00 | 0.01 |
| **Bombay Swadeshi Stores Limited** | | |
| Other receivables | - | 0.00 |
| **Derive Trading and Resorts Private Limited** | | |
| Other payables | - | 0.11 |

Note : Compensation to Directors of the Company: (₹ in Crores)

| Nature of Benefit | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| Short Term Employment Benefits | 4.60 | 4.19 |
| Post Employment Benefits | 0.17 | 0.38 |
| Sitting Fees | 0.13 | 0.11 |
| Commission to Independent Directors | 0.38 | - |
| The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable. | | |

**Guarantees taken by the company from related parties :** (₹ in Crores)

| Type of loan | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Secured loans (Amount outstanding)<br>(Personal guarantees of Mr. Radhakishan Damani and Mr. Gopikishan Damani) | - | 23.29 |

**Guarantees given by the company on related parties :** (₹ in Crores)

| Type of loan | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Secured loans<br>(Guarantee given by ASL for ARTL) | 16.00 | 16.00 |

**AVENUE SUPERMARTS LIMITED**

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018**

**11 Financial risk management**

**Financial risk management objectives and policies**

The Company's financial principal liabilities comprises borrowings, trade payables and other payables. The main purpose of these financial liabilities to finance The Company's operation. The Company's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balances derived from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

**A) Market Rate Risk**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The Company's exposure to the risk of changes in market interest rates relates to primarily to company's borrowing with floating interest rates. The Company's fixed rates of borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rate. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**Exposure to interest rate risk**

(₹ in Crores)

| Particulars | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Borrowings bearing variable rate of interest | 64.70 | 7.25 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, The Company's profit before tax is affected through the impact on variable rate borrowing as follows:

**A change of 50 bps in interest rates would have following Impact on profit before tax**

(₹ in Crores)

| | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| 50 bp increase- decrease in profits | (0.32) | (0.04) |
| 50 bp decrease- Increase in profits | 0.32 | 0.04 |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution. Credit risk from balances with banks is managed by the Company's treasury department in accordance with company's policy.

Since company operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity patterns of borrowings**

(₹ in Crores)

| | As at 31st December, 2018 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 218.67 | 116.33 | - | 335.00 |
| Short term borrowings | 410.86 | - | - | 410.86 |
| Expected interest payable | 31.28 | 9.32 | - | 40.60 |
| **Total** | **660.81** | **125.65** | **-** | **786.46** |

**AVENUE SUPERMARTS LIMITED**

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2018**

(₹ in Crores)

| | As at 31st March, 2018 | | | |
|---|---|---|---|---|
| | **0-1 years** | **1-5 years** | **beyond 5 years** | **Total** |
| Long term borrowings (Including current maturity of long term debt) | 186.00 | 246.00 | - | 432.00 |
| Short term borrowings | 7.25 | - | - | 7.25 |
| Expected interest payable | 39.15 | 28.17 | - | 67.32 |
| **Total** | **232.40** | **274.17** | **-** | **506.57** |

**Maturity patterns of other financial liabilities**

**As at 31st December, 2018**

(₹ in Crores)

| | **Overdue/ payable on demand** | **0-3 months** | **3-6 months** | **6 months to 12 months** | **beyond 12 months** | **Total** |
|---|---|---|---|---|---|---|
| Trade payable | 316.55 | - | - | - | - | 316.55 |
| Payable related to capital goods | 23.46 | - | - | - | - | 23.46 |
| Other financial liabilities (current and non current) | 67.67 | - | - | - | 1.40 | 69.07 |
| **Total** | **407.68** | **-** | **-** | **-** | **1.40** | **409.08** |

**As at 31st March, 2018**

(₹ in Crores)

| | **Overdue/ payable on demand** | **0-3 months** | **3-6 months** | **6 months to 12 months** | **beyond 12 months** | **Total** |
|---|---|---|---|---|---|---|
| Trade payable | 315.87 | - | - | - | - | 315.87 |
| Payable related to capital goods | 31.17 | - | - | - | - | 31.17 |
| Other financial liabilities (current and non current) | 113.28 | - | - | - | 0.78 | 114.06 |
| **Total** | **460.32** | **-** | **-** | **-** | **0.78** | **461.10** |

**12 Ind AS 115 : Revenue from Contracts with Customers**

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1st April 2018.

The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited interim condensed standalone financial statements.

**1. Disaggregated revenue information :**
**Set out below is the disaggregation of the company's revenue from contracts with customers:** (₹ in Crores)

| | Nine months ended 31st December, 2018 | Nine months ended 31st December, 2017 |
|---|---|---|
| **Type of goods or service** | | |
| Sale of goods | 16,310.30 | 12,259.61 |
| Sale of goods on approval basis net of Cost of Goods Sold | 5.98 | 7.65 |
| Other operating income | 24.65 | 25.09 |
| Tax | (1,458.05) | (1,093.42) |
| **Total revenue from contract with customers** | **14,882.88** | **11,198.93** |
| India | 14,882.88 | 11,198.93 |
| Outside India | - | - |
| **Total revenue from contract with customers** | **14,882.88** | **11,198.93** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 14,858.23 | 11,173.84 |
| Services transferred over time (Other operating income) | 24.65 | 25.09 |
| **Total revenue from contract with customers** | **14,882.88** | **11,198.93** |

(₹ in Crores)

| **2. Contract balances :** | As at 31st December, 2018 | As at 31st March, 2018 |
|---|---|---|
| Trade receivables | 43.45 | 33.36 |
| Contract liabilities | 0.48 | 0.64 |

13. The Company has instituted an Avenue Supermarts Limited Employee Stock Option Scheme, 2016 ("the Scheme") as approved by the Board of Directors for issuance of stock option to eligible employee of the Company and of its subsidiaries. Pursuant to the said Scheme, Stock options convertible into 13,973,325 equity shares of ₹ 10/- each were granted to eligible employees at an exercise price of ₹ 299/- being the price at which fresh issue of shares were made in IPO. Out of the total options granted, 1,676,250 options lapsed (31st March, 2018 : 978,750) and 18,000 options were vested (31st March, 2018 : 3,600) till the end of period 31st December, 2018. No options have been exercised as at 31st December, 2018.

14. The previous period numbers have been reclassified/regrouped wherever necessary.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Consolidated Interim Balance Sheet as at 31st December, 2019**

(₹ in Crores)

| | Notes | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 4,618.48 | 4,274.03 |
| (b) Capital work-in-progress | | 440.65 | 376.84 |
| (c) Right of Use Assets | 3 | 659.36 | - |
| (d) Investment properties | | 17.32 | 18.10 |
| (e) Goodwill | | 78.27 | 78.27 |
| (f) Other Intangible assets | | 27.64 | 29.97 |
| (g) Financial assets | | | |
| (i) Other non-current financial assets | | 49.61 | 32.38 |
| (h) Deferred tax assets (net) | | 0.24 | 0.22 |
| (i) Other non-current assets | | 288.86 | 113.33 |
| **Total Non-current assets** | | **6,180.43** | **4,923.14** |
| | | | |
| **Current assets** | | | |
| (a) Inventories | | 1,842.76 | 1,608.65 |
| (b) Financial assets | | | |
| (i) Investments | | 19.58 | 16.53 |
| (ii) Trade receivables | | 37.40 | 64.37 |
| (iii) Cash and cash equivalents | | 79.42 | 124.98 |
| (iv) Bank Balances other than cash and cash equivalents | | 15.82 | 94.09 |
| (v) Other current financial assets | | 87.14 | 59.10 |
| (c) Other current assets | | 126.87 | 114.86 |
| **Total Current assets** | | **2,208.99** | **2,082.58** |
| | | | |
| **Total assets** | | **8,389.42** | **7,005.72** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| a) Equity share capital | | 627.77 | 624.08 |
| b) Other equity | | 6,102.26 | 4,963.37 |
| **Equity attributable to owner** | | **6,730.03** | **5,587.45** |
| Non-controlling interest | | 0.47 | 0.56 |
| **Total equity** | | **6,730.50** | **5,588.01** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 4 | - | 125.67 |
| (ii) Lease Liability | 3 | 209.19 | - |
| (iii) Other non-current financial liabilities | | 0.74 | 0.78 |
| (b) Provisions | | 1.06 | 1.05 |
| (c) Deferred tax liabilities (net) | | 55.14 | 63.29 |
| **Total Non-current liabilities** | | **266.13** | **190.79** |
| | | | |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 5 | 111.67 | 304.15 |
| (ii) Lease Liability | 3 | 72.79 | - |
| (iii) Trade payables due to : | | | |
| Micro and small enterprises | | 14.33 | 5.44 |
| Other than micro and small enterprises | | 523.74 | 457.83 |
| (iv) Other current financial liabilities | | 629.71 | 423.71 |
| (b) Other current liabilities | | 17.50 | 22.95 |
| (c) Provisions | | 23.05 | 12.84 |
| **Total Current liabilities** | | **1,392.79** | **1,226.92** |
| | | | |
| **Total equity and liabilities** | | **8,389.42** | **7,005.72** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

AVENUE SUPERMARTS LIMITED

Unaudited Condensed Consolidated Interim Statement of Profit and Loss for the nine months ended 31st December, 2019

