DRAFT RED HERRING PROSPECTUS
Dated: July 23, 2012
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Building Issue

V-MART RETAIL LIMITED

Our Company was originally incorporated as Varin Commercial Private Limited under the Companies Act, 1956 *vide* certificate of incorporation dated July 24, 2002 issued by the Registrar of Companies, West Bengal. The name of our Company was subsequently changed to V-Mart Retail Private Limited *vide* a fresh Certificate of Incorporation Consequent upon Change of Name dated July 11, 2006 issued by the Registrar of Companies, West Bengal. The registered office of our Company was changed from the state of West Bengal to Delhi *vide* an order dated April 27, 2007 of the Company Law Board, Eastern Region Bench at Kolkata, and subsequently, a Certificate of Registration of the Company Law Board order for Change of State dated May 22, 2007 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Company's name was changed to V-Mart Retail Limited upon conversion into a public limited company *vide* a Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to a Public Limited Company dated July 11, 2008 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Corporate Identification Number ("**CIN**") of our Company is U51909DL2002PLC163727. For further details please refer to the chapter titled *"General Information"* and "*History & Other Corporate Matters*" on pages 40 and 155 respectively of the Draft Red Herring Prospectus**.**

Registered Office: F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041, India
Tel: +91 11 4525 4444; **Fax:** +91 11 4525 4429; **Email:** compliance@vmart.co.in; **Website:** www.vmart.co.in
Company Secretary and Compliance Officer: Yogesh Bhardwaj

PROMOTERS OF OUR COMPANY: LALIT AGARWAL, HEMANT AGARWAL, MADAN AGARWAL, MADAN GOPAL AGARWAL (HUF), LALIT M. AGARWAL (HUF) AND HEMANT AGARWAL (HUF)

PUBLIC ISSUE OF 5,746,000* EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH OF V-MART RETAIL LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION (THE "ISSUE") COMPRISING OF A FRESH ISSUE OF 4,011,000 EQUITY SHARES BY OUR COMPANY AGGREGATING TO ₹ [●] MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 1,735,000 EQUITY SHARES (THE "OFFER FOR SALE") BY NAMAN FINANCE AND INVESTMENT PRIVATE LIMITED (THE "SELLING SHAREHOLDER") AGGREGATING TO ₹ [●] MILLION. THE ISSUE WILL CONSTITUTE 32.00% OF THE POST ISSUE PAID-UP CAPITAL OF OUR COMPANY.

Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors ("Pre-IPO Placement**"). The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.*

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED ATLEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE

In case of revision in the Price Band, the Bid/Issue Period will be extended for atleast three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager ("**BRLM**"), on the terminals of the Syndicate and to the Self Certified Syndicate Banks ("**SCSBs**").

The Issue is being made through a Book Building Process in accordance with Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended read with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended,("**SEBI (ICDR) Regulations"**) wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs"**). Our Company and Selling Shareholder may, in consultation with the BRLM, allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. All QIB bidders and Non-Institutional Bidders, excluding Anchor Investors, will compulsorily participate in this Issue through the Application Supported by Blocked Amount ("**ASBA**") process. Retail investors participating in this Issue may also utilize the ASBA process to submit their Bids. For further details please see the chapter titled "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of Equity Shares is ₹ 10 and the Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value. The Issue Price (as determined and justified by our Company and Selling Shareholder in consultation with the BRLM and as stated under the chapter titled "*Basis for Issue Price*" on page 80 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled *"Risk Factors"* on page 15 of the Draft Red Herring Prospectus.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for, and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in the Draft Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder accepts responsibility for and confirms that the information relating to the Selling Shareholder contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect.

IPO GRADING

The Issue has been graded by [●] and has been assigned the [●], indicating [●] through its letter dated [●]. For further details in this regard, please refer to the chapter titled "*General Information*" on page 40 of the Draft Red Herring Prospectus.

LISTING ARRANGEMENT

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals of BSE and NSE, for listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purpose of this Issue, the Designated Stock Exchange is BSE.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
Anand Rathi Advisors Limited 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, India **Tel. No.:** +91 22 4047 7000 **Fax:** No.: +91 22 4047 7070 **Email:** vmart.ipo@rathi.com **Website:** www.rathi.com **SEBI Registration No.:** MB / INM000010478 **Contact Person:** Akshay Bhandari	**Karvy Computershare Private Limited** Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad 500 081, India **Tel :** +91 40 4465 5000 **Toll Free:** 180 0345 4001 **Fax:** +91 040 2343 1551 **Email:** v-mart.ipo@karvy.com **Website:** www.karvy.com **SEBI Registration No.** INR000000221 **Contact person:** M Murali Krishna

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: [●]*	BID/ISSUE CLOSES ON: [●]**

** Our Company and the Selling Shareholder in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date.*

***Our Company and the Selling Shareholder in consultation with the BRLM may consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date subject to the Bid/ Issue Period being for a minimum of three Working Days.*

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SECTION I

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Notwithstanding the definitions and abbreviations included in this section,

(i) In the chapter titled *"Our Business"* on page 129 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

(ii) In the chapter titled *"Industry Overview"* on page 97 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

(iii) In the chapter titled *"Financial Information"* on page 195 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

(iv) In the chapter titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 242 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

(v) In the chapter titled *"Key Industry Regulations and Policies"* on page 149 of the Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.

Company Related Terms

Term	Description
Articles /AoA / Articles of Association	The articles of association of our Company, as amended from time to time.
Auditor/ Statutory Auditor	The statutory auditor of our Company Walker, Chandiok & Co., Chartered Accountants.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof, unless the context otherwise specifies.
Director(s)	Director(s) of our Company, unless otherwise specified.
Equity Shareholders	Person(s) holding Equity Shares of our Company unless the context otherwise specifies.
Executive Director(s)	Lalit Agarwal, Hemant Agarwal and Madan Agarwal
Group Entity	Companies, firms, ventures promoted by the Promoter, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act or not and disclosed in the chapter titled "*Group Entity*" on page 192 of the Draft Red Herring Prospectus.
Hemant Agarwal	The Individual Promoter and Director of our Company and also referred as 'Hemanta Kumar Agarwal' and 'Hemant M Agarwal'.
Independent Director(s)	Aakash Moondhra, Krishan Kumar Gupta, Kamal Kumar Gupta
Individual Promoter(s)	Lalit Agarwal, Hemant Agarwal and Madan Agarwal.
IPO Committee	The committee of the Board of Directors constituted as our Company's initial public offer committee and authorised to take decisions on matters related to or incidental to the Issue.
KMP / Key Managerial Personnel	Key Managerial Personnel of our Company as mentioned in the chapter titled "*Our Management*"
Lalit Agarwal	The Individual Promoter and Director of our Company and also referred as 'Lalit Madangopal Agarwal' or 'Lalit M. Agarwal'
Listing Agreements	Listing agreement to be entered into between our Company and the Stock Exchanges.
Madan Agarwal	The Individual Promoter and Director of our Company and also referred as 'Madan Gopal Kandoi' and 'Madan Gopal Agarwal' or Madan Gopilal Agarwal.

Term	Description
Memorandum / MoA / Memorandum of Association	The memorandum of association of our Company, as amended from time to time.
Operations Committee	The committee of the Board of Directors constituted for the purpose of reviewing the overall operations of our Company from time to time.
Promoters	The promoters of our Company namely, Lalit Agarwal, Hemant Agarwal, Madan Agarwal, Lalit M. Agarwal (HUF), Hemant Agarwal (HUF) and Madan Gopal Agarwal (HUF)
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations and disclosed in the chapter titled "*Our Promoters and Promoter Group*"
Registered Office	The registered office of our Company being F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110041, India.
Selling Shareholder	Naman Finance and Investment Private Limited, a company registered under the Companies Act and having its registered office at 212, 2nd Floor, T.V. Industrial Estate, 52, S.K. Ahire Marg, Worli, Mumbai – 400 030.
"V-Mart Retail Limited", "V-Mart", "We", "us", "our", "Issuer", "Company" or "our Company"	Unless the context otherwise indicates or implies, refers to V-Mart Retail Limited, a company registered under the Companies Act, 1956 and having its registered office at F-11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041, India.

Issue Related Terms

Term	Description
Allotment/ Allot/Allotted	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale to successful Bidders.
Allotment Advice	The note or advice or intimation of Allotment sent to the Bidder except Anchor Investors, who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anand Rathi Advisors Limited / Anand Rathi / ARAL	Anand Rathi Advisors Limited, a company incorporated under the Companies Act, 1956 and having its corporate office at 11th Floor, Times Tower, Kamala Mills, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, Maharashtra, India.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion with a minimum Bid of ₹ 100 million.
Anchor Investor Bid/Issue Period	The day, one Working Day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM.
Anchor Investor Portion	Upto 30% of the QIB Portion which may be allocated by our Company and / or the Selling Shareholder to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to other Anchor Investors.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used compulsorily by all QIBs (except Anchor Investors) and Non-Institutional Bidders and optionally by Retail Individual Bidders to make a Bid authorising a SCSB, either directly or through the Syndicate ASBA Members, to block the Bid Amount in their specified bank account maintained with the SCSB.
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.

Term	Description
ASBA Bidder	Any Bidder, other than Anchor Investors, in this Issue who bids through ASBA.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being [●].
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in chapter titled "*Issue Procedure – Basis of Allotment*" on page 347 of the Draft Red Herring Prospectus.
Bid / Bids	An indication to make an offer during the Bid / Issue Period (including, in the case of Anchor Investors, the Anchor Investor Bid/Issue Period) by a Bidder pursuant to submission of a Bid cum Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and which is payable by the Bidder on submission of the Bid in the Issue.
Bid / Issue Closing Date	Except in relation to Anchor Investor, the date after which the members of the Syndicate and the designated branches of the SCSBs shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper (which is also a regional newspaper) each with wide circulation. Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/ Issue Closing Date, which shall also be notified in the said advertisement in an English national newspaper and a Hindi national newspaper (which is also a regional newspaper) each with wide circulation.
Bid / Issue Opening Date	Except in relation to the Anchor Investor(s), the date on which the Syndicate and the SCSBs shall start accepting Bids for the Issue, which shall be notified in a English national daily newspaper and a Hindi national newspaper (which is also a regional newspaper), each with wide circulation.
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus including the Bid cum Application Form used by ASBA Bidders.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form.
Bid / Issue Period/ Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders (except Anchor Investors) and the ASBA Bidders can submit their Bids, including any revisions thereof.
Book Building Process/ Book Building Method	Book building process as provided in Schedule XI of the SEBI (ICDR) Regulations, in terms of which this Issue is being made.
BRLM / Book Running Lead Manager	Anand Rathi Advisors Limited.
Business Day	Any day on which commercial banks in Mumbai, are open for business, except Saturdays and Sundays.
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after Basis of Allotment has been approved by the Designated Stock Exchange.
CARE Research Report	Report prepared by CARE Limited titled "*Indian Retail Industry 2012 – CARE Research*" on page 97 of the Draft Red Herring Prospectus.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Compliance Officer	The Company Secretary of our Company, being Yogesh Bhardwaj.
Controlling Branches	Such branches of the SCSB which coordinate with, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in
Cut-off Price	Any price within the Price Band finalised by our Company and the Selling Shareholder in consultation with the Book Running Lead Manager. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding ₹ 200,000. No other categories of Bidders are entitled to Bid at the Cut-off Price.

Term	Description
Depository	National Securities Depository Limited and Central Depository Services (India) Limited or any other depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depositories Act	The Depositories Act, 1996 as amended from time to time.
Depository Participant or DP	A depository participant registered with the SEBI under the Depository Act.
Designated Branches	Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the Bidders applying through the ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the Designated Stock Exchange.
Designated Stock Exchange	The Bombay Stock Exchange Limited has been designated as the designated stock exchange for the purposes of the Issue.
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated July 23, 2012 issued in accordance with Section 60B of the Companies Act and SEBI (ICDR) Regulations, filed with SEBI and which does not contain complete particulars of the price at which the Equity Shares would be issued and the size of the Issue.
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered therein.
Eligible QFI	QFIs from such jurisdictions outside India (i) which are compliant with FATF standards and are signatories to the International Organisation of Securities Commission’s (“**IOSCOs**”) Multilateral Memorandum of Understanding; (ii) who have opened demat accounts with SEBI registered qualified depositary participants and (iii) where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby.
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (including Anchor Investor and excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into by our Company, the Selling Shareolder, the Registrar to the Issue, the BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Equity Shares	Equity shares of our Company of the face value of ₹ 10 each, fully paid up, unless otherwise specified in the context thereof.
Escrow Collection Banks	The banks which are clearing members and registered with SEBI, in this case being [●].
First / Sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted.
Fresh Issue	The fresh issue of 4,011,000 Equity Shares by our Company of ₹ 10 each aggregating to ₹ [●] million, to be issued by our Company for subscription pursuant to the terms of the Red Herring Prospectus.
Fresh Issue Proceeds	Gross proceeds to be raised through the Fresh Issue
IPO Grading Agency	[●], the credit rating agency appointed by our Company for grading this Issue.
Issue	This Initial Public issue of 5,746,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per equity share (including a share premium of ₹ [●] per equity share) aggregating to ₹ [●] million consisting of the Fresh Issue by our Company and Offer for Sale by the Selling Shareholder.
Issue Agreement	The agreement dated July 19, 2012 entered into among our Company, the Selling Shareholder and the BRLM, pursuant to which certain arrangements are

Term	Description
	agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that is available to our Company and the Selling Shareholder
Mutual Fund Portion	5% of the Net QIB Portion (excluding the Anchor Investor Portion) or 100,555 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion (excluding the Anchor Investor Portion).
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Net Proceeds	The Fresh Issue Proceeds less our Company's share of Issue expenses.
Net QIB Portion	The QIB Portion excluding the Anchor Investor Portion.
Non-Institutional Bidders	All Bidders, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Issue not less than 861,900 Equity Shares of ₹ 10 each, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) available for allocation to Non-Institutional Bidders.
Non-Resident	A person resident outside India, as defined under FEMA and includes a non-resident Indian.
Offer for Sale	The offer for sale of 1,735,000 Equity Shares aggregating to ₹ [●] million by the Selling Shareholder.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders or Anchor Investors, as applicable.
Pay-in-Period	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period and if the price fixed as a result of Book Building is higher than the price at which the allocation is made to Anchor Investor, the Anchor Investor shall bring in the additional amount. For Bidder(s), other than Anchor Investors, the period commencing on the Bid / Issue Opening Date and continuing till the Bid / Issue Closing Date.
Price Band	Price band, of a minimum price (floor of the price band) of ₹ [●] and the maximum price (cap of the price band) of ₹ [●], which includes revisions thereof. The Price Band and the minimum bid lot size will be decided by our Company, the Selling Shareholder in consultation with the Book Running Lead Manager and advertised in an English language daily national newspaper and in a Hindi national newspaper (which is also a regional newspaper), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which our Company and Selling Shareholder in consultation with the BRLM finalizes the Issue Price.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue after the Pricing Date, in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI (ICDR) Regulations.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and the SCSBs from the bank accounts of the ASBA Bidders on the Designated Date.
Qualified Foreign Investors or QFIs'	(i) Resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF; and (ii) Resident in a country that is a signatory to IOSCO's MMOU (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI. Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on (i) jurisdictions having a strategic Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) deficiencies to which counter measures apply; (ii) jurisdictions that

Term	Description
	have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencie. Provided further such person is not resident in India: Provided further that such person is not registered with SEBI as a Foreign Institutional Investor or sub-account or Foreign Venture Capital Investor. Explanation: For the purpose of this clause: (1) The term “Person”shall carry the same meaning under section 2(31) of the IT Act. (2) The phrase “resident in India” shall carry the same meaning as in the IT Act. (3) “Resident” in a country, other than India, shall mean resident as per the direct tax laws of the country. (4) “Bilateral MoU with SEBI” shall mean the bilateral MoU between SEBI and the overseas regulator that inter alia provides for information sharing arrangements. (5) Member of the FATF shall not mean an Associate member of FATF.
Qualified Institutional Buyers or QIBs	Regulation 2 (1) (zd) of the SEBI (ICDR) Regulations defines qualified institutional buyer to mean public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India. Provided that for the purpose of this Issue FVCIs, multilateral and bilateral development financial institutions shall not be treated as a qualified institutional buyer.
QIB Portion	The portion of the Issue being not more than 2,873,000 Equity Shares of ₹ 10 each, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) to be Allotted to QIBs including the Anchor Investor Portion.
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended.
Refund Account	The account(s) opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made.
Refund Bank(s)	[●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through Direct Credit, ECS/ NECS, RTGS, NEFT as applicable.
Registrar to the Issue / Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited.
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue not less than 2,011,100 Equity Shares of ₹ 10 each, for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders, including ASBA Bidders, to modify the quantity

Term	Description
	of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
SCSB Agreement	The deemed agreement between the SCSBs, the BRLM, the Registrar to the Issue our Company and the Selling Shareholder, in relation to the collection of Bids from the ASBA Bidders and payment of funds by the SCSBs to the Public Issue Account.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI ESOP Guidelines	SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
Self Certified Syndicate Bank or SCSBs	The Banks which are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in
Stock Exchanges	Bombay Stock Exchange Limited and National Stock Exchange of India Limited
Sub Syndicate Member	A SEBI Registered member of BSE and/ or NSE appointed by the BRLM and/ or Syndicate Member to act as a Sub Syndicate Member in the Issue.
Syndicate	The BRLM, the Syndicate Members and the Sub Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the BRLM along with the Syndicate Members our Company and the Selling Shareholder in relation to the collection of Bids (excluding Bids by ASBA Bidders submitted directly to SCSBs) in this Issue.
Syndicate ASBA Branches	Branches of SCSBs in the Syndicate ASBA Bidding Centres, which would accept the Bid cum Application Forms from the Syndicate ASBA Members.
Syndicate ASBA Members	Those members of the Syndicate who can procure Bid cum Application Forms (in relation to ASBA).
Syndicate Members	An intermediary registered with the SEBI to act as a syndicate member and who is permitted to carry on the activity as an underwriter, in this case being [•].
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date.
Working Day	All days on which banks in Mumbai are open for business except Sunday and any bank holiday, provided however during the Bidding Period and the Anchor Investor Bidding Date, a Working Day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a bank holiday.

Technical/Industry Related Terms / Abbreviations

Term	Description
Classification of Cities by our Company	Except as disclosed in the '*Industry'* chapter, our Company has classified the cities for internal use, based on the population of the cities/districts as per Census of India 2011 into the following categories: Metros, Tier-I, Tier-II and Tier-III

Term	Description
Metros and Tier-I Cities	Internal classification of our Company for cities in this case being Delhi, Mumbai, Chennai and Kolkata and cities which are either the capital of the states and Union Territories or having a population of more than 3 million
Tier-II Cities	Internal classification of our Company for cities having a population between 0.5 million to 3 million, excluding capital of the states
Tier-III Cities	Internal classification of our Company for cities having a population of less than 0.5 million, excluding capital of the states
Average Billing / Transaction Size	Average billing is the average value of the cash memos, also referred to as the 'Ticket Size,' which is determined by sales divided by number of cash memos
Concept Classification	Internal classification of our stores based on which the product mix of the store is decided being Aspire, Plus, Corporate and Budget
Conversion	Number of cash memos divided by Footfall
F&B	Food and Beverage
F&G	Food and Grocery
FMCG	Fast Moving Consumer Goods
Footfall	Physical count of the number of people (adults) entering the store. Children will be excluded from the counting
Inventory Stock Turn / Inventory Turnover ratio / times	No. of times the stock has been turned around during a year, calculated based on the sales of our Company. Calculated as total revenue from operations divided by the average of opening and closing stock for the year
Inventory Stock Days/ Inventory Turnover Days	No. of days for which the inventory is carried, calculated based on the sales of our Company. Calculated as total revenue from operations divided by the average of opening and closing stock for the year. The resultant number is then used as a divisor for dividng 365 days
Like to Like Sales	Sales of a particular store vis-à-vis the previous year, wherein they have been operational for 12 months in a year
LOI	Letter of Intent
MoU	Memorandum of Understanding
MRP	Maximum Retail Price, the selling price (inclusive of all taxes) above which goods cannot be priced and sold
PCI	Per Capita Income
PFCE	Private Final Consumption Expenditure
PoS	Point of Sale
RFID	Radio Frequency Identification Device
SCM	Supply Chain Management
Shrinkage	Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence, expiry and error in documents and transaction that go un-noticed and later adjusted for upon physical verification of stock with book stock
Young Families	Start up families, nuclear families, young married couples with or without children

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments made from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPLR	Bank Prime Lending Rate
BSE	Bombay Stock Exchange Limited
BV	Book Value
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CESTAT	Central Excise and Service Tax Appellate Tribunal

Term	Description
CIN	Corporate Identification Number
CST Act	Central Sales Tax Act, 1956
CY	Calendar Year
DER	Debt Equity Ratio
DG	Diesel Generator
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund & Miscellaneous Provisions Act, 1952
EPFO	Employees' Provident Fund Organisation
EPS	Earnings Per Share i.e., profit after tax for a Fiscal divided by the weighted average outstanding number of Equity Shares at the end of that Fiscal
ERP	Enterprise Resource Planning
ESI Act	Employees' State Insurance Act, 1948
ESIC	Employees' State Insurance Corporation
EPS	Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
ESOP	Employee stock options
FATF	Financial Action Task Force
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations and circulars there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/fiscal/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Government / GOI	Government of India, GoI, or Central Government
HNI	High Net worth Individual
HUF	Hindu Undivided Family
i.e.	that is
IEC	Import Export Code
IFRS	International Financial Reporting Standards
Income Tax Act / IT Act	The Income Tax Act, 1961, as amended from time to time
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
ICWAI	The Institute of Cost Accountants of India
IOSCOs	International Organisation of Securities Commission's
IT	Information Technology
IT Department	Income Tax Department
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
JV	Joint Venture
Mn. / mn / mn.	Million
MICR	Magnetic Ink Character Recognition

Term	Description
MSME	Micro Small and Medium Enterprises
MSE	Micro Small Enterprises
M/s.	Messers.
N.A.	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of up to 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue, except special permission from the Reserve Bank of India
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
RONW	Return on Net Worth
Rs./ ₹/ Rupees /INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SIA	Secretariat for Industrial Assistance
SME	Small and Medium Enterprise
Sq.Ft.	Square Feet
Sq.Mtr.	Square Meter(s)
Sq.Yd.	Square Yard(s)
State Government	The government of a state of India
TAN	Tax Deduction Account Number
TIN	Tax Payer Identification Number
UIN	Unique Identification Number
U.S. / USA / US	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US$ / US Dollars	United States Dollar
VAT	Value Added Tax
VC	Venture Capitalist
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
WOS	Wholly Owned Subsidiary
YoY	Year on Year

SECTION II

GENERAL

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to "India" in the Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions, all references to the "US", the "USA", the "United States" or the "U.S." are to the United States of America, together with its territories and possessions and all references to "China" are to the People's Republic of China together with its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited financial statements, for the Fiscals 2008, 2009, 2010, 2011 and 2012 prepared in accordance with Indian GAAP, and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations and the Indian GAAP which are included in the Draft Red Herring Prospectus, and set out in the chapter titled *"Financial Information"* on page 195 of the Draft Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year. All references to a particular fiscal year, unless otherwise indicated, are to the 12 month period ended March 31 of that year. In the Draft Red Herring Prospectus; any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited**.**

Any percentage amounts, as set forth in the chapter titled "*Risk Factors*", and chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 15, 129 and 242 of the Draft Red Herring Prospectus, respectively, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations and the Indian GAAP.

Currency and units of Presentation

All references to "₹" or "Rupees" or "Rs." or "`" or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

All references to the word "Lakh" or "Lac", means "One Hundred thousand" and the word "Million" means "Ten Lacs" and the word "Crore" means "Ten Million" and the word "Billion" means "One Thousand Million" and the word "Trillion" means "One Thousand Billion".

Industry and Market Data

The chapter titled "*Industry Overview*" quotes and otherwise includes information from a commissioned report, or the "Indian Retail Industry" prepared by Credit Analysis & Research Limited ("**Indian Retail Industry 2012 - CARE Research" or "CARE Research Report**") for purposes of the Draft Red Herring Prospectus. We have not commissioned any report for purposes of the Draft Red Herring Prospectus other than the CARE Reseach Report. We commissioned CARE's research division to provide an independent assessment of the opportunities, dynamics and competitive landscape of the Indian Retail Industry.

Except for the CARE Research Report, market and industry related data used in the Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.Although we believe that industry data used in the Draft Red Herring Prospectus are reliable, they have not been independently verified. The extent to which the market and industry data used in the Draft Red Herring Prospectus are meaningful depends on the reader‘s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Red Herring Prospectus that are not statements of historical fact constitute "forward looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Red Herring Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "is likely to result", "seek to", "future", "plan", "project", "may", "might", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to identify and respond to consumer demands and preferences;
- Disruption in supply of products/ raw materials;
- Customer spending on various occassions like; festivals, wedding, birthdays and social functions;
- Factors affecting discretionary consumer spending in India;
- Growth of unorganized retail sector;
- Increased competition from other retail players;
- Our supply chain management system including our logistics and transportation capabilities;
- Our relationship with and other conditions affecting our customers;
- Changes in government policies, laws and regulations that apply to or affect our business;
- Changes in political and social conditions in India, the monetary and interest rate policies in India and/ or other countries, inflation, deflation, anticipated turbulence in interest rates, equity prices or other rates or prices;
- General economic and business conditions in the markets in which we operate and in the local, regional and national international economies;
- Our ability to attract and retain appropriate personnel;
- Our Company's ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement our business plans for which funds are being raised through the Issue;

For further discussion of factors that could cause our actual results to differ from our expectations, please see the chapter titled "*Risk Factors*", and chapters titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 15, 129 and 242 of the Draft Red Herring Prospectus, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as of the date of the Draft Red Herring Prospectus. Neither our Company, the Selling Shareholder, our Directors and officers and Book Running Lead Manager nor any of the Syndicate Members nor any of their respective affiliates has any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the Selling Shareholder and Book Running Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading approvals by the Stock Exchanges.

SECTION III

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. These risks and uncertainties are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of Equity Shares could decline, and you may lose all or part of your investment.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including merits and risks involved.

The Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including considerations described below and in the chapter titled "Forward Looking Statements" on page 13 of the Draft Red Herring Prospectus.

To obtain a better understanding of our business, you should read this chapter in conjunction with other chapters of the Draft Red Herring Prospectus, including the chapters titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 129, 242 and 195, respectively of the Draft Red Herring Prospectus, together with all other financial information contained in the Draft Red Herring Prospectus. Unless otherwise stated, the financial data in this chapter is derived from our audited restated financial statements prepared in accordance with Indian GAAP and restated in accordance with the SEBI (ICDR) Regulations.

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. Some risks may not be material individually but may be material when considered collectively.
2. Some risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at present but may have a material impact in the future.

Internal Risk Factors

1. Our Company, Individual Promoters and Group Entity are involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.

Our Company, Individual Promoters and Group Entity are involved in certain legal proceedings, potential litigations and claims in relation to certain civil, criminal and tax matters incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations. A classification of these legal and other proceedings are given in the following table:

Entity Involved in the litigation	Civil Cases	Criminal Cases	Tax Cases	Financial Implications (₹ in mn)	Potential Litigation	Financial Implication (₹ in mn)
Our Company						
Litigation by our Company	1	Nil	4	19.94	2	10.17
Litigation	2	9	1	25.63	3	1.66

Entity Involved in the litigation	Civil Cases	Criminal Cases	Tax Cases	Financial Implications (₹ in mn)	Potential Litigation	Financial Implication (₹ in mn)
Against our Company						
Total Number of Cases	**3**	**9**	**5**	**45.57**	**5**	**11.83**
Promoter and/or Directors						
Litigation by Promoters and/or Directors	Nil	Nil	1	2.58	Nil	Nil
Litigation against Promoters and/or Directors	Nil	6*	Nil	Amount included in criminal litigation against the Company	Nil	Nil
Total Number of Cases	**Nil**	**6***	**1**	**2.58**	**Nil**	**Nil**
Our Group Entity						
Litigations by our Group Entity	Nil	Nil	Nil	Nil	Nil	Nil
Litigations against our Group Entity	Nil	Nil	Nil	Nil	1	1.54
Total number of cases	**Nil**	**Nil**	**Nil**	**Nil**	**1**	**1.54**

* *Our Individual Promoters are parties to the criminal litigation against our Company.*

For further details of outstanding litigation against our Company, our Promoters and our Directors, please see the chapter titled "*Outstanding Litigations and Other Material Developments*" on page 267 of the Draft Red Herring Prospectus.

2. Our inability to promptly identify and respond to changing customer preferences or evolving trends may decrease the demand for our merchandise among our customers, which may adversely affect our business.

We offer a wide variety of products such as apparels, non apparels, home decor, accessories, footwear, kirana and FMCG to our customers. Our success depends upon our ability to forecast, anticipate and respond to the changing customer preferences and trends in a timely manner. Though we do not design or manufacture all the products sold and procure the same through vendors and third party manufacturers, any failure by us to understand prevailing trends or to forecast changes could result in merchandise obsolescence, thereby increasing the dead stock and loss of our brand image amongst our customers, which could have a material adverse effect on our business and results of operations.

3. Our inability or failure to maintain a balance between optimum inventory levels and our product offering at our stores may adversely affect our business, results of operations and financial condition.

We strive to keep optimum inventory at our stores and our distribution centres to control our costs and working capital requirements through our dynamic supply chain management. To maintain an optimal inventory, we monitor our inventory levels based on our projections of demand as well as on a real-time basis. Unavailability of products, which are in high demand, may depress sales volumes and adversely affect our customer relationships. Conversely, an inaccurate forecast can also result in unavailability and/or an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, Shrinkages and ultimately lead to reduction in margins. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

4. Our Company being in the retail sector requires significant amount of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.

Our business requires significant amount of working capital. Major portion of our working capital is utilized towards inventory. We have been sanctioned fund based working capital limits of ₹ 425.00 million from the existing bankers. The retail industry is working capital intensive and has lot of fixed expenditures for operation of stores and maintainence of inventory levels. We intend to continue growing by setting up additional stores. All these factors may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapter titled "*Objects of the Issue*" on page 70 of the Draft Red Herring Prospectus.

5. Losses on account of Shrinkage may have a negative impact on our profitability.

The retail industry is vulnerable to the problem of Shrinkage. Shrinkage at our stores and/or our distribution centres may occur through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence, expiry and error in documents and transaction that go un-noticed and later adjusted for upon physical verification of stock with book stock. An increase in Shrinkage levels at our existing and future stores or our distribution centres may force us to hire additional supply chain management personnel or additional security staff or install additional security and surveillance equipments, which will increase our operational costs and may have an adverse impact on our profitability.

6. Revenue generated from the apparel vertical constitutes majority of our sales revenue. Any sudden fall in the revenues from the apparel segment may adversely affect our financial condition and profitability.

Revenue generated from the sale of our apparel vertical constitutes 63.76% of the total sales of our Company. Any changes in customer preferences, increased competition, fashion trends or any other reason, could decrease our revenue and profitability from this vertical and may result in an adverse effect on the financial condition of our Company.

7. We may in the future face potential liabilities from lawsuits or claims from third parties, should they perceive any deficiency in our products.

Our Company believes in providing quality products and due care is taken to mitigate the associated risks which may happen due to factors beyond our control. We may face the risk of legal proceedings and claims being brought against us by our customers amongst others on account of sale of any defective product, misbranded or adulterated food items. Further, we could also face liabilities should our customers face any loss or damage due to any unforeseen incident such as fire, accident, etc. in our stores, which could cause financial and other damage to our customers. This may result in lawsuits and / or claims against our Company, which may materially and adversely affect the results of our operations and may also result in loss of business and reputation.

8. Our Company's business relies on the reliable performance of its information technology systems and any interruption or abnormality in the same may have an adverse impact on our business operations and profitability.

Our Company has Enterprise Resource Planning ("**ERP**") software which integrates and collates data of purchase, sales, reporting, accounting, stocks, etc. from all the 59 stores in more than 51 cities and three distribution centres. Our Company utilises its information technology systems to monitor all aspects of its businesses and relies to a significant extent on such systems for the efficient operation of its business, including, the monitoring of inventory levels, the allocation of products to our stores and budget planning. Our Company's information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete, which may affect its ability to maintain connectivity with our stores and distribution centres. We cannot assure that we will be successful in developing, installing, running and migrating to new software systems or systems as required for its overall operations. Even if our Company is successful in this regard, significant capital expenditures may be required, and it may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our Company's operations and profitability.

Also, our Company cannot guarantee that the level of security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our Company's failure to continue its operations without interruption due to any of these reasons may adversely affect our Company's results of operations.

9. We operate our registered office, stores and distribution centres from premises that are taken by us on a leasehold basis. Our inability to renew the lease agreements or any adverse impact on the title or ownership rights of our landlords in relation to such premises, may impede our effective operations.

Our Company operates the registered office, stores and distribution centres on a leasehold basis. Our lease agreements generally being long term in nature are renewable on mutually acceptable terms and upon payment of such rent escalations as stated in lease agreements. If the lease agreements are not renewed or are renewed on terms and conditions that are unfavorable to us or we are unable to find alternate premises on commercially acceptable terms, we may suffer a disruption in our operations which could have a material adverse effect on our business and operations. Further, any adverse impact on the title or ownership rights of the landlords, may force us to vacate such premises and we would be required to make alternative arrangements, which may have an adverse affect on the costs of operation and profitability of our Company.

10. The success of our business depends on our ability to attract and retain customers and maintain consistency in customer service.

Our Company's ability to offer contemporary products to our customers and maintain our standards of customer service in our stores is critical to attract and retain customers. We undertake regular advertising and marketing activities to create visibility, stimulate demand and promote our stores, through various mediums of mass communication. Our ability to attract customers and provide high standards of customer service further depends on our ability to attract and hire the right personnel and also train the personnel in the implementation of our business processes. We cannot assure you that we will be able to recruit and retain the right personnel or our advertising and marketing campaign will be successful in meeting its objectives and provide returns commensurate to the investments made. Any failure to attract new customers or expand our customer base, may materially affect our growth and financial performance.

11. There are certain modifications in the auditor's report and report under Companies Auditors Report Order, 2003 (as amended) of our Company for Fiscals 2008, 2009, 2010, 2011 and 2012 which do not require any corrective adjustment in our financial statements

There are certain modifications in the auditor's report and report under Companies Auditors Report Order, 2003 (as amended) of our Company for Fiscals 2008, 2009, 2010, 2011 and 2012 which do not require any corrective adjustment in our financial statements. For further details please refer to the point number 9 of the section titled "*Annexure V - Statement of Notes to Restated Summary Statements of the Company*" of the chapter titlted "*Financial Information"* on page 210 of the Draft Red Herring Prospectus.

12. The objects of the Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the chapter titled "Objects of the Issue".

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution or any independent agency. We may have to revise our management estimates from time to time and consequently, our funding requirements may also change. Our estimates may exceed the value that we have determined and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency.

13. We have not yet executed the required definitive agreements or arrangements as regards our proposed new stores to be opened by utilising the Net Proceeds of the Fresh Issue.

We intend to open 60 new stores and additional space of distribution centres over the next three fiscal years by utilising the Net Proceeds of the Issue. We have entered into five memorandums of understanding and two letters of intent in relation to the stores to be opened in Fiscal 2013. Further, the Company is in the advance level of negotiations with respect to other locations for opening the stores. However, we have not yet placed orders for all the equipment and furniture that we may require. Though we believe it takes us a few months for planning a store and making it operational, in case our expansion plans are not executed as envisaged, it may have a material adverse affect on our Company's operations and financial results. In addition, we might face difficulties in finding suitable locations for establishing our new stores and if we do find suitable locations, there can be no assurance that such locations will be available on commercially acceptable terms.

14. Our inability to manage our growth could disrupt our business and have an adverse effect on our profitability.

We have experienced reasonable growth in recent periods. Our sales have increased at a CAGR of 39.79% from Fiscal 2010 to Fiscal 2012. Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Further, it will put significant demands on our management and other resources. Further, on account of changes in market conditions, industry dynamics, changes in regulatory policies or any other relevant factors, our growth strategy and plans may undergo substantial changes and may even include limiting or foregoing growth opportunities if the situation so demands.

An increase in the number of stores will also increase our fixed operating costs, and there can be no assurance that we will able to offset the increased cost with the incremental revenue. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

15. Our growth strategy to expand into new geographic areas exposes us to certain risks.

As a part of our strategy, our Company has it current presence in 10 states and intends to expand to other states such as West Bengal, Assam, Jharkhand and Uttarakhand in Tier-II and Tier-III cities and untapped markets. Pursuant to such a growth strategy, we may be exposed to risks, which may arise due to lack of familiarity and understanding of the economic conditions, demography, trends and culture of such areas. If we are not able to manage the risk of such expansion it could have a material adverse affect on our operations.

16. Our expansion plans are subject to the risk of cost and time overruns, which could have an adverse impact on our Company's results of operations and financial condition.

Our plan for setting up additional stores as referred to in the chapter titled "*Objects of the Issue*" on page 70 of the Draft Red Herring Prospectus, contains project costs and implementation schedules. We intend to utilise the Net Proceeds of the Issue to set up 60 new stores, additional space of distribution centres and working capital requirements. Our expansion plans are subject to a number of contingencies, including changes in laws and regulations, government action, delays in obtaining approvals, delays in getting requisite locations for our stores, inability to obtain the necessary equipment and other supplies at quoted or at acceptable terms, accidents, natural calamities and other factors, many of which may be beyond our control. We, therefore, cannot assure you that the costs incurred or time taken for implementation of these plans will not vary from our estimated parameters.

17. The Company will not receive any proceeds from the Offer for Sale.

This Issue includes an Offer for Sale of Equity Shares by the Selling Shareholder. The entire proceeds from the Offer for Sale will be transferred to the Selling Shareholder and the Company will not receive any such proceeds. For further details, see the chapter titled "*Objects of the Issue*" on page 70 of the Draft Red Herring Prospectus.

18. We do not have any definitive agreements with our vendors for supply of our raw materials, general merchandise goods and apparels. Further, we do not have fixed terms of trade with majority of our vendors or suppliers for supply of FMCG products.

As a normal practice, to maintain flexibility in procurement options, our Company does not have any long term supply contracts with its suppliers. We have over 2,500 vendors and suppliers registered with our Company for the supply of apparels, general merchandise goods and raw materials. Further, for the supply of FMCG products, we do not have terms of modern trade with majority of our distributors. Pursuant to which, we may not have access to additional discounts and special schemes offered by such distributors and suppliers, which may make our products/pricing relatively unattractive. If the existing vendors, temporarily or permanently, are unable to supply the required products as per our requirements or at all, we may face a temporary adverse effect on our business.