(₹ in Crores)

| | Notes | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | 18,614.27 | 14,942.87 |
| Other income | | 25.14 | 35.11 |
| **Total income** | | **18,639.41** | **14,977.98** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 15,931.20 | 13,015.17 |
| Changes in inventories of stock-in-trade | | (234.11) | (333.78) |
| Employee benefits expense | | 329.96 | 263.47 |
| Finance costs | | 54.76 | 35.17 |
| Depreciation and amortisation expense | | 269.84 | 146.64 |
| Other expenses | | 876.24 | 737.05 |
| **Total expenses** | | **17,227.89** | **13,863.72** |
| **Profit before tax** | | **1,411.52** | **1,114.26** |
| **Tax expense** | | | |
| Current tax | | 389.97 | 401.38 |
| Adjustment of tax related to earlier periods | | 0.02 | (0.37) |
| Deferred tax charge/(credit) | | (8.17) | 2.37 |
| **Toal tax expense** | | **381.82** | **403.38** |
| **Profit for the period** | | 1,029.70 | 710.88 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent period** | | | |
| Re-measurements gains/(loss) on defined benefit plans | | (5.75) | (0.63) |
| Less: Income tax effect | | 1.44 | 0.22 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(4.31)** | **(0.41)** |
| **Total Comprehensive Income for the period** | | **1,025.39** | **710.47** |
| **Profit for the period** | | **1,029.70** | **710.88** |
| Attributable to: | | | |
| Equity holders of the parent | | 1,029.79 | 710.95 |
| Non-controlling interests | | (0.09) | (0.07) |
| **Total comprehensive income for the period** | | **1,025.39** | **710.47** |
| **Attributable to:** | | | |
| Equity holders of the parent | | 1,025.48 | 710.54 |
| Non-controlling interests | | (0.09) | (0.07) |
| **Earnings per equity share of ₹ 10 each: (in ₹) (not annualised)** | 6 | | |
| Basic | | **16.49** | **11.39** |
| Diluted | | **16.37** | **11.23** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

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Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Consolidated Interim Statement of Cash Flows for the nine months ended 31st December, 2019**

(₹ in Crores)

| | Nine months ended 31st December,2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 1,411.52 | 1,114.26 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 269.84 | 146.64 |
| Finance cost | 54.76 | 35.17 |
| Interest income | (5.29) | (20.86) |
| Profit on sale of investments | (6.57) | (8.95) |
| Expense on employee stock option scheme (net) | 6.76 | 15.70 |
| Rent income | (2.30) | (2.92) |
| (Gain)/ loss on disposal of property plant and equipment (net) | (2.83) | (1.81) |
| | 314.37 | 162.97 |
| **Operating profit before working capital changes** | **1,725.89** | **1,277.23** |
| Adjustments for: | | |
| Increase in trade payables | 74.80 | 5.97 |
| Increase in current provisions | 4.45 | 1.12 |
| Decrease in other current financial liabilities | (1.18) | (35.09) |
| Increase/(decrease) in other current liabilities | (5.44) | 16.49 |
| Increase/(decrease) in non-current provisions | 0.01 | (0.09) |
| Increase/ (Decrease) in other non-current financial liabilities | (0.04) | 0.62 |
| Increase in trade receivables | 26.97 | 2.45 |
| Decrease in current investments | (3.05) | (53.49) |
| Increase in inventories | (234.11) | (334.33) |
| (Increase)/decrease in other non-current financial assets | (12.44) | 1.99 |
| (Increase)/ decrease in bank balances other than cash and cash equivalents | (14.31) | (0.25) |
| (Increase)/ decrease in other assets | (7.87) | (76.50) |
| (Increase)/ decrease in other current financial assets | (20.70) | 1.20 |
| | (192.91) | (469.91) |
| Cash flow from operating activities | 1,532.98 | 807.32 |
| Direct taxes paid (net of refunds) | (408.38) | (393.00) |
| **Net cash flow from operating activities** | **1,124.60** | **414.32** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of Property plant and equipment | 4.21 | 7.31 |
| Realisation from FDs of IPO proceeds | 92.58 | 326.27 |
| Interest received | 7.49 | 34.25 |
| Gain on sale of investments | 6.57 | 8.95 |
| Rent income received | 2.30 | 2.47 |
| | 113.15 | 379.25 |
| Purchase of property, plant and equipment/ intangible assets/investment properties | (1,229.95) | (1,060.44) |
| | (1,229.95) | (1,060.44) |
| **Net cash flow used in investing activities** | **(1,116.80)** | **(681.19)** |
| **Cash flow from financing activities:** | | |
| Proceeds from issue of shares | 110.34 | - |
| Proceeds from long term borrowings | 50.00 | 50.00 |
| Proceeds from commercial papers | 690.17 | 540.99 |
| Proceeds from non convertible debentures | 300.00 | - |
| Proceeds of short term borrowings | 113.97 | 57.45 |
| | 1,264.48 | 648.44 |
| Repayment of long term borrowings | (33.33) | (12.00) |
| Payment of Lease Liability | (72.41) | - |
| Repayment of non convertible debentures | (163.00) | (135.00) |
| Repayment of commercial papers | (950.00) | (200.00) |
| Repayment of short term borrowings | (65.00) | - |
| Interest paid | (34.01) | (36.16) |
| | (1,317.75) | (383.16) |
| **Cash flow from financing activities** | **(53.27)** | **265.28** |
| Net increase/(decrease) in cash and cash equivalents | (45.47) | (1.59) |
| Cash and cash equivalents at beginning of the period | 124.86 | 67.41 |
| Cash and cash equivalents at end of the period | 79.39 | 65.82 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 79.42 | 65.91 |
| Bank overdrawn | (0.03) | (0.09) |
| Balance as per statement of cash flows | 79.39 | 65.82 |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No.: 36738

Thane, 5th February, 2020

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

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Managing Director and
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DIN : 01787989

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Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Consolidated Interim Statement of Changes in Equity for the nine months ended 31st December, 2019**

**A. Equity share capital**

| | No. of Shares | ₹ in Crores |
|---|---|---|
| **Equity share of ₹ 10 each issued, subscribed and fully paid** | | |
| **At 1st April, 2019** | 624,084,486 | 624.08 |
| Issue of share capital | 3,690,205 | 3.69 |
| **At 31st December, 2019** | 627,774,691 | 627.77 |
| | | |
| **At 1st April, 2018** | 624,084,486 | 624.08 |
| Issue of share capital | - | - |
| **At 31st December, 2018** | 624,084,486 | 624.08 |

**B. Other equity**

(₹ in Crores)

| | Other equity | | | | | | |
|---|---|---|---|---|---|---|---|
| | Securities premium | Share options outstanding account | Debenture redemption reserve | Retained earnings | Other Equity | Non- controlling Interest | Total |
| **Balance as at 1st April, 2019** | 1,809.77 | 39.83 | 59.65 | 3,054.12 | 4,963.37 | 0.56 | 4,963.93 |
| Profit for the period | - | - | - | 1,029.79 | 1,029.79 | (0.09) | 1,029.70 |
| Other comprehensive income for the period | - | - | - | (4.31) | (4.31) | - | (4.31) |
| Issue of share capital | 106.65 | - | - | - | 106.65 | - | 106.65 |
| Share option expense | - | 6.76 | - | - | 6.76 | - | 6.76 |
| Exercise of employee stock options | 21.64 | (21.64) | - | - | - | - | - |
| Transferred from share options outstanding account | - | 0.01 | - | (0.01) | - | - | - |
| Transfer from debenture redemption reserve | - | - | (39.36) | 39.36 | - | - | - |
| **Balance as at 31st December, 2019** | 1,938.06 | 24.96 | 20.29 | 4,118.95 | 6,102.26 | 0.47 | 6,102.73 |
| **Balance as at 1st April, 2018** | 1,809.77 | 22.67 | 86.95 | 2,125.58 | 4,044.97 | 0.64 | 4,045.61 |
| Profit for the period | - | - | - | 710.95 | 710.95 | (0.07) | 710.88 |
| Other comprehensive income for the period | - | - | - | (0.41) | (0.41) | - | (0.41) |
| Share option expense | - | 15.72 | - | - | 15.72 | - | 15.72 |
| Transfer to debenture redemption reserve | - | - | (22.30) | 22.30 | - | - | - |
| **Balance as at 31st December, 2018** | 1,809.77 | 38.39 | 64.65 | 2,858.42 | 4,771.23 | 0.57 | 4,771.80 |

The accompanying notes are an integral part of unaudited condensed consolidated Interim financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

For and on behalf of Board of Directors of
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Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**Corporate information**

Avenue Supermarts Limited ('The group') is a company limited by shares and is domiciled in India. The group's registered office is at Anjaneya, Opp. Hiranandani Foundation School, Powai, Mumbai, Maharashtra India 400076. The group is primarily engaged in the business of organized retail and operates supermarkets under the brand name of "D-Mart". Its equity shares are listed in India on BSE Limited and National Stock Exchange of India Limited.

The Unaudited Condensed Consolidated Interim Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th February, 2020.

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

The unaudited condensed consolidated Interim financial statements have been prepared in accordance with the Indian Accounting Standards 34 'Interim Financial Reporting (IND AS 34) , prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting standards) Rules, 2015, (as amended from time to time) and presentation requirement of Division II of Schedule of the Companies Act, 2013 (IND AS Compliant Schedule III), as applicable to unaudited condensed consolidated Interim financial statements.

**(i) Historical cost convention**

The Group has prepared these Unaudited Condensed Consolidated Interim Financial Statements which comprise the Unaudited Condensed Consolidated Interim Balance Sheet as at 31st December 2019, the Unaudited Condensed Consolidated Interim Statement of Profit and Loss, the Unaudited Condensed Consolidated Interim Statements of Changes in Equity and the Unaudited Condensed Consolidated Interim Statements of Cash Flows for the nine months ended 31st December 2019, and other explanatory information (together hereinafter referred to as "Unaudited Condensed Consolidated Interim Financial Statements" or "financial statements").

The Unaudited condensed consolidated Interim financial statements have been prepared on a historical cost basis, except for the following:
1) certain financial assets and liabilities that are measured at fair value;
2) defined benefit plans - plan assets measured at fair value;
3) share based payments.

The Unaudited Condensed Consolidated Interim Financial Statements do not include all the information and disclosures normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with annual financial statements for the year ended 31st March, 2019 and any public announcement made during interim reporting period.

Accounting policies and methods of computation followed in the Unaudited Condensed Consolidated Interim Financial Statements are same as compared with the annual Consolidated Financial Statements for the year ended 31st March, 2019, except for adoption of new standard or any pro nouncements effective from 1st April, 2019.

**(ii) Business combinations and goodwill**

The Group has accounted business combinations using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**(b) Impairment of non financial assets**

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.
Impairment losses are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI.

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

**(c) Implementation of Ind AS 116**

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.
Lessor accounting under Ind AS 116 is substantially unchanged under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.
The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1st April, 2019.

**Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment test.

**Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below Rs. 5,00,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Significant judgement in determining the lease term of contracts with renewal options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

**(d) Significant accounting judgement, estimates and assumption**

The preparation of Unaudited condensed consolidated Interim financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying The group's accounting policies.

**Share based payment**

The group initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transaction requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropriate inputs to the valuation model including expected life of the share option, volatility and dividend yield and making assumptions about them. For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction.

**Provision for inventory shrinkages**

The group has calculated the provision for inventory shrinkage basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

AVENUE SUPERMARTS LIMITED

Notes to Unaudited Condensed Consolidated Interim Financial Statements as at and for the nine months ended 31st December, 2019

## 2. Property, plant and equipment

(₹ in Crores)

| | Freehold land (Refer note 3) | Leasehold land | Buildings (Refer note 1) | Leasehold improvement | Plant and equipment | Computers | Furniture and fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | 1,621.23 | 406.95 | 2,115.98 | 57.21 | 190.91 | 76.06 | 205.65 | 3.01 | 29.43 | 151.13 | 4,857.56 |
| Additions | 445.03 | - | 339.43 | 8.28 | 45.11 | 10.21 | 37.92 | 0.82 | 5.68 | 30.55 | 923.03 |
| Reclassified on account of Ind AS 116 | - | (406.95) | - | - | - | - | - | - | - | - | (406.95) |
| Disposals | 0.54 | - | 0.01 | 0.19 | 0.65 | 0.20 | 1.26 | 0.26 | 0.25 | 0.09 | 3.45 |
| **Balance as at 31st December, 2019** | **2,065.72** | - | **2,455.40** | **65.30** | **235.37** | **86.07** | **242.31** | **3.57** | **34.86** | **181.59** | **5,370.19** |
| **Depreciation** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | - | 16.91 | 263.92 | 13.01 | 65.30 | 50.49 | 83.60 | 1.39 | 17.22 | 71.69 | 583.53 |
| Depreciation charge for the period | - | - | 81.50 | 17.17 | 24.08 | 13.20 | 26.85 | 0.47 | 5.12 | 18.64 | 187.03 |
| Reclassified on account of Ind AS 116 | - | (16.91) | - | - | - | - | - | - | - | - | (16.91) |
| Disposals | - | - | 0.01 | 0.10 | 0.40 | 0.13 | 0.82 | 0.22 | 0.24 | 0.02 | 1.94 |
| **Balance as at 31st December, 2019** | - | - | **345.41** | **30.08** | **88.98** | **63.56** | **109.63** | **1.64** | **22.10** | **90.31** | **751.71** |
| **Net book value** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | **1,621.23** | **390.04** | **1,852.06** | **44.20** | **125.61** | **25.57** | **122.05** | **1.62** | **12.21** | **79.44** | **4,274.03** |
| **Balance as at 31st December, 2019** | **2,065.72** | - | **2,109.99** | **35.22** | **146.39** | **22.51** | **132.68** | **1.93** | **12.76** | **91.28** | **4,618.48** |

**Note:**

1 Building and CWIP includes interest capitalised on borrowings for the period ended 31st December, 2019 of ₹ 11.95 Crores ( 31st December, 2018 : ₹ 0.07 Crores)

2 Assets pledged as security for borrowings is disclosed under note 7.

3 Freehold land ₹ 10.65 Crores being the value of a land purchased by the company at Nagpur from Pramod Walmandhare and others The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 7th July, 2017 (by Virtue of which Ownership of the Pramod Walmandhare and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the company.

### 3 Right of Use Assets

(₹ in Crores)

| | Land | Building | Total |
|---|---|---|---|
| **Cost** | | | |
| **Balance as at 1st April, 2019** | - | 262.77 | 262.77 |
| Reclassified on account of adoption of Ind AS 116 w.e.f 1st April, 2019 | 406.95 | | 406.95 |
| Additions | 18.20 | 62.90 | 81.10 |
| **Balance as at 31st December, 2019** | **425.15** | **325.67** | **750.82** |
| **Depreciation** | | | |
| **Balance as at 1st April, 2019** | - | - | - |
| Reclassified on account of adoption of Ind AS 116 w.e.f 1st April, 2019 | 16.91 | - | 16.91 |
| Charge for the period | 4.01 | 70.54 | 74.55 |
| **Balance as at 31st December, 2019** | **20.92** | **70.54** | **91.46** |
| **Net book value** | | | |
| **Balance as at 1st April, 2019** | - | **262.77** | **262.77** |
| **Balance as at 31st December, 2019** | **404.23** | **255.13** | **659.36** |

Effective 1st April, 2019, the Group has adopted Ind AS 116 "Leases' and applied the standard to all lease contracts existing on the date of initial application i.e. 1st April, 2019. The Group has used the modified retrospective approach for transitioning to Ind AS 116 with right of use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted.

**Leases previously accounted for as operating leases**

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group has also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

**Lease liabilities** (₹ in Crores)

| Particulars | Amount |
|---|---|
| As at 1st April, 2019 | 256.06 |
| Lease Liabilities recognised during the period | 101.46 |
| Lease Liabilities repayments during the period | (75.54) |
| As at 31st December, 2019 | **281.98** |
| Non Current | 209.19 |
| Current | 72.79 |

The Group has adopted modified retrospective approach as per para C8 (c)(ii) of IND AS 116 - Leases to its leases, effective from annual reporting period beginning 1st April, 2019. This has resulted in recognizing a right of use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of ₹ 262.77 crores and an amount of ₹ 390.04 crores on account of reclassification of Leasehold Land as at 1st April, 2019. In the statement of profit and loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. To this extent performance for the nine months ended 31st December, 2019 is not comparable with previous period unaudited condensed consolidated Interim financial statements.

Reconciliation for the above effects on Statement of Profit and Loss for the nine months ended 31st December, 2019 as follows:

(₹ in Crores, unless otherwise stated)

| Adjustments to Increase/ (decrease) in net profit | Nine months ended 31st December, 2019 comparable basis | Changes due to IND AS 116 Increase /(decrease) | Nine months ended 31st December, 2019 as reported |
|---|---|---|---|
| Other expenses | 951.78 | (75.54) | 876.24 |
| Finance costs | 34.61 | 20.15 | 54.76 |
| Depreciation and amortisation expense | 199.25 | 70.59 | 269.84 |
| Profit before tax | 1,426.72 | (15.20) | 1,411.52 |
| Earnings per equity share of ₹ 10 each: (in ₹) (not annualised) | | | |
| Basic | 16.73 | (0.24) | 16.49 |
| Diluted | 16.61 | (0.24) | 16.37 |

## 4 Non-current borrowings

(₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 166.67 | 150.00 |
| Less : Current maturities disclosed in other current financial liabilities | (166.67) | (58.33) |
| | - | 91.67 |
| Non convertible debentures | 383.00 | 246.00 |
| Less : Current maturities disclosed in other current financial liabilities | (383.00) | (212.00) |
| | - | 34.00 |
| **Total secured loans** | - | **125.67** |

**Nature of security and terms of repayment for borrowings as at 31st December, 2019:**

| Sr no | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Terms loan are secured by way of mortgage of various stores properties to the banks. | Repayment in 6 equal quarterly installments starting after 6 month moratorium.Company have early repayment option on interest reset date .Rate of interest is ranging between 6.96% to 7.78% p.a. as at the 31st December, 2019. |
| 2 | Non convertible debentures (NCD) are secured by way of mortgage of specific stores properties to the Debenture Trustee. | NCD for ₹ 383 Crores are repayable as per agreed annual installements and same are subject to early redeemption by excerising Call or Put Option. Rate of interest is ranging between 7.40% to 9.40% p.a. as at the 31st December , 2019. |

## 5 Current borrowings

(₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| **(a) Working capital loans from banks (Payable on demand)** | 111.67 | 7.70 |
| (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| **(b) Term loans from bank** | - | 50.00 |
| (Short term loan from bank to be secured by way of mortgage of various store properties to the bank within four months from the first date of disbursement.) | | |
| **Unsecured** | | |
| (a) By issue of commercial papers | - | 246.45 |
| **Total** | **111.67** | **304.15** |

At 31st December, 2019, the group had available ₹ 659.34 Crores (31st March, 2019: ₹ 713.28 Crores) of undrawn committed borrowing facilities.