19. We outsource the manufacturing of our private label apparels and therefore, are dependent on third parties for production of such apparels.

For our apparels sold under our private labels, we depend on third party manufacturers for the manufacture of apparels. Any delay or failure on the part of the third party manufacturer to deliver the products in a timely manner or to meet our quality standards by such third party manufacturer may cause a material adverse affect on our business.

20. Any disruptions in our distribution and transport network may adversely affect our operations, business and financial condition.

Our distribution and logistics network is focussed around our distribution centers, two of which are in New Delhi and one in Ahmedabad, Gujarat. Our distribution centres act as storage facilities for onward delivery of our merchandise to all our stores. Any material disruption at these distribution centres due to fire or any other reason may damage our products stored at such distribution centres and adversely affect our distribution and logistics operations temporarily.

Further, we use our own trucks for the delivery of our products to our stores. Further, we also engage third party transport service providers to deliver our products to our stores. However, we have not entered into any definitive agreements with any third party transport service providers and engage them on a needs basis. Though, in the past, our business has not experienced any disruptions, any such disruption of our distribution and transport operations may have an adverse affect on the supplies from our suppliers and deliveries from our distribution centres to our stores.

21. Quality concerns and negative publicity if any, either in relation to us or third parties, would adversely affect the value of our brand, and our sales.

Our business is dependent on the trust that our customers have in our brand and products. We primarily procure goods from third parties. In the event that goods procured by us from external vendors or third party manufacturers and sold to our customers suffer in quality or after sales service provided by them to us or directly to the customers is unsatisfactory, our brand image and sales could be negatively impacted. Further, any damage or negative publicity in relation to the quality of our products may adversely affect our business and may lead to loss of reputation and revenue.

22. Some of our lease agreements may have certain irregularities.

Some of our lease agreements have certain irregularities such as inadequate stamping and/or non registration of deeds and agreements and improper execution of lease deeds. The effect of inadequate stamping and non-registration is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping and non-registration. In the event of any dispute arising out of such unstamped or inadequately stamped and/or unregistered lease agreements, we may not be able to effectively enforce our leasehold rights arising out of such agreements which may have a material and adverse impact on the business of our Company.

23. Our Company depends on the knowledge and experience of our Individual Promoters and other Key Management Personnel for our growth. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.

Our Company depends on the management skills and guidance of our Individual Promoters for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Key Management Personnel complement the vision of our Individual Promoters and perform a crucial role in conducting our day-to-day operations and execution of our strategies. In the event we are unable to attract and retain managerial personnel or our Key Management Personnel join our competitors or form competing companies, our ability to conduct efficient business operations may be impaired. The loss of the services of such personnel or our Individual Promoters and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations.

24. Any inability or failure on our part to control our attrition rate or recruit fresh talent may have an adverse effect on our operations and business.

Typically, the retail industry suffers from high attrition rate especially at the store level. Our customer sales representatives and other employees play a key role in managing our customer expectations. Furthermore, there will be added pressure on us as new entrants in the retail industry look for trained manpower at various levels. Any inability or failure on our part to retain our employees at same cost or recruit fresh talent, may adversely affect the conduct of operations and business.

25. Our agreements with various banks for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

The financing arrangements with our lenders, we have obtained the prior consent from our working capital lenders for the Issue. These agreements include restrictive covenants which impose certain restrictions on our Company. We cannot assure you that we will be able to comply with these financial or other covenants. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise rectified by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. Further, the banks may change the extant banking policies or increase the interest rates/levy penal interest for non-compliances, if any. This may adversely affect our ability to conduct our business and impair our future growth plans. For further information, see the chapter titled "*Financial Indebtedness*" on page 237 of the Draft Red Herring Prospectus.

26. Our Company has availed unsecured loans, which can be recalled anytime by their respective lenders.

Unsecured loans amounting to ₹18.00 million is outstanding as on June 30, 2012. Such unsecured loans availed by our Company can be recalled anytime by the lenders by giving six months notice to our Company. In the event such loans are recalled, our Company may not be able to pay the same. For details of our indebtedness, please refer to the chapter titled "*Financial Indebtedness*" on page 237 of the Draft Red Herring Prospectus.

27. Our business is operating under various laws which require us to obtain approvals from the concerned statutory/regulatory authorities in the ordinary course of business, and if we are unable to obtain these approvals and the renewals, our business could be adversely affected.

We are governed by various laws and regulations for carrying our business activities. Shops and establishment legislations are applicable in the states where we have our stores and distribution centres. This legislation regulates the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of *inter alia* registration, opening and closure of hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Therefore, we are required to obtain registration under the same. Further, our Company is also required to comply with the provisions of the Food Safety and Standards Act, 2006 and Legal Metrology Act, 2009 and obtain registration under the rules thereunder respectively. If we do not receive or obtain the timely renewal of the required statutory and regulatory permits and approvals, it may have a material adverse effect on our business and on our results of operations. For further details on the statutory approvals, licenses obtained and/or applied for by us, see chapter titled "*Government and Other Statutory Approvals*" on page 277 of the Draft Red Herring Prospectus.

28. Our Company has applied for registration of certain trademarks in its name. Until such registrations are granted, we may not be able to prevent un-authorised use of such trademarks by third parties, which may lead to the dilution of our goodwill.

We have filed applications for registration of 13 trademarks, under the Trademarks Act, 1999 ("**Trademarks Act**"), which are currently pending approval from the Registrar of Trademarks. Further, we have filed applications for change in the name of the registered proprietor of 3 trademarks under the Trademarks Act, which were inadvertently registered in the name of our company secretary. There can be no assurance that our trademark applications will be accepted and the trademarks will be registered. Pending the registration of these trademarks we may have a lesser recourse to initiate legal proceedings to protect our private labels. Further, our applications for the registration of certain trademarks may be opposed by third parties, and we may have to incur significant cost in relation to these oppositions. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection or prevent unauthorised use of such trademarks by third parties, which may adversely affect our goodwill and business.

For further details on the trademarks, registered or pending registration, please refer to the chapter titled "*Government and Other Statutory Approvals*" on page 277 of the Draft Red Herring Prospectus.

29. Conflicts of interest may arise out of common business objects shared by our Company and our Group Entity.

Madan Agarwal, our Individual Promoter is a partner in the partnership firm "Shreeman Shreemati", which is our Group Entity. Although currently we do not face any direct competition from Shreeman Shreemati due to its small scale of business activities in the unorganised retail sector, any major expansion in the business activities of Shreeman Shreemati may create a conflict with our Company. Such a conflict of interest may have an adverse effect on our business and growth.

For further details on the business and financial performance of Shreeman Shreemati, please refer to the chapter titled "*Group Entity*" on page 192 of the Draft Red Herring Prospectus.

30. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.

Post this Issue, our Promoters and Promoter Group will collectively own 58.83% of the equity share capital. As a result, our Promoters, together with the members of the Promoter Group, will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or other shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

31. The market price of our Company's Equity Shares may be adversely affected by additional issue of equity or equity linked securities by our Company or by sale of a large number of our Equity Shares by significant shareholders of our Company.

Our Company may finance its growth plans through additional equity offerings. Any future issuance of equity or equity-linked securities by our Company may dilute the shareholding of investors in its Equity Shares and could adversely affect the market price of its Equity Shares.

The Board and shareholders have approved an employee stock option scheme titled "V-Mart ESOP Scheme 2012", in compliance with the SEBI ESOP Guidelines under which our Company may grant upto 300,000 employee stock options. If the options are exercised and converted into Equity Shares, it will lead to further dilution of the existing shareholders. For further details, please refer chapter titled "*Capital Structure – Notes to*

Capital Structure- Employee Stock Option Scheme" beginning on page 53. Although the shareholding of the pre Issue shareholders is subject to lock-in as per applicable SEBI (ICDR) Regulations, sale of large number of Equity Shares by any significant shareholder of our Company after the expiry of the lock-in period could adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sale might occur could also affect the trading price of the Equity Shares.

32. We operate in a competitive market and any increase in competition may adversely affect our business and financial condition.

Our Company faces competition from existing retailers, both organized and un-organised, and potential entrants to the retail industry that may adversely affect our competitive position and our profitability. We expect competition could increase with new entrants coming into retail industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively. As a result of competition, we may have to price our products at levels that reduce our margins, increase our capital expenditure in order to differentiate ourselves from other retailers and increase our advertising and distribution expenditures in order to compete with such competitors, which may materially and adversely affect our business, results of operations and financial condition.

33. Our Company had negative cash flows from operating, financing and investing activities in certain years

As per our restated financial statements, our cash flows from operating, financing and investing activities were negative in certain fiscals as mentioned below:

(₹ in mn.)

Particulars	**Fiscal 2008**	**Fiscal 2009**	**Fiscal 2010**	**Fiscal 2011**	**Fiscal 2012**
Net cash from / (used in) operating activities	(37.59)	(130.47)	99.35	45.16	168.10
Net cash from / (used in) investing activities	(32.55)	(151.94)	(61.82)	(100.08)	(137.35)
Net cash from / (used in) financing activities	88.71	276.64	(41.08)	56.12	(34.53)
Net increase in cash and cash equivalents	18.57	(5.77)	(3.55)	1.20	(3.78)

Any negative cash flow in future could affect adversely affect our operations and financial conditions and the trading price of our Equity Shares. For further details, please refer to the chapter titled "*Financial Information*" on page 195 of the Draft Red Herring Prospectus.

34. We have contingent liabilities in our balance sheet, as restated, at March 31, 2012. Further our Company may be subject to certain penalty proceedings in respect of ongoing tax litigations and our Company has not presently provided for such penalties which may be imposed. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition.

The following are the contingent liabilities in our balance sheet, as restated, as at Fiscal 2012. If any of these actually occur, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition:

(₹ in mn.)

Particulars	**Fiscal 2012**
Demand raised by the sales tax authorities	12.00
Service tax on rent based on Supreme Court order	3.03
Demand raised by electricity board	2.76

Particulars	Fiscal 2012
Demand raised by income tax authority	0.31
Total	**18.10**

The contingent liabilities of our Company arise as our Company is party to certain tax litigations pending before various tribunals and our Company may also be subject to imposition of penalty by the Income Tax Department in relation to such litigations. Our Company has not made provision for such penalties as may be imposed in its contingent liabilities as the amount of penalty which may be imposed is not quantifiable.

35. In the past, we have not been in compliance with the requirements of section 383(A) of the Companies Act with regard to the delay in appointment of a whole-time company secretary. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.

The paid up capital of our Company exceeded ₹ 20.00 million on February 15, 2008 pursuant to which, our Company was required to appoint a whole-time company secretary, as required under section 383(A) of the Companies Act. Although we had issued advertisements in a newspaper inviting candidates for appointment as the company secretary of our Company, we appointed a whole-time company secretary with effect from December 18, 2008. As a result, our Company was in violation of section 383(A) of the Companies Act regarding the appointment of a whole-time company secretary for the said period. Our Company may be liable to imposition of penalty by the RoC for failure to comply with section 383(A) of the Companies Act for the said period.

36. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

Our Company's operations are subject to inherent risks such as fire, strikes, loss-in-transit of our products, cash-in transit, accidents and natural disasters. In addition, many of these operating and other risks may cause personal injury, damage to or destruction of our properties and may result in suspension of operations and the imposition of civil or criminal penalties. Whilst we believe that we maintain adequate insurance coverage amounts for our business and operations, our insurance policies do not cover all risks and are subject to exclusions and deductibles. If any or all of our stores, distribution centres and offices are damaged in whole or in part, our operations, totally or partially, may get interrupted for a temporary period. There can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. Our inability to procure and/or maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability.

Further our Company does not maintain key-man insurance for any of its key personnel and loss of the services of such key personnel may have an adverse effect on our business, financial condition and results of operations. For more details on the insurance policies availed by us, please refer to the chapter titled "*Our Business - Insurance*" on page 148 of the Draft Red Herring Prospectus.

37. While our Company declared dividends in the last two fiscal years we cannot assure you that our Company will make dividend payments in the future.

While our Company declared dividends for the financial year ended Fiscal 2011 and Fiscal 2012, our Company may not be able to declare dividends in the future. Such payments will depend upon a number of factors, including our Company's results of operations, future earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board.

External Risk Factors

38. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investor's assessment of our Company's financial condition.

As stated in the reports of our Company's independent auditors included in the Draft Red Herring Prospectus, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in the Draft Red Herring Prospectus to any other principles or to base it on any other standards such as US GAAP or IFRS.

39. We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board. Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, the IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the "IFRS Convergence Note"). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined and will be notified by the Ministry of Corporate Affairs after various tax related issues are resolved. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of IFRS may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognised during that period and in the corresponding (restated) period in the comparative Fiscal/period.

40. Multiplicity of legislations, taxes and levies in addition to changes in legislation, including changes in direct and indirect tax policies, or policies applicable to us could adversely affect our results of operations.

Various laws and regulations are applicable to the retail industry and our business in general. At every stage, different licenses, approvals and clearances are required, for instance in acquiring store space, opening stores, trade license, etc. This process is tedious and time consuming and there can no assurance that the licenses, approvals and clearances will be granted to us within the expected time frame or at all. Therefore, statutes relating to labour, hours of work, minimum wages, overtime, etc. have an impact on our operational activities and overall costs. Moreover, the complexities of Indian tax structure comprising separate central and local taxes, and levies including sales tax, octroi, etc. has added to our costs and affected flexibility of our operations. Changes in taxes and levies and other regulatory policies and legislations could directly impact the profit margins and activities of our Company.

41. Our business and activities will be regulated by the Competition Act, 2002 (the "Competition Act") and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.

The object of the Competition Act is to prevent business activities that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission of India and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, it may have a material adverse effect on our business, financial condition and results of operations.

42. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

43. The retail sector is restricted in its ability to raise financial resources for its growth.

The multi-brand retail sector is restricted in its ability to raise equity finance. Under the extant foreign investment regulation in India, FDI is only being permitted in companies engaged in single brand retailing under the government approval route. Only Foreign Institutional Investors (FIIs), Non Resident Indians (NRIs), Person of Indian Origin (PIO) and Qualified Foreign Investors (QFIs) are permitted to invest in companies engaged in multi-brand retailing through the portfolio investment scheme route (PIS).

44. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operation as well as the price of the Equity Shares.

45. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company’s business could cause its results of operations to suffer. Any significant change in India’s economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and the Company’s business in particular.

46. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

47. The price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop.

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance;
- Performance of the Indian economy;
- Changes in government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;

- Performance of our Company’s competitors in the retail industry and market perception of investments in the retail industry;
- Adverse media reports on our Company or the Indian retail industry;
- Significant developments in India’s economic liberalization and deregulation policies; and
- Significant developments in India’s fiscal and environmental regulations.

48. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.

The Issue Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors (For further information, please refer chapter titled “*Basis for Issue Price*” beginning on page 80 of the Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

49. Investors will not be able to immediately sell any of our Equity Shares purchased through this Issue on Stock Exchanges until the receipt of appropriate trading approvals from Stock Exchanges.

Our Equity Shares will be listed on BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors demat accounts with depository participants in India are expected to be credited within two working days of the date on which the Basis of Allotment is approved by the Designated Stock Exchange. Thereafter, trading in the Equity Shares can commence only upon receipt of trading approval from the Stock Exchanges. We cannot assure you that the Equity Shares will be credited to investors’ demat accounts, or that trading in the Equity Shares will commence, within the time periods specified by SEBI. Any delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

50. Financial instability in Indian financial markets could adversely affect our Company’s results of operations and financial condition.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The current global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

51. The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in

India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

52. Any downgrading of India's sovereign rating by a domestic or international rating agency could adversely affect our Company's business.

Any adverse revisions to India's sovereign ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

Prominent Notes:

1. We have issued Equity Shares within the last twelve months from the date of the Draft Red Herring Prospectus at a price which may be lower than the Issue Price. Please see the chapter titled "*Capital Structure*" on page 50 of the Draft Red Herring Prospectus.

2. Public Issue of 5,746,000* Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million, comprising of a Fresh Issue of 4,011,000 Equity Shares by our Company aggregating to ₹ [●] million, and Offer for Sale of upto 1,735,000 Equity Shares by the Selling Shareholder aggregating to ₹ [●] million. The Issue of Equity Shares will constitute 32.00% of the fully diluted post-Issue paid up capital our Company.

   *Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

3. The net worth of our Company was ₹ 542.14 million and ₹ 439.45 million as of March 31, 2012 and March 31, 2011 respectively. The book value of each Equity Share was ₹ 73.85 and ₹ 59.87 as of March 31, 2012 and March 31, 2011 respectively as per the restated financial statements of our Company. For more information, please see the chapter titled "*Financial Information*" on page 195 of the Draft Red Herring Prospectus.

4. The average cost of acquisition of per Equity Shares by our Promoters, which has been calculated by taking the average amount paid by them to acquire our Equity Shares, is as follows:

Name of the Promoter	Average cost of acquisition per Equity Share (in ₹)
Lalit Agarwal	1.66
Hemant Agarwal	1.23
Madan Agarwal	0.62
Lalit M. Agarwal (HUF)	1.85
Hemant Agarwal (HUF)	0.56
Madan Gopal Agarwal (HUF)	0.57

5. For details of related party transactions entered into by our Company, please see the section titled "*Statement of Related Party Transactions and Balances, as Restated*" appearing as Annexure XVI of the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus.

6. Except as disclosed in chapters titled "*Capital Structure*", "*Our Promoters & Promoter Group*" and "*Our Management*" beginning on pages 50, 187 and 167 respectively, of the Draft Red Herring Prospectus, none of our Promoters, Directors or Key Management Personnel have any interest in our Company.

7. Except as disclosed in the chapter titled "*Capital Structure*" on page 50 of the Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.

8. The Issue is being made under Regulation 26(1) of the SEBI ICDR Regulations through a Book Building Process wherein not more than 50% of the Issue to the Public shall be available for allocation on a proportionate basis to QIBs, out of which 5% (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Under-subscription, if any, in the Mutual Funds portion will be met by a spill over from the QIB portion and be allotted proportionately to the QIB Bidders. Further not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid Bids being received at or above the Issue Price.

9. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Investors, Non- Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please see the chapter titled "*Terms of the Issue*" on page 313 of the Draft Red Herring Prospectus.

10. Under-subscription in the Issue, if any, in any category will be met by spillover from other categories at the discretion of our Company in consultation with the BRLM.

11. Investors may contact the BRLM or the Compliance Officer for any clarification / complaint or information relating to the Issue, which shall be made available by the BRLM and our Company to the investors at large. No selective or additional information will be available for a section of investors in any manner whatsoever. For contact details of the BRLM and the Compliance Officer, please see the chapter titled "*General Information*" on page 40 of the Draft Red Herring Prospectus.

12. Investors are advised to also see chapter titled "*Basis for Issue Price*" on page 80 of the Draft Red Herring Prospectus.

13. Trading in Equity Shares for all investors shall be in dematerialised form only.

14. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Independent Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

15. Except as stated in the chapter titled "*Group Entity*" on page 192 of the Draft Red Herring Prospectus, our Group Entity has no business interest or other interest in our Company.

16. Our Company has not changed its name in the last three years immediately preceding the date of filing draft offer document with the Board. For further details of changes in the name of our Company, please see the chapter titled "*History and Other Corporate Matters*" on page 155 of the Draft Red Herring Prospectus.

SECTION IV

INTRODUCTION

SUMMARY OF THE INDUSTRY

The Indian Economy

Brief on growth of the Indian Economy

The Indian economy has been one of the fastest growing economies in the world, backed by strong economic fundamentals that have helped maintain a high growth trajectory with GDP growth averaging over 8% over the last five years i.e. FY07-FY11. In recent times however, the economy has been adversely affected by some spill-over effects of global economic slowdown coupled with domestic pressures. During FY12, the Indian economy registered growth of 6.5% as against 8.4% during FY11.

CARE Economics Division expects a gradual turn-around in the economy with GDP growth expected at 6.8% during FY13. On the supply-side, the industrial activity has been robust (barring the years of recession and more recently FY12). In particular, growth in the manufacturing sector has been 7.5% on an average. In India, there exists is a strong relationship between demand for consumer goods against a build-up of growing spending power.

Overall growth in the Indian economy would not just be strongly supported by higher production activity but also rising incomes, which has and continues to widen the base of consumption demand in the country. Per capita Net National Income (Per capita NNI) has been growing at a Compounded Annual Growth Rate (CAGR) of 14% for the period FY08-FY12 with the Economic Survey released by the GoI estimating the Per capita NNI during FY12 at ₹ 60,972 thus indicating high growth potential in the consumer market, a positive on the demand-side. Furthermore, with a targeted growth rate of 17% for credit disbursement in the country, combined with an optimistic view of reversal in interest rates, one may expect retail credit disbursement to pick up.

Though nearly 70% of Indian population resides in villages, the dependence of rural economy on agriculture is declining continuously, agriculture contributing less than a third of rural GDP today from almost fifty per cent a decade back. Rural and semi-urban economy is witnessing a diversification from the traditional agrarian based economy to industrial growth as around three-fourth of the new industries in India are being set up in rural areas generating newer avenues of employment. This is helping in narrowing down the per capita urban and rural GDP gap. Trading hubs in the semi-urban areas are attracting rural consumers as rising prosperity and changing consumption patterns are driving the villagers to surrounding cities in hoards as villages have limited shopping opportunities.

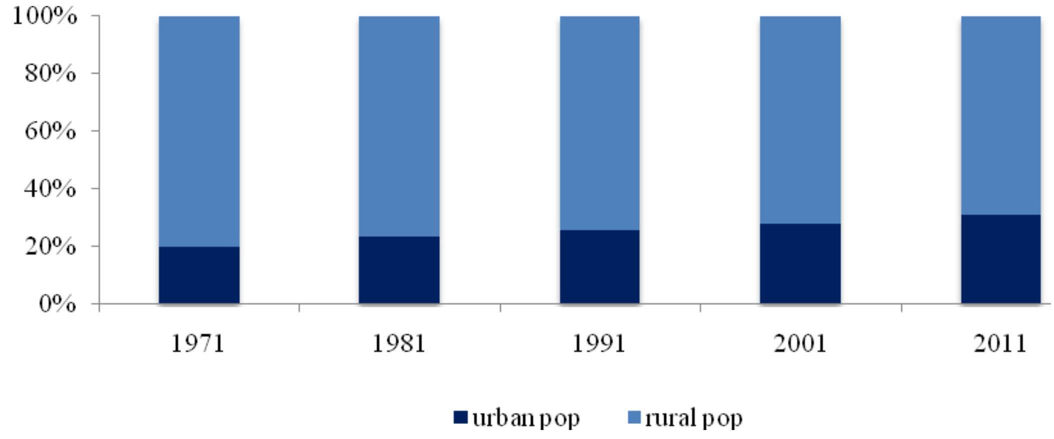
A potential threat however, in this regard, particularly expected to impact the retail segment, could be inflation. High inflation evidently, reduces consumption demand as buying capacity of existing disposable income diminishes. The last year, FY12, witnessed an elevated and accelerating price situation in the country coupled with volatility in consumer durables production that capped the retail market. The stance of monetary tightening has had limited and dispersed impact on inflation due to which there has been a double-edged impact of crowding–out of private savings on one hand with the consumption appetite yet remaining cramped on the other hand.

With prospects of inflation moderating in this fiscal, consumer demand could pick up once again. A major support for overall growth and in particular, the retail segment is the rising spending potential of consumers in the Indian economy.

Consumption Based Growth to Witness Boost from Semi-Urban and Rural Areas

India is witnessing a wave of urbanization on the back of economic growth. The aspirations of higher income, higher standard of living etc have drawn more and more people from villages to settle in towns and cities. Over the years, the share of rural population in the total population has declined from 80.1% in 1971 to 68.8% in 2011.

Rural - urban population divide (%)



Source: Census Data

Though some amount of the shift is happening to Tier-I cities, there is significant increase in population of Tier-II and Tier-III cities as some of the businesses are shifting to these cities due to rising real estate costs in Tier-I cities. With rising prosperity in Tier-II and III cities, spending power too has gone up and it offers a potential target market for the next retail revolution. This transition from rural to urban areas has led to an increase in the demand for goods (owing to higher income and ever-expanding needs). The retailers, especially in the organised segment are therefore targeting the 'middle class' populace by ensuring the availability of varied products at various price ranges to match the needs of a 'common man'. With limited availability of space and sky-rocketed real estate prices, Tier-I cities are fast getting saturated with organised retail. With rising per capita income and a huge footfall from neighbouring smaller towns and villages, Tier-II and Tier-III cities is becoming a value proposition for organised retail to expand its footprint in India.

The primary reason for the higher share of unorganised retail in India emanates from the fact that rural sale comprises a major share of the total retail sales. Of this value, the share of organised retail is almost negligible considering the low penetration of modern retail formats in the rural areas. Of the 45% of urban sales comprising the total retail sales as in 2011, a significant proportion of the retail revenue is generated by the unorganised retailers such as Kirana stores, fruit & vegetable vendors, hawker and others. The overall composition of unorganised retail in the total is comparatively higher in Tier-II and III cities. With better means of transportation, semi-urban areas are attracting a large number of footfalls from villagers with better per capita income and improved consumption basket diversified into apparel, footwear, jewellery, entertainment etc. Tier-II and Tier-III cities are a big opportunity in themselves with more than 80 cities occupied by around 90-100 million population in total.

To catch on the growth bandwagon in Tier- II & III cities various retailers such as Pantaloons, Shoppers Stop, Trent etc have ventured into the said locations adopting store formats and store size as per the needs and consumption pattern of the local populace. On similar lines, V Mart has also pioneered in opening stores across the smaller Indian towns & cities such as Sultanpur, Ujjain, Motihari etc.

SUMMARY OF OUR BUSINESS

The following information should be read together with the more detailed financial and other information included in the Draft Red Herring Prospectus, including the information contained in the chapter titled "Risk Factors", and chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 15, 242 and 195 of the Draft Red Herring Prospectus, respectively.

Overview

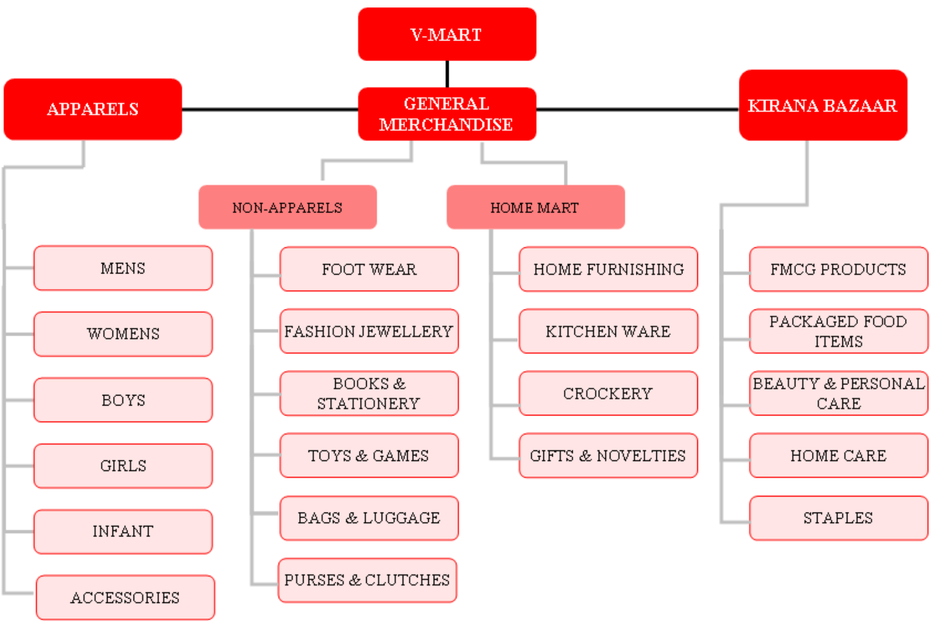
We are one of the pioneers in setting up stores across various small Indian towns and cities including Sultanpur, Ujjain, Motihari *(Source: Indian Retail Industry 2012 – CARE Research)*. We primarily operate in Tier-II and Tier-III cities, with a chain of "value retail" departmental stores offering apparels, general merchandise and kirana, catering to the entire family. Based in New Delhi, our operations are spread across northern, western and eastern parts of India. In October, 2003 we opened our first store by the name of "*V-Mart*" at Ahmedabad, Gujarat, and currently own and operate 59 stores spread across 51 cities and 10 states and union territories, with a total area of 4.82 lac Sq. Ft. Our stores are located in New Delhi, Gujarat, Uttar Pradesh, Bihar, Punjab, Chandigarh, Haryana, Jammu and Kashmir, Rajasthan and Madhya Pradesh.

We have established stores in Metro, Tier-I, Tier-II and Tier-III cities which are primarily located as standalone stores in high-street areas and shopping hubs of such cities. The average size of our store is approximately 8,000 Sq. Ft.

Our Company follows the concept of '*value retailing*' to target the strata of the population belonging to the expanding '*aspiring class*' and '*middle class*' based on our customer's socio-economic conditions, purchasing power, demographic details and customer trends. We believe our offerings in untapped markets, provide our customers with a different shopping experience, comprising of a vast range of value retail products under a modern ambience and feel of a large retail mall.

Our Business Verticals

Our business can be classified in three business verticals: (i) Apparels, (ii) General Merchandise, and (iii) Kirana Bazaar. Our 39 stores are "*Mini Hyper Stores*" retailing apparels, general merchandise as well as kirana and 20 stores are "*Family Fashion Stores*" which are focused on apparels and general merchandise. Our business verticals are further divided as follows:



Our apparels business vertical includes the following divisions: apparels and accessories for men, women, boys, girls and infants.

Our general merchandise business vertical includes the following divisions: Non-Apparels and Home Mart. The Non-Apparel division has the following segments: footwear, books and stationery, toys and games, purses and clutches, fashion jewellery, bags and luggage. The Home Mart division consists of the following segments – home furnishing, kitchenware, crockery and gifts and novelties.

Our Kirana Bazaar business vertical, includes the following segments: FMCG products, packaged food items, beauty and personal care, home care and staples.

Our business is based on the primary concept of '*value retailing*' and guided by our principles "*Sabse Sasta Sabse Accha*" and "*Price 'Less' Fashion*", following which we aim to provide the latest fashion trends in apparels and non apparels to the entire family with an added focus on demands of the youth and Young Families. As a complete family departmental store, we also retail a wide range of products at affordable prices through our Kirana Bazaar vertical.

We source our products, including private labels, directly from the regions where such products are widely available or manufactured, to minimize our procurement costs and offer quality products at such costs. Our strong sourcing capability is backed by an efficient logistics network, which is supported by strong IT infrastructure, systems and processes, thus enabling us in achieving our concept of '*value retailing*'.

Our total income has grown at a CAGR of 30.19% from ₹ 980.71 million in Fiscal 2008 to ₹ 2,819.54 million in Fiscal 2012. Our profit after tax has grown at a CAGR of 31.71% from ₹ 35.24 million in Fiscal 2008 to ₹ 106.12 million in Fiscal 2012. Around 75.88% of our total income is from apparels and general merchandise and 24.08% of our revenue is from Kirana Bazaar in Fiscal 2012. Our stores have grown from 22 in Fiscal 2008 to 59 as on the date of the Draft Red Herring Prospectus square feet under operation has increased from 2.11 lac Sq.Ft. in Fiscal 2008 to 4.82 lac Sq.Ft. as on the date of the Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹in mn.)

Particulars	As at 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
A. Non – current assets					
Fixed assets					
Tangible assets	84.36	202.44	215.03	250.66	332.83
Intangible assets	-	2.10	2.30	1.97	2.74
Capital work in progress	-	-	6.19	13.53	7.84
Deferred tax asset (net)	0.09	-	1.41	3.66	6.38
Long term loans and advances	26.27	57.02	50.75	48.80	65.77
Other non-current assets	0.52	0.10	0.12	6.54	0.22
Total non-current assets	**111.24**	**261.66**	**275.80**	**325.16**	**415.78**
B. Current assets					
Inventories	347.76	492.80	534.24	711.06	869.42
Trade receivables	-	0.72	0.71	1.40	0.56
Cash and bank balances	22.67	17.45	13.37	14.85	19.41
Short term loans and advances	8.24	23.03	31.13	46.97	27.31
Other current assets	-	-	-	0.04	0.64
Total current assets	**378.67**	**534.00**	**579.45**	**774.32**	**917.34**
C. Non – current liabilities					
Long-term borrowings	36.31	53.87	37.60	29.97	21.99
Deferred tax liability	-	0.80	-	-	-
Other long term liabilities	0.90	10.21	7.28	-	-
Long term provisions	2.36	1.95	2.27	4.46	7.16
Total non-current liabilities	**39.57**	**66.83**	**47.15**	**34.43**	**29.15**
D. Current liabilities					
Short term borrowings	169.86	233.15	246.41	347.56	377.97
Trade payables	132.43	121.18	161.03	232.29	336.83
Other current liabilities	12.36	19.40	16.70	27.59	26.96
Short-term provisions	15.42	4.13	8.61	18.16	20.07
Total current liabilities	**330.07**	**377.86**	**432.75**	**625.60**	**761.83**
Net worth (A+B-C-D)	**120.27**	**350.97**	**375.35**	**439.45**	**542.14**
Net worth represented by:					
Shareholder's funds					
Equity share capital	55.60	68.53	68.53	73.41	73.41
Reserves and surplus					
Amalgamation reserve	15.48	15.48	15.48	15.48	15.48
Securities premium account	-	207.31	208.43	208.43	208.43
Surplus as per Statement of Profits and Losses	49.19	59.65	82.91	142.13	244.82
Net worth	**120.27**	**350.97**	**375.35**	**439.45**	**542.14**

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(₹in mn.)

Particulars	For the year ended 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Revenue					
Revenue from operations	980.06	1,422.21	1,436.73	2,140.75	2,811.06
Other income	0.65	1.36	4.83	7.23	8.48
Total revenue	**980.71**	**1,423.57**	**1,441.56**	**2,147.98**	**2,819.54**
Expenditure					
Cost of raw material consumed	21.88	58.78	40.67	30.66	23.42
Purchase of traded goods and other direct expenses	785.95	1,007.34	966.87	1,652.98	2,132.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(167.43)	(130.70)	(35.60)	(166.79)	(176.66)
Production expenses	18.32	27.56	21.88	27.83	17.95
Employee benefits expenses	63.27	107.09	93.29	115.67	170.53
Other expenses	167.34	271.65	235.92	293.65	368.73
Total expenditure	**889.33**	**1,341.72**	**1,323.03**	**1,954.00**	**2,536.48**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**91.38**	**81.85**	**118.53**	**193.98**	**283.06**
Depreciation and amortization	14.83	31.65	41.67	48.53	58.30
Finance charges	18.69	32.52	41.04	49.76	67.35
Net profit before tax, as restated	**57.86**	**17.68**	**35.82**	**95.69**	**157.41**
Less : Tax expenses					
Current tax	23.65	5.70	14.78	35.27	54.03
Fringe benefits tax	0.62	0.63	-	-	-
Deferred tax	(1.65)	0.89	(2.22)	(2.23)	(2.74)
Total tax expenses	**22.62**	**7.22**	**12.56**	**33.04**	**51.29**
Profit after tax, as restated	**35.24**	**10.46**	**23.26**	**62.65**	**106.12**

STATEMENT OF CASH FLOWS, AS RESTATED

(₹in mn.)

Particulars	For the year ended 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(A) Cash from operating activities					
Net profit before tax, as restated	57.87	17.67	35.84	95.70	157.39
Adjustments for:					
Depreciation and amortization	14.83	31.65	41.67	48.53	58.30
Loss on sale of fixed assets	-	-	0.04	-	0.08
Fixed assets written off	-	-	1.88	1.00	0.39
Loss from theft	-	-	0.23	0.27	0.22
Provision for employee benefits	2.50	(0.48)	0.48	2.51	2.82
Provision no longer required written back	-	(0.24)	-	-	-
Balances written off	-	-	-	-	2.57
Interest income	-	(0.03)	(0.36)	(0.48)	(0.82)
Liabilities written back	-	-	(3.18)	(3.80)	(3.35)
Interest costs	15.25	28.63	36.81	44.16	56.63
Operating profits before working capital changes	**90.45**	**77.20**	**113.41**	**187.89**	**274.23**
Adjustments for:					
Changes in trade payables, other current and non-current liabilities	70.12	1.24	40.57	76.72	101.64
Changes in trade receivables	-	(0.72)	0.01	(0.69)	0.84
Changes in inventories	(172.67)	(145.04)	(41.67)	(177.09)	(158.58)
Changes in loans and advances (short term and long term)	(10.99)	(38.48)	(3.29)	(12.23)	(1.49)
Cash generated from/(used in) operations	**(23.09)**	**(105.80)**	**109.03**	**74.60**	**216.64**
Taxes paid	(14.50)	(24.67)	(9.68)	(29.44)	(48.54)
Net cash generated from/ (used in) operating activities (A)	**(37.59)**	**(130.47)**	**99.35**	**45.16**	**168.10**
(B) Cash from investing activities					
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(32.52)	(151.84)	(62.43)	(94.16)	(135.77)
Proceeds from sale of fixed assets	-	-	0.07	0.33	0.21
Interest received	(0.03)	-	0.01	0.36	0.42
Investments in bank deposits (having original maturity of more than three months)	-	-	-	-	(3.47)
Decrease/(increase) in pledged fixed deposits	-	(0.10)	0.53	(6.61)	1.26
Net cash generated from/ (used in) investing activities (B)	**(32.55)**	**(151.94)**	**(61.82)**	**(100.08)**	**(137.35)**

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(C) Cash from financing activities					
Proceeds from issue of equity share capital (net of expenses on issue of shares)	-	220.24	-	4.88	-
Proceeds from long term borrowings	-	33.97	-	1.83	4.00
Repayment of long term borrowings	(0.76)	(18.88)	(16.39)	(8.12)	(9.54)
Proceeds from short term borrowings (net of repayments)	104.72	69.94	11.39	101.15	30.41
Equity dividend paid	-	-	-	-	(2.94)
Corporate dividend tax paid	-	-	-	-	(0.49)
Interest paid	(15.25)	(28.63)	(36.08)	(43.62)	(55.97)
Net cash generated from / (used in) financing activities (C)	**88.71**	**276.64**	**(41.08)**	**56.12**	**(34.53)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**18.57**	**(5.77)**	**(3.55)**	**1.20**	**(3.78)**
Cash and cash equivalents at beginning of the year	4.10	22.67	16.90	13.35	14.55
Cash and cash equivalents at end of the year	22.67	16.90	13.35	14.55	10.77
Total	**18.57**	**(5.77)**	**(3.55)**	**1.20**	**(3.78)**

THE ISSUE

The following table summarizes the Issue details:

Public Issue aggregating to	**5,746,000* Equity Shares of face value of ₹ 10 each**
Consisting of	
Fresh Issue	4,011,000 Equity Shares
Offer for Sale**	1,735,000 Equity Shares
Of which	
(A) QIB Portion***	Not more than 2,873,000 Equity Shares constituting not more than 50% of the Issue
Of which:	
Available for Anchor Investors***	Upto 861,900 Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed:	Not more than 2,011,100 Equity Shares
Of which:	
Mutual Fund Portion	100,555 Equity Shares
Balance for all QIBs including Mutual Funds	1,910,545 Equity Shares
(B) Non-Institutional Portion	Not less than 861,900 Equity Shares constituting not less than 15% of the Issue
(C) Retail Portion	Not less than 2,011,100 Equity Shares constituting not less than 35% of the Issue
Pre and post- Issue Equity Shares	
Equity Shares outstanding prior to the Issue	13,947,778 Equity Shares
Equity Shares outstanding after the Issue	17,958,778 Equity Shares
Use of Net Proceeds	See the chapter titled "*Objects of the Issue*" on page 70 of the Draft Red Herring Prospectus for information about use of the Net Proceeds.

* *Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.*

** *The Issue has been authorized by the Board of Directors pursuant to a resolution passed at its meeting held on May 21, 2012 and by the shareholders of our Company pursuant to a resolution passed at the EGM held on May 22, 2012 under section 81(1A) of the Companies Act.*

The Selling Shareholder has, pursuant to resolutions of its board of directors, dated May 23, 2012 authorised the sale of its Equity Shares as part of the Offer for Sale. These Equity Shares have been held for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI and, hence, are eligible for being offered for sale in the Issue.

Allocation to all categories, except Anchor Investor Portion, if any, shall be made on a proportionate basis.

*** *Our Company and Selling Shareholder may, in consultation with BRLM allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations. For details see the chapter titled "Issue Procedure" on page 319 of the Draft Red Herring Prospectus.*

In case of under – subscription, if any, in any of the categories, spillover to the extent of under - subscription shall be permitted from other categories or a combination of categories in the Issue at the discretion of our Company, in consultation with the BRLM and Designated Stock Exchange.

Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 100,555 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

GENERAL INFORMATION

Our Company was originally incorporated as Varin Commercial Private Limited under the Companies Act *vide* certificate of incorporation dated July 24, 2002 issued by the Registrar of Companies, West Bengal. The name of our Company was subsequently changed to V-Mart Retail Private Limited *vide* a fresh Certificate of Incorporation Consequent upon Change of Name dated July 11, 2006 issued by the Registrar of Companies, West Bengal. The registered office of our Company was changed from the state of West Bengal to Delhi *vide* an order dated April 27, 2007 of the Company Law Board, Eastern Region Bench at Kolkata, and subsequently, a Certificate of Registration of the Company Law Board order for Change of State dated, May 22, 2007 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Company's name was changed to V-Mart Retail Limited upon conversion into a public limited company *vide* a Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company dated July 11, 2008 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Corporate Identification Number ("**CIN**") of our Company is U51909DL2002PLC163727.

Registered Office of our Company

V-Mart Retail Limited
F-11, Udyog Nagar Industrial Area,
Peeragarhi,
Rohtak Road,
New Delhi - 110 041
India
Tel: +91 11 4525 4444
Fax: +91 11 4525 4429
Email: compliance@vmart.co.in
Website: www.vmart.co.in
Contact Person: Yogesh Bhardwaj
Registration Number: 163727

Our Company is registered with the Registrar of Companies, National Capital Territory of Delhi and Haryana. The address of the RoC is as follows:

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi - 110 019
India

Board of Directors

The following table sets out the current details regarding our Board as on the date of the Draft Red Herring Prospectus.

Sr. No.	Name	Designation	Address
1.	Lalit Agarwal	Chairman and Managing Director	B–81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India.
2.	Hemant Agarwal	Whole Time Director	D-61, Galaxy Tower, B/H Grand Bhagwati, Bodakdev, Ahemdabad - 380 054, Gujarat, India
3.	Madan Agarwal	Whole Time Director	B–81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India.
4.	Krishan Kumar Gupta	Director (*Non Executive, Independent*)	C-604, Badhwar Apartments, Sector 6 Plot 3, Dwarka, New Delhi – 110 075, India

Sr. No.	Name	Designation	Address
5.	Aakash Moondhra	Director (*Non Executive, Independent*)	BPB-162, Belvedere Park, DLF Phase III, Gurgaon – 122 002, Haryana, India
6.	Kamal Kumar Gupta	Director (*Non Executive, Independent*)	1008, Chiranjiv Towers, 43, Nehru Place, New Delhi – 110019, India

For further details in relation to our Board and our Directors please refer to the chapter titled "*Our Management*" on page 167 of the Draft Red Herring Prospectus.

Details of the Selling Shareholder

Corporate Information

Naman Finance and Investment Private Limited is a private limited company incorporated under the provisions of the Companies Act, 1956 and has its registered office at 212, 2nd Floor, T.V. Industrial estate, 52, S.K. Ahire Marg, Worli, Mumbai – 400 030. The main activity of the Selling Shareholder consists of investments in shares, securities, etc and providing of finance by way of loans. The Selling Shareholder is a part of the Aditya Birla Group of companies.

Board of directors of Selling Shareholder as on date of the Draft Red Herring Prospectus:

The board of directors of the Selling Shareholder comprises of:

(i) Gopi Krishna Tulsian
(ii) Sushil Agarwal
(iii) G.M. Loyalka
(iv) Shailesh Daga
(v) Rohit Dhoot
(vi) Naveen Bhatter

Shareholding pattern of Selling Shareholder

The shareholding pattern of the Selling Shareholder as on date of the Draft Red Herring Prospectus is as follows:

S. No.	Shareholder's Name	No. of shares of ₹ 100 each	% of shareholding
1.	Heritage Housing Finance Limited	22,500	31.03
2.	Mangalam Services Limited	10,000	13.79
3.	IGH Holdings Private Limited	35,000	48.28
4.	TGS Investment and Trade Private Limited	5,000	6.90
	Total	**72,500**	**100.00**

Company Secretary and Compliance Officer

Yogesh Bhardwaj
F-11, Udyog Nagar Industrial Area,
Peeragarhi, Rohtak Road,
New Delhi - 110 041
India
Tel: +91 11 4525 4444
Fax: +91 11 4525 4429
Email: compliance@vmart.co.in

Investors can contact the Company Secretary and Compliance Officer and/or the Registrar to the Issue and/ or the BRLM in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Bid cum Application Form was submitted by the ASBA Bidders or details of the Syndicate ASBA Member where the Bid cum Application Form was submitted.

Issue Management Team

Book Running Lead Manager

Anand Rathi Advisors Limited
11th Floor, Times Tower, Kamala City,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013
Maharashtra
India
Tel: +91 22 4047 7000
Fax: +91 22 4047 7070
Email: vmart.ipo@rathi.com
Investor Grievance Email: grievance.ecm@rathi.com
Website: www.rathi.com
Contact Person: Akshay Bhandari
SEBI Registration No.: MB/INM000010478

Legal Advisor to the Issue

Axon Partners LLP
Suite No.603,
Silver Arch,
22, Feroz Shah Road,
New Delhi - 110 001
India
Tel: +91 11 4332 0000
Fax: +91 11 4332 0015
Email: abhimanyu.bhandari@axonpartners.in
Contact person: Abhimanyu Bhandari

Registrar to the Issue

Karvy Computershare Private Limited
Computershare Private Limited,
Plot nos.17-24,
Vithal Rao Nagar Madhapur,
Hyderabad – 500 081
India
Tel: +91 40 4465 5000 **Toll Free:** 180 0345 4001
Fax: +91 40 2343 1551
Email: v-mart.ipo@karvy.com
Website: www.karvycomputershare.com
Contact Person: Mr. M Murali Krishna
SEBI Registration No: INR000000221

Bankers to our Company

State Bank of India Limited
Commercial Branch,
N-3, Ring Road, South Extension, Part-1,
New Delhi - 110 049
India
Tel: +91 11 2469 8104/ 2464 4439
Fax: +91 11 2462 4148
Email: sbi.00730@sbi.co.in
Website: www.sbi.co.in

Andhra Bank Limited
M-35, Connaught Circus,
New Delhi – 110 001
India
Tel: +91 11 2341 5616
Fax: +91 11 2341 6043
Email: bmdel084@andhrabank.co.in
Website: www.andhrabank.in

ICICI Bank Limited
RG City Mall, LSC,
Block-B,
Lawrence Road,
New Delhi - 110 035
India
Tel: +91 88 0029 0465
Fax: +91 11 2715 7105
Email: s.anupam@icicibank.com
Website: www.icicibank.com
Contact Person: Anupam Singh

Kotak Mahindra Bank Limited
Ground Floor,
Ghantakarna Mahavir Market Branch,
Sarangpur,
Ahmedabad - 380 002
India
Tel: +91 079 6606 0481/6606 0483
Fax: +91 079 6606 0480
Email: Ravindra.thakkar@kotak.com/
Mukesh.jagtiani@kotak.com
Website: www.kotak.com
Contact Person: Ravindra Thakkar/Mukesh Jagtiani

Axis Bank Limited
B-2/14, Paschim Vihar,
New Delhi - 110 063
India
Tel: 011 2528 4801/2/5
Fax: 011 2528 5600
Email:
paschimvihar.branchhead@axisbank.com,
a.ziahaider@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Rajneesh Choudhari

Statutory Auditors

Walker, Chandiok & Co.,
L 41, Connaught Circus,
New Delhi - 110001
Tel: +91 11 4278 7070
Fax: +91 11 4278 7071
Email: David.Jones@in.gt.com
Website: www.grantthornton.in
Contact Person: David Jones
Firm registration No: 001076N
Peer Review Certificate No.: 005781

Bankers to the Issue

The Bankers to the Issue shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process is provided on http://www.sebi.gov.in. Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

Refund Banker(s)

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Syndicate Member(s)

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC.

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue**.**

Statement of Inter Se Allocation of Responsibilities

Anand Rathi Advisors Limited is the sole BRLM to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by them.

Credit Rating

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

IPO Grading

This Issue has been graded by [•], SEBI registered credit rating agency and has been assigned [●] indicating [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. Attention is drawn to the disclaimer appearing on page [●]. A copy of the press release provided by [●], furnishing the rationale for its grading will be attached as Annexure I at the time of filing the Red Herring Prospectus with the RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

There is no requirement for a Monitoring Agency in terms of sub regulation (1) Regulation 16 of SEBI (ICDR) Regulations since the Issue size is less than ₹ 5,000 million. As required under the listing agreements with the Stock Exchanges, the Audit Committee constituted by our Board of Directors will monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of this Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

Experts

Except for the following opinion of experts we have not obtained any other expert opinion:

- Report of [●] in respect of the IPO Grading of this Issue (a copy of which report will be annexed to the Red Herring Prospectus);

- Reports by the Statutory Auditor of our Company, Walker, Chandiok & Co., Chartered Accountants, on the restated financial statements, included in the Draft Red Herring Prospectus.

Project Appraisal

The Objects of the Issue have not been appraised by any entity. The objects of the Issue and means of finance are therefore based on estimates of our management.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band which will be decided by our Company and Selling Shareholder in consultation with the BRLM and advertised at least two Working Days prior to the Bid/Issue Opening Date. The Issue Price shall be determined by our Company, in consultation with the BRLM, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- Selling Shareholder;
- Book Running Lead Manager in this case being Anand Rathi Advisors Limited;
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as Underwriters;
- Sub Syndicate Members;
- Bankers to the Issue;
- Registrar to the Issue; and
- Self Certified Syndicate Banks

The SEBI (ICDR) Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange.

Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

Our Company will comply with the SEBI (ICDR) Regulations and any other ancillary directions issued by SEBI from time to time for this Issue. The Selling Shareholder confirms that it will comply with the SEBI (ICDR) Regulations and any other directions issued by SEBI, as applicable to such Selling Shareholder in relation to the Equity Shares offered by such Selling Shareholder under the Offer for Sale. In this regard, we have appointed the BRLM to manage the Issue and procure subscriptions to the Issue.

Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all non- retail Investors i.e. QIBs and Non-Institutional Bidders are mandatorily required to utilise the ASBA facility to submit their Bids and participate in this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus.

In accordance with the SEBI (ICDR) Regulations, QIBs bidding in the QIBs portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary

basis. For further details, please refer chapter titled "*Terms of the Issue*" on page 313 of the Draft Red Herring Prospectus.

All the Bidders (except Anchor Investor) have the option to submit their Bids under the "ASBA Process", which would entail blocking of funds in the investor's bank account rather than immediate transfer of funds to the respective Escrow Accounts. QIBs (except Anchor Investors) and Non-Institutional Bidders have to compulsorily Bid under the ASBA process and the same is optional for Retail Individual Bidders.

Investors are advised to make their own judgment about investment through the ASBA process prior to submitting a Bid cum Application Form to a SCSB or Syndicate ASBA Member.

The process of Book Building under SEBI (ICDR) Regulations is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the Book Running Lead Manager, will finalise the issue price at or below such cut off price, i.e., at or below ₹ 22. All bids at or above this issue price and Cut-Off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for making a Bid (for further details see the chapter "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus;

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Draft Red Herring Prospectus and in the Bid cum Application Form;

4. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form (for further details see chapter titled "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus);

5. Ensure the correctness of your demographic details (as defined in the chapter "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus) given in the Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant;

6. Bids by QIBs will only have to be submitted to BRLM and / or their affiliates or to the Syndicate Member(s); and

7. ASBA Bidders (including QIB Bidders but excluding Anchor Investors) can submit a Bid cum Application Form either in physical or electronic form to (a) the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form; or (b) to the Syndicate ASBA Members who shall further submit such Bid cum Application Form to the Syndicate ASBA Branches. ASBA Bidders who are not QIB Bidders can also submit ASBA Bids to Syndicate ASBA Members. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLM reserves the right not to proceed with the Issue at any time, after the Bid/Issue Opening Date, but prior to Board Meeting for Allotment of Equity Shares. In such an event our Company and the Selling Shareholder would issue a public notice in the same newspapers, in which the pre Issue advertisements were published. The Company shall also promptly inform the same to the Stock Exchanges on which the Equity Shares were proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification.

If the Issue is withdrawn after the Bid / Issue Closing date, our Company shall be required to file a fresh offer document with SEBI. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company and the Selling Shareholder will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Bid/Issue Programme

Bid/Issue Period

BID/ISSUE OPENS ON	**[●]***
BID/ISSUE CLOSES ON	**[●]****

**Our Company may, in consultation with the BRLM, allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid/Issue Opening Date.*

***Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date subject to the Bid/Issue Period being for a minimum of three Working Days.*

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted only **between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 4.00 p.m. in case of Bids by QIBs bidding in the Net QIB Portion and Bids by Non-Institutional Bidders and (ii) till 5.00 p.m. in case of Bids by Retail Individual Bidders, which may be extended upto such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges within half an hour of such closure.

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders, except Anchor Investors, are advised to submit their Bids one Working Day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders other than Anchor Investors are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. If such Bids are not uploaded, the Issuer, BRLM, Syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Working Days.

It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by BSE and NSE.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLM, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSBs.

Our Company and the Selling Shareholder, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI (ICDR) Regulations provided that the Cap Price shall be less than or equal to 120% of the Floor of the Price Band and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can be revised up or down to a maximum of 20% of the Floor Price as originally disclosed at least two Working Days prior to the Bid /Issue Opening Date as the case may be.

In case of revision in the Price Band, the Bid/ Issue Period will be extended for three additional Working Days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM, at the terminals of the Syndicate and to the SCSBs. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares, subject to the Bid Amount payable on such minimum application being in the range of ₹ 5,000 to ₹ 7,000.

Underwriting Agreement

After the determination of the Issue Price and Allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Member(s) do not fulfill their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded by the Underwriters including through its Syndicate / sub Syndicates. The Underwriting Agreement is dated [●], and has been approved by our Board of Directors / committee thereof. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be finalized after the pricing and actual allocation of the Equity Shares is determined)

Name, Address, Telephone, Fax and E – mail of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in mn)
[●]	[●]	[●]

The abovementioned would be finalized after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriter(s) are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount. If the Syndicate Member(s) fails to fulfill its underwriting obligations as set out in the Underwriting Agreement, the BRLM shall fulfill the underwriting obligations in accordance with the provisions of the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in the Issue. The underwriting agreement shall list out the role and obligations of each Syndicate Member.

CAPITAL STRUCTURE

Our equity share capital as of the date of the Draft Red Herring Prospectus is set forth below:

(₹ in mn., except share data)

	Particulars	Nominal Value	Aggregate value at Issue Price
A	**Authorised Capital**		
	20,000,000 Equity Shares of the face value of ₹10 each	200.00	
B	**Issued, Subscribed and Paid Up Share Capital before the Issue**		
	13,947,778 Equity Shares of ₹10 each	139.48	
C	**Present Issue in terms of the Draft Red Herring Prospectus**		
	Fresh Issue of 4,011,000 Equity Shares of ₹ 10 each [1]	40.11	[●]
	Offer for Sale of 1,735,000 Equity Shares of ₹ 10 each[2]	17.35	[●]
	Total Issue of 5,746,000 Equity Shares of ₹ 10 each[3]	57.46	[●]
Which comprises			
QIB Portion *Not more than* 2,873,000 *Equity Shares of which:*			
Anchor Investor Portion[4] *Upto* 861,900 *Equity Shares*			
Net QIB Portion *Not more than* 2,011,100 *Equity Shares, of which:*			
Mutual Fund Portion[5] *Upto* 100,555 *Equity Shares*			
Balance for all QIBs including Mutual Funds *Upto* 1,910,545 *Equity Shares*			
Non-Institutional Portion *Not less than* 861,900 *Equity Shares*			
Retail Portion *Not less than* 2,011,100 *Equity Shares*			
D	**Issued, Subscribed and Paid Up Equity Share Capital after the Issue**		
	17,958,778 Equity Shares of ₹ 10 each	179.59	
E	**Securities Premium Account**		
	Before the Issue	142.36	
	After the Issue[6]	[●]	

[1]*The Issue in terms of the Draft Red Herring Prospectus has been authorized by the Board of Directors pursuant to a resolution passed at its meeting held on May 21, 2012 and by the shareholders of our Company pursuant to a resolution passed at the EGM held on May 22, 2012 under section 81(1A) of the Companies Act.*

[2]*The Issue comprises an Offer for Sale of 1,735,000 Equity Shares by the Selling Shareholder. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to their board resolution dated May 23, 2012. The Selling Shareholder is offering 1,735,000 Equity Shares in aggregate, which have been held for a period of at least one year prior to the date of filing of the DRHP and, hence, are eligible for being offered for sale in the Issue.*

[3]*Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will*

be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

[4]*Out of the QIB Portion, our Company may consider participation by Anchor Investors for upto 861,900 Equity Shares in accordance with the SEBI (ICDR) Regulations at the Anchor Investor Issue Price, out of which at least one third shall be allocated to domestic Mutual Funds.*

[5]*The Mutual Fund Portion would be 5% of the Net QIB Portion.*

[6]*The securities premium account will be determined after completion of the Book Building Process and determination of the Issue Price.*

In the event of over-subscription, allotment shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price, except Anchor Investor Portion.

Changes in the Authorized Capital of our Company

Date of Shareholders' Approval	Increased from (₹)	Increased to (₹)	Additional Number of Equity Shares	Cumulative Number of Equity Shares	AGM/EGM
On Incorporation	NA	1,000,000	10,000	10,000 Equity Shares of ₹ 100 each	At the time of Incorporation
March 08, 2004	1,000,000	5,000,000	40,000	50,000 Equity Shares of ₹ 100 each	EGM
January 14, 2005	5,000,000	7,500,000	25,000	75,000 Equity Shares of ₹ 100 each	EGM
March 28, 2005	7,500,000	10,500,000	30,000	105,000 Equity Shares of ₹ 100 each	EGM
March 27, 2007	10,500,000	11,500,000	10,000	115,000 Equity Shares of ₹ 100 each	EGM
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			1,150,000 Equity Shares of ₹ 10 each	EGM
January 02, 2008	11,500,000	100,000,000	8,850,000	10,000,000 Equity Shares of ₹ 10 each	EGM
September 27, 2010	100,000,000	150,000,000	5,000,000	15,000,000 Equity Shares of ₹ 10 each	EGM
May 22, 2012	150,000,000	200,000,000	5,000,000	20,000,000 Equity Shares of ₹ 10 each	EGM

Notes to Capital Structure:

1. Equity Share Capital History of Our Company

(a) The following is the history of the equity share capital of our Company since incorporation:

Date of allotment	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative Paid - up Share Capital (₹ in mn.)	Cumulative Securities Premium (₹ in mn.)
July 24, 2002	1,000	100	100	Cash	Subscription to the Memorandum of Association	1,000	0.10	-
March 31, 2003	6,250	100	1,000	Cash	Preferential Allotment	7,250	0.73	5.63
March 31, 2004	31,500	100	100	Cash	Preferential Allotment	38,750	3.88	5.63
March 31, 2004	4,900	100	1,000	Cash	Preferential Allotment	43,650	4.37	10.04
March 29, 2005	16,600	100	1,000	Cash	Preferential Allotment	60,250	6.03	24.98
March 31, 2005	42,176	100	-	Bonus	Bonus in the ratio of 7:10	102,426	10.24	20.76
March 31, 2007	7,900	100	1,000	Cash	Preferential Allotment	110,326	11.03	27.87
October 22, 2007	879	100	100	Other than cash	Scheme of Arrangement	111,205	11.12	27.87
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each					1,112,050	11.12	27.87
February 15, 2008	4,448,200	10	-	Bonus	Bonus in the ratio of 4:1	5,560,250	55.60	-
June 10, 2008	41,667	10	720	Cash	Preferential Allotment	5,601,917	56.02	29.58
August 04, 2008	350,000	10	160	Cash	Preferential Allotment	5,951,917	59.52	82.01
September 15, 2008	901,519	10	159.80	Cash	Preferential Allotment	6,853,436	68.53	207.31*
January 20, 2011	487,500	10	10	Cash	Rights Issue**	7,340,936	73.41	208.43***
June 15, 2012	6,606,842	10	-	Bonus	Bonus in the ratio of 9:10	13,947,778	139.48	142.36

** ₹9.75 million from the share premium account has been utilized for writing off the expenses on allotment of Equity Shares.*
*** Rights were issued in the ratio of 71,132 Equity Shares for every 1,000,000 Equity Shares held.*
**** ₹1.12 million has been written back to the share premium account in connection with expense of ₹9.75 million referred above.*

(b) Shares allotted for consideration other than cash

Except as mentioned below, no Equity Shares have been allotted for consideration other than cash.

Certain shares have been issued pursuant to a scheme approved under section 391 – 394 of the Companies Act:

Scheme of Amalgamation of Sambhav Promoters Private Limited (the "Transferor" or "SPPL") with our Company ("Transferee").

In accordance with the terms of the said Scheme of Amalgamation ("**Scheme**"), as sanctioned by the High Court of Judicature at Calcutta *vide* order dated, February 26, 2007, with effect from April 1, 2006 ("**Appointed Date**"), the undertakings and liabilities of the SPPL stood transferred to the our Company as a going concern so as to become the estate, rights, titles and interests of SPPL pursuant to Section 394 of the Companies Act and such other provisions thereof as may be applicable.

Sr. No.	Persons to whom allotted	Number of Equity Shares allotted of the face value of ₹ 100	Whether benefits have accrued to the Issuer
1.	Ekta Technologies Private Limited	243	Amalgamation of the business of SPPL as going concern with our Company.
2.	Avrail Engineering Private Limited	155	
3.	Auroplast Merchandise Private Limited	58	
4.	Shivarpan Mercantile Private Limited	123	
5.	Wigwam Finance Private Limited	60	
6.	Anudeep Consultants Private Limited	30	
7.	Mangtu Ram Agarwal	100	
8.	Jeevandhara Waters Private Limited	25	
9.	Trimurti Associates Private Limited	65	
10.	Jainex Dealcom Private Limited	20	
	Total	**879**	

Our Company has allotted 879 Equity Shares on October 22, 2007, pursuant to the order of the High Court of Judicature at Calcutta, wherein the Scheme was approved. The shareholders of SPPL were allotted 1 equity share of our Company for every 100 equity shares of SPPL held by them The same was made in accordance with the provisions of Sections 391- 394 of the Act. For further details please refer to chapter titled "*History and Other Corporate Matters*" beginning on page 155 of the Draft Red Herring Prospectus.

Our Company has not re-valued its assets since inception and has not issued any Equity Shares out of revaluation reserves.

(c) Employee Stock Option Scheme

Our Company has instituted an employee stock option scheme, which was approved by our Board of Directors and our shareholders vide resolutions dated July 2, 2012 and July 10, 2012 respectively (the "**V-Mart ESOP Scheme 2012**") for our employees wherein our Company may grant a total of 300,000 employee stock options ("**ESOPs**") to our executive directors, KMPs and other employees. Our Company has currently granted a total of 153,252 ESOPs. The following table sets forth the particulars of the ESOPs granted under the V-Mart ESOP Scheme 2012:

Particulars	Details
Options granted	153,252 ESOPs were granted on July 20, 2012 at an exercise price of ₹ 150.00 per ESOP with graded vesting (i.e. 45,975 ESOPs vesting after one year from the date of grant, 45,975 ESOPs vesting after two years from the date of grant and 61,302 ESOPs vesting after two years from the date of grant)
Pricing formula	The Remuneration Committee has been authorised to

Particulars		Details	
		determine the exercise price of ESOPs.	
Total Options vested		Nil	
Options exercised		Nil	
Total number of Equity Shares arising as a result of the exercise of options		Nil	
Options forfeited/lapsed/cancelled		Nil	
Variation of terms of options		Nil	
Money realized by exercise of options		Nil	
Total number of ESOPs in force		153,252	
Person wise details of options granted to			
i)	Directors and senior managerial personnel / key managerial personnel	Deepak Sharma Snehal Shah Jai Banerjee Abhishek Jatia Dinesh Srivastav Yogesh Bhardwaj	33,593 34,703 15,463 22,083 7,360 1,710
ii)	Any other employee who received a grant in any one year of options amounting to 5% or more options granted during the year	Sanjeet Kedia Vikash Beel	11,041 9,814
iii)	Identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Not Applicable	
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with relevant accounting standard.		Since the ESOPs have been granted after the date for which last financial statements have been disclosed in the Draft Red Herring Prospectus, there is no effect of ESOPs on the diluted earnings per share disclosed.	
Lock-in		None	
Impact on profits and EPS of the last three years		Since the ESOPs have been granted after the date for which last financial statements have been disclosed in the Draft Red Herring Prospectus, there is no effect of ESOPs on the diluted earnings per share disclosed.	
Impact of the difference on the profits of the Company and on the EPS.			
Difference, if any, between employee compensation cost (calculated according using the intrinsic value of stock options) and the employee compensation cost (calculated on the basis of fair value of stock options)		The Company will use fair value of options for calculation of employee compensation cost.	
Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock		Exercise price exceeds market price: Not Applicable Exercise price equals market price : Not Applicable Exercise price is less than market price: Not Applicable	
Weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock		Exercise price exceeds market price: Not Applicable Exercise price equals market price : Not Applicable Exercise price is less than market price: Not Applicable	
Method and significant assumptions used to estimate the fair value of options granted during the year		There is no impact on profit and loss since the ESOPs have been garnted on fair market value. The fair market value has been calculated on the basis of the “Income Approach and Discounted Cash Flow” method.	

Particulars	45,975 ESOPs	45,975 ESOPs	61,302 ESOPs
Price per option (in ₹)	150.00	150.00	150.00

Particulars	Details			
	Risk free return (in %)	8.30	8.30	8.30
	Average Weighted cost of capital (in %)	10.80	10.80	10.80
	Average rate of return on the stock market (in %)	7.25	7.25	7.25
	Terminal growth (in %)	10.00	10.00	10.00
	Average cost of equity based on CAPM (in %)	13.55	13.55	13.55
	Beta	1.26	1.26	1.26
	Price of underlying shares at the time of the options grant	150.00	150.00	150.00
Impact on the profits and EPS of the Company, if the Company has followed the accounting policies specified in Clause 13 of the SEBI ESOP Guidelines.	Since the ESOPs have been granted after the date for which last financial statements have been disclosed in the Draft Red Herring Prospectus, there is no impact.			

As of the date of the Draft Red Herring Prospectus, no Equity Shares have been issued for a price lower than the Issue Price during the preceding the one year.

2. History of Build up, Promoters Contribution and Lock-in

(a) *Capital built-up of the Promoters is as mentioned below:*

- **Lalit Agarwal**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
July 24, 2002	500	500	100	100	Cash	Subscription to MOA	0.04	0.03
March 31, 2004	6,000	6,500	100	100	Cash	Preferential Allotment	0.43	0.33
March 31, 2004	3,250	9,750	100	100	Cash	Transfer	0.23	0.18
March 31, 2005	6,825	16,575	100	-	Bonus	Bonus issue in the ratio of 7:10	0.49	0.38
Sub Total	**16,575**						**1.19**	**0.92**
October 29, 2007		165,750	10	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			1.19	0.92
January 2, 2008	65,200	230,950	10	41.00	Cash	Transfer	0.47	0.36

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
February 15, 2008	923,800	1,154,750	10	-	Bonus	Bonus issue in the ratio of 4:1	6.62	5.14
June 15, 2012	1,039,275	2,194,025	10	-	Bonus	Bonus issue in the ratio of 9:10	7.45	5.79
Total	**2,194,025**						**15.73**	**12.22**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹10 each.*

- **Hemant Agarwal**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
March 31, 2004	3,000	3,000	100	100	Cash	Preferential Allotment	0.22	0.17
March 31, 2005	2,100	5,100	100	-	Bonus	Bonus issue in the ratio of 7:10	0.15	0.12
Sub Total	**5,100**						**0.37**	**0.28**
October 29, 2007		51,000	10	Sub-division of the face value of the Equity Shares from ₹. 100 each to ₹ 10 each			0.37	0.28
January 2, 2008	10,000	61,000	10	41.00	Cash	Transfer	0.07	0.06
February 15, 2008	244,000	305,000	10	-	Bonus	Bonus issue in the ratio of 4:1	1.75	1.36
June 15, 2012	274,500	579,500	10	-	Bonus	Bonus issue in the ratio of 9:10	1.97	1.53
Total	**579,500**						**4.15**	**3.23**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹10 each.*

- **Madan Agarwal**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
July 24, 2002	500	500	100	100	Cash	Subscription to MOA	0.04	0.03
March 31, 2004	3,750	4,250	100	100	Cash	Preferential Allotment	0.27	0.21
March 31, 2005	2,975	7,225	100	-	Bonus	Bonus issue in the ratio of 7:10	0.21	0.17
Sub Total	**7,225**						**0.52**	**0.40**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
October 29, 2007		72,250	10	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			0.52	0.40
February 15, 2008	289,000	361,250	10	-	Bonus	Bonus issue in the ratio of 4:1	2.07	1.61
June 15, 2012	325,125	686,375	10	-	Bonus	Bonus issue in the ratio of 9:10	2.33	1.81
Total	**686,375**						**4.92**	**3.82**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹10 each.*

- **Madan Gopal Agarwal (HUF)**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
March 31, 2004	3,200	3,200	100	100	Cash	Preferential Allotment	0.23	0.18
March 31, 2005	2,240	5,440	100	-	Bonus	Bonus issue in the ratio of 7:10	0.16	0.12
September 19, 2007	5,525	10,965	100	50	Cash	Transfer	0.40	0.31
Sub Total	**10,965**						**0.79**	**0.61**
October 29, 2007		109,650	10	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			0.79	
February 15, 2008	438,600	5,48,250	10	-	Bonus	Bonus issue in the ratio of 4:1	3.14	2.44
June 15, 2012	493,425	1,041,675	10	-	Bonus	Bonus issue in the ratio of 9:10	3.54	2.75
Total	**1,041,675**						**7.47**	**5.80**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹10 each.*

- **Lalit M. Agarwal (HUF)**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
March 31, 2004	4,500	4,500	100	100	Cash	Preferential Allotment	0.32	0.25
March 31, 2004	(3,250)	1,250	100	100	Cash	Transfer	(0.23)	(0.18)
March 31, 2005	875	2,125	100	-	Bonus	Bonus issue in the ratio	0.06	0.05

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
						of 7:10		
September 19, 2007	7,820	9,945	100	50	Cash	Transfer	0.56	0.44
Sub Total	**9,945**						**0.71**	**0.55**
October 29, 2007		99,450	10	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			0.71	0.55
January 2, 2008	35,000	134,450	10	52.71	Cash	Transfer	0.25	0.19
February 15, 2008	537,800	672,250	10	-	Bonus	Bonus issue in the ratio of 4:1	3.86	2.99
June 15, 2012	605,025	1,277,275	10	-	Bonus	Bonus issue in the ratio of 9:10	4.34	3.37
Total	**1,277,275**						**9.16**	**7.11**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹10 each.*

- **Hemant Agarwal (HUF)**

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Nature of consideration	Nature of transaction	% of Pre Issue Capital*	% of Post Issue Capital*
March 31, 2004	900	900	100	100	Cash	Preferential Allotment	0.06	0.05
March 31, 2005	630	1,530	100	-	Bonus	Bonus issue in the ratio of 7:10	0.05	0.04
September 19, 2007	2,933	4,463	100	50	Cash	Transfer	0.21	0.16
Sub Total	**4463**						**0.32**	**0.25**
October 29, 2007		44,630	10	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each			0.32	0.25
February 15, 2008	178,520	223,150	10	-	Bonus	Bonus issue in the ratio of 4:1	1.28	0.99
June 15, 2012	200,835	423,985	10	-	Bonus	Bonus issue in the ratio of 9:10	1.44	1.12
Total	**423,985**						**3.04**	**2.36**

**Percentage of pre-Issue and post-Issue capital has been calculated in terms of present face value of Equity Shares of ₹ 10 each.*

(b) *Details of the Promoters contribution locked in for three years*

Pursuant to Regulations 32 and 36 of the SEBI (ICDR) Regulations, an aggregate of 20% of the fully diluted post-Issue paid up Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment of Equity Shares in the Issue ("**Minimum Promoters Contribution**") and the Promoters shareholding in excess of 20% shall be locked-in for a period of one year.

The Equity Shares, which are being locked-in, are not ineligible for computation of Minimum Promoters Contribution under Regulation 33 of the SEBI (ICDR) Regulations.

The details of such lock-in are given below:

Details of the Minimum Promoters Contribution locked in for three years

Date of allotment / acquisition	Nature of allotment/acquisition	Consideration	No. of Equity shares locked in*	Face value (₹)	Issue / Purchase price (₹)	Percentage of post-Issue paid up capital (%)
I. Lalit Agarwal						
July 24, 2002	Subscription to MOA	Cash	500	100	100	0.03
March 31, 2004	Preferential Allotment	Cash	6,000	100	100	0.33
March 31, 2004	Transfer	Cash	3,250	100	100	0.18
March 31, 2005	Bonus	Bonus	6,825	100	-	0.38
Sub Total			**16,575**	**100**		**0.92**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹10 each		165,750	10	-	0.92
January 2, 2008	Transfer	Cash	65,200	10	41	0.36
February 15, 2008	Bonus	Bonus	577,375	10	-	3.22
June 15, 2012	Bonus	Bonus	207,855	10	-	1.16
		Sub Total (A)	**1,016,180**			**5.66**
II. Hemant Agarwal						
March 31, 2004	Preferential Allotment	Cash	3,000	100	100	0.17
March 31, 2005	Bonus	Bonus	2,100	100	-	0.12
Sub Total			**5,100**	**100**		**0.28**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each		51,000	10	-	0.28
January 2, 2008	Transfer	Cash	10,000	10	41	0.06
February 15, 2008	Bonus	Bonus	152,500	10	-	0.85
June 15, 2012	Bonus	Bonus	54,900	10	-	0.31
		Sub Total (B)	**268,400**			**1.49**
III. Madan Agarwal						
July 24, 2002	Subscription to MOA	Cash	500	100	100	0.03
March 31, 2004	Preferential Allotment	Cash	3,750	100	100	0.21

Date of allotment / acquisition	Nature of allotment/acquisition	Consideration	No. of Equity shares locked in*	Face value (₹)	Issue / Purchase price (₹)	Percentage of post-Issue paid up capital (%)
March 31, 2005	Bonus	Bonus	2,975	100	-	0.17
Sub Total			**7,225**	**100**		**0.40**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each		72,250	10	-	0.40
February 15, 2008	Bonus	Bonus	180,625	10	-	1.01
June 15 , 2012	Bonus	Bonus	157,588	10	-	0.88
		Sub Total (C)	**410,463**			**2.29**
IV. Madan Gopal Agarwal (HUF)						
March 31, 2004	Preferential Allotment	Cash	3,200	100	100	0.18
March 31, 2005	Bonus	Bonus	2,240	100	-	0.12
September 19, 2007	Transfer	Cash	5,525	100	50	0.31
Sub Total			**10,965**	**100**		**0.61**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each		109,650	10	-	0.61
February 15, 2008	Bonus	Bonus	274,125	10	-	1.53
June 15, 2012	Bonus	Bonus	345,398	10.	-	1.92
		Sub Total (D)	**729,173**			**4.06**
V. Lalit M. Agarwal (HUF)						
March 31, 2004	Preferential Allotment	Cash	1,250	100	100	0.07
March 31, 2005	Bonus	Bonus	875	100	-	0.05
September 19, 2007	Transfer	Cash	7,820	100	50	0.44
Sub Total			**9,945**			**0.55**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each		99,450	10	-	0.55
January 2, 2008	Transfer	Cash	35,000	10	52.71	0.19
February 15, 2008	Bonus	Bonus	336,125	10	-	1.87
June 15, 2012	Bonus	Bonus	423,518	10	-	2.36
		Sub Total (E)	**894,093**			**4.98**

Date of allotment / acquisition	Nature of allotment/acquisition	Consideration	No. of Equity shares locked in*	Face value (₹)	Issue / Purchase price (₹)	Percentage of post-Issue paid up capital (%)
VI. Hemant Agarwal HUF						
March 31, 2004	Preferential Allotment	Cash	900	100	100	0.05
March 31, 2005	Bonus	Cash	630	100	-	0.04
September 19, 2007	Transfer	Cash	2933	100	50	0.16
Sub Total			**4,463**			**0.25**
October 29, 2007	Sub-division of the face value of the Equity Shares from ₹ 100 each to ₹ 10 each		44,630	10	-	0.25
February 15, 2008	Bonus	Bonus	111,575	10	-	0.62
June 15, 2012	Bonus	Bonus	140,585	10	-	0.78
		Sub Total (F)	**296,790**	**10**	**-**	**1.65**
Total (A) + (B) + (C) + (D)+(E)+(F)			**3,615,099**			**20.13**

** The lock-in for the abovementioned Equity Shares will commence from the date of Allotment in the Issue.*

(c) The Equity Shares that are being locked-in are not in-eligible for computation of Promoter's contribution under Regulation 33 of the SEBI (ICDR) Regulations. In this connection, we confirm the following:

a) The Equity Shares offered for minimum 20% Promoters contribution have not been acquired in the last three years for consideration out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters contribution. The Promoters contribution of 20% of the post- Issue Capital does not include Equity Shares allotted to our Promoters for consideration other than cash.

b) The Equity Shares offered for minimum 20% Promoters contribution do not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

c) The Equity Shares offered for minimum 20% Promoters contribution were not issued to the Promoters upon conversion of a partnership firm;

d) The Equity Shares offered for minimum 20% Promoters contribution are not subject to any pledge; and

e) In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock in will not be disposed/ sold/ transferred by our Promoter during the period starting from the date of filing of the Draft Red Herring Prospectus with SEBI till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus.