**6 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation: (not annualised)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the period as per statement of Profit and Loss (₹ in Crores) : | 1,029.79 | 710.95 |
| Weighted average number of equity shares outstanding for basic EPS | 624,487,595 | 624,084,486 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 4,730,052 | 9,018,637 |
| Weighted average number of equity shares outstanding for dilutive EPS | 629,217,647 | 633,103,123 |
| Earnings Per Share (₹) - Basic (Face value of ₹ 10 per share) | 16.49 | 11.39 |
| Earnings Per Share (₹) - Diluted (Face value of ₹ 10 per share) | 16.37 | 11.23 |

**7 Assets pledge as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are: (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Current Assets** | | |
| Trade receivables | 115.21 | 75.52 |
| Inventories | 1,830.22 | 1,600.24 |
| **Total current assets pledged as security** | **1,945.43** | **1,675.76** |
| **Non current assets** | | |
| First charge | | |
| Land (Freehold and Lesaehold) | 158.83 | 45.94 |
| Building | 357.24 | 161.92 |
| **Total non-current assets pledged as security** | **516.07** | **207.86** |
| **Total assets pledged as security** | **2,461.50** | **1,883.62** |

**8 Contingent liabilities and commitments**

**(a) Contingent liabilities**

Claims against the group not acknowledged as debts (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Income tax matters | - | 0.03 |
| Indirect tax matters | 3.34 | 4.44 |

It is not practicable for the group to estimate the timings of cash outflows , if any in respect of above pending resolutions of the respective proceedings.

The group has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's unaudited interim condensed consolidated financial statements. The group does not expect the outcome of these proceedings to have a materially adverse effect on it's unaudited interim condensed consolidated financial statements.

The group has process whereby periodically all long term contracts are assessed for material foreseeable losses. At 31st December, 2019, group has reviewed and ensured that adequate provision as required under any law/accounting standard for material forseeable losses on such long term contracts has been made in the books of accounts.

The group is in the process of assessing retrospective applicability of the recent Supreme Court judgment on definition of basic wages for PF contributions. In absence of clarity, the group has not made any provisions for retrospective application of the said SC ruling.

**(b) Capital commitments** (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 2,104.06 | 1,532.14 |

**9 Segment reporting**

The Group is primarily engaged in the business of retail trades through offline and online channels. There are no separate reportable segments as per IND AS 108 - Operating Segments.

**10 Fair values and fair value hierarchy**

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their short term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

11

(a) Related party transactions

| | | Ownership interest | | |
|---|---|---|---|---|
| | | 31st December 2019 | 31st December 2018 | 31st March, 2019 |
| (i) | Subsidiary companies : | | | |
| | Avenue Food Plaza Private Limited (AFPPL) | 100.00 | 100.00 | 100.00 |
| | Align Retail Trades Private Limited (ARTPL) | 100.00 | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited (NSJDPL) | 90.00 | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (AEL) | 99.78 | 99.71 | 99.71 |
| | Reflect Wholesale and Retail Private Limited (w.e.f 28th May, 2018) | 100.00 | 100.00 | 100.00 |
| *(ii)* | *Shareholders who exercise control:* | | | |
| | Mr. Radhakishan Damani | | | |
| | Mr. Gopikishan Damani | | | |
| | Mrs. Shrikantadevi Damani | | | |
| | Mrs. Kirandevi Damani | | | |
| | Bright Star Investments Private Limited | | | |
| *(iii)* | *Directors and Key managerial personnel:* | | | |
| | Mr. Ignatius Navil Noronha (Managing Director and Chief Executive Officer of Avenue Supermarts Limited (ASL)) | | | |
| | Mr. Ramakant Baheti (Whole-time Director and Group Chief Financial Officer of ASL) | | | |
| | Mr. Elvin Machado (Executive Director of ASL) | | | |
| | Mrs. Manjri Chandak (Non Executive Director of ASL and AEL) | | | |
| | Mr. Ramesh Damani (Chairman and Independent Director of ASL) | | | |
| | Mr. Chandrashekhar B. Bhave (Independent Director of ASL) | | | |
| | Ms. Kalpana Unadkat (Independent Director of ASL) | | | |
| | Mr. Niladri Deb (Chief Financial Officer of ASL) | | | |
| | Mrs. Ashu Gupta (Company Secretary of ASL) | | | |
| | Mr. Navin Nerurkar (Director of ARTPL and AFPPL) | | | |
| | Mr. Prakash Pachisia (Director of ARTPL and AFPPL) | | | |
| | Mr. Trivikrama Rao Dasu (Chief executive officer of AEL) | | | |
| (iv) | *Entities over which parties listed in (ii) above exercise control / significant influence and transactions have taken place with them during the period* | | | |
| | 7 Apple Hotels Private Limited | | | |
| | Bombay Swadeshi Stores Limited | | | |
| | Derive Trading and Resorts Private Limited | | | |
| (v) | *Trust :* | | | |
| | D Mart Foundation | | | |
| | Avenue Supermarts Limited Employees Group Gratuity Trust | | | |

**(b) Transaction with related parties**

(₹ in Crores)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Remuneration to Directors/Key Managerial Person (KMP) | 6.28 | 5.77 |
| Sitting fees to Directors | 0.17 | 0.13 |
| Commission to Independent Directors | 0.53 | 0.38 |
| Mentor fees | ₹ 0 | ₹ 0 |
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 0.79 | 0.73 |
| Employee welfare expenses | 0.08 | 0.07 |
| Reimbursement of expenses | 0.25 | 0.23 |
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 0.04 | 0.16 |
| Reimbursement of expenses (Electricity reimbursement) | - | 0.01 |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 0.06 | 0.15 |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 2.01 | 3.40 |
| **D Mart Foundation** | | |
| Contribution to trust | 0.02 | - |

**(C) Balance with related parties**

(₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Balance to Directors/KMP** | | |
| Other receivables | 0.07 | 0.07 |
| Other payables | 0.23 | 0.30 |
| **7 Apple Hotels Private Limited** | | |
| Other receivables (Electricity reimbursement) | 0.07 | 0.02 |
| Other payables | 0.01 | 0.01 |
| **Bombay Swadeshi Stores Limited** | | |
| Other receivables (Electricity reimbursement) | - | 0.01 |

Note : Compensation to Directors of the group:

(₹ in Crores)

| Nature of Benefit | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Short Term Employment Benefits | 5.89 | 5.56 |
| Post Employment Benefits | 0.39 | 0.21 |
| Sitting Fees | 0.17 | 0.13 |
| Commission to Independent Directors | 0.53 | 0.38 |

The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable.

12 Financial risk management

Financial risk management objectives and policies

The group's financial principal liabilities comprises borrowings, trade payables,Lease Liability and other payables. The main purpose of these financial liabilities to finance the group's operation. The group's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balances derived from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

A) Market Rate Risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The group's exposure to the risk of changes in market interest rates relates to primarily to group's borrowing with floating interest rates. The group's fixed rates of borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount not the future cash flows will fluctuate because of a change in market interest rate. The group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Exposure to interest rate risk

(₹ in Crores)

| Particulars | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Borrowings bearing variable rate of interest | 278.34 | 157.70 |

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, the group's profit before tax is affected through the impact on variable rate borrowing as follows:

A change of 50 bps in interest rates would have following Impact on profit before tax

(₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| 50 bp increase- decrease in profits | (1.39) | (0.79) |
| 50 bp decrease- Increase in profits | 1.39 | 0.79 |

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution. Credit risk from balances with banks is managed by the group's treasury department in accordance with group's policy.

Since group operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

**Liquidity risk**

Liquidity risk is defined as the risk that the group will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity patterns of borrowings**

(₹ in Crores)

| | As at 31st December, 2019 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 549.67 | - | - | 549.67 |
| Short term borrowings | 111.67 | - | - | 111.67 |
| Expected interest payable | 23.08 | - | - | 23.08 |
| **Total** | **684.42** | **-** | **-** | **684.42** |

(₹ in Crores)

| | As at 31st March, 2019 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 270.33 | 125.67 | - | 396.00 |
| Short term borrowings | 304.15 | - | - | 304.15 |
| Expected interest payable | 37.24 | 6.79 | - | 44.03 |
| **Total** | **611.72** | **132.46** | **-** | **744.18** |

**Maturity patterns of other financial liabilities**

**As at 31st December, 2019**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 538.07 | - | - | - | - | 538.07 |
| Payable related to capital goods | 18.92 | - | - | - | - | 18.92 |
| Other financial liabilities (current and non current) | 17.51 | - | - | - | 0.74 | 18.25 |
| **Total** | **574.50** | **-** | **-** | **-** | **0.74** | **575.24** |

**As at 31st March, 2019**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 463.27 | - | - | - | - | 463.27 |
| Payable related to capital goods | 69.78 | - | - | - | - | 69.78 |
| Other financial liabilities (current and non current) | 83.60 | - | - | - | 0.78 | 84.38 |
| **Total** | **616.65** | **-** | **-** | **-** | **0.78** | **617.43** |

**13 Ind AS 115 : Revenue from Contracts with Customers**

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1st April, 2018.

The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited interim condensed consolidated financial statements.

**1. Disaggregated revenue information :**

**Set out below is the disaggregation of the company's revenue from contracts with customers:** (₹ in Crores)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| **Type of goods or service** | | |
| Sale of goods | 20,369.48 | 16,371.65 |
| Sale of goods on approval basis net of Cost of Goods Sold | 6.45 | 5.98 |
| Other operating income | 28.18 | 26.33 |
| Tax | (1,789.84) | (1,461.09) |
| **Total revenue from contract with customers** | **18,614.27** | **14,942.87** |
| India | 18,614.27 | 14,942.87 |
| Outside India | - | - |
| **Total revenue from contract with customers** | **18,614.27** | **14,942.87** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 18,586.09 | 14,916.54 |
| Services transferred over time (Other operating income) | 28.18 | 26.33 |
| **Total revenue from contract with customers** | **18,614.27** | **14,942.87** |

(₹ in Crores)

| **2. Contract balances :** | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Trade receivables | 37.40 | 64.37 |
| Contract assets | - | - |
| Contract liabilities | 0.68 | 0.40 |

14. Pursuant to Avenue Supermarts Limited Employee Stock Option Scheme, 2016 Stock options convertible into 13,973,325 equity shares of ₹ 10/- each were granted to eligible employees at exercise price of ₹299/-. Out of the options granted, 38,22,395 options lapsed (31st March, 2019: 17,21,850) and 36,91,105 options were vested (31st March, 2019 : 18,000) till the end of period 31st December, 2019. Against the vested options, 36,90,205 were exercised and 36,90,205 equity shares of ₹ 10/- each were allotted, and 900 options lapsed.