The Minimum Promoters Contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as Promoter under the SEBI (ICDR) Regulations.

Our Company has obtained consents from our Promoters for the lock-in of 3,615,099 Equity Shares, held by them, for a period of 3 years from the date of Allotment in the Issue and for lock in of the balance pre-Issue Equity Share capital of our Company, held by the Promoters and Promoter Group, for a period of 1 year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the minimum Promoter's contribution are not subject to pledge.

Other than the Equity Shares locked-in as Promoters contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company, with the exception of Equity Shares which are proposed to be transferred as part of the Offer of Sale, including the excess of Minimum Promoters Contribution, as per Regulation 36 and 37 of the SEBI (ICDR) Regulations, shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Issue.

The Equity Share arising from ESOP Scheme are exempted from the lock-in in pursuant to Regulation 37(a) of SEBI (ICDR) Regulations.

(d) Details of share capital locked in for one year

The Equity Shares allotted pursuant to the Pre-IPO Placement, (if any), shall be locked in for a period of one year from the date of Allotment.

(e) Lock-in of Equity Shares to be issued, if any, to Anchor Investor(s)

Further, any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(f) In terms of Regulation 40 of the SEBI (ICDR) Regulations:

- the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares of our Company which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

- the Equity Shares held by the Promoters and Promoter Group, as per Regulation 36 of the SEBI (ICDR) Regulations may be transferred to and amongst the Promoters / members of the Promoter Group or to new promoters or persons in control of our Company which are locked-in, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.

  In terms of Regulation 39 of the SEBI (ICDR) Regulations, the locked-in Equity Shares of our Company held by the Promoters can be pledged with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that:

  - If the Equity Shares are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI (ICDR) Regulations the pledge of the Equity Shares is one of the terms of the sanction of the loan.

  - If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36, may be pledged only if, in addition to complying with the aforesaid conditions, the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.

(g) The shareholding pattern of our Company

The Equity shareholding pattern of our Company before and after the Issue is as follows:

Sr. No.	Particulars	Pre Issue		Offer for Sale / Fresh Issue	Post Issue	
		No. of Shares	% holding		No. of Shares	% holding
A.	Promoters	6,202,835	44.47		6,202,835	34.54
B.	Promoter Group	4,361,640	31.27		4,361,640	24.29
C.	Others	79,167	0.57		79,167	0.44
D.	Selling Shareholder	3,304,136	23.69	1,735,000	1,569,136	8.74
E.	Public Shareholding					
	- Fresh Issue	-	-	4,011,000	4,011,000	22.33
	- Offer for Sale				1,735,000	9.66
Total		**13,947,778**	**100.00**	**5,746,000**	**17,958,778**	**100.00**

The table below presents our shareholding pattern prior and post the Issue in accordance with Clause 35 of the Listing Agreement:

(Equity Shares of face value ₹10 each)

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre Issue)		Total shareholding as a percentage of total number of shares (Post Issue)	
					As a percentage of(A+B)	As a percentage of (A+B+C)	As a percentage of(A+B+D)	As a percentage of (A+B+C+D)
(A)	**Shareholding of Promoters and Promoter Group**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	9	10,564,475	9,287,200	75.74	75.74	58.83	58.83
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(1)	**9**	**10,564,475**	**9,287,200**	**75.74**	**75.74**	**58.83**	**58.83**
2	**Foreign**							
A	Individuals (Non-Residents Individuals/	-	-	-	-	-	-	-

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre Issue)		Total shareholding as a percentage of total number of shares (Post Issue)	
					As a percentage of(A+B)	As a percentage of (A+B+C)	As a percentage of(A+B+D)	As a percentage of (A+B+C+D)
	Foreign Individuals)							
B	Bodies Corporate	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-
D	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total Shareholding of Promoters and Promoter Group (A)= (A)(1)+(A)(2)	**9**	**10,564,475**	**9,287,200**	**75.74**	**75.74**	**58.83**	**58.83**
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	-	-	-	-	-		
(b)	Financial Institutions / Banks	-	-	-	-	-		
(c)	Central Government/ State Government(s)	-	-	-	-	-		
(d)	Venture Capital Funds	-	-	-	-	-		
(e)	Insurance Companies	-	-	-	-	-		
(f)	Foreign Institutional Investors	-	-	-	-	-		
(g)	Foreign Venture Capital Investors	-	-	-	-	-		
(h)	Any Other (specify)	-	-	-	-	-		
(h1)	NRI Banks	-	-	-	-	-		
	Sub-Total (B)(1)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**		
3								
B 2	**Non-institutions**							
(a)	Bodies Corporate	2	3,383,303	3,383,303	24.26	24.26		
(b)	Individuals							
I	Individual shareholders holding nominal share capital up to ₹ 1 lac	-	-	-	-	-		
II	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	-	-	-	-	-		
(c)	Any Other (specify)	-	-	-	-	-		

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre Issue)		Total shareholding as a percentage of total number of shares (Post Issue)	
					As a percentage of(A+B)	As a percentage of (A+B+C)	As a percentage of(A+B+D)	As a percentage of (A+B+C+D)
(c-i)	Individual Directors	-	-	-	-	-		
(c-ii)	NRI	-	-	-	-	-		
(c-iii)	OCB's	-	-	-	-	-		
(c-iv)	Trust	-	-	-	-	-		
(c-v)	Clearing members	-	-	-	-	-		
	Sub-Total (B)(2)	**2**	**3,383,303**	**3,383,303**	**24.26**	**24.26**		
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**2**	**3,383,303**	**3,383,303**	**24.26**	**24.26**		
	TOTAL (A)+(B)	**11**	**13,947,778**	**1,2670,503**	**100.00**	**100.00**	**41.17**	**41.17**
(C)	Shares held by custodians and against which Depository Receipts have been issued	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	TOTAL (A)+(B)+(C)	**11**	**13,947,778**	**1,2670,503**	**100.00**	**100.00**	**-**	**-**
(D)	**Fresh Issue in the IPO (D)**	**-**	**4,011,000**	**-**	**-**	**-**	**-**	**-**
(E)	**TOTAL (A)+(B)+(C)+(D)**		**17,958,778**	**-**	**-**	**-**	**100.00**	**100.00**

(h) Capital build up of the Selling Shareholder

The capital build up of the Selling Shareholder is as follows:

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Consideration	Nature of transaction	% of Pre Issue Capital
August 04, 2008	350,000	350,000	10.00	160.00	Cash	Preferential Allotment	2.51
September 15, 2008	901,519	1,251,519	10.00	159.80	Cash	Preferential Allotment	6.46
January 20, 2011	487,500	1,739,019	10.00	10.00	Cash	Rights Issue	3.50

Date of allotment / acquisition	No. of Equity Shares	Cumulative number of Equity Shares	Face Value (in ₹)	Issue / Transfer Price (in ₹)	Consideration	Nature of transaction	% of Pre Issue Capital
June 15, 2012	1,565,117	3,304,136	10.00	-	Bonus	Bonus	11.22
Total	**3,304,136**						**23.69**

(i) The Pre-Issue and Post-Issue shareholding pattern of our Promoters & Promoter Group is as under:

Sr. No.	Particulars	Pre Issue		Post Issue	
		No. of Shares	% holding	No. of Shares	% holding
A.	**Promoters**				
	Lalit Agarwal	2,194,025	15.73	2,194,025	12.22
	Hemant Agarwal	579,500	4.15	579,500	3.23
	Madan Agarwal	686,375	4.92	686,375	3.82
	Madan Gopal Agarwal (HUF)	1,041,675	7.47	1,041,675	5.80
	Lalit M. Agarwal (HUF)	1,277,275	9.16	1,277,275	7.11
	Hemant Agarwal (HUF)	423,985	3.04	423,985	2.36
	Total (A)	**6,202,835**	**44.47**	**6,202,835**	**34.54**
B.	**Promoter Group**				
	Sangeeta Agarwal	2,172,175	15.57	2,172,175	12.10
	Uma Devi Agarwal	1,355,460	9.72	1,355,460	7.55
	Smiti Agarwal	834,005	5.98	834,005	4.64
	Total (B)	**4,361,640**	**31.27**	**4,361,640**	**24.29**
Total of Promoters and Promoter Group (A+B)		**10,564,475**	**75.74**	**10,564,475**	**58.83**

(j) Particulars of top ten shareholders

(a) *As on the date of the Draft Red Herring Prospectus:*

Sr. No.	Name of the shareholder	No. of Equity Shares held	(%) of issued capital
1.	Naman Finance and Investment Private Limited	3,304,136	23.69
2.	Lalit Agarwal	2,194,025	15.73
3.	Sangeeta Agarwal	2,172,175	15.57
4.	Uma Devi Agarwal	1,355,460	9.72
5.	Lalit M. Agarwal (HUF)	1,277,275	9.16
6.	Madan Gopal Agarwal (HUF)	1,041,675	7.47
7.	Smiti Agarwal	834,005	5.98
8.	Madan Agarwal	686,375	4.92
9.	Hemant Agarwal	579,500	4.15
10.	Hemant Agarwal (HUF)	423,985	3.04
	Total	**13,868,611**	**99.43**

(b) *As of 10 days prior to the date of the Draft Red Herring Prospectus:*

Sr. No.	Name of the shareholder	No. of Equity Shares held	(%) of issued capital
1.	Naman Finance and Investment Private Limited	3,304,136	23.69
2.	Lalit Agarwal	2,194,025	15.73
3.	Sangeeta Agarwal	2,172,175	15.57
4.	Uma Devi Agarwal	1,355,460	9.72
5.	Lalit M. Agarwal (HUF)	1,277,275	9.16
6.	Madan Gopal Agarwal (HUF)	1,041,675	7.47
7.	Smiti Agarwal	834,005	5.98
8.	Madan Agarwal	686,375	4.92
9.	Hemant Agarwal	579,500	4.15
10.	Hemant Agarwal (HUF)	423,985	3.04
	Total	**13,868,611**	**99.43**

(c) *As of two years prior to the date of the Draft Red Herring Prospectus:*

S. No.	Name of the shareholder	No. of Equity Shares held	(%) of issued capital
1.	Naman Finance and Investment Private Limited	1,251,519	18.26
2.	Lalit Agarwal	1,154,750	16.85
3.	Sangeeta Agarwal	1,143,250	16.68
4.	Uma Devi Agarwal	713,400	10.41
5.	Lalit M. Agarwal (HUF)	672,250	9.81
6.	Madan Gopal Agarwal (HUF)	548,250	8.00
7.	Smiti Agarwal	438,950	6.40
8.	Madan Agarwal	361,250	5.27
9.	Hemant Agarwal	305,000	4.45
10.	Hemant Agarwal (HUF)	223,150	3.26
	Total	**6,811,769**	**99.39**

(k) Other Disclosures

1. Details of Equity Shares held by our Directors and KMPs

As on the date of the Draft Red Herring Prospectus none of our Directors or Key Managerial Personnel hold Equity Shares in our Company, other than as follows:

S. No.	Name of the Shareholder	No. of Equity Shares held	Pre-Issue Equity Share capital %	Post-Issue Equity Share capital %*
1.	Lalit Agarwal	2,194,025	15.73	12.22
2.	Hemant Agarwal	579,500	4.15	3.23
3.	Madan Agarwal	686,375	4.92	3.82

******This is based on the assumption that the Executive Directors and the Key Managerial Personnel, shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that Independent Directors and the Key Managerial Personnel may subscribe for and be Allotted pursuant to the Issue.*

2. During the past six months, there are no transactions wherein equity shares of our Company have been purchased/sold by our Promoters, their immediate relatives, persons in Promoter Group (as defined under sub-clause (zb)(ii) sub-regulation (1) Regulation 2 of the SEBI (ICDR) Regulations) or the Directors of our Company.

3. There are no financing arrangements whereby our Promoter Group, Directors of our Company or their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of draft offer document.

4. Our Company, our Directors and the BRLM have not entered into any buy-back, standby or similar arrangements for the purchase of Equity Shares from any person.

5. Over-subscription, if any, to the extent of 10% of the Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the 'Basis of Allotment'. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoters Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.

6. All the successful applicants will be issued fully paid-up Equity Shares only.

7. As on the date of the Draft Red Herring Prospectus, the entire issued share capital of our Company is fully paid-up.

8. As on the date of the Draft Red Herring Prospectus, except the V-Mart ESOP Scheme 2012, there are no outstanding warrants, options or rights to convert debentures, loans or any other financial instruments convertible into Equity Shares in our Company.

9. As on the date of the Draft Red Herring Prospectus, the BRLM or its associates do not hold any Equity Shares in the Issuer.

10. As on the date of the Draft Red Herring Prospectus, no Equity Shares have been issued pursuant to any employee stock option or employee stock purchase scheme in the last three years.

11. Our Company has not raised any bridge loans against the proceeds of the Issue.

12. Subject to Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares issued through the Prospectus are listed or application monies are refunded on any account.

13. Further, our Company has agreed with the BRLM not to alter its capital structure by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or issuance of Equity Shares till the end of six months from the date of opening of the Issue. In addition, our Company and the Selling Shareholder, will not, without the prior written consent of the BRLM, (i) issue, offer, lend, pledge, encumber, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Equity Shares of our Company or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (iii) publicly announce any intention to enter into any transaction described in (i) or (ii) above; whether any such transaction described in (i) or (ii) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise or (iv) indulge in any publicity activities prohibited under the SEBI (ICDR) Regulations or any other jurisdiction in which the Equity Shares are being offered, during the period in which it is prohibited under each such laws. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under the Issue.

14. The Equity Shares held by our Promoters are not subject to any pledge.

15. This Issue is being made through the Book Building Process wherein not more than 50% of the Issue will be allocated on a proportionate basis to QIBs. Our Company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB

Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them, at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Funds portion will be added to the Net QIB Portion.

16. In terms of Rule 19(2)(b)(i) of the SCRR and the SEBI (ICDR) Regulations, this being an Issue for more than 25% of the post-Issue capital, the Issue is being made through the Book Building Process wherein, not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

17. Under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

18. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

19. Our Promoters and members of our Promoter Group will not participate in the Issue.

20. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

21. Our Company, our Directors, our Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in the Draft Red Herring Prospectus.

22. Our Company has eleven shareholders as on the date of the Draft Red Herring Prospectus.

23. Our Company has not made any public issue since its incorporation.

24. In respect of various agreements entered into by our Company with our lenders and the sanction letters issued by our lenders, our Company is bound by certain restrictive covenants. Pursuant to the above, we have obtained prior written approval from our lenders namely State Bank of India, Andhra Bank Limited and ICICI Bank Limited. For further details on the restrictive covenants contained in the various financing documents, please refer to the chapter titled "*Financial Indebtedness*" on page 195 of the Draft Red Herring Prospectus.

25. As per RBI regulations, OCBs are not allowed to participate in this Issue except with special permission from RBI.

26. No person connected with the Issue, including, but not limited to, the BRLM the members of the Syndicate, our Company, the Selling Shareholder, the Directors, the Promoters, and Promoter Group shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

SECTION V

OBJECTS OF THE ISSUE

The objects of the Issue are to finance our expansion plans, part sale of equity shares of the Selling Shareholder and achieve the benefits of listing on the Stock Exchanges. We believe that listing will enhance our corporate image and brand name.

The Issue comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

Objects of the Fresh Issue

Our Company proposes to utilise the funds, which are being raised through the Fresh Issue towards the following objects:

(a) To open 60 new stores;

(b) Expansion of distribution centres;

(c) Working capital requirements

(d) General corporate purposes; and

(e) To meet the Issue expenses.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the Fresh Issue.

Fresh Issue Proceeds and Net Proceeds

The details of the proceeds of the Fresh Issue are set forth in the table below:

(₹ in mn.)

Sr. No.	Particulars	Amount
1.	Gross proceeds to be raised through the Fresh Issue ("**Fresh Issue Proceeds**")*	[●]
2.	Public Issue Expenses	[●]*
	Net Proceeds of the Fresh Issue (Net Proceeds)	[●]*

**To be finalized upon completion of the Issue.*

Utilisation of Net Proceeds

The requirement of funds, as estimated by our management, is set forth in the table below:

(` in mn.)

Particulars	Total estimated cost	Estimated Amount to be utilized from Net Proceeds and Internal Accruals			Amount deployed as on June 30, 2012*	Estimated Balance Amount to be utilized from Net Proceeds and Internal Accruals
		Fiscal 2013**	Fiscal 2014	Fiscal 2015		
(A) To open 60 new stores	697.04	119.92	285.53	291.59	2.30	694.74
(B) Expansion of distribution centres	43.87	9.09	17.18	17.60	-	43.87
(C) Working Capital	100.00	100.00	-	-	-	100.00
(D) General Corporate Purpose***	[●]	[●]	[●]	[●]	-	[●]
Total	[●]	[●]	[●]	[●]	2.30	[●]

** Our Company has deployed ` 2.30 million till June 30, 2012, as confirmed by our Statutory Auditors M/s.* Walker, *Chandiok & Co., Chartered Accountants vide their certificate dated July 20, 2012.*
** *Four stores which were opened in Fiscal 2013, upto the date of the Draft Red Herring Prospectus, have been excluded in the aforesaid estimate.*
**** To be finalized upon completion of the Issue.*

The fund requirements of the Objects of the Issue are based on the estimates of our management and our Company's current business plan and have not been independently appraised by any bank or financial institution. These are based on current conditions and are subject to change due to changes in external circumstances or costs, or in other financial conditions, business or strategy. Further, we operate in a highly competitive and dynamic market condition and may have to revise our estimates from time to time on account of external circumstances or costs and our financial condition, business or strategy. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilisation of Net Proceeds of the Fresh Issue.

In the event of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable, the required financing will be done through internal accruals, through cash flow from our operations and/or debt, as required. Surplus, if any, from the Net Proceeds remaining unutilized for specific purposes shall be used for general corporate purposes.

Shortfall of Net Proceeds

In case of a shortfall of Net Proceeds of the Fresh Issue, we intend to meet the same through internal accruals. In the event that the estimated utilisation out of the Net Proceeds of the Fresh Issue in a Fiscal is not completely met, the same shall be utilised in the next Fiscal.

We propose to meet our expenditure towards the Objects of the Issue entirely out of the proceeds of the Issue and internal accruals. Accordingly, we confirm that there is no requirement to make firm arrangements of finance as required under regulation 4(g) of the SEBI (ICDR) Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Means of Finance

(*₹ in mn.*)

Sr. No.	Particulars	Amount
1	Net Proceeds from the Fresh Issue	[●]
2.	Internal accruals	[●]
	Total	[●]

Details of the Objects of the Issue

(A) To Open 60 new stores

Our Company currently operates a chain of 59 departmental stores in the northern, western and eastern parts of India. We intend to further expand, increase our reach and widen our presence in Tier-II and Tier-III cities and towns over the next three Fiscals and utilise the Net Proceeds of the Fresh Issue for this purpose. Our total store area, as on the date of the Draft Red Herring Prospectus, is 4.82 lac Sq. Ft. approximately and we plan to add an additional store area of 4.77 lac Sq. Ft. by opening 60 stores in the following regions:

Sr. No.	Location (State)	Fiscal 2013 #		Fiscal 2014		Fiscal 2015		Total Stores	Total estimated area (in Sq. Ft.)
		Stores	Estimate area (Sq. Ft.)	Stores	Estimate area (Sq. Ft.)	Stores	Estimate area (Sq. Ft.)		
1.	Bihar	3	26,000	6	46,500	5	38,000	14	110,500
2.	Uttar Pradesh	6	57,600	4	31,000	4	31,000	14	119,600
3.	West Bengal	-	-	2	15,500	5	38,000	7	53,500
4.	Assam	-	-	2	15,500	3	24,000	5	39,500
5.	Jharkhand	-	-	2	15,500	2	15,500	4	31,000
6.	Madhya Pradesh	-	-	2	15,500	2	15,500	4	31,000
7.	Gujarat	-	-	2	15,500	2	15,500	4	31,000
8.	Uttarakhand	-	-	2	15,500	1	7,000	3	22,500
9.	Jammu and Kashmir	-	-	2	15,500	1	8,500	3	24,000
10.	Rajasthan	1	7,500	1	7,000	-	-	2	14,500
	Total	**10**	**91,100**	**25**	**193,000**	**25**	**193,000**	**60**	**477,100**

 # Four stores which were opened in Fiscal 2013, upto the date of the Draft Red Herring Prospectus, have been excluded in the aforesaid estimate.

Out of the aforesaid stores to be opened in Fiscal 2013, we have entered into seven letters of intent / memorandum of understanding for the purpose of taking properties on lease or leave and license for following stores:

Sr. No	State	City	Built up Area (in Sq. Ft.)	Details of arrangement
1	Uttar Pradesh	Lucknow	10,500	MoU
2	Uttar Pradesh	Mirzapur	10,000	MoU
3	Uttar Pradesh	Lakhimpur	10,000	LOI
4	Uttar Pradesh	Rae Bareily	9,000	MoU
5	Uttar Pradesh	Lucknow	8,100	MoU
6	Bihar	Bettiah	7,500	LOI
7	Rajasthan	Nagaur	7,500	MoU

Detailed Cost of Expansion of Stores

The following table depicts the detailed breakdown of the expansion cost:

(₹ in mn.)

Sr. No.	Particulars	Fiscal 2013	Fiscal 2014	Fiscal 2015	Total
1	Interiors Works	23.74	54.26	55.66	133.66
2	Electric and Electrical Fittings	15.00	34.85	35.60	85.45
3	Air Conditioning	19.42	48.54	48.54	116.49
4	Furniture, fixture and fittings	29.27	66.46	68.41	164.14
5	IT Hardware and Software	14.55	36.37	36.37	87.29
6	Power Backup Equipment (DG Sets)	8.20	20.49	20.49	49.18
7	Miscellaneous Asset	4.43	11.07	11.07	26.56
8	Security Deposits	5.33	13.51	15.44	34.28
	Total Cost	**119.94**	**285.54**	**291.58**	**697.05**

1. Interiors Works

We will acquire the store premises on lease and renovate the same as per our needs. We normally do minor modifications in the structure and carry out extensive work on the interiors and floor space. The renovation includes repairing and finishing the walls, renovate flooring, staircases, ceiling, painting, interior designing and front elevation of the store.

The estimated cost towards interiors works for 60 stores as per quotation received from Ashna Interiors Private Limited dated June 1, 2012 is ₹ 133.66 million.

2. Electric and Electrical Fittings

Electric and electrical fittings include the expenditure towards electrical installations such as lighting, wiring, switches, panels etc. The details of estimated cost towards electrical fittings and installation thereof are as follows:

(₹ in mn.)

Sr. No.	Equipment	Supplier	Date of Quotation	Amount (inclusive of taxes)
1.	Wiring, Lighting, Switches, Panels and others	Ashna Interiors Private Limited	June 1, 2012	53.79
2.	Metal track fixtures / flood light for front facade / display broad lights etc	GLS Lighting Solutions Private Limited	May 1, 2012	31.65
	Total Cost			**85.45**

3. Air Conditioning

All our stores are centrally air conditioned and the estimated cost towards Air conditioning for 60 stores as per quotation received from Hitachi Home and Life Solutions (India) Limited dated June 2, 2012 is stated below.

(₹ in mn.)

Sr. No.	Equipment	Amount
1	Ductable split ACs	83.97
2	Ducting, installations and Others	32.52
	Total Cost	**116.49**

4. Furniture, fixture and fittings

Furniture and fittings include gondolas, shelves, glass facade railing, racks, sign boards, wooden furniture and trial rooms. The estimated cost towards furniture and fittings is as follows:

(₹in mn.)

Sr. No.	Equipment	Supplier	Date of Quotation	Amount (inclusive of taxes)
1	Wall channel/ shelf bracket, floor gondolas, trolley and others.	Decorex	May 7, 2012	50.85
2	Cash counter/ cash counter partition/ trial room/ wooden partition/ wall panelling/ wooden platform/ display counter.	Ashna Interiors Private Limited	June 1, 2012	64.67
3	Flex and Sun Boards	Big Prints	June 1, 2012	16.88
4	Security tags and related equipment	Adtech Systems Limited	June 2, 2012	26.08
5	Stackable baskets	I.Q. Enterprises (India) Private Limited	May 8,2012	5.66
	Total Cost			**164.14**

5. IT Hardware and Software

All our stores have direct connectivity with our head office and are linked with the ERP system 'Ginesys'. It includes setting up of information technology infrastructure like computers, server, point of sales solutions, software, scanners and printers. It also includes the security systems to be installed like CCTVs and other equipments.

Each store will have a local server depending on the volume of transactions/ data generation. In addition, each store will have computers at the sales counters.

(₹in mn)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount (inclusive of taxes)
1	Ginesys Enterprise Core /Oracle	Ginni Systems Limited	May, 29 2012	33.60
2	Network Security Systems	Unmukti Technology Private Limited	June 9, 2012	3.60
3	Thermal receipt printer	Millenium Soft-Tech (India) Private Limited	May 26, 2012	6.90
4	Barcode printer and scanner	Rachna Overseas Private Limited	May 29, 2012	5.78
5	Networking and cabling	Ashna Interiors Private Limited	June 1, 2012	6.70
6	Systems, servers, desktops, laser printers, UPS, TFT	Groovy I Technology	June 2, 2012	24.99
7	CCTV systems	Tyco Fire and Security India Private Limited	June 7, 2012	5.73
	Total Cost			**87.29**

6. Power Backup Equipment (DG Sets)

To ensure uninterrupted power supply at the stores and to regulate the shopping environment at the store, we will install equipment to provide back-up electricity in the event of power failure. The estimated cost involved in purchasing the electricity back-up equipment and installation thereof is stated below:

(₹in mn.)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount (inclusive of taxes)
1	125 KVA Silent DG Sets	Sudhir Gensets Limited	May 26, 2012	40.10
2	Providing and fixing genset base/ earthing/ cabling	Ashna Interiors Private Limited	June 1, 2012	9.09
	Total Cost			**49.18**

7. Miscellaneous Assets

Miscellaneous assets include water cooler, audio system, water purifier, fire extinguishers and others. The estimated cost of purchase of miscellaneous assets is estimated at ₹ 26.56 million.

(₹ in mn.)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount (inclusive of taxes)
1	Godrej Safe Defender 26	Big Base	May 9, 2012	3.95
2	Water cooler	Voltas Limited	May 8, 2012	1.71
3	Aquaguard 200	Eureka Forbes Limited	May 3, 2012	0.64
3	Vacuum Cleaner	Eureka Forbes Limited	May 5, 2012	1.12
4	Audio Systems – speakers and amplifiers	Sonodyne Electronics Company Private Limited	May 3, 2012	3.78
5	Fire Extinguisher	Ceasefire Industries Limited	May 2, 2012	3.36
6	Miscellaneous Items	Ashna Interiors Private Limited	June 1, 2012	12.00
	Total Cost			**26.56**

8. Security Deposit

Payments towards security deposit for acquiring the properties on lease for running the stores may vary based on various factors including location, city and the area of the stores. The estimated security deposit amount to be paid by our Company for the stores are as follows:

(₹ in mn.)

S.No	Particulars	Fiscal 2013	Fiscal 2014	Fiscal 2015	Total
1	Security Deposit	5.33	13.51	15.44	34.28
	Total Security Deposits	**5.33**	**13.51**	**15.44**	**34.28**

(B) Expansion of distribution centres

Our Company currently has three distribution centres, two of them located in Delhi, and one in Ahmedabad Gujarat. Currently, our three distribution centre has a storage capacity of 82,500 Sq. Ft. To cater to the additional stores we will require around 73,305 Sq. Ft. of additional space for distribution centres. We intend to increase the distribution centres space either by expanding the existing facilities or by leasing additional facilities.

Location	Estimate area (Sq. Ft.)			Total estimated area (in Sq. Ft.)
	Fiscal 2013	Fiscal 2014	Fiscal 2015	
Delhi / NCR	15,405	28,950	28,950	73,305

Detailed Cost of Expansion for Distribution Centres

The following table depicts the detailed breakdown of the expansion cost required for distribution centres:

(₹ in mn.)

Sr. No	Particulars	Fiscal 2013	Fiscal 2014	Fiscal 2015	Total
1	Interior Works	0.54	1.02	1.02	2.57
2	Furniture fixture and fittings	3.16	5.94	5.94	15.05
3	Electric and electrical fittings	2.03	3.81	3.81	9.64
4	Air Conditioning	0.81	1.52	1.52	3.86
5	IT Hardware and Software	1.01	1.90	1.90	4.80
6	Power Backup Equipment (DG Sets)	0.92	1.73	1.73	4.38
7	Security Deposit	0.62	1.27	1.69	3.58
	Total Cost	**9.09**	**17.19**	**17.61**	**43.88**

1. **Interiors Works**

We will operate the distribution centres on lease and renovate the same as per our needs. We normally do minor modifications in the structure which include renovation constructing and repairing and finishing the walls, flooring renovate, staircases, ceiling and painting.

The estimated cost towards interiors works for distribution centre as per quotation received from Ashna Interiors Private Limited dated June 1, 2012 is ₹ 2.57 million.

2. **Furniture, Fixture and Fittings**

Furniture, fixture and fittings includes storage racks, trolleys, tables and other miscellaneous equipments. The estimated cost towards furniture, fixture and fittings for additional space for distribution centres as per quotation received from Vijay Steel Fabricators dated May 30, 2012 is ₹ 15.05 million.

3. **Electric and Electrical Fittings**

The estimated cost towards electrical fittings includes lighting, switches, fans, wiring, earthing, panel etc., for additional space for distribution centre as per quotation received from Ashna Interiors Private Limited dated June 20, 2012 is ₹ 9.64 million.

4. **Air Conditioning**

The estimated cost towards air conditioning for office space at distribution centres as per quotation received from Creative Air Conditioning and Refrigeration dated June 20, 2012 is stated below:

(₹ in mn.)

Sr. No.	Particulars	Amount
1.	Ductable split AC	2.40
2.	Ductable, installation and fitting	1.29
3.	Taxes	0.17
	Total Cost	**3.86**

5. **IT Hardware and Software**

The estimated cost towards purchasing the IT hardware and software for additional space for distribution centre as per quotation received from Groovy I Technology dated June 25, 2012 is ₹ 4.80 million.

6. **Power Backup Equipment (DG Sets)**

The estimated cost involved in purchase of diesel generating sets and installation thereof for additional space for distribution centre is stated below:

(₹ in mn.)

Sr. No.	Particulars	Supplier	Date of Quotation	Amount (inclusive of taxes)
1.	125 KVA Silent Cummins DG Set	Sudhir Gensets Limited	June 7, 2012	4.01
2.	Providing and Fixing Genset Base/ Laying Earthing/ Cable	Ashna Interiors Private Limited	June 19, 2012	0.37
	Total Cost			**4.38**

7. **Security Deposits**

The estimated security deposit amounts to be paid by our Company for our distribution centres are as follows:

(₹in mn.)

Particulars	Fiscal 2013	Fiscal 2014	Fiscal 2015	Total
Security Deposit	0.62	1.27	1.69	3.58
Total Security Deposits	**0.62**	**1.27**	**1.69**	**3.58**

Schedule of Implementation

The process of setting up of a new store begins with the identification of the region or city in which the store will be located and finishes with the setting up of the store in a ready condition for sales operation. Upon successful possession of the location, we formally inaugurate the new store within 60 days.

The detailed schedule of implementation of our Objects of the Issue is as follows:

Particulars	Fiscal 2013		Fiscal 2014		Fiscal 2015		Total Store	Total estimated area (in Sq. Ft.)
	Stores	Estimate area (Sq. Ft.)	Stores	Estimate area (Sq. Ft.)	Stores	Estimate area (Sq. Ft.)		
Stores	10	91,100	25	193,000	25	193,000	60	477,100
Additional Distribution Centre	-	15,405	-	28,950	-	28,950	-	73,305

(C) Working capital requirement

Our business requires significant amount of working capital. Major portion of our working capital is utilized towards inventory and we avail our working capital in the ordinary course of our business from a consortium of State Bank of India and Andhra Bank and facility from ICICI Bank Limited. As on June 30, 2012, the aggregate amount sanctioned under the fund based and non-fund based working capital facilities was ₹ 450.00 mn.

The retail industry is working capital intensive and has lot of expenses which are fixed in nature. Further a major component is the inventory at stores and distribution centres. We intend to continue growing by setting up additional stores. All these factors may result in increase in the quantum of current assets.

For further details of the working capital facilities availed by us, please see the chapter titled "*Financial Indebtedness*" beginning on page 195 of the Draft Red Herring Prospectus.

Based upon our internal estimates as reflected below, we would incrementally require working capital, part of which, upto ₹ 100.00 mn, we propose to finance from the Net Proceeds of the Issue.

(₹ in mn., except as stated)

Sr. No.	Particulars	Historical holding period (in days)	Fiscal 2011	Historical holding period (in days)	Fiscal 2012	Estimate holding period (in days)	Fiscal 2013
A.	**Current Assets**						
1	Inventories	121.24	711.06	112.89	869.42	105.00	1,240.38
2	Trade Receivables	0.24	1.40	0.07	0.56	0.10	1.18
3	Short Term Loan and Advances	8.01	46.97	3.55	27.31	2.00	23.63
4	Other Current Assets	0.01	0.04	0.08	0.64	-	
	Total		**759.47**		**897.93**		**1,265.19**
B.	**Current Liabilities**		-		-		-
1	Trade Payable	52.25	232.29	58.81	336.83	58.00	514.25
2	Other current liablities	6.52	27.59	4.93	26.96	5.00	44.33

Sr.	Particulars	Historical	Fiscal	Historical	Fiscal	Estimate	Fiscal
	Total		**259.88**		**363.79**		**558.59**
C.	**Total Working Capital Requirement**		**499.59**		**534.14**		**706.60**
	Less:- Current fund based bank limits		347.56		377.97		425.00
	Working Capital Margin		152.03		156.17		281.60
	Incremental Working Capital				4.14		125.43
	Internal Accruals						25.43
	IPO Proceeds						100.00

General Corporate Purposes

We, in accordance with the policies set up by our Board, will retain flexibility in applying the remaining Net Proceeds of the Fresh Issue, for general corporate purposes.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue related expenses

The estimated Issue related expenses is as follows:

Other than listing fees, which will be paid by our Company, all expenses with respect to the Issue will be shared between the Selling Shareholder and our Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be, in the Issue.

(₹ in mn.)

Particulars*	**Amounts***	**As percentage of total expenses**	**As a percentage of Issue size**
Lead management fees (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Fees to SCSBs	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading Fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

**will be completed after finalisation of the Issue price*

In case of business requirements, required funds will be deployed out of internal accruals towards the "Objects of the Issue" and will be recouped from the Net Proceeds.

Funds Deployed

The Company has incurred an expenditure of ₹ 2.30 million, for the purpose of setting up of stores, of the Objects of the Issue as confirmed by our statutory auditors, Walker, Chandiok & Co., Chartered Accountants *vide* certificate dated July 20, 2012.

Interim Use of Proceeds

We, in accordance with the policies established by our Board of Directors, will have flexibility in deploying the proceeds received by us from the Fresh Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the projects. Pending utilisation for the purposes described above, we intend to temporarily invest the funds from the Issue in high quality interest bearing liquid instruments including deposits with banks and investments in mutual funds or we may temporarily park the proceeds in our cash credit accounts, or invest in other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments, rated debentures, etc.

Bridge Loan

We have not raised any bridge loans, which are required to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

We have not appointed a monitoring agency to monitor the utilisation of the proceeds of the Fresh Issue. We will disclose the utilisation of the proceeds of the Fresh Issue under a separate head along with details, for all such proceeds of the Fresh Issue that have not been utilised. We will indicate investments, if any, of unutilised proceeds of the Fresh Issue in our balance sheet for the relevant Fiscals subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Fresh Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Fresh Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company.

The Company shall be required to inform material deviations in the utilisation of the Net Proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee public through advertisement in newspapers.

However, any changes in "*Objects of the Issue*", other than those specified herein, post-listing of the Equity Shares shall be subject to compliance with the Companies Act and such regulatory and other approvals and disclosures, as may be applicable.

No part of the proceeds from the Fresh Issue will be paid by us as consideration to our Promoters, Directors, Group Entity or Key Managerial Personnel, except in the normal course of our business.

For risks associated with respect to the objects of this Issue, please see "*Risk Factors*" beginning on page 15 of the Draft Red Herring Prospectus.

BASIS FOR ISSUE PRICE

The price band will be decided by our Company and Selling Shareholder in consultation with the BRLM and advertised at least two Working Days prior to the Bid/ Issue Opening Date. The Issue Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLM, on the basis of assessment of market demand for Equity Shares by the Book Building Process. The face value of the equity shares is ₹10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value.

Investors should also refer to chapters titled "Risk Factors" and "Financial Information" on pages 15 and 195 respectively of the Draft Red Herring Prospectus, to have an informed view before making the investment decision.

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLM on the basis of an assessment of market demand for the offered Equity Shares by the book building process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Competitive strengths

- First mover advantage in Tier-II and Tier-III cities and to target the expanding 'aspiring class' and 'middle class' customer group;
- Competitive lease rentals;
- Strong and diversified procurement network;
- Efficient supply chain management;
- Strong IT infrastructure, systems and processes;
- Pleasant ambience and a modern shopping environment;
- One stop family shop with a large variety of products, adopting store Concept Classification, customised for the local populace;
- Strong background and experience in the retail industry of our Individual Promoters and our key managerial team;
- Strong and diverse project execution expertise; and
- Inverted hierarchy model.

For details on qualitative factors, refer to paragraph titled "*Competitive Strengths*" in the chapter titled *"Our Business"* on page 132 of the Draft Red Herring Prospectus.