15. Tax expenses for the nine months ended 31st December, 2019 reflect changes made vide Taxation Laws Amendment Ordinance 2019 as applicable to the group.

16. The previous period numbers have been reclassified/regrouped wherever necessary.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th February, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th February, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Balance Sheet as at 31st December, 2019**

(₹ in Crores)

| | Notes | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 2 | 4,569.70 | 4,205.86 |
| (b) Capital work-in-progress | | 438.73 | 376.55 |
| (c) Right of Use Assets | 3 | 587.97 | - |
| (d) Investment properties | | 17.32 | 18.10 |
| (e) Intangible assets | | 9.31 | 10.27 |
| (f) Financial assets | | | |
| (i) Investments in subsidiaries | | 237.05 | 212.00 |
| (ii) Other non-current financial assets | | 53.69 | 36.06 |
| (g) Other non-current assets | | 285.49 | 109.68 |
| **Total Non-current assets** | | **6,199.26** | **4,968.52** |
| **Current assets** | | | |
| (a) Inventories | | 1,803.80 | 1,576.22 |
| (b) Financial assets | | | |
| (i) Trade receivables | | 89.34 | 75.52 |
| (ii) Cash and cash equivalents | | 69.18 | 120.23 |
| (iii) Bank Balances other than cash and cash equivalents | | 14.78 | 93.32 |
| (iv) Other current financial assets | | 87.65 | 59.18 |
| (c) Other current assets | | 111.44 | 104.58 |
| **Total current assets** | | **2,176.19** | **2,029.05** |
| **Total assets** | | **8,375.45** | **6,997.57** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| a) Equity share capital | | 627.77 | 624.08 |
| b) Other equity | | 6,142.24 | 4,970.40 |
| **Total equity** | | **6,770.01** | **5,594.48** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 4 | - | 125.67 |
| (ii) Lease Liability | 3 | 168.59 | - |
| (iii) Other non-current financial liabilities | | 0.74 | 0.78 |
| (b) Deferred tax liabilities (net) | | 55.83 | 64.07 |
| **Total non current liabilities** | | **225.16** | **190.52** |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 5 | 111.67 | 299.15 |
| (ii) Lease Liability | 3 | 61.69 | - |
| (iii) Trade payables due to : | | | |
| Micro and small enterprises | | 14.13 | 5.44 |
| Other than micro and small enterprises | | 526.92 | 452.84 |
| (iv) Other current financial liabilities | | 626.16 | 420.54 |
| (b) Other current liabilities | | 17.17 | 21.93 |
| (c) Provisions | | 22.54 | 12.67 |
| **Total current liabilities** | | **1,380.28** | **1,212.57** |
| **Total equity and liabilities** | | **8,375.45** | **6,997.57** |
| **Summary of significant accounting policies** | 1 | | |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th Febuary, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th Febuary, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Statement of Profit and Loss for the nine months ended 31st December, 2019**

(₹ in Crores)

| | Notes | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | 18,481.48 | 14,882.88 |
| Other income | | 27.74 | 36.75 |
| **Total income** | | **18,509.22** | **14,919.63** |
| **Expenses** | | | |
| Purchase of stock-in-trade | | 15,869.07 | 12,994.73 |
| Changes in inventories of stock-in-trade | | (227.58) | (323.11) |
| Employee benefits expense | | 309.66 | 249.09 |
| Finance costs | | 50.33 | 34.99 |
| Depreciation and amortisation expense | | 244.98 | 136.86 |
| Other expenses | | 825.87 | 696.52 |
| **Total expenses** | | **17,072.33** | **13,789.08** |
| **Profit before tax** | | **1,436.89** | **1,130.55** |
| **Tax expense** | | | |
| Current tax | | 382.09 | 395.35 |
| Adjustment of tax related to earlier periods | | 0.03 | (0.37) |
| Deferred tax charge/(credit) | | (8.25) | 2.11 |
| **Total tax expenses** | | **373.87** | **397.09** |
| **Profit for the period** | | 1,063.02 | 733.46 |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent period** | | | |
| Re-measurements gains/(loss) on defined benefit plans | | (5.72) | (0.66) |
| Less: Income tax effect | | 1.44 | 0.23 |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent period** | | **(4.28)** | **(0.43)** |
| **Total Comprehensive Income for the period** | | **1,058.74** | **733.03** |
| **Earnings per equity share of ₹ 10 each: (in ₹) (not annualised)** | 6 | | |
| Basic | | **17.02** | **11.75** |
| Diluted | | **16.89** | **11.59** |
| **Summary of significant accounting policies** | **1** | | |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th Febuary, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th Febuary, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Statement of Cash Flows for the nine months ended 31st December, 2019**

(₹ in Crores)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| **Profit before tax** | 1,436.89 | 1,130.55 |
| Adjustments for: | | |
| Depreciation and amortization expenses | 244.98 | 136.86 |
| Finance cost | 50.33 | 34.99 |
| Interest income | (5.46) | (21.93) |
| Profit on sale of investments | (5.50) | (8.03) |
| Expense on employee stock option scheme (net) | 6.60 | 15.19 |
| Rent income | (5.84) | (4.44) |
| (Gain)/ loss on disposal of property plant and equipment (net) | (2.83) | (1.81) |
| | 282.28 | 150.83 |
| **Operating profit before working capital changes** | **1,719.17** | **1,281.38** |
| Adjustments for: | | |
| Increase in trade payables | 82.78 | 0.68 |
| Increase in current provisions | 4.15 | 0.88 |
| Increase/(decrease) in other current financial liabilities | (1.54) | (34.03) |
| Increase/(decrease) in other current liabilities | (4.76) | 17.39 |
| Increase/ (decrease) in other non-current financial liabilities | (0.04) | 0.62 |
| Increase in trade receivables | (13.82) | (10.09) |
| Increase in inventories | (227.58) | (323.11) |
| (Increase)/decrease in other non-current financial assets | (12.23) | 3.63 |
| (Increase)/decrease in current investments | - | (57.85) |
| (Increase)/ decrease in bank balances other than cash and cash equivalents | (14.04) | (0.05) |
| (Increase)/ decrease in other current assets | (10.98) | (79.11) |
| (Increase)/ decrease in other current financial assets | (21.13) | 1.37 |
| | (219.19) | (479.67) |
| Cash flow from operating activities | 1,499.98 | 801.71 |
| Direct taxes paid (net of refunds) | (402.27) | (387.25) |
| **Net cash flow from operating activities** | **1,097.71** | **414.46** |
| **Cash flow from investing activities:** | | |
| Proceeds from disposal of Property plant and equipment | 4.24 | 7.58 |
| Realisation from FDs of IPO proceeds | 92.58 | 326.27 |
| Interest received | 7.66 | 34.23 |
| Gain on sale of investments | 5.50 | 8.03 |
| Rent income received | 5.74 | 4.02 |
| | 115.72 | 380.13 |
| Purchase of property, plant and equipment/ intangible assets/investment properties | (1,211.73) | (1,036.71) |
| Investment in subsidiary | (25.05) | (25.10) |
| | (1,236.78) | (1,061.81) |
| **Net cash flow/(used in) investing activities** | **(1,121.06)** | **(681.68)** |
| **Cash flow from financing activities:** | | |
| Proceeds from issue of shares | 110.34 | - |
| Proceeds from long term borrowings | 50.00 | 50.00 |
| Proceeds from short term borrowings | 108.97 | 57.45 |
| Proceeds from commercial papers | 690.17 | 540.99 |
| Proceeds from non convertible debentures | 300.00 | - |
| | 1,259.48 | 648.44 |
| Repayment of long term borrowings | (33.30) | (12.00) |
| Payment of Lease Liability | (56.96) | - |
| Repayment of short term borrowings | (50.00) | - |
| Repayment of commercial papers | (950.00) | (200.00) |
| Repayment of non convertible debentures | (163.00) | (135.00) |
| Interest paid | (33.83) | (35.98) |
| | (1,287.09) | (382.98) |
| **Cash flow/(used in) from financing activities** | **(27.61)** | **265.46** |
| Net increase/(decrease) in cash and cash equivalent | (50.96) | (1.76) |
| Cash and cash equivalents at beginning of the period | 120.11 | 64.01 |
| Cash and cash equivalents at end of the period | 69.15 | 62.25 |
| Cash and cash equivalents as per above comprises of the following | | |
| Cash and cash equivalents | 69.18 | 62.34 |
| Bank overdrawn | (0.03) | (0.09) |
| Balance as per statement of cash flows | 69.15 | 62.25 |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th Febuary, 2020

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

Ignatius Navil Noronha
Managing Director and
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DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th Febuary, 2020

**AVENUE SUPERMARTS LIMITED**

**Unaudited Condensed Standalone Interim Statement of Changes in Equity for the nine months ended 31st December, 2019**

**A. Equity share capital**

| | No. of Shares | ₹ in Crores |
|---|---|---|
| **Equity share of ₹ 10 each issued, subscribed and fully paid** | | |
| **At 1st April, 2019** | **624,084,486** | **624.08** |
| Issue of Share Capital | **3,690,205** | **3.69** |
| **At 31st December, 2019** | **627,774,691** | **627.77** |
| | | |
| **At 1st April, 2018** | **624,084,486** | **624.08** |
| Issue of Share Capital | - | - |
| **At 31st December, 2018** | **624,084,486** | **624.08** |