Quantitative Factors

The information presented in this section for the financial years ended March 31, 2012; March 31, 2011; and March 31, 2010; is derived from our Restated Summary Statements prepared in accordance with Indian GAAP. Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. Basic and Diluted Earnings per Share (EPS)

Year ended	Basic EPS	Diluted EPS	Weight
March 31, 2010	1.79	1.68	1
March 31, 2011	4.75	4.75	2
March 31, 2012	7.61	7.61	3
Weighted Average	**5.69**	**5.67**	

Note:

- *The basic and diluted EPS have been calculated in compliance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.*

- *Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.*

- *The face value of each Equity Share is ₹10 each.*

2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ [●]

Particulars	P/E at Floor Price ₹ [●]	P/E at Cap Price ₹ [●]	P/E at Issue Price ₹ [●]
a) Based on Basic EPS of March 31, 2012	[●]	[●]	[●]
b) Based on weighted average EPS	**[●]**	**[●]**	**[●]**
c) Industry P/E Multiple:*			
Highest			96.60
Lowest			45.30
Average			62.87

**Industry comprises of Pantaloon Retail (India) Limited, Shoppers Stop Limited and Trent Limited, P/E based on Capital Market Vol. XXVII/10, July 09 – July 22, 2012)*

3. Average Return on Net Worth (RONW):

Particulars	RONW %	Weight
Year ended March 31, 2010	6.20	1
Year ended March 31, 2011	14.26	2
Year ended March 31, 2012	19.57	3
Weighted Average	**15.57**	

Note: The average return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year

4. Minimum return on increased net worth required for maintaining pre-issue EPS at March 31, 2012

a) At the higher end of the price band [●] %
b) At the lower end of the price band [●] %
c) At the Issue Price [●] %

5. Net Asset Value (NAV) per Equity Share

Particulars	Amount (₹)
NAV per Equity Share as of March 31, 2012	73.85
NAV per Equity Share as of March 31, 2011	59.87
NAV per Equity Share as of March 31, 2010	54.77
NAV per Equity Share after the Issue	[●]
Issue Price per Equity Share	[●]

Note: Net Asset Value per Equity Share represents Net Worth at the end of the year, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.

Subsequent to March 31, 2012, the Company, on July 15, 2012 had issued bonus shares in the ratio of 9:10 pursuant to which the paid up share capital of the Company increased from ₹ 73.41 million comprising of 7,340,936 equity shares of ₹ 10 each to ₹ 139.47 million comprising of 13,947,778 equity shares of ₹ 10 each. The NAV of our Company on the basis of the revised equity share capital and the net worth of our Company as on March 31, 2012 is ₹38.87.

6. **Comparison of Accounting Ratios with Industry Peers**

Name of the company	Financial year ended	Face Value (₹)	EPS (₹)	RONW (%)	Book Value per Equity Share (₹)	P/E Ratio
V-Mart Retail Limited	March 31, 2012	10.00	7.61	19.57	73.85	[●]*
Peer Group**						
Shoppers Stop Limited	March 31, 2012	5.00	7.80	16.60	79.70	45.30
Pantaloon Retail (India) Limited	June 30, 2011	2.00	3.30	2.80	130.20	96.60
Trent Limited	March 31, 2012	10.00	20.70	4.40	492.70	46.70

Source: *Capital Market Vol. XXVII/10, July 09 – July 22, 2012*

* *Based on the Issue Price to be determined on conclusion of book building process and the basic EPS of our Company.*

** *The ratios of the peer group companies are extracted from Capital Market Vol. XXVII/10, July 09 – July 22, 2012) above, and we are not in a position to confirm whether the said ratios are on a standalone basis or on a consolidated basis*

7. **The Issue price will be [●] times of the face value of the Equity Shares**.

The Issue Price will be determined by our Company and Selling Shareholder in consultation with the BRLM on the basis of the demand from investors for the Equity Shares through the Book Building Process.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
V-Mart Retail Limited
F – 11, Udyog Nagar Industrial Area
Rohtak Road, Peeragarhi
Delhi 110041

Dear Sirs

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to V-Mart Retail Limited ("the Company") and to the shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth-tax Act, 1957 (collectively referred to as "tax laws"), presently in force in India for the Financial Year ("FY") 2012-13. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed public issue of equity shares of the Company particularly in view of ever changing tax laws in India.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income-tax Act, 1961 and Wealth-tax Act, 1957. The same shall be subject to notes to this annexure.

This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed pubic issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.001076N

per **David Jones**
Partner
Membership No. 98113

Place: New Delhi
Date: 20 July 2012

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the tax laws presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The following is based on the provisions of the Income-tax Act, 1961 ("the Act") as of the date hereof. The Act is amended by the Finance Act every fiscal year.

1. Levy of Income Tax

Tax implications under the Actare dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer.

1.1. Residential status of an Individual –

As per the provisions of the Act, an individual is considered to be a resident in India during any FY if he or she is present in India for:

- a period or periods aggregating to 182 days or more in that FY; or
- a period or periods aggregating to 60 days or more in that FY and for a period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year, the limit of 60 days under point (ii) above, shall be read as 182 days.

Subject to complying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

1.2. Residential status of a company –

A company is resident in India if it is formed and incorporated under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

1.3. Residential status of a firm or AOP –

A firm or other association of persons is resident in India except when the control and management of its affairs is situated wholly outside India.

A person who is not a resident in India would be regarded as 'Non-Resident'.

1.4. Scope of taxation

In general, a person who is "resident" in India in a tax year is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India is subject to tax in India. In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status. However, a relief may be available under applicable Double Taxation Avoidance Agreement ("DTAA") to certain non-residents/ investors.

Tax Considerations

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Company and the perspective shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions:

2. Benefits available to the Company - Under the Act

2.1 Special Tax Benefits

We have been informed that no special benefits would be availed by the Company for the FY 2012-13.

2.2 General Tax Benefits

2.2.1. As per Section 10(34) of the Act, any income by way of dividends which is referred to in Section 115-O[1] of the Act shall not form part of the total income of the Company and accordingly would be exempt in its hands.

Under Section 14A of the Act, no deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax including dividends exempt under Section 10(34) of the Act. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income Tax Rules, 1962 ("Rules").

However, the Company would be liable to pay DDT at 15% (plus applicable surcharge and education cess and secondary & higher education cess) on the total amount declared, distributed or paid as dividends.

2.2.2. As per Section 10 (35) of the Act, the following income shall be exempt in the hands of the Company:

i) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or

ii) Income received in respect of the units from the Administrator of the Specified undertaking; or

iii) Income received in respect of units from the specified company.

2.3 Deductions under "Income from House Property"

2.3.1. Under Section 24(a) of the Act, the Company is eligible for a standard deduction of 30% of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out); where the Company has income chargeable to tax under the head "*Income from House Property*".

2.3.2. Further, under Section 24(b) of the Act, where the house property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income, if any, from such house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

2.4 Computation of capital gains

[1] In accordance with the provisions of Section 115-O of the Act, any amount declared, distributed or paid by a domestic company way of dividend (whether interim or otherwise) on or after 1 April 2003 to its shareholder is exempt in the hands of its shareholders, if such dividends are subject to Dividend Distribution Tax ("DDT") under Section 115-O of the Act.

2.4.1 Capital assets may be categorized into short-term capital assets and long-term capital assets based on their period of holding. Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long-term capital gains". Capital gains arising on sale of these assets held for a period of 12 months or less are considered as "short-term capital gains".

2.4.2 As per Section 10(38) of the Act, capital gains arising from transfer of a long-term capital asset (being an equity share in the Company or a unit of an equity oriented fund), where the transaction of sale is chargeable to Securities Transaction Tax ("STT"), shall be exempt in the hands of the Company.

For this purpose "Equity oriented fund" means a fund –

i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and

ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D).

However, the long-term capital gains arising on sale of share or units as referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the Act. In other words, such book profit shall include the long-term capital gain as referred to in Section 10(38) of the Act and the Company will be required to pay minimum alternative tax @ 18.5% (plus applicable surcharge , education cess and secondary & higher education cess) on such book profit.

2.4.3 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains (as defined in para 2.4.1 above), a deduction of indexed cost of acquisition is available. Indexed cost of acquisition means the cost of acquisition multiplied by Cost Inflation Index ("CII") of the FY in which the asset is transferred and divided by the CII of the first FY in which the asset was first held by the tax payer.

2.4.4 As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer of listed securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge ,education cess and secondary & higher education cess).

2.4.5 As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

2.4.6 Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs.5,000,000.

If only a part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified assets is transferred or converted into money within 3 years from the date of acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

2.5 Depreciation allowance

2.5.1. Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc and intangible assets such as patent, trademark, copyright, know-how, licenses, etc, if such intangible assets are acquired after 31 March 1998.

2.5.2. As per provision of Section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant, subject to fulfillment of following conditions:

i) New asset is acquired and installed after 31 March 2005;

ii) Additional depreciation shall be available on all new plant and machineryacquired other than the following assets:

a) Ships and Aircraft;

b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;

c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

d) Any office appliances or road transport vehicles; or

e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction.

2.6 Amortisation of certain expenditure

2.6.1 Under Section 35D of the Act, a company is eligible for deduction in respect of specified preliminary expenditure incurred by it in connection with extension of its undertaking or in connection with setting up new unit for an amount equal to 1/5th of such expenditure over 5 successive Assessment Years ('AY') subject to conditions and limits specified in that Section.

2.6.2 Specified expenditure includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.

2.6.3 Under Section 35DDA of the Act, the company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that Section.

2.7 Carry forward of unabsorbed depreciation and unabsorbed business losses

2.7.1 Under Section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the Act in any FY, owing to there being no profits or gains chargeable for that FY, or owing to the profits or gains chargeable being less than the depreciation allowance, then, subject to the provisions of Section 72(2) and Section 73(3) of the Act, depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following FY and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that FY, and so on for the succeeding FYs.

Under Section 72(1) of the Act, where for any FY, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the Company (not being a loss sustained in a speculation business), then to the extent to which such loss cannot be set off against income under any other head of income (other than salary) for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head "Profits & Gains of Business or Profession" for subsequent FYs. As per Section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 FYs immediately succeeding the FY for which the loss was first computed.

Further, as per Section 80 of the Act, only a loss which has been determined in pursuance of a return filed in accordance with the provisions of Section 139(3) of the Act shall be carried forward and set off under Section 72(1) of the Act.

2.8 MAT credit

Under Section 115JAA(2A) of the Act, tax credit shall be allowed in respect of MAT paid under Section 115JB of the Act for any AY commencing on 1 April 2006 and any subsequent AY. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The tax credit can be utilized to extent of difference between the tax under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid for FY 2012-13 and any subsequent AYs shall be available for set-off up to 10 AYs immediately succeeding the AY for which the MAT credit initially arose.

3. Benefits available to resident shareholders under the Act

3.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.

3.2. Computation of capital gains

3.2.1. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, deduction of indexed cost of acquisition / improvement is available. Indexed cost of acquisition means the cost of acquisition multiplied by CII of the FY in which the asset is transferred and divided by the CII of the first FY during which the asset was first held by the tax payer.

3.2.2. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge ,education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

3.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess).

However, as per the proviso to Section 112(1) [to the extent not exempt under Section 10(38) of the Act], if the tax on long-term capital gains resulting from transfer of listed securities or units, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge ,education cess and secondary & higher education cess) without allowance of indexation benefit.

3.3. Capital gains- not subject to Income- tax

3.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax. However, in case of a shareholder being a company, gains arising from transfer of above referred long-term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under Section 115JB of the Act.

3.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

3.3.3. As per provision of Section 54F of the Act, long term capital gains [in case not covered under Section 10(38)] arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ("HUF") will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

3.4. Income from Business Profits

Where the equity shares form a part of stock-in-trade of shareholder, any income realized from disposition of the equity shares would be chargeable under the head "profit and gains of business or profession" as per the provisions of the Act. The nature of the equity shares held by the shareholder (i.e. whether held as 'investment' or as 'stock-in-trade') is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding period.

As per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

3.5. Income from other sources [Section 56(2)(vii)]

3.5.1. With effect from 1 October 2009, where any property, other than immovable property (including shares) is received by an individual/ HUF: -

i) without consideration and the aggregate fair market value of such property exceeds Rs. 50,000, or

ii) for a consideration which is less than the aggregate fair market value of such property by at least Rs.50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

3.5.2. This provision is applicable only if shares are held by the shareholders as a capital asset.

3.5.3. This provision is not applicable where shares are received in any of the following modes, namely –

1) From any relative;

2) On the occasion of marriage of the individual;

3) Under a will or by way of inheritance;

4) In contemplation of death of the payer or donor;

5) From any local authority as defined in Explanation to Section 10(20);

6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or

7) From any trust or institution registered under Section 12AA.

4. Benefits available to Non-resident shareholder (Other than Foreign InstitutionalInvestors) under the Act

4.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para2.2.1 above.

4.2. Computation of capital gains

4.2.1. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, in case of shareholder being a company and liable to MAT in India, profits on transfer of above referred long term capital asset shall not be reduced in computing the "book profit" for the purposes of computation of MAT under Section 115 JB of the Act

4.2.2. Section 48 of the Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency. Computation of capital gains has to be done by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same currency that was initially used to acquire such shares. The capital gain (i.e. sale proceeds less cost of acquisition) computed in the original foreign currency is then converted into Indian Rupees at the prevailing exchange rate. Non-resident shareholders are not entitled to indexation benefit (for a detailed discussion on indexation, refer para 2.4.3 above).

4.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at a rate of 20% (plus applicable surcharge, educationcess and secondary & higher education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting on transfer from listed/ unlisted securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge ,education cess and secondary & higher education cess).

4.2.4. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at the rate of 15% (plus applicable surcharge, educationcess and secondary & higher education cess), in addition to the other requirements, as specified in the Section. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.3. Capital gains- not subject to Income- tax

4.3.1. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs. 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

4.3.2. As per provision of Section 54F of the Act, long term capital gains (as defined in para 2.4.1 above) [not being long term capital gains covered under Section 10(38) of the Act] arising from transfer of the any capital asset (not being residential house property) held by an Individual or HUF will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

4.4. Special benefit available to Non-resident Indian shareholders

In addition to some of the general benefits available to non-resident shareholders, where equity shares of the Company have been subscribed by Non-Resident Indians ("NRI") i.e. an individual being a citizen of

India or person of Indian origin who is not a resident, in convertible foreign exchange, they have the option of being governed by the provisions of Chapter XIIA of the Act, which *inter alia* entitles them to the following benefits:

4.4.1. In accordance with Section 115E of the Act, income from investment or income from long- term capital gains on transfer of assets other than specified asset (including shares of an Indian company) shall be taxable at the rate of 20% in the hands of a NRI. Income by way of long term capital gains in respect of a specified asset [as defined in Section 115C (f) of the Act], shall be chargeable to income- tax at 10%.

4.4.2. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of a foreign exchange asset arising to a NRI shall be exempt from tax if the whole or any part of the net consideration is reinvested in any specified assets within six months of the date of the transfer. If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "capital gains" subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.

4.4.3. As per the provisions of Section 115G of the Act, NRIs are not required to file a return of income under Section 139(1) of the Act, if the income chargeable under the Act consists of only investment income or capital gains arising from the transfer of specified long term capital asset or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.

4.4.4. As per the provision of Section 115H of the Act, where a person who is NRI in any previous year, becomes assessable as resident in India in respect of total income of any subsequent year, the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an assets specified under sub clause (ii), (iii), (iv) or (v) of Section 115(C)(f) for that AY and for every subsequent AY until there is transfer or conversion of such asset. For this provision to apply, NRI is required to file a declaration along with his return of income for the AY in which he becomes assessable as resident in India.

4.4.5. In accordance with Section 115I of the Act, where a NRI opts not to be governed by the provisions of Chapter XII-A for any AY, his total income for that AY (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Act.

4.5. Taxability as per DTAA

4.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the Act, the provision of the DTAA would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident.

4.5.2. As per the amendment introduced in by Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

In other words, the tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate (containing particulars as may be prescribed) from the Government of the country of residence of such no-resident tax payer.

5. Benefits available to Foreign Institutional Investors ("FIIs") under the Act

5.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relatable to "exempt income" needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.

5.2. Taxability of capital gains

5.2.1. As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under Section 10(38) of the Act at the rates as follows:

Nature of income	***Rate of tax (%)***
Long term capital gain	10
Short term capital gain	30

The above tax rates would be increased by the applicable surcharge, if tax payer is a foreign companywhose total income under the Act exceeds rupees one crore, education cess and secondary & higher education cess.

The benefits of indexation provided by Section 48 of the Act(for discussion on indexation, refer para 2.4.3 above) and foreign currency fluctuation protection as of the Act are not available to an FII.

5.2.2. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, educationcess and secondary & higher education cess) in addition to the other requirements, as specified in the Section.

5.3. Capital gains- not subject to Income- tax

5.3.1. Under Section 10(38) of the Act, long term capital gains (as defined in para 2.4.1 above) arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, since capital gains derived by a foreign company are subject to MAT in India, long term capital gain so earned would be required to be taken into account in computing the book profit for the purpose of computation of MAT under Section 115JB of the Act (for discussion on MAT, refer para 2.8 above).

5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed Rs.5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

5.4. Income from Business Profits

Where the equity shares form a part of its stock-in-trade, any income realized in the disposition of the equity shares will be chargeable under the head “profit and gains of business or profession”, taxable in accordance with the DTAAs between India and the country of tax residence of the FII read with the Act. The nature of the equity shares held by the FII is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

If the income realised from the disposition of equity shares is chargeable to tax in India under the head “Profits and gains of business or profession”, as per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the previous year, is permitted as a deduction, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

Business profits, if taxable in India, may be subject to tax at the rate of 40% (plus applicable surcharge, educationcess and secondary & higher education cess).

5.5. Taxability as per DTAA

5.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the Act, the provision of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

5.5.2. As per the amendment introduced in by Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

5.6. Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

6. Benefits available to Venture Capital Companies/Funds

6.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies/Funds (set up to raise funds for investment in venture capital undertaking) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. ‘Venture capital undertaking’ means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992.

6.2. As per Section 115U of the Act, any income accruing/ arising/ receivedby a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.

6.3. Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Fundsfrom investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

7. DTAA benefits

7.1. As per the provisions of Section 90(2) of the Act, an investor has an option to be governed by the provisions of the Act or the provisions of a DTAA that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

7.2. As per the amendment introduced in by Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

8. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

9. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after 1 October 1998. However as per the provisions of Section 56(2)(viia) of the Act, a tax liability would arise where the shares of a company are gifted by any person(s) to a firm or a company in which the public is not substantially interested in the hands of such recipient of shares (for detailed discussion, refer para 3.5 above).

10. Loss under the head 'Capital Gains'

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains. Long term capital loss arising on sale of equity shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non- resident) is required to file appropriate and timely income-tax returns in India.

Notes:

1) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summarymanner only and is not a complete analysis or listing of all potential tax consequences of thepurchase, ownership and disposal of equity shares;

2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to theCompany and its shareholders under the current tax laws presently in force in India. Several of thesebenefits are dependent on the Company or its shareholders fulfilling the conditions prescribed underthe relevant tax laws;

3) This Statement is only intended to provide general information to the investors and is neither designednor intended to be a substitute for professional tax advice. In view of the individual nature of the taxconsequences, the changing tax laws, each investor is advised to consult his or her own tax consultantwith respect to the specific tax implications arising out of their participation in the issue;

4) In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be furthersubject to any benefits available under the Double Taxation Avoidance Agreement, if any, betweenIndia and the country/specified territory (outside India) in which the non-resident has fiscal domicile;and

5) The stated benefits will be available only to the sole/first named holder in case the shares are held byjoint shareholders.

6) The tax rates (including rates for tax deduction at source) mentioned in this Statement is applicable for AY2013-14 and is exclusive of surcharge and education cess. Surcharge @ 5% is applicable in case of resident companies where total income under the Act exceeds Rs 1 crore. In case of foreign companies, surcharge @2% is applicable in case the total income exceeds Rs 1 crore.

7) We have not considered the provisions of Direct Tax Code Bill 2010 for the purpose of thisStatement.

SECTION VI

ABOUT US

INDUSTRY OVERVIEW

The Indian Economy

Brief on growth of the Indian Economy

The Indian economy has been one of the fastest growing economies in the world, backed by strong economic fundamentals that have helped maintain a high growth trajectory with GDP growth averaging over 8% over the last five years i.e. FY07-FY11. In recent times however, the economy has been adversely affected by some spill-over effects of global economic slowdown coupled with domestic pressures. During FY12, the Indian economy registered growth of 6.5% as against 8.4% during FY11.

CARE Economics Division expects a gradual turn-around in the economy with GDP growth expected at 6.8% during FY13. On the supply-side, the industrial activity has been robust (barring the years of recession and more recently FY12). In particular, growth in the manufacturing sector has been 7.5% on an average. In India, there exists is a strong relationship between demand for consumer goods against a build-up of growing spending power.

Overall growth in the Indian economy would not just be strongly supported by higher production activity but also rising incomes, which has and continues to widen the base of consumption demand in the country. Per capita Net National Income (Per capita NNI) has been growing at a Compounded Annual Growth Rate (CAGR) of 14% for the period FY08-FY12 with the Economic Survey released by the GoI estimating the Per capita NNI during FY12 at ₹ 60,972 thus indicating high growth potential in the consumer market, a positive on the demand-side. Furthermore, with a targeted growth rate of 17% for credit disbursement in the country, combined with an optimistic view of reversal in interest rates, one may expect retail credit disbursement to pick up.

Though nearly 70% of Indian population resides in villages, the dependence of rural economy on agriculture is declining continuously, agriculture contributing less than a third of rural GDP today from almost fifty per cent a decade back. Rural and semi-urban economy is witnessing a diversification from the traditional agrarian based economy to industrial growth as around three-fourth of the new industries in India are being set up in rural areas generating newer avenues of employment. This is helping in narrowing down the per capita urban and rural GDP gap. Trading hubs in the semi-urban areas are attracting rural consumers as rising prosperity and changing consumption patterns are driving the villagers to surrounding cities in hoards as villages have limited shopping opportunities.

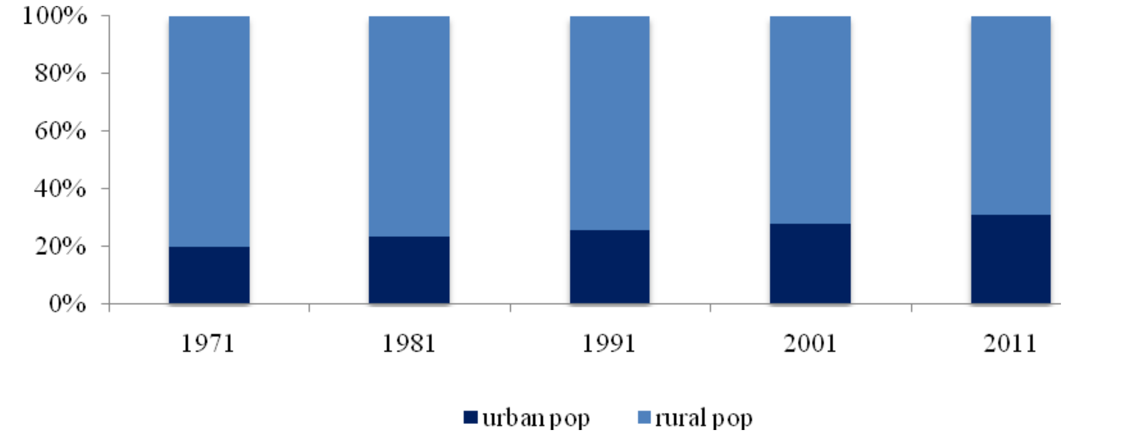
A potential threat however, in this regard, particularly expected to impact the retail segment, could be inflation. High inflation evidently, reduces consumption demand as buying capacity of existing disposable income diminishes. The last year, FY12, witnessed an elevated and accelerating price situation in the country coupled with volatility in consumer durables production that capped the retail market. The stance of monetary tightening has had limited and dispersed impact on inflation due to which there has been a double-edged impact of crowding–out of private savings on one hand with the consumption appetite yet remaining cramped on the other hand.

With prospects of inflation moderating in this fiscal, consumer demand could pick up once again. A major support for overall growth and in particular, the retail segment is the rising spending potential of consumers in the Indian economy.

Consumption Based Growth to Witness Boost from Semi-Urban and Rural Areas

India is witnessing a wave of urbanization on the back of economic growth. The aspirations of higher income, higher standard of living etc have drawn more and more people from villages to settle in towns and cities. Over the years, the share of rural population in the total population has declined from 80.1% in 1971 to 68.8% in 2011.

Rural - urban population divide (%)



Source: Census Data

Though some amount of the shift is happening to Tier I cities, there is significant increase in population of Tier II and Tier III cities as some of the businesses are shifting to these cities due to rising real estate costs in Tier I cities. With rising prosperity in Tier II and III cities, spending power too has gone up and it offers a potential target market for the next retail revolution. This transition from rural to urban areas has led to an increase in the demand for goods (owing to higher income and ever-expanding needs). The retailers, especially in the organised segment are therefore targeting the 'middle class' populace by ensuring the availability of varied products at various price ranges to match the needs of a 'common man'. With limited availability of space and sky-rocketed real estate prices, Tier I cities are fast getting saturated with organised retail. With rising per capita income and a huge footfall from neighbouring smaller towns and villages, Tier II and Tier III cities is becoming a value proposition for organised retail to expand its footprint in India.

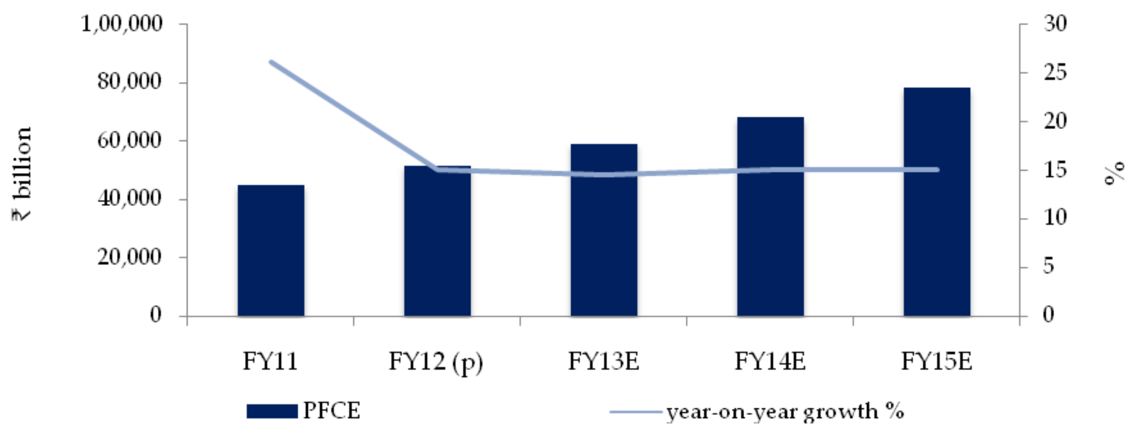
The primary reason for the higher share of unorganised retail in India emanates from the fact that rural sale comprises a major share of the total retail sales. Of this value, the share of organised retail is almost negligible considering the low penetration of modern retail formats in the rural areas. Of the 45% of urban sales comprising the total retail sales as in 2011, a significant proportion of the retail revenue is generated by the unorganised retailers such as Kirana stores, fruit & vegetable vendors, hawker and others. The overall composition of unorganised retail in the total is comparatively higher in Tier II and III cities. With better means of transportation, semi-urban areas are attracting a large number of footfalls from villagers with better per capita income and improved consumption basket diversified into apparel, footwear, jewellery, entertainment etc. Tier II and Tier III cities are a big opportunity in themselves with more than 80 cities occupied by around 90-100 million population in total.

To catch on the growth bandwagon in tier- II & III cities various retailers such as Pantaloons, Shoppers Stop, Trent etc have ventured into the said locations adopting store formats and store size as per the needs and consumption pattern of the local populace. On similar lines, V Mart has also pioneered in opening stores across the smaller Indian towns & cities such as Sultanpur, Ujjain, Motihari etc.

Rising PFCE – to fuel Indian Retailing growth story

CARE Research expects the country's Private Final Consumption Expenditure (PFCE) to continue driving the growth of Indian retailing. However, considering the expected slackness in the growth of country's GDP during FY13, the PFCE is expected to record marginally lower year-on-year growth of 14.5% during FY13 as against 14.9% recorded during FY12. Correspondingly, during FY13, the PFCE is estimated at ₹ 59,275.79 billion; of which approximately 55% of the expenditure can be earmarked to retailing.

PFCE Estimates – FY13- FY15



Source: CARE Research estimates

The Indian Retail industry has been growing in tandem with the economy, thereby registering a healthy growth. The Indian Retail industry has grown from ₹14,574 billion in FY07 to ₹25,001 billion in FY11 at a CAGR of 14.4%. Of the same, the organised retail has grown from ₹598 billion in FY07 to ₹1,575 billion in FY11 at a CAGR of 27.4%. Correspondingly, organised retailing as % of GDP has increased from 1.4% in FY07 to 2.1% in FY11. During FY12, the organised retail revenues are estimated at ₹1,932.37 billion with year-on-year growth of 22.6%. The organised retailing as % of GDP is expected to increase to 2.2% in FY12.

Contribution of Organised retail to the Indian economy

	FY07	FY08	FY09	FY10	FY11	FY12
Organised Retail Revenue – ₹ billion	598	805	973	1,189	1,575	1,932
*as % of GDP**	*1.4*	*1.6*	*1.7*	*1.8*	*2.1*	2.2
* GDP at market price; base year 2004-05						

Source: CARE Research

Retailing Basics

The word 'Retail' has been derived from the French word 'retailer' which means 'to cut a piece off' or 'to break bulk'. In a layman's language, retailing involves the procurement of varied products in large quantities from various sources/producers and their sale in small lots, for direct consumption to the purchaser. This process of purchase and sale of goods/products results in profit to the retailers, the extent of which may vary depending upon the products dealt in by the retailer

With the evolution and growth of retailing in the global context, the size, scope and complexity of retailing has undergone a considerable change. The Retail industry can broadly be classified into: Organised Retail and Unorganised Retail.

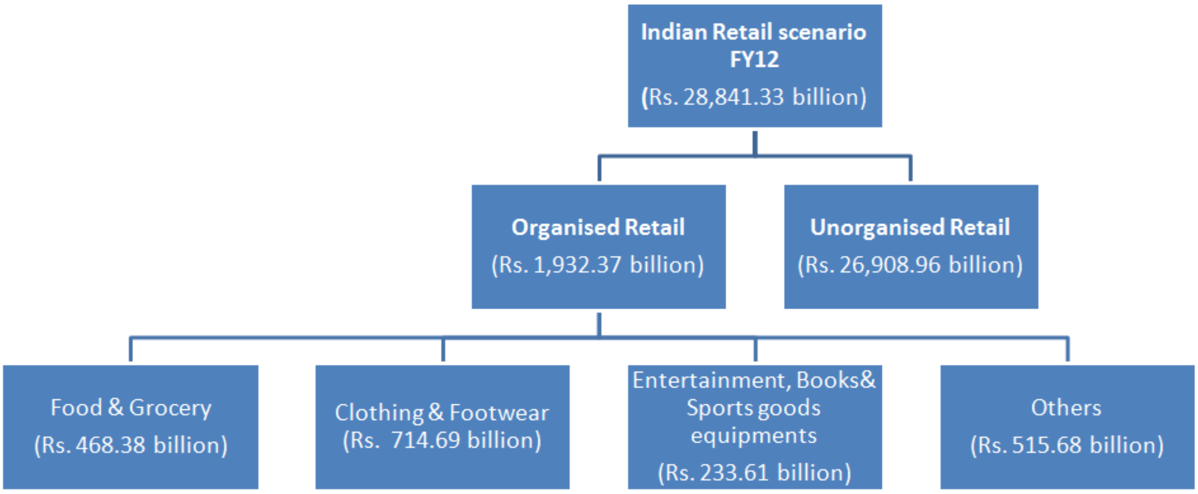
Unorganised Retail

This refers to the traditional form of retail outlets often situated near residential areas and catering to the needs of the populace residing in the locality. These stores are generally characterised by low rentals, low tax payouts with a majority of them being owner-managed and employing personal capital. This form of retailing includes: kirana shops, mandi, paan/beedi shops, hand cart, pavement vendors etc.

Organised Retail

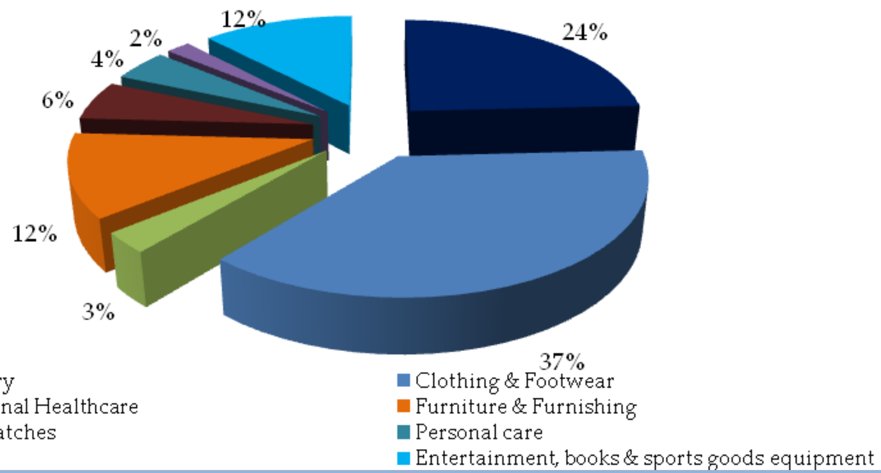
This refers to the modern form of retailing whereby trading activities are undertaken by licensed retailers i.e. those registered for sales tax, income tax etc. The organised retail outlets are generally located in commercial establishments/high-street areas and are characterised by high capital requirements, trained staff, large premises, a wide variety of products and multi-locational stores. With the growing mall culture and pleasant shopping experience being offered to customers, the penetration of organised retail in India is increasing. It has also been observed that the penetration of organised retail is closely linked to a country's level of economic development. This form of retailing includes big stores/chain of stores such as Supermarkets, Hypermarkets etc.

The Indian Retail Scenario



Source: CARE Research

Indian Organised Retail Pie – FY12 (p)



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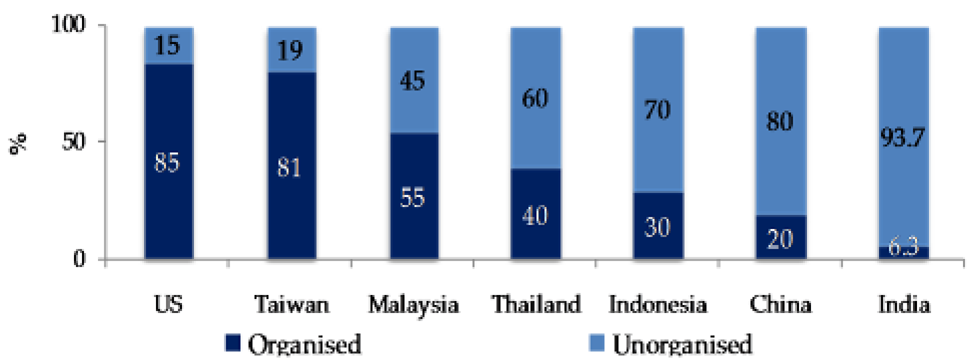
Source: CSO, NSSO and CARE Research

Total Indian Retail Revenue (Organised and Unorganised)							
₹ billion	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**	**FY12 (p)**	**CAGR (%) 2007-12**
Food & Grocery	8,680	9,503	10,438	11,498	14,501	16,728	**14.02**
Clothing & Footwear	1,356	1,530	1,681	1,982	2,575	3,028	**17.43**
Non-institutional Healthcare	1,159	1,289	1,415	1,586	2,000	2,307	**14.76**
Furniture & Furnishing	986	1,128	1,238	1,388	1,625	1,817	**13**
Jewellery & watches	863	886	973	1,090	1,400	1,615	**13.35**
Personal care	617	725	796	892	1,125	1,298	**16.03**
Beverages	518	564	619	694	875	1,009	**14.27**
Entertainment, books & sports goods equipment	395	483	531	694	900	1,038	**21.32**
Total Retail revenue	**14,574**	**16,107**	**17,691**	**19,825**	**25,001**	**28,841**	**14.63**
P – Provisional							
Source: Central Statistical Organisation (CSO), National Sample Survey Organisation (NSSO) and CARE Research							

The Unorganised Retail

The Indian Retail industry has primarily been dominated by the unorganised segment. During FY11, the unorganised retail accounted for 93.7% of the total retail revenue. Compared to the unorganised retail contribution of 15-20% to the total retail sales in countries such as U.K., U.S., Taiwan etc, the Indian figure stands quite high.

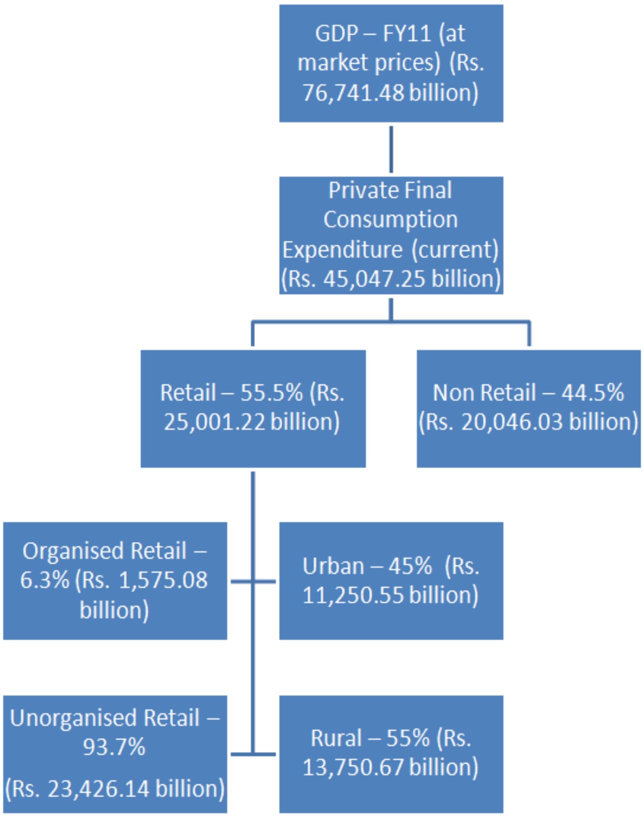
Share of Unorganised Retail in Total Retail



Source: Industry

The primary reason for the higher share of unorganised retail emanates from the fact that rural sale comprises a major share of the total retail sales. During FY11, the corresponding figure stood at 55%. Of this value, the share of organised retail is almost negligible considering the low penetration of modern retail formats in the rural areas. Of the 45% of urban sales comprising the total retail sales as in 2011, a significant proportion of the retail revenue is generated by the unorganised retailers such as Kirana stores, fruit & vegetable vendors, hawker and others.

India's spending pattern – FY11



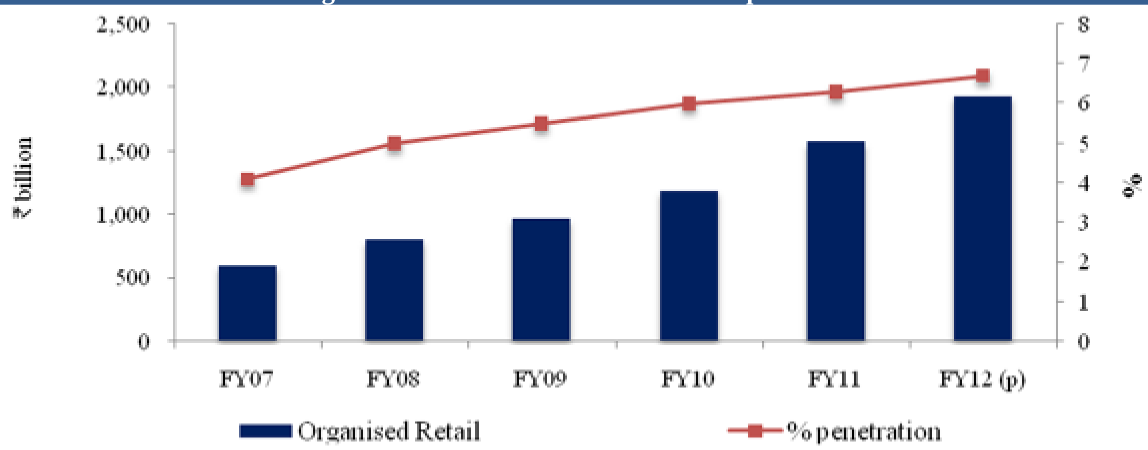
Source: Industry and CARE Research

Overview of organised retailing in India

The growth story

The organised retailing revenues soared from ₹598 billion in FY07 to ₹1,575 billion in FY11. The CAGR of 27.4% in the organised retail segment even surpassed the CAGR of total retail revenues at 14.4% during the said period. Correspondingly, the penetration of organised retail in total retail surged from 4.1% in FY07 to 6.3% in FY11. During FY12, the organised retail revenues are expected to have aggregated ₹1,932 billion with penetration of 6.7%.

Organised Retail – Total revenues & % penetration



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Source: CSO, NSSO and CARE Research

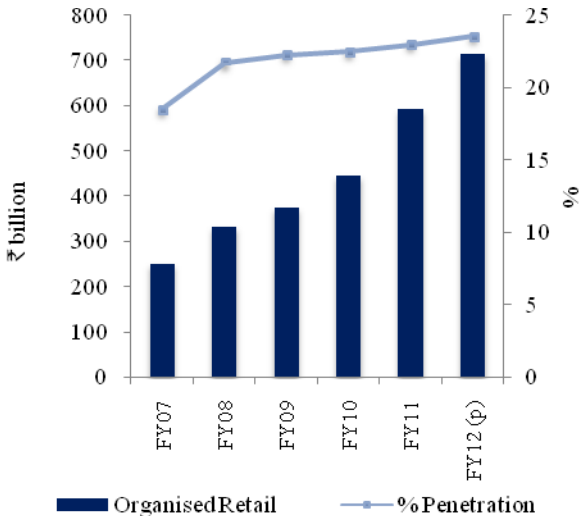
Segmental Analysis

The organised retail market can be bifurcated into the following segments:

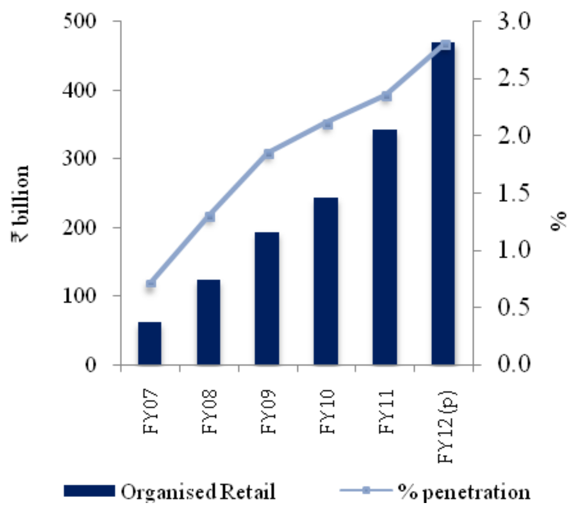
Apparel & Footwear:

The emergence of organised retail in India can be attributed to the opening-up of stores in the 'Apparel segment'. Notably, the Apparel & Footwear segment remained the growth driver of organised retailing, accounting for an estimated penetration level of 23.6% and contributing 37% to the total organised retail sales during FY12 (p).The revenue figures in this segment soared from ₹251 billion in FY07 to estimated ₹714.69 billion in FY12 (p), registering a CAGR of 23.2%.

Apparel & Footwear – Total organised retail and % penetration



Food & Grocery -Total organised retail and % penetration



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Source: CSO, NSSO and CARE Research

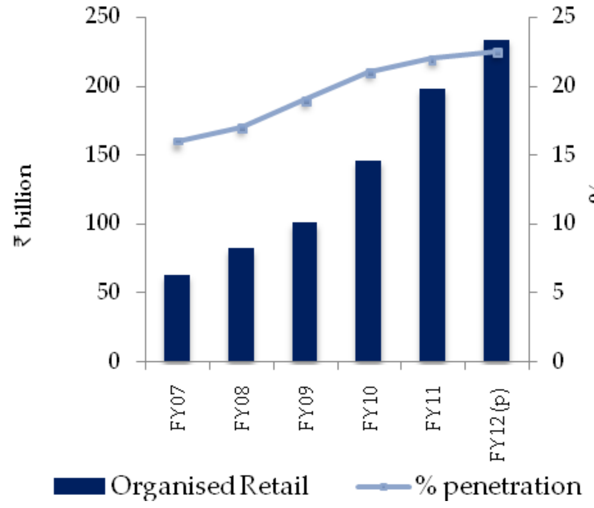
Food & Grocery:

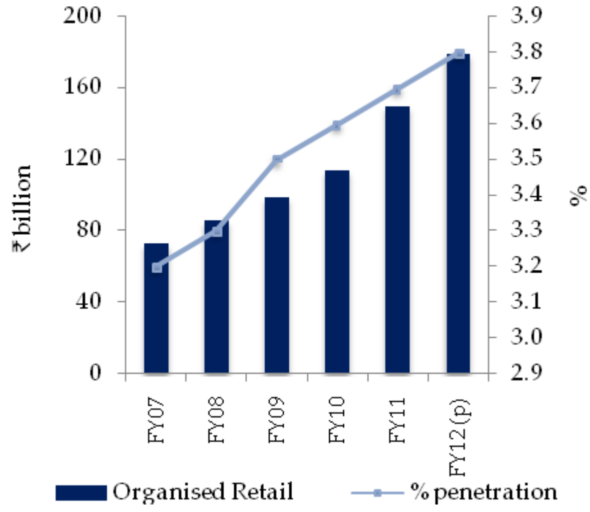
The food & grocery segment has been a major revenue driver in the Indian retailing context estimated to account for 58.0% of India's total retail share during FY12 (p). However, the penetration of this segment in the organised retailing context stands reasonably low with the corresponding figures rising from 0.7% in FY07 to an estimated 2.8% in FY12 (p). The revenues in this segment though have surged from ₹61 billion in FY07 to an estimated ₹468.38 billion during FY12 (p) at a CAGR of 50.3%, accounting for 24.2% of the total organised retail pie during FY12 (p).

Entertainment, books, sports goods & other equipment:

With the growing penetration of organised retailing in entertainment, books, sports goods & other equipment segment owing to expanded reach to tier-II and tier-III cities, the revenues in this segment surged from ₹63 billion in FY07 to estimated ₹233.61 billion during FY12 (p) at a CAGR of 30%; accounting for 12.1% of the total organised retail revenue. Correspondingly, the penetration level has grown from 15.9% in FY07 to estimated 22.5% in FY12 (p).

Entertainment, books, sports goods & other equipments – Total organised retail and % penetration	Other segments (Personal care, Non- institutional Healthcare and Beverages) -Total organised retail and % penetration





P - Provisional

Source: CSO, NSSO and CARE Research

Segment- wise: Market size & Penetration estimates

CARE Research expects the increasing spend on discretionary goods by the Indian consumers to contribute to the growth of organised retailing. As per a **CARE Research study,** the growth estimates for the segments comprising the Indian retail industry have been mentioned below:

Apparel & Footwear:

The Apparel & Footwear segment is expected to grow from ₹714.69 billion in FY12 (p) to ₹1,301.89 billion in FY15 at a CAGR of 22.1% accounting for 33.9% of the total organised retail revenues during FY15. Correspondingly, the organised retail penetration level is expected to grow from 23.6% in FY12 (p) to 27.1% in FY15.

Food & Grocery:

The Food & Grocery segment is expected to grow from ₹468.38 billion in FY12 (p) to ₹1,186.68 billion in FY15 at a CAGR of 36.3%, making it the fastest growing segment among others. This segment is expected to account for 30.9% of the total organised retail market in FY15. Correspondingly, the organised retail penetration level is expected to grow from 2.8% FY12 (p) to 4.8% in FY15.

Furniture & Furnishing:

The furniture & furnishing segment is expected to grow from ₹228.90 billion in FY12 (p) to ₹391.72 billion in FY15 at a CAGR of 19.6% accounting for 10.2% of the total organised retail market in FY15. Correspondingly, the organised retail penetration level is expected to grow from 12.6% in FY12 (p) to 13.6% in FY15.

Entertainment, Books, Sports goods & other equipment:

The Entertainment, Books, Sports goods & other equipment segment is expected to grow from ₹233.61 billion in FY12 (p) to ₹425.50 billion in FY15 at a CAGR of 22.1%, accounting for 11.1% of the total organised retail market in FY15. Correspondingly, the organised retail penetration level is expected to grow from 22.5% (p) in FY12 to 26% in FY15.

Other Segments:

The combined revenues from other segments i.e. Non-institutional healthcare, Personal care and Beverages is expected to increase from ₹179.10 billion in FY12 (p) to ₹323.40 billion in FY15 growing at a CAGR of 21.8%, accounting for 8.4% of the total organised retail market in FY15. Correspondingly, the organised retail penetration level is expected to grow from 3.9% in FY12 (p) to 4.6% in FY15.

Organised Retail Market Size estimates category-wise – FY13-FY15				
₹ billion	**FY12 (P)**	**FY13E**	**FY14E**	**FY15E**
Food & Grocery	468	626	865	1187
Clothing & Footwear	715	854	1063	1302
Non-institutional Healthcare	55	66	79	94
Furniture & Furnishing	229	268	321	392
Jewellery & watches	108	133	172	211
Personal care	87	105	135	166
Beverages	37	43	53	63
Entertainment, books & sports goods equipment	234	281	349	425
Total Organised Retail Market Size	**1,932**	**2,377**	**3,037**	**3,840**
E – Estimated; P - Provisional				
Source: CARE Research estimates				

The domestic Indian apparel market can be divided into five broad segments – men's apparels, women's apparels, kid's apparels, unisex apparels and uniforms.

Domestic Apparel Industry – Segment-wise Market-size (₹ billion)							
Segments	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**	**FY12(p)**	**FY15(E)**
Men's Apparels	459	498	556	596	664	706	899
Women's Apparels	411	437	497	548	615	658	852
Unisex	90	95	107	107	118	126	144
Kid's Apparels	181	192	225	248	281	302	394
Uniform	119	137	157	176	199	208	286
Total	**1,260**	**1,359**	**1,543**	**1,675**	**1,876**	**2,000**	**2,575**
P – Provisional, E - Estimates							
Source: CARE Research							

Men's apparel – Men's apparel market size grew at a CAGR of 9% from ₹459 billion in FY07 to ₹706 billion in FY12 (p). It is the most penetrated segment in the domestic apparel market. Its share in the overall domestic apparel has declined over the past five years and contributed approximately 35.3 % to the overall apparel industry in FY12 (p).

CARE Research expects the Men's apparel market to grow at a CAGR of 8.4% from ₹706 billion in FY12 (p) to ₹899 billion in FY15 (E). It forms the most penetrated segment of the domestic apparel market, in terms of RTW. Its share in the overall domestic apparel is expected to decline slightly from 35.3 % in FY12 (p) to 34.9 % in FY15. However, it will continue to remain the largest segment.

Women's apparel - Women's apparel market size grew at a CAGR of 9.9 % from ₹411 billion in FY07 to ₹658 billion in FY12 (p). Its share in the domestic apparel market increased from 32.6 %in FY07 to 32.9 % in FY12 (p). The robust growth in this segment can be attributed to the increase in the consumption of apparels due to the rising income levels, working women and more college going females. Also, the changing consumer preference and easy availability of RTW apparel in various colors, size and patterns as a result of increase in retail services, has enabled this segment to grow at a rate higher than the industry average.

CARE Research expects the Women's apparel market to grow at a CAGR of 9.0% from ₹658 billion in FY12 (p) to ₹852 billion in FY15 (E). Its share in the domestic apparel market is expected to slightly increase from 32.9 % in FY12 (p) to 33.1 % in FY15 (E). The higher growth can be attributed to the increased consumption led by an increase in the number of working women, dual income families and an increase in female students in colleges. The RTW segment of the women apparel industry is growing at a fast rate due to the easy availability of ready-to-wear apparels in various colors, size and patterns on account of growth in retail services.

Unisex apparel – This segment mainly constitute of unisex jeans and pullover. It has continuously lost its share over the past five years from 7.1% in FY07 to 6.3% in FY12 (p). The fall was mainly due to the changing consumer habits. People prefer to wear sex-specific jeans and woolens now-a-day over the generic denims and pullover. The market-size of the unisex apparel industry has grown at a moderate CAGR of 7% from ₹90 billion in FY07 to ₹126 billion in FY12 (p). The growth in this segment has been at 7% which is much lower than the industry average growth of 9.7%.

CARE Research estimates the Unisex apparels market to grow at a moderate CAGR of 4.6 % from ₹126 billion in FY12 (p) to ₹144 billion in FY15 (E). This segment is losing its share, mainly due to the widening differential in the different patterns for men and women denims and woolens. Its share in the domestic apparel market is expected to shrink from 6.3 % in FY12 (p) to 5.6 % in FY15 (E).

Kids' apparel – The growth in the Kids' apparel segment outpaced the industry growth over the FY07-12 (p) period. It grew at a CAGR of 10.8 % from ₹181 billion in FY07 to ₹302 billion in FY12 (p). Its share in the overall apparel industry grew from 14.3 % in FY07 to 15.1 % in FY12 (p). Increasing family income, introduction of brands in kidswear and growing demand for clothes for different occasions remain the key growth drives for the kids wear segment.

CARE Research estimates the market size of Kid's apparels to grow at a CAGR of 9.3 % from ₹302 billion in FY12 (p) to ₹394 billion in FY15 (E). Increasing family income, introduction of brands in kids wear and growing demand for kid's clothes for different occasions would drive growth in the kids wear segment. Its share in the overall domestic apparel market is expected to rise marginally from 15.1 % in FY12 (p) to 15.3 % in FY15 (E).

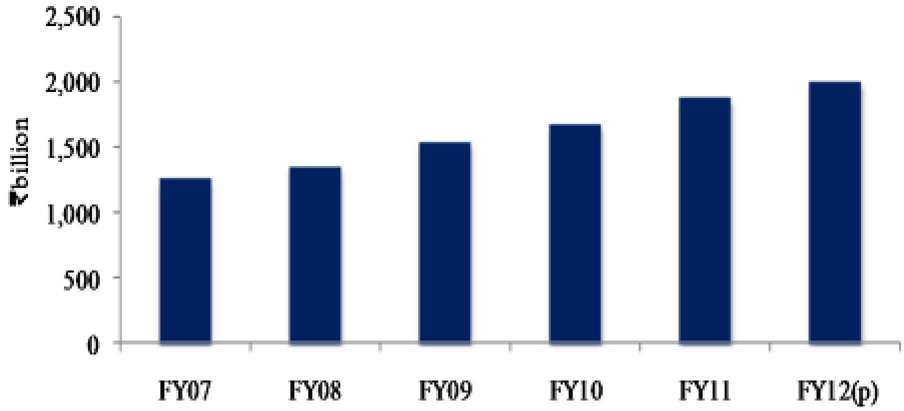
Uniforms- This segment comprises of school uniforms, corporate uniforms as well as those required by railways and defence personnel. Uniform segment grew at a robust 11.8% over the FY07-12 (p) period. Its market-size grew from ₹119 billion in FY07 to ₹208 billion in FY12 (p). The growth in this segment can be attributed to both the growing number of school-going population and more number of schools adopting the uniform culture. Its share in the overall domestic apparel market increased from 9.5 % in FY07 to 10.4 % in FY12 (p). Uniforms, the fastest growing segment, is expected to grow at a CAGR of 11.2% from ₹208 billion in FY12 (p) to ₹286 billion in FY15 (E) The growth in this segment can be attributed to the growing number of school going population and more number of schools adopting the uniform culture. Its share in the overall domestic apparel market is expected to grow from 10.4 % in FY12 (p) to 11.1 % in FY15 (E).

Indian Apparel Industry

Industry Overview

The domestic apparel industry in India grew at a CAGR of 9.7 % from ₹1,260 billion in FY07 to ₹2,000 billion in FY12(p). The growth can be attributed to the upsurge in the economy coupled with the rising per capita disposable income. Factors like the changing fashion trends, growing consumer class and rising urbanization together have led to the growth in the apparel industry. Increasing retail penetration, growing service class and the increasing share of the designer wear have also been the drivers to growth. The domestic demand includes the demand for clothes for all occasions.

Domestic Apparel Industry – Market-size



Source: CARE Research

The apparel industry in India can be divided into two segments – "Ready-To-Stitch" ("**RTS**") and Ready-To-Wear ("**RTW**"). RTS currently contributes approximately 30 % of the overall apparel industry, but its share is fast declining, with the increasing availability of RTW apparels in various colors, sizes and patterns. Also, the lack of spare time left with consumers to go through the entire process of buying fabric and getting it stitched has helped the RTW segment to grow. Increasing organized retail and popularising mall culture has also led the growth of the RTW segment.

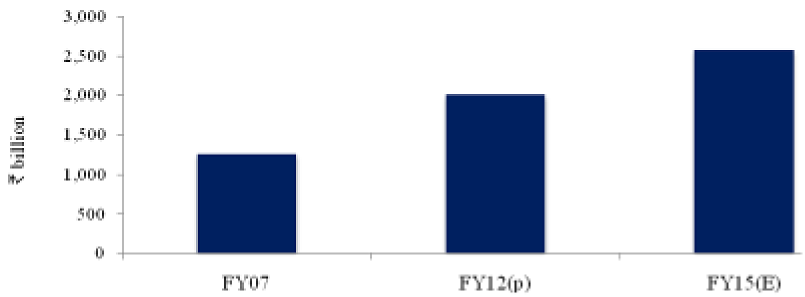
In the urban areas, the share of RTW segment is expected to be as high as 85 % while the remaining 15 % would mainly comprise of much specialised designs and patterns. However, the penetration of RTW in the rural areas is estimated to be much lower at around 60%. However, the growth in rural expenditure on non-food items would increase the share of overall RTW segment going ahead.

Outlook- Indian Apparel Industry

CARE Research estimates the domestic apparel industry in India to grow at a CAGR of 8.8 % from ₹2 billion in FY12 (p) to ₹2.57 billion in FY15 (E). The growth would primarily be driven by the growth in the Indian economy leading to the rise in disposable income, increased usage of plastic money leading to impulsive buying by the Indian consumers, the increasing percentage of the youth in the Indian economy and growing mall culture. A plethora of international and home-grown premium and super premium brands have led to a sharp increase in the per unit realisation which is expected drive the market size of the Indian apparel industry.

Growing differentiation in the party-wear, office-wear and semi formals, increasing share of the designer wear are expected to further drive the growth of the apparel industry. Factors like the changing fashion trends, growing consumer and service class, rising urbanization, increasing retail penetration together would continue to drive the growth.

Outlook - Domestic Apparel – Market-size



E – Estimated; P - Provisional

Source: CARE Research

Industry Characteristics

Highly unorganised & fragmented industry

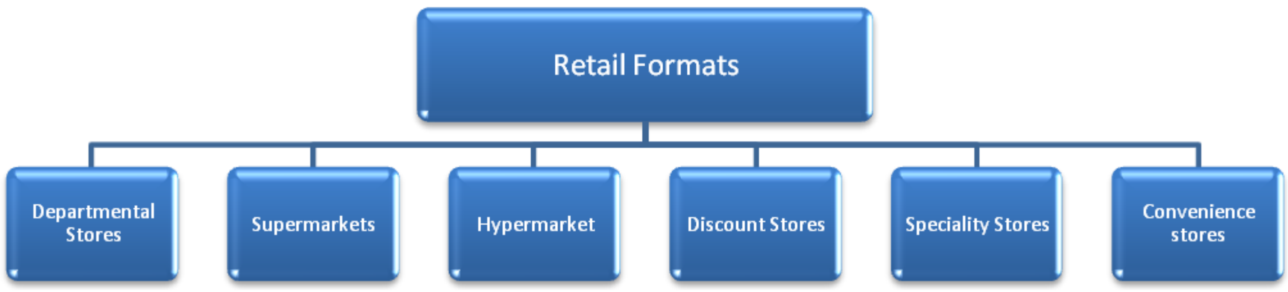
Retailing in India remains highly fragmented and unorganised with the dominance of independent and owner-managed outlets commonly known as 'mom & pop stores'. Of these stores numbering nearly 12 mn, nearly 78% are small family businesses utilising only household labour. Particularly 50% of these retail outlets specialise in the food & grocery segment. With the presence of innumerable small unorganised retailers in the country, the density of Indian retail i.e. shops per households measuring 0.04 (12 million retail shops for about 0.24 billion households) still remains unmatched in the world.

Linkages with the economic growth

The growth of Indian retail can unarguably be linked to the growth of the Indian economy. As suggested by the figures, the growth in the global economy is being reflected in the PFCE and the total retail sales.

Emergence of multiple retail formats

The growth of organised retailing has resulted in the emergence of multiple retail formats. Such formats are basically aimed at expanding the consumers' reach and thereby increasing the sales volume. The spread of organised retail from tier-I cities to smaller towns and cities has further provided an impetus to the growth of varied formats. These formats can broadly be classified as: Department stores, Supermarkets, Hypermarkets, Discount stores, Speciality stores, Convenience stores, Kiosks and Food court counter Each of these formats offers a distinct value proposition to the customer often converting shopping into a pleasant experience. Realising the vast potentialities of these formats several big retailers such as the Future Group, Reliance, Shoppers Stop, Tata etc. have emphasised on expanding their retail operations through varied formats depending upon the availability of retail space and the target customers.



Source: CARE Research

Elongated supply chain

With unorganised retailing still dominating the Indian retail scenario, the Indian retail sector has been unable to break the shackles of the traditional long supply chain. Generally the gap between the producer/manufacturer and the ultimate consumer is being filled by varying intermediaries offering various specialised services. A typical supply chain involves the following intermediaries in the order as presented below:

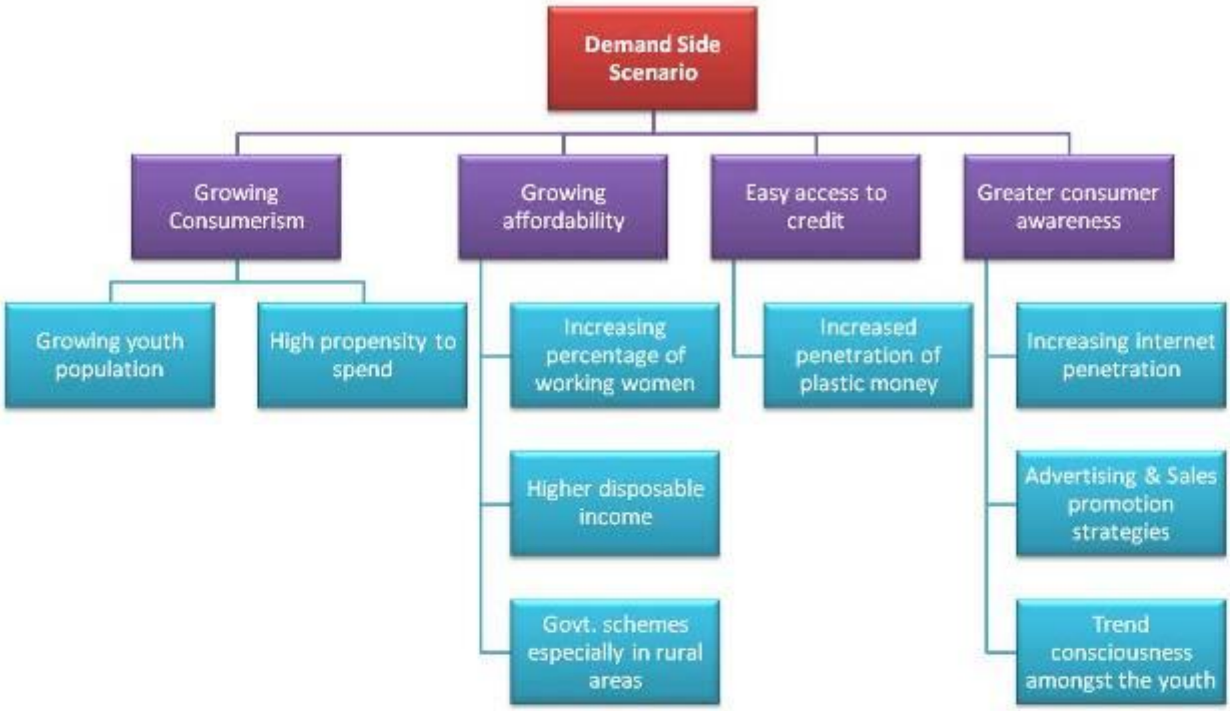
Producer → Consolidator → Commission Agent → Wholesaler → Retailer → Consumer

No doubt, the presence of such intermediaries facilitate the systematic and easy movement of goods but the wastages so incurred at each stage further add to the cost of the final product which in case of perishable products such as agricultural/farm produce can prove to be substantial. In addition, each of the intermediaries adds on his margin to the price of the product before passing the same to the other level. This result in a huge difference between the prices of the final product sold to the ultimate consumer as compared to the price which has been paid to the producer/manufacturer of the product.

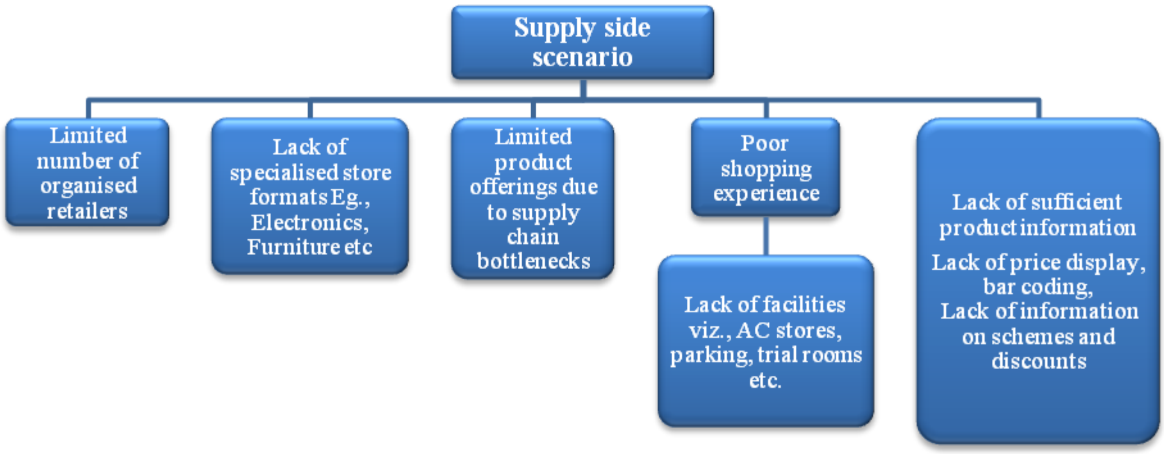
Working Capital intensive

The impact of the growing number of retail formats gets reflected in the retailers' working capital requirements. With each format requiring a different product mix, the retailers are required to maintain an adequate inventory mix in order to ensure greater conversion rates and also reduce the chances of stock-out. Further, greater the spread of the retailer in terms of region/geography, the greater is the requirement for working capital in order to ensure the smooth working of the supply chain management systems. On an average, the working capital requirements in the Indian context accounts for 35-40% of the total capital employed.

Factors driving the consumption story in India



Demand - Supply Gap in Tier II and Tier III cities



Rising Urbanisation

A majority of India still lives in 'villages'. However, the growing aspirations of higher income, higher standard of living etc has drawn more and more people from villages to settle in towns and cities. Over the years, the share of rural population in the total population has declined from 80.1% in 1971 to 68.8% in 2011.

Urban area as defined by the Census survey:

- *All places with a municipality, corporation, cantonment board or notified town area committee, etc. (known as Statutory Town)*
- *All other places which satisfied the following criteria (known as Census Town):*
  - ✓ *A minimum population of 5,000;*
  - ✓ *At least 75 per cent of the male main workers engaged in non-agricultural pursuits; and*
  - ✓ *A density of population of at least 400 per sq. km.*

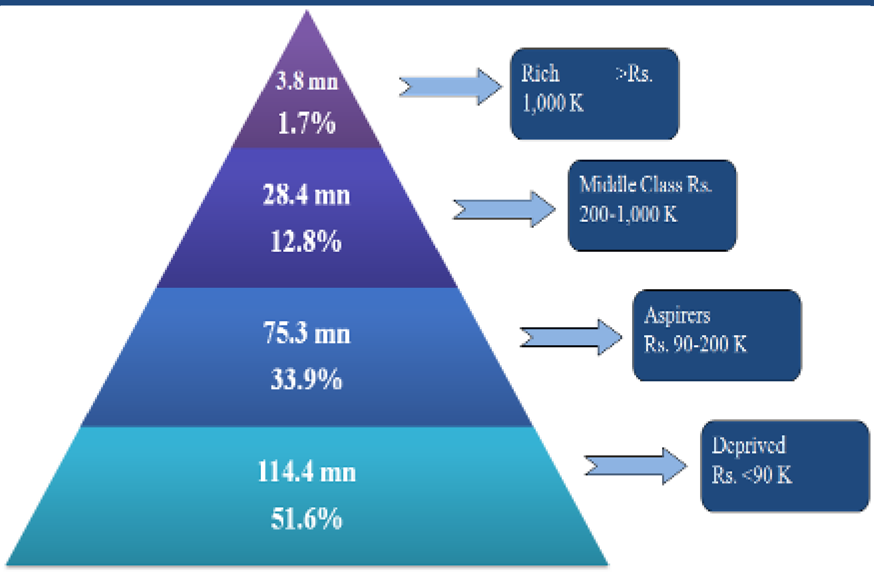
Rural area as defined by the Census survey:

All areas which are not categorized as Urban area are considered as Rural Area

Growing consumer class

The growing Indian economy has altered income distribution pattern amongst its populace. The per capita personal disposable income has surged from ₹29,561.20 in FY07 to ₹49,496.21 in FY11 at a CAGR of 13.7%. Correspondingly, the per capita private final consumption expenditure too rose from ₹22,102.02 in FY07 to ₹36,271.15 in FY11 at a CAGR of 13.1%. The share of households comprising the 'Middle Class' (household income in the range of ₹2,00,000 - ₹10,00,000) has grown from 5.8% in FY02 to 15.5% in FY12 (p). Notably, the share of 'Aspirers' in the Indian population has grown from 21.9% in FY02 to 36.9% in FY12 (p) while the share of 'Deprived' Indian households has reduced significantly from 71.9% of the total population in FY02 to 45.4% in FY12(p). On the backdrop of growing per capita income and thereby higher personal disposable income of the Indian populace, CARE Research expects the proportion of 'Aspirers' & 'Middle class' households to grow further and account for 39.1% & 20% of the Indian population by FY15.

Income Distribution of the Indian Households



Source: National Council of Applied Economic Research (NCAER) and CARE Research

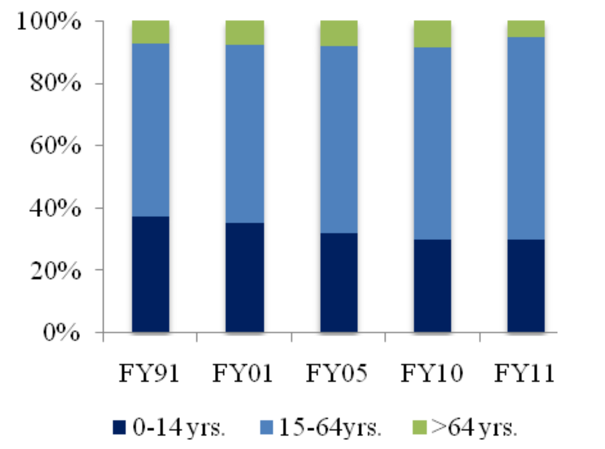
Growing per capita expenditures

The combined effect of increase in the disposable income as well as ever-growing needs of the increasing population can well be reflected in the surging figures of per capita expenditure over the year The growth rate of monthly rural per capita expenditure at a CAGR of 12.7% during the period FY05-FY10 surpassed the growth of monthly urban per capita expenditure at a CAGR of 12.4% during the said period.

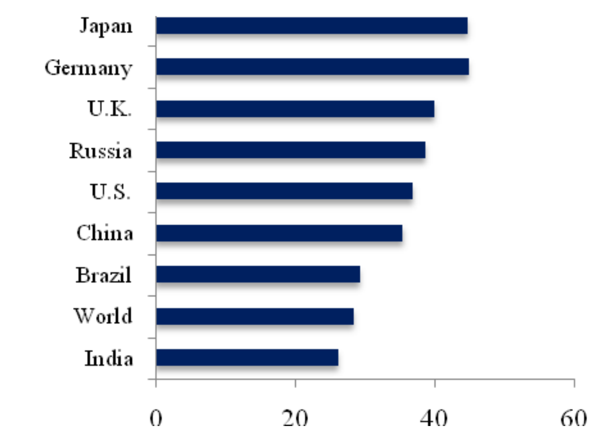
Baby Boomer effect

The growing Indian population has resulted in a simultaneous increase in the 'earning population' i.e. population comprising the age group of 15-60 year. The proportion of Indian populace in the age group of 15-60 years increased from 55.4% in 1991 to 64.9% in 2011. The populace in the age group of >60 years witnessed a decline from 7.32% of the total populace in 1991 to 5.5% of the total populace in 2011. The populace in the age group 0-14 years also witnessed a decline with the corresponding share falling from 37.3% in 1991 to 29.7% of the total populace in 2011. Considering the huge size of the Indian population, the lower median age implies a higher number of working people thereby clearly outlining the immense earning as well as spending potential of the Indian populace on which the Indian retail sector could thrive.

Age distribution of Indian population (%)



Median age of population – FY11

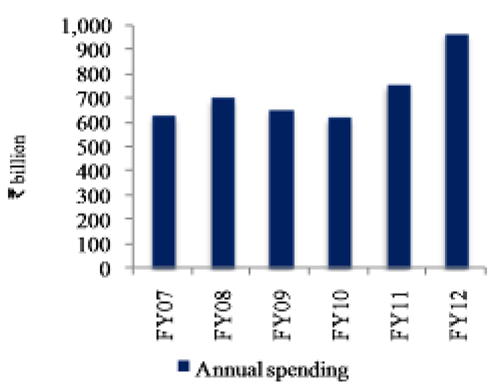


Source: CIA – The World Factbook

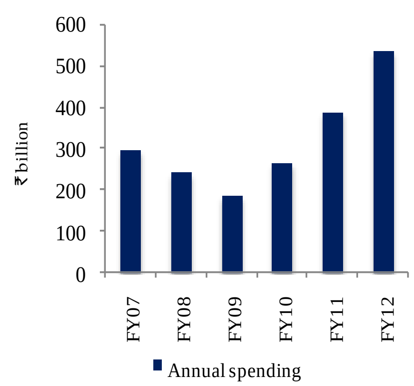
Growing spread of 'plastic money'

The growing use of 'plastic money' i.e. credit and debit cards has resulted in spendthrift behaviour amongst the consumers thereby fuelling the demand in the retail sector. With the acceptance of plastic money by almost all the retailers in the organised retail segment, the number of outstanding plastic cards in the country is on a rise. With the spread of the concept - 'buy now and pay later', the credit cards accounted for 64.3% of all the retail transactions through plastic money during FY12. Significantly, the spending through credit cards increased from ₹629.17 billion in FY07 to ₹966.14 billion in FY12 while the spending through debit card also increased from ₹295.73 billion in FY07 to ₹534.31 billion in FY12.

Credit card spending



Debit card spending



Source: RBI and CARE Research

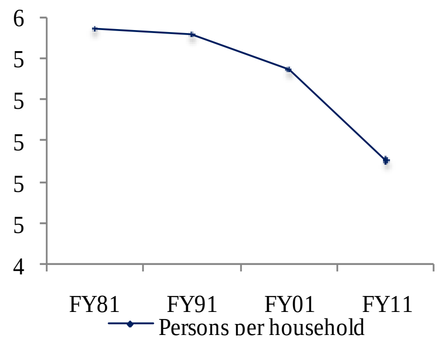
Changing face of Indian consumerism – from necessities to luxuries

The flight of the Indian populace from rural to urban India coupled with the growing per capita income of the Indian consumers has brought about an alarming change in the Indian consumption pattern. The period prior to the early years of 1990 was marked with huge spending on necessities such as food, grocery, beverages and apparels. The year FY11, however witnessed a decline in the 'necessity spending' which accounted for 71.8% of the country's total retail spending during the said year. This decline was primarily brought about by the falling share of 'Food, Grocery and Beverages' segment which accounted for 61.5% of the total consumer spending (compared to 63.1% during the FY07) with the 'discretionary spending' under the heads i.e. personal care products, healthcare, household utilities etc, accounting for the rest.

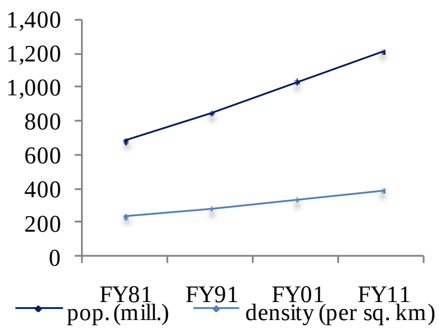
Rising number of nuclear families

The massive growth of population, increased urbanisation and the unavailability of large real estate spaces have led to the growth of nuclear families in the country. The average number of persons per household has reduced from 5.55 in FY81 to 4.91 in FY11. The growing number of households has not only pushed the demand for necessities but the combined mix of greater purchasing power and willingness to spend has resulted in the nuclear family's shifting focus towards the purchase of 'discretionary products' as well.