**B. Other equity**

(₹ in Crores)

| | Other equity | | | | |
|---|---|---|---|---|---|
| | **Securities premium** | **Share options outstanding account** | **Debenture redemption reserve** | **Retained earnings** | **Total** |
| **Balance as at 1st April, 2019** | **1,809.77** | **39.36** | **59.65** | **3,061.62** | **4,970.40** |
| Profit for the period | - | - | - | 1,063.02 | 1,063.02 |
| Other comprehensive income for the period | - | - | - | (4.28) | (4.28) |
| Issue of Share Capital | 106.65 | - | - | - | 106.65 |
| Share option expense | - | 6.45 | - | - | 6.45 |
| Exercise of Employee stock option | 21.64 | (21.64) | - | - | - |
| Transferred from share options outstanding account | - | (0.01) | - | 0.01 | - |
| Transfer from debenture redemption reserve | - | - | (39.36) | 39.36 | - |
| **Balance as at 31st December, 2019** | **1,938.06** | **24.16** | **20.29** | **4,159.73** | **6,142.24** |
| **Balance as at 1st April, 2018** | 1,809.77 | 22.67 | 86.95 | 2,099.24 | 4,018.63 |
| Profit for the period | - | - | - | 733.46 | 733.46 |
| Other comprehensive income for the period | - | - | - | (0.43) | (0.43) |
| Share option expense | - | 15.30 | - | - | 15.30 |
| Transfer from debenture redemption reserve | - | - | (22.30) | 22.30 | - |
| **Balance as at 31st December, 2018** | **1,809.77** | **37.97** | **64.65** | **2,854.57** | **4,766.96** |

The accompanying notes are an integral part of Unaudited Condensed Standalone Interim Financial Statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th Febuary, 2020

For and on behalf of Board of Directors of
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Ignatius Navil Noronha
Managing Director and
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DIN : 01787989

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Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th Febuary, 2020

**AVENUE SUPERMARTS LIMITED**

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2019**

**Corporate Information**

Avenue Supermarts Limited ('The Company') is a company limited by shares and is domiciled in India. The Company's registered office is at Anjaneya, Opp. Hiranandani Foundation School, Powai, Mumbai, Maharashtra India 400076. The Company is primarily engaged in the business of organized retail and operates supermarkets under the brand name of "D-Mart". Its equity shares are listed in India on BSE Limited and National Stock Exchange of India Limited.

The Unaudited Condensed Standalone Interim Financial Statements have been recommended for approval by the audit committee and is approved and adopted by the Board in their meeting held on 5th February, 2020.

**1. Summary of significant accounting policies**

**(a) Basis of preparation**

The unaudited condensed Standalone Interim financial statements have been prepared in accordance with the Indian Accounting Standards 34 'Interrim Financial Reporting (IND AS 34) , prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting standards) Rules, 2015, (as amended from time to time) and presentation requirment of Division II of Schedule of the Companies Act, 2013 (IND AS Compliant Schedule III), as applicable to unaudited condensed Standalone Interim financial statements.

**(i) Historical cost convention**

The Company has prepared these Unaudited Condensed Standalone Interim Financial Statements which comprise the Unaudited Interim Condensed Standalone Interim Balance Sheet as at 31st December 2019, the Unaudited Condensed Standalone Interim Statement of Profit and Loss, the Unaudited Condensed Standalone Interim Statements of Changes in Equity and the Unaudited Condensed Standalone Interim Statements of Cash Flows for the nine months ended 31st December 2019, and other explanatory information (together hereinafter referred to as "Unaudited Condensed Standalone Interim Financial Statements" or "financial statements").

The Unaudited condensed Standalone Interim financial statements have been prepared on a historical cost basis, except for the following:

1) certain financial assets and liabilities that are measured at fair value;
2) defined benefit plans - plan assets measured at fair value;
3) share based payments.

The Unaudited Condensed Standalone Interim Financial Statements do not include all the information and disclosures normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with annual financial statements for the year ended 31st March 2019 and any public announcement made during interim reporting period.

Accounting policies and methods of computation followed in the Unaudited Condensed Standalone Interim Financial Statements are same as compared with the annual Standalone Financial Statements for the year ended 31st March 2019, except for adoption of new standard or any pronouncements effective from 1st April 2019.

**(b) Implementation of Ind AS 116**

Ind AS 116 supersedes Ind AS 17 Leases including evaluating the substance of transactions involving the legal form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under Ind AS 116 is substantially unchanged under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where The Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019.

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless The Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment test.

**Lease liabilities**

At the commencement date of the lease, The Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, The Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below Rs. 5,00,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Significant judgement in determining the lease term of contracts with renewal options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

**(c) Significant accounting judgement, estimates and assumption**

The preparation of Unaudited condensed Standalone Interim financial statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also need to exercise judgement in applying The Company's accounting policies.

**(i) Share based payment**

The Company initially measures the cost of equity settled transaction with employees using Black Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transacton requires determination of the most appropirate valuation model, which is dependent on the terms and conditions of the grant. The estimates also requires determination of the most appropirate inputs to the valuation model including expected life of the share option, volatality and dividend yield and making assumptions about them.For equity settled share based payment transaction, the liability needs to be re-measured at the end of each reporting period upto the date of settlement, with any changes in fair value recognised in the Statement of Profit and Loss. This requires a re-assessment of the estimates used at end of each reporting period. The assumption and models used for estimating the fair value for share based-payment transaction.

**(ii) Provision for inventory shrinkages**

The Company has calculated the provision for inventory shrinkages basis the percentage as per historical experience for inventory lying from the last inventory count date to the reporting date.

**(iii) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determinning the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.
The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

AVENUE SUPERMARTS LIMITED
Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2019

2. Property, plant and equipment

(₹ in Crores)

| | Freehold land (Refer Note:3) | Leasehold land | Buildings (Refer Note:1) | Leasehold improvement | Plant and equipment | Computers | Furniture and fixtures | Vehicles | Office equipment | Electrical installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | 1,617.84 | 385.29 | 2,100.21 | 46.17 | 174.12 | 63.23 | 200.93 | 3.01 | 26.75 | 150.13 | 4,767.68 |
| Additions | 443.79 | - | 339.43 | 6.50 | 42.46 | 9.25 | 36.36 | 0.82 | 3.99 | 30.54 | 913.14 |
| Reclassification on account of Ind AS 116 | - | (385.29) | - | - | - | - | - | - | - | - | (385.29) |
| Disposals | 0.54 | - | 0.01 | - | 0.65 | 0.20 | 1.26 | 0.26 | 0.23 | 0.09 | 3.24 |
| **Balance as at 31st December, 2019** | **2,061.09** | **-** | **2,439.63** | **52.67** | **215.93** | **72.28** | **236.03** | **3.57** | **30.51** | **180.58** | **5,292.29** |
| **Depreciation** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | - | 16.69 | 262.07 | 10.00 | 60.37 | 41.53 | 82.38 | 1.39 | 16.27 | 71.12 | 561.82 |
| Depreciation charge for the period | - | - | 81.17 | 15.17 | 22.29 | 11.53 | 25.97 | 0.47 | 4.14 | 18.55 | 179.29 |
| Reclassification on account of Ind AS 116 | - | (16.69) | - | - | - | - | - | - | - | - | (16.69) |
| Disposals | - | - | - | - | 0.40 | 0.14 | 0.82 | 0.22 | 0.22 | 0.03 | 1.83 |
| **Balance as at 31st December, 2019** | **-** | **-** | **343.24** | **25.17** | **82.26** | **52.92** | **107.53** | **1.64** | **20.19** | **89.64** | **722.59** |
| **Net book value** | | | | | | | | | | | |
| **Balance as at 31st March, 2019** | **1,617.84** | **368.60** | **1,838.14** | **36.17** | **113.75** | **21.70** | **118.55** | **1.62** | **10.48** | **79.01** | **4,205.86** |
| **Balance as at 31st December, 2019** | **2,061.09** | **-** | **2,096.39** | **27.50** | **133.67** | **19.36** | **128.50** | **1.93** | **10.32** | **90.94** | **4,569.70** |

1 Building and CWIP includes interest capitalised on borrowings for the period ended 31st December,2019 of ₹ 11.95 Crores ( 31st December,2018 ₹ 0.07 Crores)

2 Assets pledged as security for borrowings is disclosed under note 7.

3 Freehold land ₹ 10.65 Crores being the value of a land purchased by the company at Nagpur from Pramod Walmandhare and others The Company has filed the appeal before Deputy Director of Land records (DDLR) at Nagpur thereby challenging the Order dated 7th July, 2017 (by Virtue of which Ownership of the Pramod Walmandre and Others is affected) passed by Superintend of Land Records, Nagpur against Nagpur Improvement Trust and others. The said matter is pending before DDLR, Nagpur. Title deed in respect of the said property is held in the name of the company.

3 **Right to Use Assets**

(₹ in Crores)

| | Land | Building | Total |
|---|---|---|---|
| **Cost** | | | |
| **Balance as at 1st April, 2019** | - | 217.96 | 217.96 |
| Reclassification on account of adoption of Ind AS 116 w.e.f 1st April, 2019 | 385.29 | - | 385.29 |
| Additions | 18.17 | 45.86 | 64.03 |
| **Balance as at 31st December, 2019** | **403.46** | **263.82** | **667.28** |
| **Amortisation** | | | |
| **Balance as at 1st April 2019** | - | - | - |
| Reclassification on account of adoption of Ind AS 116 w.e.f 1st April, 2019 | 16.69 | - | 16.69 |
| Charge for the period | 3.81 | 58.81 | 62.62 |
| **Balance as at 31st December, 2019** | **20.50** | **58.81** | **79.31** |
| **Net book value** | | | |
| **Balance as at 1st April, 2019** | - | **217.96** | **217.96** |
| **Balance as at 31st December, 2019** | **382.96** | **205.01** | **587.97** |

Effective 1st April 2019, the Company has adopted Ind AS 116 "Leases' and applied the standard to all lease contracts existing on the date of initial application i.e. 1st April 2019. the Company has used the modified retrospective approach for transitioning to Ind AS 116 with right of use asset recognized at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended 31st March 2019 have not been retrospectively adjusted.

**Leases previously accounted for as operating leases**

The Company recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right of use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company has also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

**Lease liabilities** **(₹ in Crores)**

| **Particulars** | **Amount** |
|---|---|
| As ast 1st April, 2019 | 211.24 |
| Lease Liabilities recognised during the period | 79.13 |
| Lease Liabilities repayments during the period | (60.09) |
| As at 31st December, 2019 | **230.28** |
| Non-current | 168.59 |
| Current | 61.69 |

The Company has adopted modified retrospective approach as per para C8 (c)(ii) of IND AS 116 - Leases to its leases, effective from annual reporting period beginning 1st April, 2019. This has resulted in recognizing a right of use assets (an amount equal to the lease liability, adjusted by the prepaid lease rent) of ` 217.96 crores and an amount of ` 368.60 crores on account of reclassification of Leasehold Land as at 1st April, 2019. In the statement of profit and loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability. To this extent, performance for the nine month ended 31st December, 2019 is not comparable with previous period unaudited condensed standalone interim financial statements.

Reconciliation for the above effects on Statement of Profit and Loss for the nine months ended 31st December, 2019 as follows:

(₹ in Crores, unless otherwise stated)

| Adjustments to Increase/ (decrease) in net profit | Nine months ended 31st December, 2019 comparable basis | Changes due to IND AS 116 Increase /(decrease) | Nine months ended 31st December, 2019 as reported |
|---|---|---|---|
| Other expenses | 885.96 | (60.09) | 825.87 |
| Finance costs | 34.44 | 15.89 | 50.33 |
| Depreciation and amortisation expense | 186.12 | 58.86 | 244.98 |
| Profit before tax | 1,451.55 | (14.66) | 1,436.89 |
| **Earnings per equity share of ` 10 each: (in `) (not annualised)** | | | |
| Basic | 17.25 | (0.23) | 17.02 |
| Diluted) | 17.12 | (0.23) | 16.89 |

**4 Non-current borrowings** (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| Term loans from banks | 166.67 | 150.00 |
| Less : Current maturities disclosed in other current financial liabilities | (166.67) | (58.33) |
| | - | 91.67 |
| Non convertible debentures | 383.00 | 246.00 |
| Less : Current maturities disclosed in other current financial liabilities | (383.00) | (212.00) |
| | - | 34.00 |
| **Total secured loans** | - | **125.67** |

**Nature of security and terms of repayment for borrowings as at 31st December, 2019:**

| Sr no | Nature of Security | Terms of Payment |
|---|---|---|
| 1 | Terms loan are secured by way of mortgage of various stores properties to the banks. | Repayment in 6 equal quarterly installments starting after 6 month moratorium. Company have early repayment option on interest reset date. Rate of interest is ranging between 6.96% to 7.78% p.a. as at 31st December, 2019. |
| 2 | Non convertible debentures (NCD) are secured by way of mortgage of specific stores properties to the Debenture Trustee. | NCD for ₹ 383 Crores are repayable as per agreed annual installements and same are subject to early redemption by excerising Call or Put Option. Rate of interest is ranging between 7.40% to 9.40% p.a. as at 31st December, 2019 |

**5 Current borrowings** (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Secured** | | |
| **Loan repayable on demand** | | |
| **(a) Working capital loans from banks (Payable on demand)** | 111.67 | 2.70 |
| (Working capital loan from banks are secured by hypothecation of inventories, trade receivables, both present and future) | | |
| **(b) Term loans from bank** | - | 50.00 |
| (Short term loan from bank to be secured by way of mortgage of various store properties to the bank within four months from the first date of disbursement.) | | |
| **Unsecured** | - | |
| By issue of commercial papers | | 246.45 |
| **Total** | **111.67** | **299.15** |

At 31 December 2019, the company had available ₹ 595.34 Crores (31st March, 2019: ₹ 654.28 Crores) of undrawn committed borrowing facilities.

AVENUE SUPERMARTS LIMITED

Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2019

**6 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the profit and share data used in the basic and diluted EPS computation (not annualised) :

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Earnings per share has been computed as under: | | |
| Profit for the period as per statement of Profit and Loss (` in Crores) : | 1,063.02 | 733.46 |
| Weighted average number of equity shares outstanding for basic EPS | 624,487,595 | 624,084,486 |
| Add: Weighted average number of potential equity shares on account of employee stock option schemes | 4,730,052 | 9,018,637 |
| Weighted average number of equity shares outstanding for dilutive EPS | 629,217,647 | 633,103,123 |
| Earnings Per Share (₹) - Basic (Face value of ₹ 10 per share) | 17.02 | 11.75 |
| Earnings Per Share (₹) - Diluted (Face value of ₹ 10 per share) | 16.89 | 11.59 |

**7 Assets pledge as security**

The carrying amounts of assets pledged as security for current and non - current borrowings are: (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Current Assets** | | |
| Trade receivables | 89.34 | 75.52 |
| Inventories | 1,803.80 | 1,576.22 |
| **Total current assets pledged as security** | **1,893.14** | **1,651.74** |
| **Non current assets** | | |
| First charge | | |
| Land (Freehold and Leasehold) | 158.83 | 45.94 |
| Building | 357.24 | 161.92 |
| **Total non-current assets pledged as security** | **516.07** | **207.86** |
| **Total assets pledged as security** | **2,409.21** | **1,859.60** |

**8 Contingent liabilities and commitments**

**(a) Contingent liabilities**

Claims against the Company not acknowledged as debts (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Income tax matters | - | 0.03 |
| Indirect tax matters | 3.34 | 4.33 |
| Corporate Guarantee | 50.00 | 50.00 |

It is not practicable for the Company to estimate the timings of cash outflows , if any in respect of above pending resolutions of the respective proceedings.

The Company has reviewed all its pending litigation and proceedings and has adequately provided for where provisions are required and disclosed in contingent liabilities where applicable in it's unaudited interim condensed standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on it's unaudited interim condensed standalone financial statements.

The Company has process whereby periodically all long term contracts are assessed for material foreseeable losses. At 31st December, 2019, Company has reviewed and ensured that adequate provision as required under any law/accounting stanadard for material forseeable losses on such long term contracts has been made in the books of accounts.

The Company is in the process of assessing retrospective applicability of the recent Supreme Court judgment on definition of basic wages for PF contributions. In absence of clarity, The Company has not made any provisions for retrospective application of the said SC ruling.

**(b) Capital commitments** (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) relating to stores under construction | 2,099.15 | 1,529.22 |

**9 Segment reporting**

The Company is primarily engaged in the business of retail trades through offline channels. There are no separate reportable segment as per IND AS 108 - Operating Segments.

**10 Fair values and fair value hierarchy**

The carrying amounts of trade receivables, cash and cash equivalents, bank balance other than cash and cash equivalents, other financial assets, trade payables, capital creditors are considered to be same as their fair values, due to their short term nature.

The carrying value of borrowings, deposits given and taken and other financial assets and liabilities are considered to be reasonably same as their fair values. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobseravable inputs including counter party credit risk.

11

**(a) Related party transactions**

| | | Ownership interest | | |
|---|---|---|---|---|
| | | 31st December 2019 | 31st December 2018 | 31st March, 2019 |
| (i) | Subsidiary companies : | | | |
| | Avenue Food Plaza Private Limited (AFPPL) | 100.00 | 100.00 | 100.00 |
| | Align Retail Trades Private Limited (ARTPL) | 100.00 | 100.00 | 100.00 |
| | Nahar Seth & Jogani Developers Private Limited (NSJDPL) | 90.00 | 90.00 | 90.00 |
| | Avenue E-Commerce Limited (AEL) (w.e.f 1st February,2018) | 99.78 | 99.71 | 99.75 |
| | Reflect Wholesale and Retail Private Limited (w.e.f 28th May, 2018) | 100.00 | 100.00 | 100.00 |

*(ii)* *Shareholders who exercise control:*
Mr. Radhakishan Damani
Mr. Gopikishan Damani
Mrs. Shrikantadevi Damani
Mrs. Kirandevi Damani
Bright Star Investments Private Limited

*(iii)* *Directors and Key managerial personnel:*
Mr. Ignatius Navil Noronha (Managing Director and Chief Executive Officer)
Mr. Ramakant Baheti (Whole-time Director and Group Chief Financial Officer)
Mr. Elvin Machado (Executive Director)
Mrs. Manjri Chandak (Non Executive Director)
Mr. Ramesh Damani (Chairman and Independent Director)
Mr. Chandrashekhar B. Bhave (Independent Director)
Ms. Kalpana Unadkat (Independent Director)
Mr. Niladri Deb (Chief Financial Officer)
Mrs. Ashu Gupta (Company Secretary)

(iv) *Entities over which parties listed in (ii) and (iii) above exercise control / significant influence and transactions have taken place with them during the period*
7 Apple Hotels Private Limited
Bombay Swadeshi Stores Limited
Derive Trading and Resorts Private Limited

(v) *Trust :*
D Mart Foundation
Avenue Supermarts Limited Employees Group Gratuity Trust