Growth trend of nuclear families



Growth trend of density & population

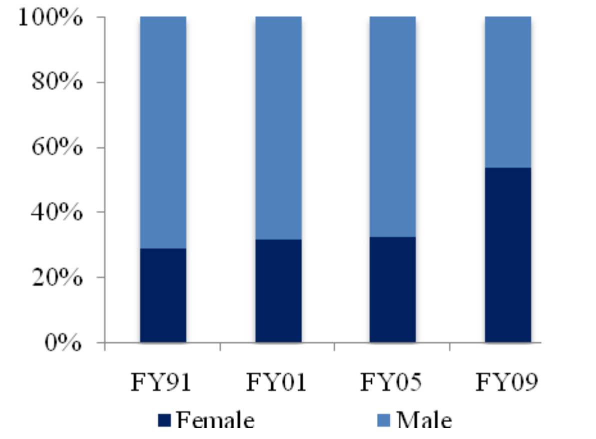


Source: Census of India

Growing female working population

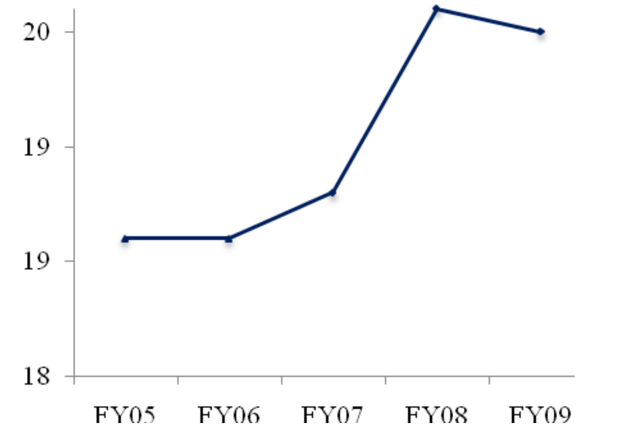
In the backdrop of growing Indian economy during the recent years, the participation of female workforce in the country's economic activities has increased considerably. The proportion of the female workforce which accounted for 20.1% of the country's workforce in FY1971 has scaled to 53.4% during FY09. Notably, the percentage of working women involved in the organised industrial activities too has increased from 19% in FY05 to 19.9% in FY10. The higher purchasing power in the hands of 'working-women class' compared to the housewives enhances the ability of the former to spend much more comparatively. Further the 'time constraint' factor also needs to be accounted for by the working women while making purchases of various day-to-day requirements. Capitalising on the same, the organised retailers have increasingly emphasised on the 'one-stop shop' concept wherein all the household requirements ranging from food & grocery to apparel could be met under a single roof.

Proportion of female working population of the total working population



Source: Census of India

Proportion of female working in Organised industrial activities



Source: Socio-Economic Statistics-2011

Developments in the real estate scenario

With the gradual retreat of the global economic recession leading to economic recovery, the gradual surge in consumer spending and the revival in demand for mall spaces by the retailers across the country has improved the demand-supply situation of malls across the country as compared to the recessionary period. The retailers, however, remain very particular about the choice of retailing location in term of prospective consumer base near-by, tenant mix etc. Correspondingly, the increasing penetration of organised retail in the Indian retailing context especially in tier- II & III cities and the gradual shift in consumer preferences towards organised retailing with the malls serving as 'one-stop shop' to the consumers with offerings ranging from shopping, entertainment to eateries etc has led to the development of retail real estate in India. Further during the last few years, the development in the retail real estate has been enormous especially in the tier- II & III cities of India where the 'mall culture' is fast catching-up with the tier- I cities.

With the operational mall space in the country divided according to the spending patterns, North India leads the operational mall space with 39% of the total operational mall space in the country followed by West & Central India at 28%, South India at 19% and East India at 14% respectively. In terms of city-wise distribution of operational malls, Mumbai accounts for the highest share i.e. 20% of the country's Gross Leasable Area (GLA) followed by New Delhi (10%), Bangalore (9%), Kolkata (6%) and Chennai (5%).

Key success factors for growth of retail

Average number of footfalls

The end objective of every format whether a small store such as convenience store or a large store of the size of hypermarket would be to attract the largest number of customers and convert the visits into sales. The average number of footfalls is however constrained by the size of the retail formats. Even the location of the retail format plays an important role in attracting footfalls as the metros have recorded a higher average footfall for the same retail format as compared to the non-metros. Noticeably, the footfalls across all modern retail format almost doubles during the weekends as compared to the weekdays. Some of the retailers have accorded due consideration to this viability criteria.

With the modern retailers operating on a high operational cost, of late, it has been witnessed that a fall in footfalls of malls by around 10-20% has been accompanied by an exodus of retailers. The kiosks, food courts and the other smaller brands have been the first to depart from the malls. This is followed by the flight of franchisees of established and emerging brands who often fail to meet up the cost of high rentals.

Sales per sq ft

The growing number of formats in the organised retail segment, the unavailability of prime retail locations and the accompanying high rentals has forced the retailers to maximise their sales within a given store area. The total area in such a case may be the entire store area or only the operational portion of the store where the products are being displayed. The ‘Sales per sq. ft.’ analysis not only serves as an effective indicator of retail format viability but also assists the retailers to develop and monitor an effective inventory management system, to determine their rent-paying capabilities and to calculate their net returns based on the margins associated with a particular retail format. A study of the Indian retailers’ revealed that the discount stores account for the lowest sales per sq ft ranging from ₹400-500 per month primarily owing to the discounted product prices. However, across similar store formats too, the sales per sq. ft. may vary depending upon numerous factors such as location of the store, Stock Keeping Units (SKUs) at the store, supply chain management strategy for the store etc.

Sales per sq ft of various modern retail formats				
Store Format	Discount stores	Department stores	Home furnishing	Fashion apparel
Sales per sq ft. per month (₹)	400-500	800-1,000	1,000-1,200	1,500- 3,000
Source: CARE Research				

Supply Chain Management (SCM)

The growing number of organised retail formats and the expanding demand for a variety of products (often within the same category) by the consumers has forced the modern retailers to emphasise on the development of an efficient supply chain management system. The longer the supply chain, the greater is the price of the product reaching the ultimate consumer. However, the product prices can be curtailed to a significant extent by developing and maintaining supply chain efficiencies. Despite the cost factor attached to the SCM operations, an efficient supply chain increases the profitability of the retailers by reducing chances of stock-out and minimisation of wastages especially in case of perishable goods.

Private label / Specialised manufacturing

‘Private Label’ refers to the in-house brands created by the retailers which may either be manufactured by the retailer themselves or manufactured through a ‘third party manufacturer’ based on the retailer’s requirement. The margins associated with varied retail formats can be scaled up by merchandising an optimum mix of ‘private labels’ and other manufacturers’ brands. With majority of the modern retailers outsourcing their manufacturing process, the in-house brands results in elimination of varied level of intermediaries thereby leading to development of direct relationship between the producers / manufacturers and the organised retailer Therefore the feedbacks relating to the tastes, preferences, likes and dislikes of the consumers can be communicated to the manufacturer and goods can be produced as per the demand. This checks the inventory level of the retailers as products can be manufactured and made available to the store, keeping in mind the requirements of the festive season, stock clearance / discount season etc.

Technological up- gradation

The growth of retailing in India has fuelled the need for advanced retailing technology. The varied challenges such as diverse socio-cultural background of the consumers, complicated supply chains and the changing needs and preferences of the consumer has turned modern retailers towards IT service providers (SAP India, DVS, Ginesys etc.) to provide specialised technological retail services. The Indian retailers have primarily focused on the development of transaction systems such as Enterprise Resource Planning (ERP) and Point of Sale (PoS). Apart from ERPs and PoS, emphasis has been laid on the development of softwares in the areas of production planning (procurement of materials / inventory, optimum production mix, tracking production efficiency), merchandising (tracking turnaround of merchandised goods, maintaining optimum mix of merchandise) and customer & operational developments (detailed sales records, cost analysis, market analysis).

Reducing chances of stock-out

The involvement of minimum number of intermediaries or direct purchases being made by the retailers ensures that the required product reaches their warehouse / stores in the least possible time. This enables the modern retailers to minimise their working capital blockages in inventories with the risk of stock-out also being greatly reduced.

Bestowed with all the advantages as mentioned above, the traditional supply chain management system has made way for the modern methods and techniques, much in lines with those followed by the retailers in countries such as U.S., U.K. etc. The modern supply chain management system can therefore be diagrammatically represented as:

Manufacturer → **Organised** → **Consumer**

Repeat sales through loyalty programs

In order to guarantee sustained growth, every retail format requires attracting new customers belonging to diverse cultural and financial background. However, in order to ensure consistency and growth in sales volume, adequate emphasis also needs to be laid on 'sales to repeat customers'. This requires loyalty on the part of the customer. To develop the same, the customer relationship management strategy of the retailers, accords huge importance in attracting repeat visits of the customers through various loyalty programmes such as the loyalty cards / store membership cards etc.

Advertising & sales promotion activities

With modern retailing growing at a rapid pace day-by-day, the consumer needs to be informed of the new retail offerings so as to ensure the correspondent growth in the retail sales pie as well. In this scenario, the retailers need to lay adequate emphasis on the advertising and sales promotion activities. Broadly classified into in-store communication and out-of-store communication, the advertising and sales promotion activities helps the retailers to establish a brand image in the minds of the customers, provide information about the store location and product offerings, announce special schemes etc.

Cost Analysis

Unorganised Retail

The Indian retail scenario remains highly dominated by the unorganised retailer. A majority of them being mom-&-pop stores, a considerable proportion of expenditure is made under the head procurement of goods. Apart from the same, the rental costs have also assumed significant importance of late. Considering the fact that the retailers under this segment generally employ their own capital and utilise the services of their household members to run the business, the expenditure under the heads 'labour cost and bank/finance charges' are minimal. The retailers in this segment therefore enjoy higher profit margins as compared to their counterparts in the organised segment. The spread of this segment being large and varied (approximately 12 million retail outlets across the country), the detailed classification of the expenditures under different heads is not feasible.

Organised Retail

Organised retailing in India is still at its nascent stage. In line with their global counterparts, the total expenditure of the Indian retailers in the organised retail segment can broadly be classified under four heads namely 'raw material costs, labour, rental and selling and distribution expenses'. A detailed analysis of each cost category can be presented as follows:

Cost of Raw Materials/Finished Goods

The cost of raw materials / finished goods constitutes a major cost component, accounting for 60-70% of the retailer's operating income. Particularly with the growth of 'private labels' in varied product categories, the maintenance of an optimum mix of raw materials has assumed utmost importance for the modern retailer. Further with the operations of each retailer spread across various retail formats, the retailers are required to stock various product categories ranging from food and grocery, apparels to household and electronic appliances.

With the competition in the organised retail segment scaling new heights, the retailers have placed considerable emphasis on reducing the cost of raw materials/finished goods by adopting various strategies such as bulk buying at discounted prices, eliminating the role of intermediaries in the supply chain through strengthening of supply chain measures and back- end operations. This in turn would also ensure quicker flow of finished goods at the desired location and at the desired time.

Cost of raw material / finished goods#			
Company	**FY12**	**FY11**	**FY10**
Pantaloon Retail*	-	64.67	68.46
Shoppers Stop	70.87	63.69	63.32
Trent	60.30	51.59	48.95
V-Mart Retail	71.05	72.16	69.22
# as % of operating income			
*Financial year ending June			
Source: Company Annual Report and CARE Research			

Employee expenses

Owing to the huge size of the modern retail formats and the complexity of operations, labour expenses account for 6-7% of the retailer's operating income. Over the years, the retailers have been forced to incur huge expenses in the form of high salaries due to the shortage of both skilled as well as unskilled workers in the industry.

To overcome the same, major retailers such as Shoppers Stop, Pantaloons etc. have emphasised on the in-house training of employees to improve their efficiency and generate greater revenue per employee.

Employee expenses#			
Company	**FY12**	**FY11**	**FY10**
Pantaloon Retail*	-	5.76	4.97
Shoppers Stop	6.62	5.79	6.23
Trent	8.32	7.76	7.09
V-Mart Retail	6.07	5.40	6.50
# as % of operating income			
*Financial year ending June			
Source: Company Annual Report and CARE Research			

Selling and Distribution expenses

The retail industry generates revenues from sale to the ultimate consumer which in turn requires strong and reliable selling & distribution channels. The inventory-holding capacity of most of the retail formats being limited, the retailers place emphasis on the development of a sound logistics framework in order to ensure the availability of the right products at the right place and at the right time. The absence of a sound distribution network may increase the risk of stock-outs thereby dampening the sales growth. The selling and distribution expenses generally accounts for 4-6% of the retailer's operating income being basically incurred on the maintenance of logistics and distribution network, reaching the consumers through the medium of advertising etc.

However with the adoption of technologies such as ERP, PoS, RFID etc, an attempt has been made by the Indian retailers to meet the global selling and distribution standards. Other measures such as organising shows/events within the store to lure customers, appointing celebrities from the sports and entertainment industry as brand ambassadors to promote the brand's products etc have also been successfully employed. **CARE Research** further believes that the implementation of Goods & Service Tax (GST) would help the Indian retailers in streamlining their supply chain operations through the establishment of centralised warehouses thereby ensuring easy movement of retailing products across the state border.

Selling & Distribution Expenses#			
Company	**FY12**	**FY11**	**FY10**
Pantaloon Retail*	-	2.50	2.52
Shoppers Stop	2.60	5.79	6.23
Trent	6.23	6.55	7.62
V-Mart Retail	1.83	1.94	1.70
# as % of operating income			
*Financial year ending June			
Source: Company Annual Report and CARE Research			

Rental expenses

On the backdrop of huge demand from the Indian retailers aiming for pan-India store presence, the mall developers had to face the under-supply of commercial retail spaces uptill the first half of FY09. However, with the economic recession in effect since the latter half of FY09, the slowdown in consumer demand stalled the capex plans of majority of the Indian retailer. Consequently, the excess demand of retail spaces made way for surplus with the retailers being very selective with reference to mall details such as location of the mall, expected footfalls in the mall, income profile of the prospective consumers etc. Even during FY11 and FY12, the retailers adopted a cautious approach with respect to their expansion plans. The trend of re-negotiation of store rentals also continued; further depending upon the bargaining power of the retailer.

Importantly, since the aftermath of the economic recession, the concept of revenue-sharing has gained more importance. This model entitles the developer to receive a certain share of the retailer's profit in addition to the nominal rent charges to be paid by the retailer. This in turn results in lowering of rentals paid on per sq. ft basis. The expense of the Indian retailers on account of rental expense averaged 5-8% of the operating income which still stands higher compared to the global retailer.

Rental Expenses#			
Company	**FY12**	**FY11**	**FY10**
Pantaloon Retail*	-	9.77	8.04
Shoppers Stop	9.27	8.91	9.79
Trent	6.84	5.58	5.70
V-Mart Retail	4.96	5.54	6.91
# as % of operating income			
*Financial year ending June			
Source: Company Annual Report and CARE Research			

Player-wise: Operating Profit margin (%)			
Company	**FY12**	**FY11**	**FY10**
Pantaloon Retail*	-	10.59	16.01
Shoppers Stop	7.37	8.76	18.18
Trent	(1.33)#	4.63	30.64
V Mart Retail	9.90	8.70	7.80
Operating Profit = Operating Income – Operating Expense *Financial year ending June # The company reported Operating loss of ₹109.7 million during FY12 Source: Company Annual Report and CARE Research			

Analytical Model
SWOTANALYSIS

SWOT Analysis

STRENGTHS

Highly attractive retail destination globally, being ranked 3rd by GRDI

Higher proportion of middle class Indian population

Lower median age of Indian populace at 24 years driving the retail growth

WEAKNESS

Highly unorganised & fragmented

Underdeveloped supply chain

Lack of premium mall spaces

Higher store rentals as compared to other retailing destinations

OPPORTUNITIES

Growth of urbanisation

Rising disposable income of the Indian populace

Growth in discretionary spending

Lower penetration of organised retailing

Expansion of organised retailing to tier-II & III cities

Emergence of multiple retail formats

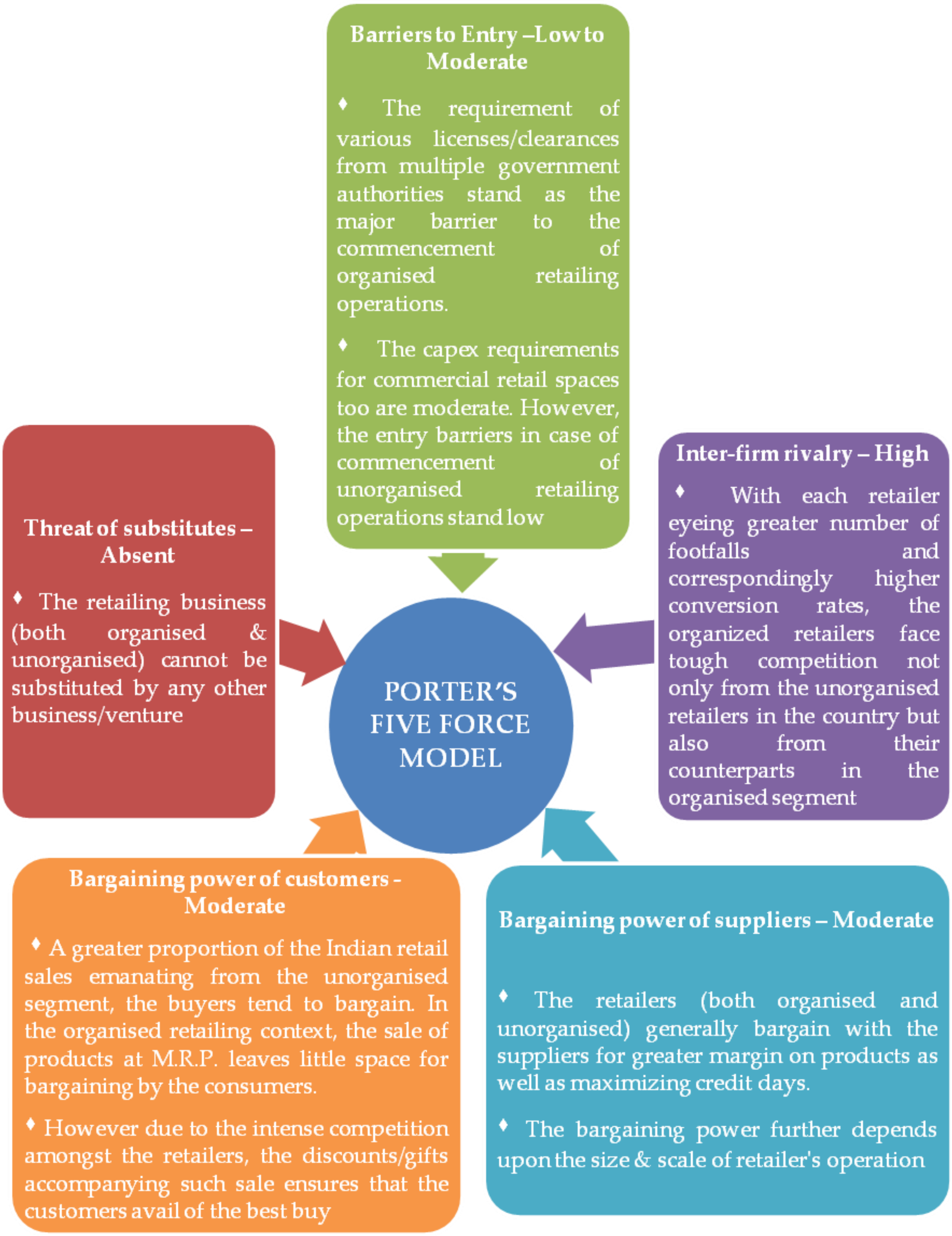
THREATS

Entry of foreign retailers through the opening-up of multi-brand retail to affect the unorganised retailers

Adversities to the economic growth to affect consumer spending

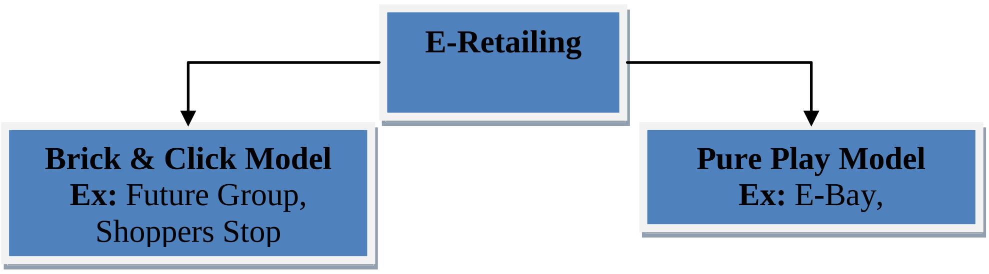
Shortage of trained manpower

PORTER'S FIVE FORCE MODEL



E-Retailing

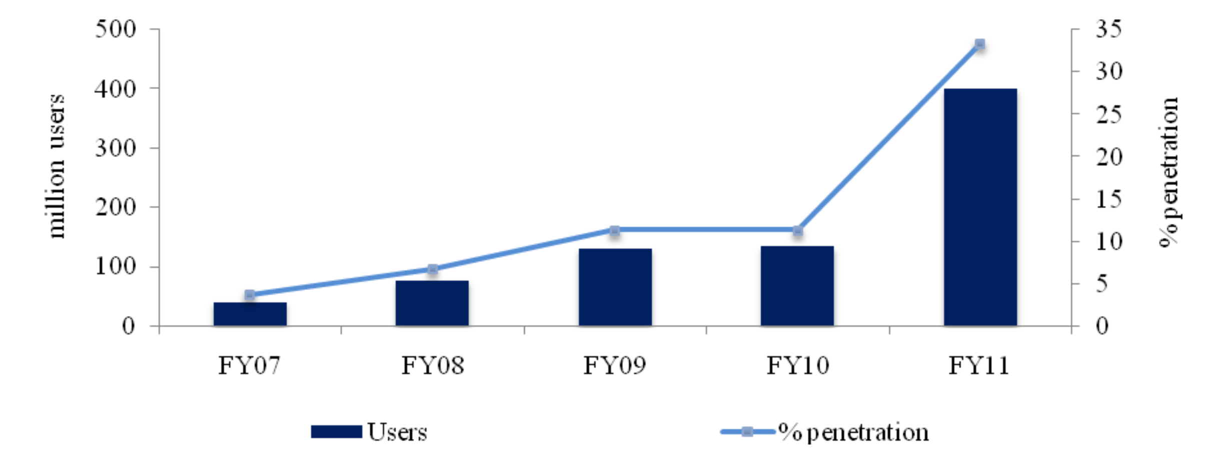
The growing number of internet users and the rapid spread of Indian consumerism has led to the development of another retail format i.e. e-retailing. Unlike the other retail formats wherein the physical presence of the consumer in the store was required to convert the consumer's wants into purchase, the concept of e-retailing stands apart by enabling the consumer to purchase the desired products online. E-Retailing can broadly be classified under two heads: Brick & Click model and Pure Play model. Under the first head, the retailers use internet as an additional medium of sales with their physical stores accounting for a major proportion of the sales revenue. While under the Pure Play model, the retailers use internet as their primary source of revenue generation.



Source: CARE Research

Owing to numerous benefits accruing to both the retailers as well as the consumers, this retail format has gained huge acceptance in countries with developed organised retail markets. However of late, with the growing number of internet users and credit card holders, the market size of e-retailing in India has grown manifold. Sensing the revenue generating potential, the modern retailers such as the Future Group and Shoppers Stop have ventured into this format. Futurebazaar.com, an online venture of the Future Group, merchandises products ranging from apparels, crockery to electronic goods while the online retail portal of Shoppers Stop i.e. Shopperstop.com merchandises only apparels and accessories.

India – Internet users & penetration level



The market size of e-retailing has been growing due to the following considerations:

- Convenient Shopping
- Value for money
- Change in the consumers' attitude
- Easy payment options
- Lack of 'touch & feel' experience
- Lack of transparency in transactions
- Untimely delivery of products

Regulatory Structure

The Indian Retail industry, though liberalised, continues to be governed by several legislations with an objective to attract foreign investments and technologies and at the same time protect the interest of the Indian retailers, especially of those in the unorganized segment. The guidelines relating to Foreign Direct Investment (**"FDI"**) in retail have been further detailed below:

Under the automatic route, FDI investment of upto 100% is allowed in case of:

- Cash and carry wholesale trading

- Trading for exports (this restricts B2C retail operations while permitting B2B retail operations only)

- FDI upto 100% is allowed in 'single brand' retailing as per the conditions laid down under press note 1, 2012 series by the Department of Industrial Policy & Promotion (DIPP). The guidelines in this regard includes:

    - The product to be sold should be a 'Single Brand' only
    - The product should be sold under the same brand internationally
    - Such products should be branded during manufacture
    - The foreign investor should be the owner of the brand
    - In case of FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold should be made through small/village and cottage industries wherein the total investment in plant & machinery does not exceed US$1 mn.

- The retailing of 'multiple brands' by foreign retailers is not allowed, even if those brands are produced by a single manufacturer

- The 'multi-brand foreign retailers' however, can operate in the Indian retail industry through routes such as Strategic License Agreements, Setting-up of manufacturing entities in India, Cash and carry wholesale trading and Franchising

Challenges

Real estate and property-related issues

Retailing is all about the right location. With the expansion of organised retail, the requirement of commercial spaces has been met with the unavailability of prime locations and high rental costs. Even though mall rentals have spiralled downwards to a considerable extent as compared to the pre-recession period, the overall rental cost constitutes nearly 5-9% of the net revenue of the Indian retailers as compared to the global average of 3-4% of the net revenues. In addition to the same, the factors as enumerated below also affect the economies of retailing:

- Poor town planning offering lesser commercial spaces accompanied by a shortage of infrastructure facilities
- Procedural delays due to the existence of laws such as The Urban Land (Ceiling & Regulation) Act, 1976 (in few of the Indian states) and the Rent Control Act
- Levy of service tax @ 12.36% (12% basic tax + 3% education cess on basic tax) on lease rentals

Taxation & policy-related hurdles

The Indian retail industry has been faced with the compliance of numerous taxation and other regulatory regimes, a few of which often conflict with one another. The licensing requirements for the set-up of new retail operations or for the expansion of the existing operations have both financial as well as non-financial implications on the retailer. Non-uniformity in the taxation structure of various states in relation to taxes such as Value-added Tax (VAT), octroi tax and entry tax has deterred the growth of an efficient supply chain management system and resulted in differential pricing of the same product across states.

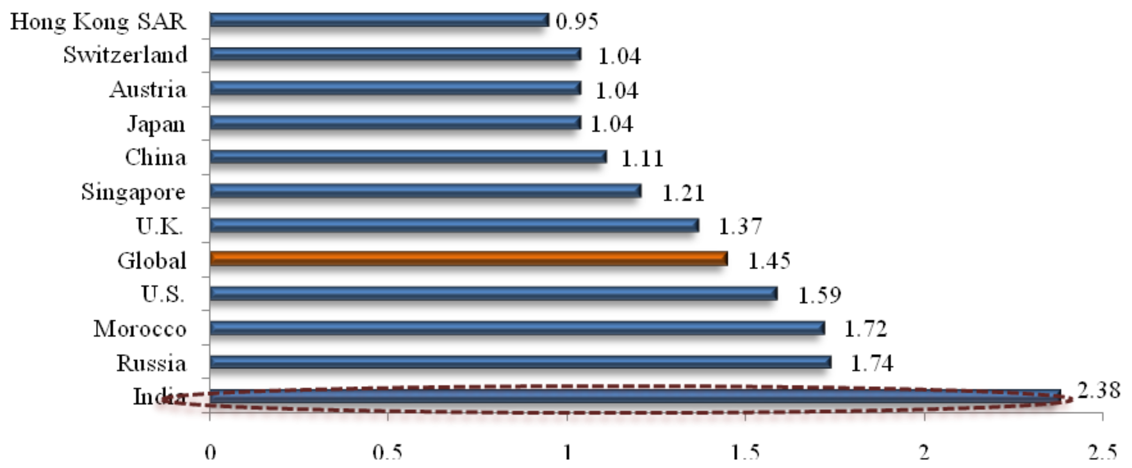
Inefficiencies in supply chain management

A developed supply chain is often related to efficient mobilisation, distribution and utilisation of resources. No doubt the modern Indian retailers have shortened up the traditional supply chain by making significant investments in the installation of latest technologies such as SAP, PoS etc, however, considering the growth of organised retailing in India, the investments too needs to be proportionately scaled up in order to ensure automation and real-time link between the suppliers, warehouse and the retail stores. The development of logistics and infrastructure facilities such as roads, railways and ports also lays significant emphasis in this regard.

Increased Shrinkages

Retail shrinkages refer to the difference between the book value of the stock and the actual value of the stock in warehouse/stores of the retailer. As per the 'Global Retail Theft Barometer – 2011 survey' covering 43 countries, the global shrinkage was estimated at 1.45% of the global retail sales. Of the same, India recorded the highest shrinkage rate at 2.38% of the retail sales. With the shrinkages in other developed retail markets (i.e. U.S.– 1.59%, U.K.- 1.37%, Singapore- 1.21%, and Switzerland-1.04%), measuring nearly half as compared to the Indian retailers', the bottom-line of the latter stands adversely affected.

Shrinkages as a % of total retail sales



Source: The Global Retail Theft Barometer 2011, CARE Research

Scarcity of workforce

Being a manpower-intensive industry, the growth of organised retailing has led to an increase in the requirement of workforce. Such a huge workforce comprising of both skilled as well as unskilled people is required for various operations related to retailing such as supply chain management activities, on-store sales etc. However, the shortage of trained personnel in the industry has resulted in attrition rates being as high as 25-35% p.a.

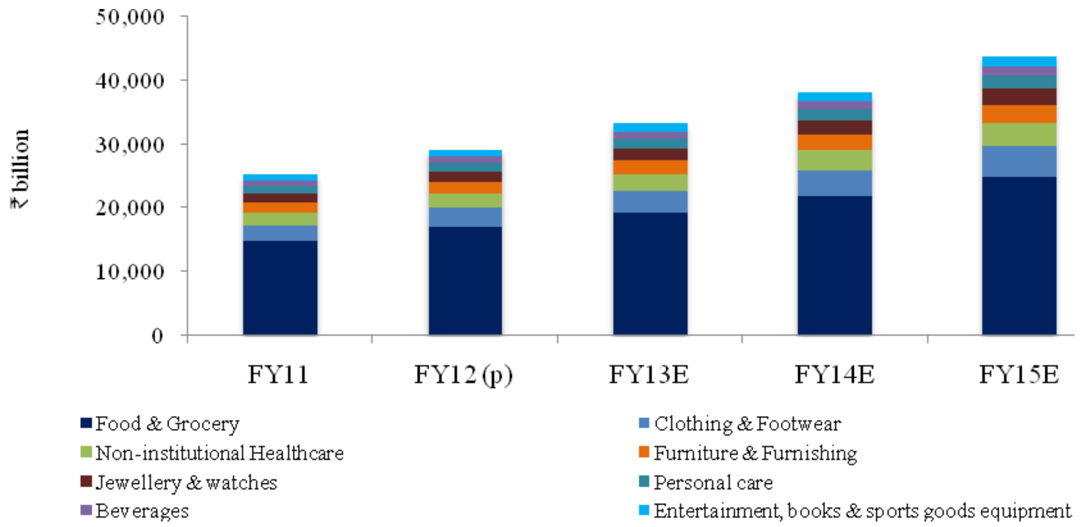
Industry Outlook

Indian Retail sales to surge by 1.5 times by FY15

On the backdrop of growing PFCE in the Indian context, **CARE Research expects** the Indian retail sales to have aggregated ₹28,841.33 billion during FY12 with year-on-year growth of 15.4%. With the growth momentum in the Indian economy expected to continue, albeit at a slower pace, **CARE Research expects** the retail sales during FY15 to surge by 1.5x from the FY12 sales level aggregating ₹43,640.62 billion during FY15 recording a Compounded Annual Growth Rate (CAGR) of 14.8% during FY12-FY15. To arrive at the total retail size from PFCE estimates, certain components of PFCE such as gross rent, fuel & power, transport & communication and miscellaneous goods & services not being relevant to the study on retail size in India were excluded.

Importantly, during FY15 the contribution by retail segment i.e. food & grocery is expected to remain the highest at 56.6% of the total retail sales with the clothing & footwear segment continuing to remain the second largest contributor occupying 11% of the total retail pie. Notably, with the growth of organised retailing fuelling the spend on discretionary products, the contribution of Food & Grocery segment to the total retailing pie is expected to continue declining with the Clothing & Footwear segment gaining the most. Other retailing segments related to discretionary spending such as jewellery & watches and personal care are also expected to garner a greater share of the consumer's wallet by FY15.

Indian Retail Sales Estimates - FY13- FY15



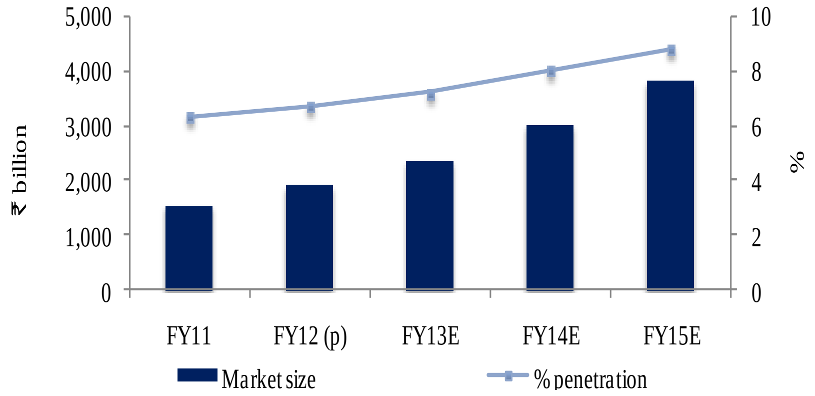
Source: CARE Research estimates

Organised Retail penetration expected at 8.8% by FY15

With the mall culture fast catching-up in tier-II & tier-III Indian cities and the organised retailers planning to capture a greater share of the growing organised retail pie through increased store presence, the growth of organised retailing in India is expected to outpace the Indian retailing growth. With a steady revival being witnessed by the organised retailers since the economic recession particularly with respect to spend on discretionary goods, **CARE Research expects** the organised retail size to have aggregated ₹1,932.37 billion by FY12 implying year-on-year growth of 22.7%. This far outpaces the year-on-year growth of 15.4% during FY12 (E) registered in the Indian retailing (both organised & unorganised) context. CARE Research estimates the size of organised retailing in India at ₹2,377.2 billion by FY13 with year-on-year growth of 23%. Corresponding to the growing size of organised retail, the penetration level too is expected to increase from 6.7% in FY12 to 7.2% in FY13.

In the long run, **CARE Research expects** the size of organised retailing to approximate ₹3,840.37 billion by FY15 recording a CAGR of 25.7% during the FY12-FY15 period. With the growth rate of organised retailing being higher as compared to the total Indian retail sales during the period FY12-FY15, the penetration level of organised retail is expected to scale to 8.8% by FY15.

Organised Retail Market Size & Penetration level estimates

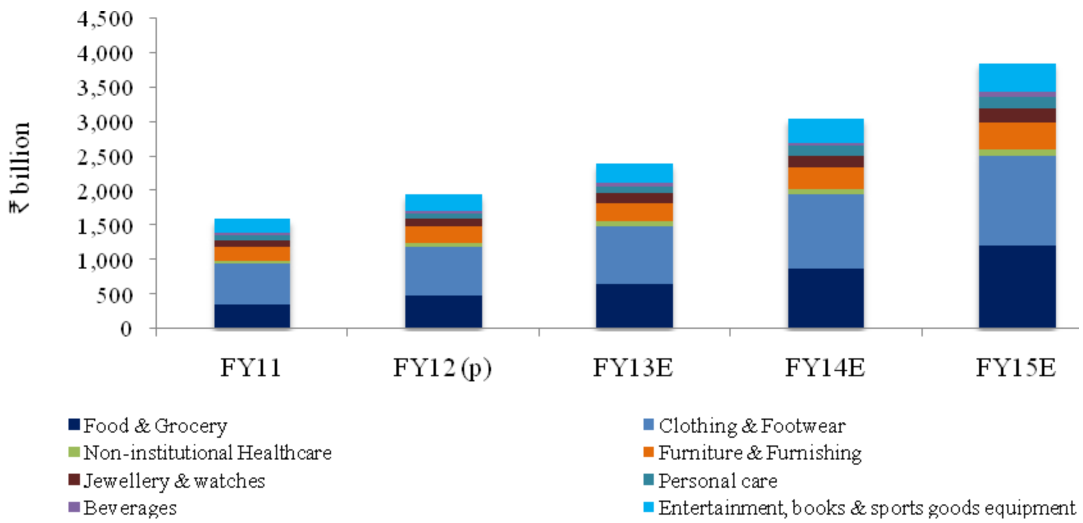


Source: CARE Research estimates

Organised retailing growth to be fuelled by spend on discretionary goods

CARE Research expects the increasing spend on discretionary goods by the Indian consumers to contribute to the growth of organised retailing. As per a **CARE Research study**, the clothing & footwear segment is expected to account for the highest share at 33.9% of the total organised retail pie aggregating ₹1,301.89 billion during FY15. The spend on discretionary segments i.e. clothing & footwear, furniture & furnishing and entertainment, books & sports equipment is collectively expected to account for 55.2% of the total organised retail size aggregating ₹2,119.10 billion by FY15. Correspondingly, the penetration of the said segments in the total retail market size is also expected to stand higher as compared to other retail segments. The penetration of segments i.e. clothing & footwear, furniture & furnishing and entertainment, books & sports equipment during FY15 is estimated at 27.1%, 13.6% & 26% respectively. Importantly, in spite of the food & grocery segment remaining the second highest contributor to the organised retail sales by FY15, the penetration of this segment is estimated at 4.8%, owing to the huge retail market size of food & grocery segment estimated at 56.6% of the total retail sales during the same period. Importantly, with the organised retailing of Food & Grocery products fast catching-up, the penetration of the same is expected to grow significantly by 1.7x during FY12-15 (the highest amongst other segments of retailing).