**(b) Transaction with related parties**

(₹ in Crores)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Remuneration to Directors/Key Managerial Person (KMP) | 4.78 | 4.77 |
| Sitting fees to Directors | 0.16 | 0.13 |
| Commission to Independent Directors | 0.53 | 0.38 |
| Mentor fees | ₹ 0 | ₹ 0 |
| **Align Retail Trades Private Limited** | | |
| Purchase of goods | 861.65 | 704.42 |
| Rent and Amenities Service income | | - |
| Business support service income | 0.04 | 0.04 |
| Interest on advance given | | 1.08 |
| ESOP expenses reimbursement | | 0.21 |
| Reimbursement of expenses | | - |
| **Avenue Food Plaza Private Limited** | | |
| Rent and Amenities Service income | 1.20 | 0.86 |
| Reimbursement of expenses | 0.64 | - |
| **Nahar Seth & Jogani Developers Private Limited** | | |
| Rent Expenses | 0.56 | 0.56 |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Sales | 137.45 | 53.38 |
| Rent and Amenities Service income | 1.54 | - |
| Sale of Property Plant and Equipment | 0.12 | |
| Purchase of Property Plant and Equipment | - | 0.17 |
| Business support service income | 0.76 | 0.63 |
| ESOP expenses provided | 0.10 | 0.10 |
| Reimbursement of Income | 3.37 | 1.36 |
| Reimbursement of Expenses | 0.33 | - |

| | | |
|---|---|---|
| **7 Apple Hotels Private Limited** | | |
| Rent and amenities service income | 0.79 | 0.73 |
| Employee welfare expenses | 0.08 | 0.07 |
| Reimbursement of expenses | 0.25 | 0.23 |
| **Bombay Swadeshi Stores Limited** | | |
| Rent and amenities service income | 0.04 | 0.16 |
| Reimbursement of expenses (Electricity reimbursement) | - | 0.01 |
| **Derive Trading and Resorts Private Limited** | | |
| Employee welfare expenses | 0.06 | 0.15 |
| **Avenue Supermarts Limited Employees Group Gratuity Trust** | | |
| Contribution to trust | 2.01 | 3.40 |
| **D Mart Foundation** | | |
| Contribution to trust | 0.02 | - |

**(C) Balances with related parties** (₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| **Align Retail Trades Private Limited** | | |
| Trade payables | 25.81 | 14.50 |
| Other receivables | 0.07 | 0.24 |
| Investment in share capital | 34.34 | 34.34 |
| **Avenue Food Plaza Private Limited** | | |
| Other receivables | 0.58 | 0.44 |
| Investment in share capital | 0.01 | 0.01 |
| **Nahar Seth & Jogani Developers Private Limited** | | |
| Rent deposit given | 8.06 | 7.53 |
| Prepaid rent | 0.31 | 0.84 |
| Investment in share capital | 0.09 | 0.09 |
| **Avenue E-Commerce Ltd. (Associate till 31st January, 2018)** | | |
| Other payables | 0.55 | 0.36 |
| Trade receivables | 51.99 | 11.19 |
| Other receivables | - | 0.05 |
| Investment in share capital | 202.51 | 177.46 |
| **Reflect Wholesale and Retail Private Limited (w.e.f. 28th May,2018)** | | |
| Investment in share capital | 0.10 | 0.10 |
| **7 Apple Hotels Private Limited** | | |
| Other receivables (Electricity reimbursement) | 0.07 | 0.02 |
| Other payables | 0.01 | 0.01 |
| **Bombay Swadeshi Stores Limited** | | |
| Other receivables | - | 0.01 |

Note : Compensation to Directors of the Company: (₹ in Crores)

| Nature of Benefit | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| Short Term Employment Benefits | 4.44 | 4.60 |
| Post Employment Benefits | 0.34 | 0.17 |
| Sitting Fees | 0.16 | 0.13 |
| Commission to Independent Directors | 0.53 | 0.38 |
| The aforesaid amount does not include amount in respect of gratuity and leave as the same in not determinable. | | |

**Guarantees given by the company on related parties :** (₹ in Crores)

| Type of loan | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Secured loans (Guarantee given by ASL for ARTPL) | 50.00 | 50.00 |

## 12 Financial risk management

**Financial risk management objectives and policies**

The Company's financial principal liabilities comprises borrowings, trade payables and other payables. The main purpose of these financial liabilities to finance the Company's operation. The Company's main financial assets includes trade and other receivable, cash and cash equivalent, other bank balances derived from its operations.

In addition to risks inherent to our operations, we are exposed to certain market risks including change in interest rates and fluctuation in currency exchange rates.

### A) Market Rate Risk

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The Company's exposure to the risk of changes in market interest rates relates to primarily to company's borrowing with floating interest rates. The Company's fixed rates of borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107, since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rate. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

**Exposure to interest rate risk**

(₹ in Crores)

| Particulars | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Borrowings bearing variable rate of interest | 278.34 | 152.70 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on affected portion of loans and borrowings. With all other variables held constant, The Company's profit before tax is affected through the impact on variable rate borrowing as follows:

**A change of 50 bps in interest rates would have following Impact on profit before tax**

(₹ in Crores)

| | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| 50 bp increase- decrease in profits | (1.39) | (0.76) |
| 50 bp decrease- Increase in profits | 1.39 | 0.76 |

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivable) and from its financial activities including deposits with banks and financial institution. Credit risk from balances with banks is managed by the Company's treasury department in accordance with company's policy.

Since company operates on business model of primarily cash and carry, credit risk from receivable perspective is insignificant.

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. Processes and policies related to such risk are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity patterns of borrowings**

(₹ in Crores)

| | As at 31st December, 2019 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 549.67 | - | | 549.67 |
| Short term borrowings | 111.67 | - | - | 111.67 |
| Expected interest payable | 23.03 | - | - | 23.03 |
| **Total** | **684.37** | - | - | **684.37** |

**AVENUE SUPERMARTS LIMITED**

**Notes to Unaudited Condensed Standalone Interim Financial Statements as at and for the nine months ended 31st December, 2019**

(₹ in Crores)

| | As at 31st March, 2019 | | | |
|---|---|---|---|---|
| | 0-1 years | 1-5 years | beyond 5 years | Total |
| Long term borrowings (Including current maturity of long term debt) | 270.33 | 125.67 | - | 396.00 |
| Short term borrowings | 299.15 | - | - | 299.15 |
| Expected interest payable | 37.24 | 6.79 | - | 44.03 |
| **Total** | **606.72** | **132.46** | **-** | **739.18** |

**Maturity patterns of other financial liabilities**

**As at 31st December, 2019**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 541.05 | - | - | - | - | 541.05 |
| Payable related to capital goods | 18.77 | - | - | - | - | 18.77 |
| Other financial liabilities (current and non current) | 57.72 | - | - | - | 0.74 | 58.46 |
| **Total** | **617.54** | **-** | **-** | **-** | **0.74** | **618.28** |

**As at 31st March, 2019**

(₹ in Crores)

| | Overdue/ payable on demand | 0-3 months | 3-6 months | 6 months to 12 months | beyond 12 months | Total |
|---|---|---|---|---|---|---|
| Trade payable | 458.28 | - | - | - | - | 458.28 |
| Payable related to capital goods | 68.56 | - | - | - | - | 68.56 |
| Other financial liabilities (current and non current) | 81.65 | - | - | - | 0.78 | 82.43 |
| **Total** | **608.49** | **-** | **-** | **-** | **0.78** | **609.27** |

**13 Ind AS 115 : Revenue from Contracts with Customers**

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the unaudited interim condensed standalone financial statements.

**1. Disaggregated revenue information :**

**Set out below is the disaggregation of the company's revenue from contracts with customers:**

(₹ in Crores)

| | Nine months ended 31st December, 2019 | Nine months ended 31st December, 2018 |
|---|---|---|
| **Type of goods or service** | | |
| Sale of goods | 20,235.80 | 16,310.30 |
| Sale of goods on approval basis net of Cost of Goods Sold | 6.45 | 5.98 |
| Other operating income | 24.81 | 24.65 |
| Tax | (1,785.58) | (1,458.05) |
| **Total revenue from contract with customers** | **18,481.48** | **14,882.88** |
| | | |
| India | 18,481.48 | 14,882.88 |
| Outside India | - | - |
| **Total revenue from contract with customers** | **18,481.48** | **14,882.88** |
| | | |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 18,456.67 | 14,858.23 |
| Services transferred over time (Other operating income) | 24.81 | 24.65 |
| **Total revenue from contract with customers** | **18,481.48** | **14,882.88** |

(₹ in Crores)

| **2. Contract balances :** | As at 31st December, 2019 | As at 31st March, 2019 |
|---|---|---|
| Trade receivables | 89.34 | 75.52 |
| Contract liabilities | 0.71 | 0.10 |

14. Pursuant to Avenue Supermarts Limited Employee Stock Option Scheme, 2016 Stock options convertible into 13,973,325 equity shares of ₹ 10/- each were granted to eligible employees at exercise price of ₹ 299/-. Out of the options granted, 38,22,395 options lapsed (31 Mar 19: 17,21,850) and 36,91,105 options were vested (31 Mar 2019 : 18,000) till the end of period 31st December, 2019. Against the vested options, 36,90,205 were exercised and 36,90,205 equity shares of ₹ 10/- each were allotted, and 900 options lapsed.

15. The previous period numbers have been reclassified/regrouped wherever necessary.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI firm registration number 324982E/E300003

per Vijay Maniar
Partner
Membership No. : 36738

Thane, 5th Febuary, 2020

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

Ignatius Navil Noronha
Managing Director and
Chief Executive Officer
DIN : 01787989

Ramakant Baheti
Whole-time Director and
Group Chief Financial Officer
DIN : 00246480

Niladri Deb
Chief Financial Officer

Ashu Gupta
Company Secretary

Thane, 5th Febuary, 2020