Organised Retail Market Size estimates category-wise – FY13-FY15



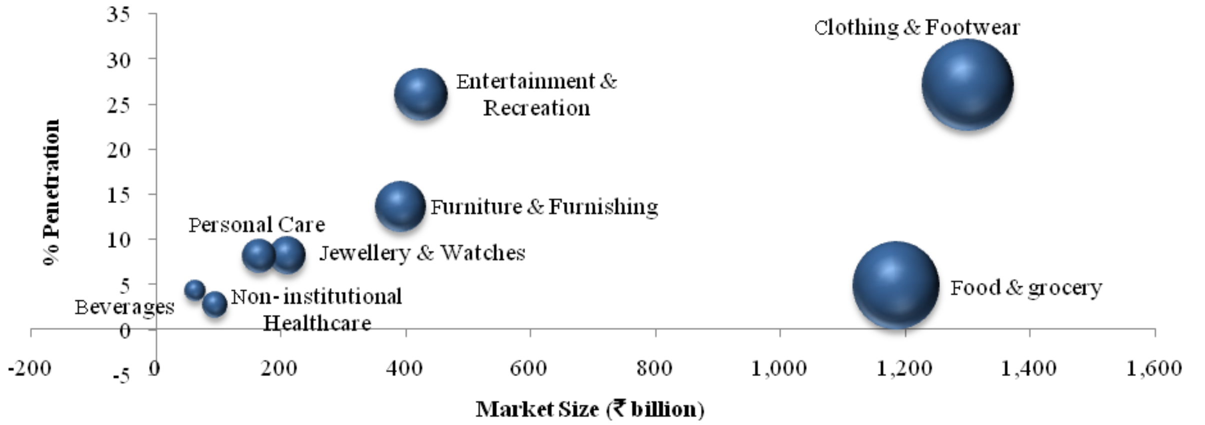
Source: CARE Research estimates

Comparative study of Organised retailing segments

With reference to the pictorial description of varied segments of organised retailing as envisaged during FY15 and presented below, the following points can be noted:

- the clothing & footwear segment is expected to remain the highest contributor accounting for 33.9% of the total organised retail sales with the penetration level of the said segment also estimated to remain the highest across other retailing segments at 27.1% by FY15
- the food & grocery segment is expected to remain the second largest contributor to organised retail sales, however, the penetration level is still expected to remain low at 4.8%
- the segments i.e. clothing & footwear, furniture & furnishing and entertainment, books & sports equipment are collectively expected to account for 55.2% of the total organised retail sales by FY15
- the size and penetration of other retailing segments such as non-institutional healthcare, jewellery & watches, personal care and beverages is expected to be in nascent stages of growth in the organised retailing context

Organised Retail – Market size & % penetration estimates segment-wise – A comparative study



Source: CARE Research estimates

Emphasis on private labels to boost profit margins

Post-recession, the Indian retailers are faced with the task of boosting their store-level sales and at the same time ensuring growth in margins. In view of the same, the Indian retailers have already launched several in-house brands spanning presence across categories such as food, apparels, home care, beauty & personal care further illustrated under the head "*Determinants of Retail format viability - Dependence on Private labels"*. However, an analysis across the developed retail market reveals that the retailers in mature retail markets (share of organised retail exceeding 50% of the total retail sales) generate a greater share of revenue from the sale of private label brands. On the same lines, **CARE Research expects** that the increasing penetration of organised retailing would be backed by a growing share of private label brands by the Indian retailers in the total retail sales as compared to 8-10% during FY12. The segments i.e. beauty & personal care, apparels and food & grocery are expected to account for a greater proportion of the total private label sales during FY13-FY15.

Apart from the growth in margins, **CARE Research expects** the in-house brands to increase the fill-rates at modern retail outlets. This in turn would lower the retailers' dependence on Fast Moving Consumer Goods (FMCG) companies with respect to timely supplies of retailing goods in the long run and further enhance the bargaining power of the retailers with the FMCG brands. However, in the immediate term, the Indian retailers would adopt a cautious approach in the roll-out of their private label brands especially in view of the crunch in working capital position.

GROWTH POTENTIAL OF ORGANISED RETAILING IN TIER-II & III CITIES STILL REMAIN UNTAPPED

With approximately 60-70% of the total mall space centred in tier-I cities, the growth of organised retail has largely remained concentrated in the said cities. This implies that the growth potential of organised retailing from tier-II & III cities still remains largely untapped. **CARE Research therefore expects** the organised retailers to expand their store presence in the smaller towns & cities of India owing to the following reasons:

- Low availability of premium mall spaces in tier-I cities
- Growth in urbanisation and standard of living amongst the people in tier-II & III cities
- Growing store formats catering to needs & aspirations of consumers of varied regions, based on their tastes & preferences
- Easy availability of mall spaces in tier-II & III cities
- Availability of manpower at cheaper rates
- Early break-even at store-level due to lower capex and lower store operating costs

Furthermore, with multiple retailers operating the same store format in tier-I cities, the competition is further expected to become intense in view of the limited pool of consumer base in tier-I cities. **CARE Research therefore expects** that the retailers achieving pan-India presence in the long run through sound expansionary policies would not only be poised for growth in the long run but also be better placed to face any swings in the economic growth.

Capex plans of organised retailers: slow but steady

During FY11 & FY12, the Indian retailers adopted a watchful approach with respect to the 'choice of location' for the setting-up of new retail outlets. This not only included scouting for the best possible catchment area depending upon the type of format to be operated but also involved negotiations with the mall developers for the apt location of their stores within the mall so as to attract the maximum footfalls. Even the negotiation of store rentals, in case of over-supply of malls/ shopping complexes in the vicinity was resorted to by the retailer. Overall, the expansion activity in terms of new store openings was witnessed during FY12, albeit at a slower pace, as envisaged by the retailers earlier.

Focus on reducing store-level operating expenses

In view of increasing the profit margins as well as achieving early break-even at store level, **CARE Research expects** the Indian retailers to focus on reducing store-level operating expenses. Since the store rentals comprise a significant share of the overall operating costs, the retailers would increasingly resort to a revenue-sharing model of paying rentals. This would not only ensure that the mall developers are watchful of the footfalls and other maintenance activities related to the mall but also ensure that 'store rentals' no longer remain a fixed cost to the retailer and vary with increase/decrease in store sales/profit.

During FY12, the retailers, on an average, witnessed an increase in inventory turnover days leading to the rise in working capital requirements and correspondingly increasing debt- servicing burden for retailers funded with short-term debt. CARE Research therefore believes that the retailers would focus on the optimum management of inventories through the application of various techniques such as the just-in-time (JIT) approach and the strengthening of Supply Chain Management (SCM) operations. In addition, the discounted offering of products by the retailers could also be resorted to for ensuring the clearance of old – fashioned inventories (especially applicable in case of apparels). CARE Research further believes that the retailing strategies such as greater importance to product display and allocation of store space per category/brand and shelf space per brand based on the past experience of the retailers as well as through consumer insights would further propel the retailers' sales thereby enabling faster clearance of inventories. In addition, the retailers would also contemplate the consolidation of their warehouses, to the extent possible, in order to streamline their supply-chain operations and also save unnecessary operational expenses. This strategy in turn would prove beneficial to the retailers once the policy on Goods & Services Tax (GST) is implemented.

Compared globally, the shrinkage rate of Indian retailers stands quite high at 2.5-3% of total sales as against 1-1.5% of total sales for the global retailer. **CARE Research expects** that increased vigilance through the installation of latest technological devices across the store, conducting store audit at regular intervals and providing training to employees would help curbing the problem of shrinkages at store level to a great extent thereby enabling successful store operations.

Relaxation of FDI norms a welcome move but riders to be deterrent

During FY12, the GoI relaxed the FDI norms for single-brand retailing thereby raising the limit of foreign investments from 51% to 100%. This prima-facie seems to be an encouraging move for the Indian retail industry especially in view of the fact that the Indian retailers are cash-deprived; therefore any inflow from the foreign retailers either in case of new JVs or the foreign retailers increasing their stake in the already existing JVs would be beneficial to the Indian retailers and the organised Indian retailing industry as a whole. However, CARE Research believes that certain riders accompanying the FDI in single brand retail, announcement as outlined below can prove to be a deterrent to the entry of foreign players in India.

- sourcing of atleast 30% of products / raw materials from the 'small industries/ village and cottage industries', artisans and craftsmen' in case the share of foreign partner in the JV exceeds 51% with the definition of 'Small Industries' remaining limited to industries with total investment in Plant & Machinery upto US$1 mn

- minimum investment of US$100 mn by the foreign retailer with 50% of the said investments in backend infrastructure and supply chain management operations

CARE Research believes that, in particular, luxury retailers (generally operating as single- brand retailers) would find it improbable to commence their retailing operations in India in adherence to such ride

The GoI had also proposed the entry of foreign multi-brand retailers by allowing FDI upto 51% in the Indian retailing ventures. However, owing to political backlashes the proposal stands shelved as of now. CARE Research feels that the entry of foreign retailing majors (operating in the multi-brand retailing space) would not only provide the much needed capital to the industry but also spur the growth of the Indian retailing industry in terms of variety of products on offer thereby enabling greater penetration of organised retailing in India. Further, the cost efficiencies realised through standardised supply chain management operations and reduction in wastages (especially farm produce) is expected to be passed on to the consumer in the form of lower product prices.

OUR BUSINESS

The financial figures used in this chapter, unless otherwise stated, have been derived from our Company's restated financial statements and audit reports for the relevant years. This section should be read in conjunction with and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, in the sectios titled "Risk Factors", and chapters titled "Financial Informations" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages 15, 195 and 242 respectively of the Draft Red Herring Prospectus. Unless the context otherwise requires, in relation to business operations, in this section of the Draft Red Herring Prospectus, all references to "we", "us", "our" and "our Company" are to V-Mart Retail Limited.

Overview

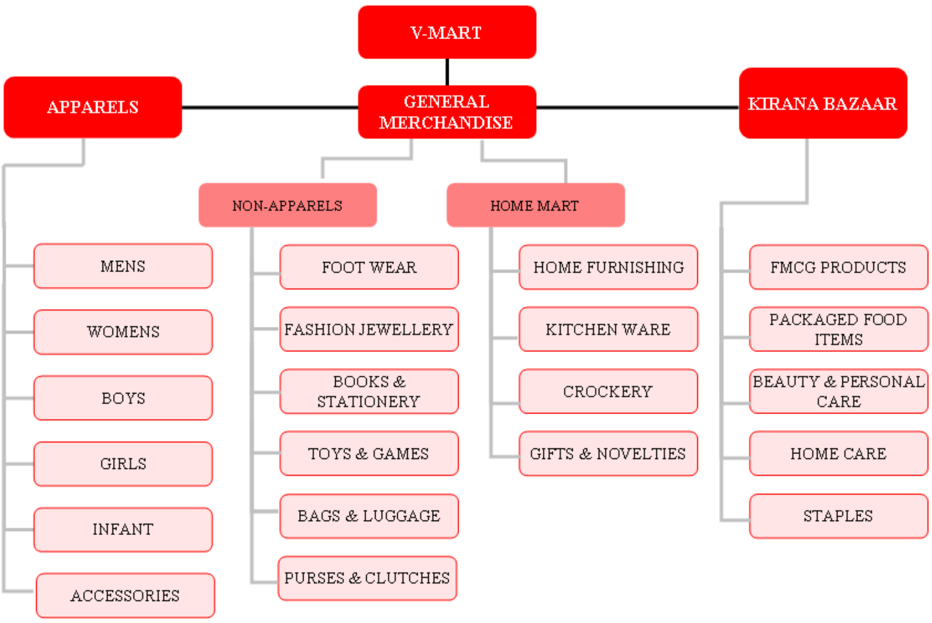
We are one of the pioneers in setting up stores across various small Indian towns and cities including Sultanpur, Ujjain, Motihari *(Source: Indian Retail Industry 2012 – CARE Research)*. We primarily operate in Tier-II and Tier-III cities, with a chain of "value retail" departmental stores offering apparels, general merchandise and kirana, catering to the entire family. Based in New Delhi, our operations are spread across northern, western and eastern parts of India. In October, 2003 we opened our first store by the name of "*V-Mart*" at Ahmedabad, Gujarat, and currently own and operate 59 stores spread across 51 cities and 10 states and union territories, with a total area of 4.82 lac Sq. Ft. Our stores are located in New Delhi, Gujarat, Uttar Pradesh, Bihar, Punjab, Chandigarh, Haryana, Jammu and Kashmir, Rajasthan and Madhya Pradesh.

We have established stores in Metro, Tier-I, Tier-II and Tier-III cities which are primarily located as standalone stores in high-street areas and shopping hubs of such cities. The average size of our store is approximately 8,000 Sq. Ft.

Our Company follows the concept of '*value retailing*' to target the strata of the population belonging to the expanding '*aspiring class*' and '*middle class*' based on our customer's socio-economic conditions, purchasing power, demographic details and customer trends. We believe our offerings in untapped markets, provide our customers with a different shopping experience, comprising of a vast range of value retail products under a modern ambience and feel of a large retail mall.

Our Business Verticals

Our business can be classified in three business verticals: (i) Apparels, (ii) General Merchandise, and (iii) Kirana Bazaar. Our 39 stores are "*Mini Hyper Stores*" retailing apparels, general merchandise as well as kirana and 20 stores are "*Family Fashion Stores*" which are focused on apparels and general merchandise. Our business verticals are further divided as follows:



Our apparels business vertical includes the following divisions: apparels and accessories for men, women, boys, girls and infants.

Our general merchandise business vertical includes the following divisions: Non-Apparels and Home Mart. The Non-Apparel division has the following segments: footwear, books and stationery, toys and games, purses and clutches, fashion jewellery, bags and luggage. The Home Mart division consists of the following segments – home furnishing, kitchenware, crockery and gifts and novelties.

Our Kirana Bazaar business vertical, includes the following segments: FMCG products, packaged food items, beauty and personal care, home care and staples.

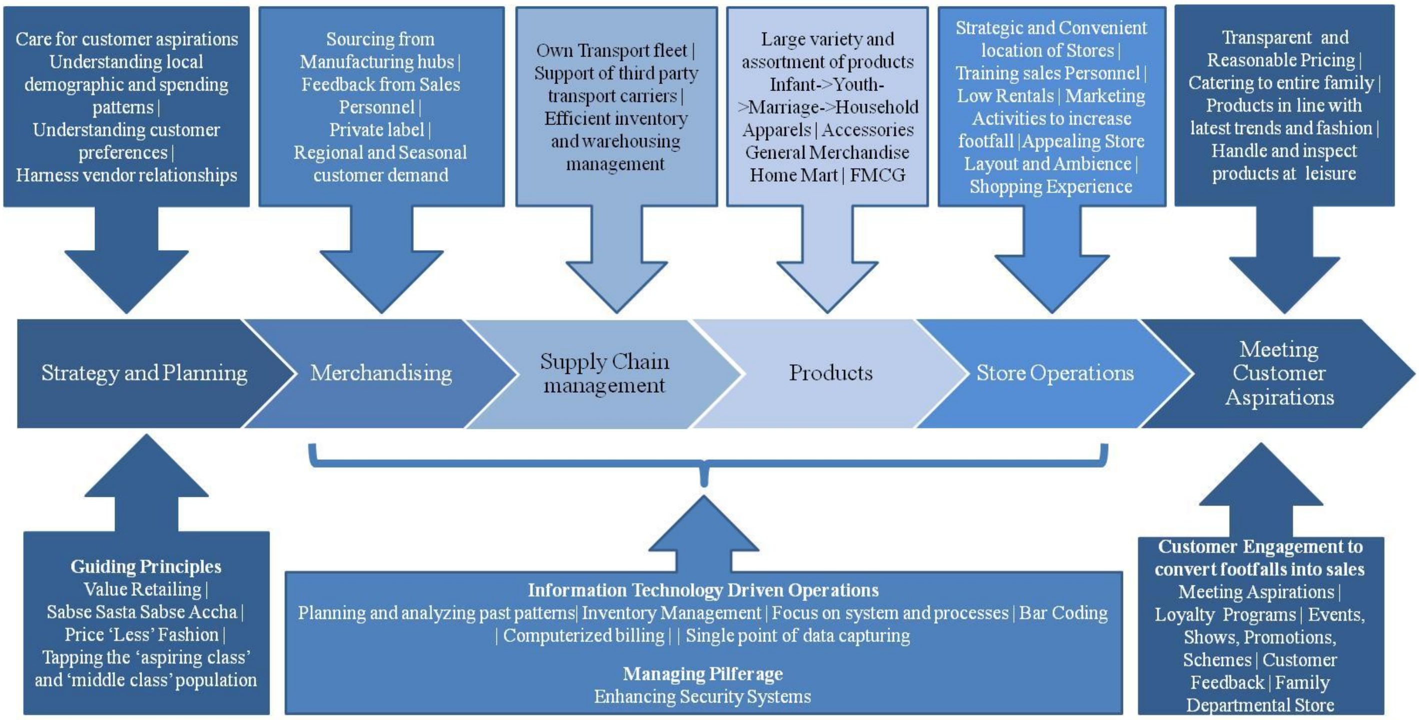
Our business is based on the primary concept of '*value retailing*' and guided by our principles "*Sabse Sasta Sabse Accha*" and "*Price 'Less' Fashion*", following which we aim to provide the latest fashion trends in apparels and non apparels to the entire family with an added focus on demands of the youth and Young Families. As a complete family departmental store, we also retail a wide range of products at affordable prices through our Kirana Bazaar vertical.

We source our products, including private labels, directly from the regions where such products are widely available or manufactured, to minimize our procurement costs and offer quality products at such costs. Our strong sourcing capability is backed by an efficient logistics network, which is supported by strong IT infrastructure, systems and processes, thus enabling us in achieving our concept of '*value retailing*'.

Our total income has grown at a CAGR of 30.19% from ₹ 980.71 million in Fiscal 2008 to ₹ 2,819.54 million in Fiscal 2012. Our profit after tax has grown at a CAGR of 31.71% from ₹ 35.24 million in Fiscal 2008 to ₹ 106.12 million in Fiscal 2012. Around 75.88% of our total income is from apparels and general merchandise and 24.08% of our revenue is from Kirana Bazaar in Fiscal 2012. Our stores have grown from 22 in Fiscal 2008 to 59 as on the date of the Draft Red Herring Prospectus square feet under operation has increased from 2.11 lac Sq.Ft. in Fiscal 2008 to 4.82 lac Sq.Ft. as on the date of the Draft Red Herring Prospectus.

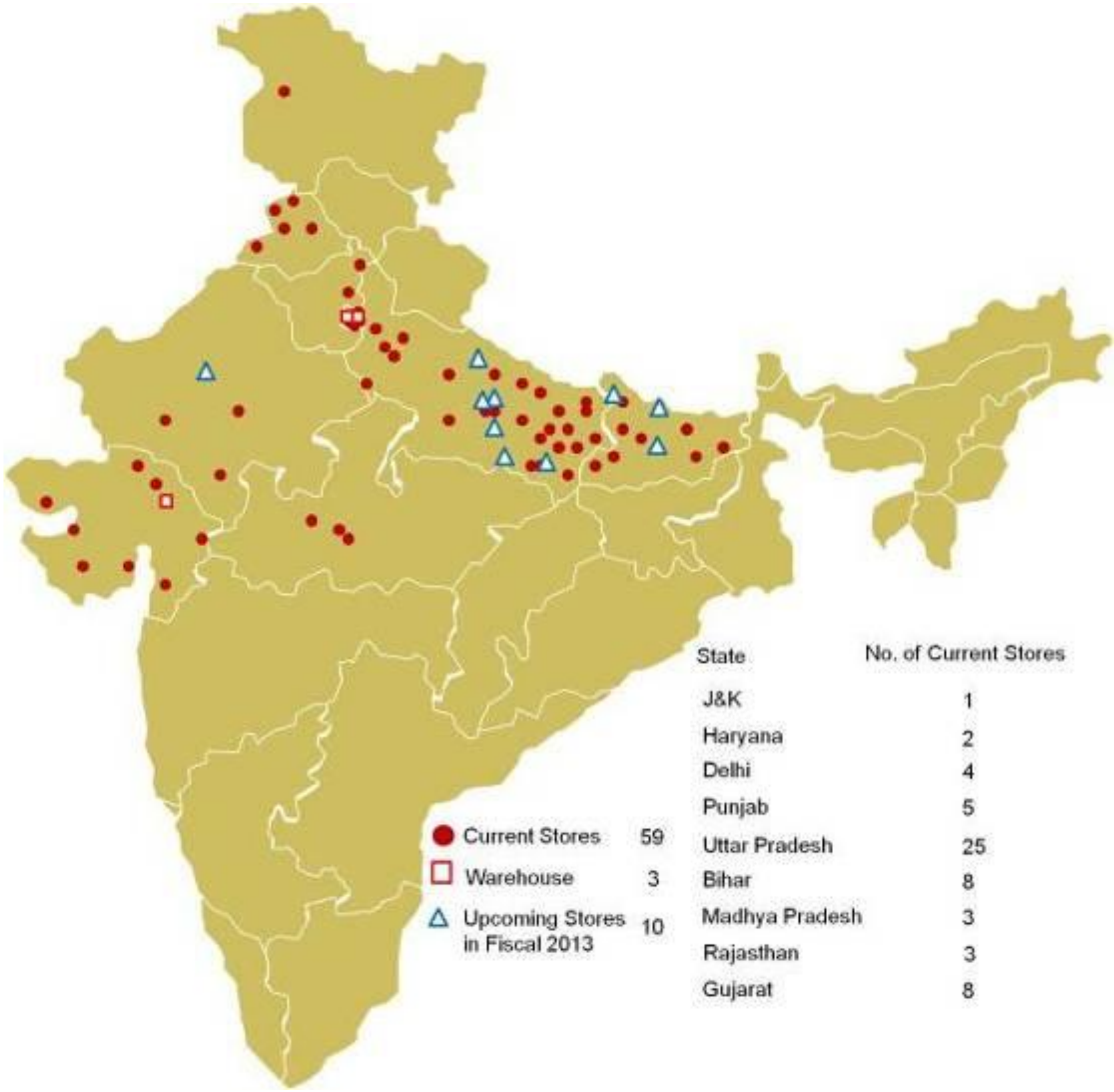
Our Business Model

Our business model is based on the concept of '*value retailing*'. We have a standardised procurement system that enables us to source quality products from the regions where such products are widely available or manufactured. Our business model is supported by an efficient logistics network and a strong IT infrastructure, systems and processes. The business process of our Company can be summarized and illustrated in the following diagram:



Our Presence

Our Company's business operations are located in northern, western and eastern parts of India. Currently we own and operate 59 stores spread out across 51 cities across New Delhi, Gujarat, Bihar, Uttar Pradesh, Punjab, Chandigarh, Haryana, Jammu and Kashmir, Rajasthan and Madhya Pradesh. We also have 3 distribution centres, 2 in New Delhi and 1 in Ahmedabad, Gujarat. These retail stores occupy over a total area of approximately 4.82 lac Sq. Ft. as shown in the map below:



State	**Total Stores**	**Mini Hyper Stores (Apparels, General Merchandise and Kirana Bazar)**	**Family Fashion Stores (Apparels and General Merchandise)**
Delhi	4	1	3
Uttar Pradesh	25	15	10
Gujarat	8	4	4
Bihar	8	5	3
Punjab	4	4	-
Madhya Pradesh	3	3	-
Rajasthan	3	3	-
Haryana	2	2	-
Chandigarh	1	1	-
Jammu and Kashmir	1	1	-
Total	**59**	**39**	**20**

Competitive Strengths

Our competitive strengths are as follows:

- ***First mover advantage in Tier-II and Tier-III cities and to target the expanding 'aspiring class' and 'middle class' customer group.***

We are the pioneers in opening stores in smaller Indian towns and Tier-II and Tier-III cities like Ujjain, Sultanpur and Motihari and hence we have enjoyed a first mover advantage in such cities. We believe our penetration into these Tier-II and Tier-III cities has resulted in a niche market for ourselves. Our focus of operating in Tier-II and Tier-III cities as well as towns is one of our key strengths. Our Company's core competency lies in understanding the aspirations and demands of our customers and meeting their demand with our concept of value retailing. We cater to the requirements of the 'aspiring class' and the 'middle class' group of the population with an added focus on demands of the youth and Young Families, which forms the bulk of purchasing power of the Indian population. We believe that the spending habits and patterns of the 'aspiring class' and 'middle class' segment of such cities and towns is changing and we offer products at competitive prices to cater to such changed consumer spending patterns.

- ***Competitive lease rentals***

We believe, identifying and determining the location and optimal size of a store is a critical factor in ensuring visibility among the target customers and sustainability of store operations. Our ability to find, manage and operate our stores, through optimal sizing, in suitable locations on high-street areas and main shopping hubs at the low lease rentals per Sq. Ft. has resulted in reduced operational costs. We generally enter into long term lease agreements ranging from 9 – 12 years. All our lease agreements can only be terminated at the discretion of our Company. We have set internal parameters in relation to property identification including location, rental costs and proximity to the catchment area which has led to establishment of our brand identity amongst our customers. Our lease rentals as a percentage of operating income is lower than our competitors *(Source: Indian Retail Industry 2012 – CARE Research)*

Particulars	**Fiscal 2010**	**Fiscal 2011**	**Fiscal 2012**
Lease Rental Expenses as a % of operating Income	6.89	5.52	4.94
Lease Rental per month per square feet (in ₹)	25.26	28.01	27.97

- ***Strong and diversified procurement network***

We source our products and raw materials directly from the regions where such products are widely available or manufactured, to minimise our procurement costs and endeavour to offer the best product quality possible at such costs. Our procurement team conducts detailed research to locate the best sources for procurement of products at minimum costs and best possible quality. We have a wide network of more than 2,500 registered vendors and suppliers spread across the country. We source hosiery and hosiery based apparels from Tirupur, cotton apparels from Ahmedabad, denims from Delhi, kids wear from Kolkata, knitting from Ludhiana, the latest fashion trends from Mumbai and plastics products from Daman amongst other places throughout India. We directly and indirectly procure products from overseas markets, such as China and South East Asia. While we procure apparels and accessories centrally in New Delhi, FMCG products are procured from the widespread distributors of major FMCG companies. We have a standardised procurement system that enables us to source quality products at attractive rates and avail the schemes of manufacturers and vendors. We also engage job work manufacturers to manufacture apparels for us, as per our requirements. Such job work arrangement gives us significant advantage in terms of quality of products and pricing.

Our Major Sourcing Locations

- ***Efficient supply chain management.***

Our comprehensive Enterprise Resource Planning ("**ERP**") backed supply chain management system comprises of planning, merchandising, sourcing, standardization, vendor management, logistics, quality control, pilferage control, replacement and replenishment. We believe an efficient supply chain system is the backbone of retail operations and it is very essential to strike an optimum balance between the adequate level of inventory whilst ensuring availability of products at all stores as per customer needs, as well as reducing our operational costs.

Our Company adopts an integrated pro-active and reactive approach to managing our supply chain in which we plan our supply schedule based on the forecasted demand. This also helps us in understanding as well as adapting to the changing patterns in customer behaviour. Our merchandise and procurement planning, supply chain management and distribution network enables us to have shorter business cycles, thereby resulting in efficient working capital management.

To further ensure better control over the supply chain management, we have our own distribution centres: two in Delhi and one in Ahmedabad, Gujarat. We centrally procure apparel and non apparel products and then distribute the same to all locations through our transport fleet and third party transporters, which helps us in transporting and delivering products in a cost and time efficient manner to our stores.

Further, we believe we have established strong relationships with our vendors, suppliers and manufacturers to ensure a smooth, efficient and uninterrupted supply of products.

- ***Strong IT infrastructure, systems and processes***

Our Company has a strong focus on systems and processes. We believe our well defined systems and processes backed by our end to end Enterprise Resource Planning ("ERP") software forms a vital element of our business operations. Our ERP software addresses multiple aspects from procurement to sales. Our Company uses an ERP software, 'Ginesys', from planning and setting up of new stores to managing day-to-day operations, formulation of replenishment plans, including analyzing information from all aspects of the business operations and tools for financial management and other management decisions.

Our Company uses a software "Oracle Discoverer" which is an efficient tool for comprehensive analysis of the data pertaining to the operations of the Company which enables our management to exercise control over our stores, supply chain and financial management.

In addition, our Management Information System ("MIS") appraises our management on critical areas in relation to the operations of our Company at regular intervals. We believe our IT infrastructure is adequately scalable and upgradable to ensure adequate support for our growing operations.

Our Company, through a continuous review of processes at regular intervals and commitment towards introducing the use of strict monitoring processes alongside undertaking continuous inventory count cycle for each of our stores, has managed to reduce the shrinkage (being the loss in inventory through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence, expiry and error in documents and transaction) at levels which are lower than usual industry standards.

- ***Pleasant ambience and a modern shopping environment***

We provide a modern shopping experience to our target customers. All our stores are air conditioned and special attention is given to provide an appealing store layout, ambience, visual merchandising and visual appeal aspect of our stores which, we believe, enhances the shopping experience for our customers. We have appointed trained sales personnel at all our departmental stores to assist our customers in order to help them in making an informed decision. Further, in the untapped markets the concept of being able to handle and inspect the products themselves at their own will and leisure, provides a different experience to our customers.

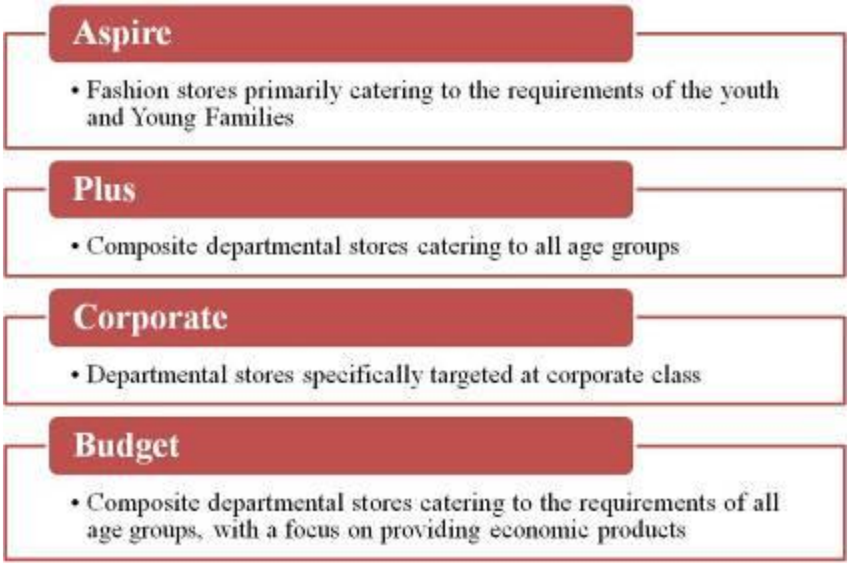
We have installed computerised billing points with an intention to reduce customer fatigue while shopping as we feel the last three feet at the store is the moment of buying decisions. This coupled with convenient payment options including, credit card, debit card, gift vouchers, coupons provides more convenience to the customers.

We have noted that the shopping experience is of utmost importance to our consumers and it is considered as a family time. We believe, in a departmental store shopping is a complete family activity, wherein every member of the family is engaged and has an opportunity to purchase something for himself.

- ***One stop family shop with a large variety of products, adopting store Concept Classification, customised for the local populace***

We are a "one stop family shop" with a comprehensive portfolio of product offerings and a large assortment of products catering to the entire needs of the family. Our product range specifically caters to the demands and aspirations of 'aspiring class' and the 'middle class' group of the population with an added focus on demands of the youth and Young Families especially in the Tier-II and Tier-III cities and towns. We constantly monitor the latest fashion trends, preferences and tastes of our customers to provide a wide range of fashion products, general merchandise and kirana products. We offer our customers a wide product range for the entire family such as formals, casuals and ethnic wear, wedding wear for men, women, boys, girls and infants, accessories, footwear, fashion jewellery, books and stationery, products for infants, home furnishings, kitchenware, crockery, gifts and novelties, toys, games, bags and luggage, purses and clutches, FMCG products, packaged food items, beauty and personal care, home care and staples.

Based on our geographic and demographic analysis, we decide the product mix which is to be offered by our stores to cater to our customers preferences, demands and trends. We internally classify this product mix as '*Aspire*', '*Plus*', '*Corporate*' and '*Budget*'. This internal Concept Classification is very critical and helpful from the supply chain perspective and ensures the right product reaches the right store and targeted group of customers.

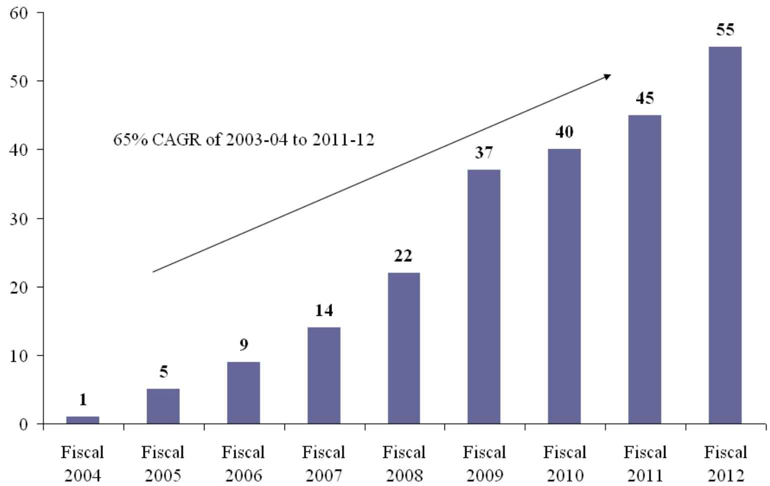


- ***Strong background and experience in the retail industry of our Individual Promoters and our key managerial team***

Our Individual Promoters have a cumulative experience of more than 60 man years in the retail industry. Our key management team, comprising of experienced and dedicated professionals with a strong background and vast experience with various companies including the organised retail players, play a key role in complementing the vision of our Individual Promoters and successfully managing our business operations. They have been instrumental in growing our Company from 2 stores in the year 2003 to 59 stores as on the date of the Draft Red Herring Prospectus.

- ***Strong and diverse project execution expertise***

Our Company has substantial experience in expanding and managing new projects i.e simultaneously identifying and launching new stores and within a very short timespan. Upon successful possession of the location, we formally inaugurate the new store within 60 days. We have added 55 new stores at a CAGR of 65% from the year 2003 to the year 2012.



As a result we have gained very useful experience in terms of selecting potential locations for our stores, training our existing staff along with hiring new people, undertaking the marketing and advertising required to establish and support our newly launched stores. We believe this experience will enable us to achieve our planned expansion of stores on time and within our budget.

- ***Inverted hierarchy model***

We have adopted the 'inverted hierarchy' business model, which puts our customer sales representatives, at the top of the hierarchy. We believe a helpful and knowledgeable sales personnel impact the buying decision of the customer. We believe, our innovative approach enables smooth project execution, effective inventory management and enhances operation capabilities of our customer sales representatives. This reversal of the traditional hierarchy model enables our customer sales representative, the people who are in direct contact with our customers to understand their needs and preferences, to drive our business forward. Besides, they also provide, in a structured manner, the customer feedbacks of our products, helping us to improve our existing products as well as to introduce new products. As the customer representative is a key link between the customer and our Company, we invest in providing training and grooming to the customer representative through regular training *via* our radio system and other training modules. This approach of inverted hierarchy adopted by our Company leverages the understanding of our staff's capabilities.

Our Inverted Hierarchy Approach towards Customers

Apparel shopping behaviour across our customer segments

Our apparel vertical is the most important vertical of our business. In FY 2012, our apparel vertical contributed ₹ 1,791.76 million representing 63.74% of our revenue from operations. Further we believe that the factors which drive this vertical are as follows:

Our Strategies

- ***Regional cluster based expansion and penetration***

We endeavour to capitalise and strengthen our presence in a particular region by opening new departmental stores within a radius of 100 – 150 kms from our existing stores in such region. This ensures that we create a cluster of stores within a region and this strategy provides us the following benefits:

(a) *Enhancing brand visibility*

Our aim is to set up stores in close vicinity of our existing stores which gives better recognition amongst the population of those districts and therefore, creates a better visibility of the "V-Mart" brand.

(b) *Understanding customer preferences*

We believe the demographics of the Indian population and the culture varies every 100 – 150 kms which leads to varied customer preferences, tastes and physical attributes of individuals. Such deep understanding of the regions helps us to provide the right product to the target customers.

(c) *Cost efficient logistics and better SCM*

It ensures a cost efficient logistics support is available to our stores, whereby with a limited fleet of transport vehicles we service a large number of stores. Further, this cluster based approach will facilitate inter-store stock movements and allow us the flexibility of maximising benefits from capitalising on factors such as easy stock rotation from our stores, distribution of transportation cost and operational convenience of reporting and supervision.

(d) *Better utilization of human resources*

A common pool of employees can oversee the operations in the areas thereby improving the employee productivity and reducing the overheads. This will enhance administrative control over multiple stores located in a region by our regional managers.

(e) *Effective implementation of marketing activities*

A common channel for marketing activity can be effectively used to cover a wider area with minimum cost. For example, a single edition of print media in a region caters to multiple districts where our stores are located thereby reducing the average advertising cost per store.

- ***Dedicated focus towards increasing same store sales growth***

In order to ensure sustained growth, we intend to focus on increasing sales from our existing stores. Though, new stores lead to overall growth of the Company and widen our reach across new geographies, it is also imperative to focus on the existing customer base. We will continue to provide attractive offers and promotions to increase the transaction size per customer. Separate "Above The Line" (ATL) and "Below The Line" (BTL) activities are conducted simultaneously to create a pull towards the brand and store.

As part of our retention strategy, we target to create more occasions for consumers to shop for apparel like, organise events like annual days (women's day / mother's day / father's day / parent's day), drawing, dancing and painting competitions, treasure hunts and talent hunts to increase the number of footfalls and the footfall conversion rate.

- ***Cross promotion through "Intelligent Marketing"***

We also enagage in "Intelligent Marketing" wherein we inform our registered customers of the new schemes or offers for specific products based on such customer's previous purchases. For example, customers who have a history of purchasing kids section from our stores will receive an SMS in relation to promotional schemes in kids section. We also intend to promote cross promotional schemes across different verticals whereby a customer's buying behavior leads us to anticipate the potential sale from another vertical. For example, customers buying noodles from our stores are most likely to be potential customers for our kids section and hence will receive promotional schemes from our kids section. We also engage in regular SMS marketing to target our registered customers who are also a part of our loyalty program.

- ***Increase in customer loyalty***

We have various loyalty programs to retain and add more customers to our existing customer base. We have over 1.14 million registered loyal customers in our database. The loyalty programs help build relationships by giving the organisation an understanding of the customer profile, important dates such as birthdays, anniversaries, buying habits and preferences. We intend to extend benefits like regular customised communications, advance intimation of events and promotions at stores. We have initiated various programs to encourage movement of customers across our formats and to retain and add more customers to the existing base by awarding points, discounts, exclusive schemes and benefits, extended shopping hours and promotional offers. Further, we plan to continue increasing our marketing and advertising activities and organise events and promotions to increase the number of footfalls and the footfall conversion rate. To retain customer loyalty, we intend to provide the right product mix to our existing customers based on their preferences and offer them the option to buy products online as well as from our stores. We believe that as we grow in size, retaining our existing customers and increasing the average spends per customer becomes an integral element.

- ***Continue to invest in IT infrastructure***

Our well defined systems and processes backed by our end to end Enterprise Resource Planning ("**ERP**") software forms a vital element of our business operations. We believe that our technology platform is highly scalable and has the potential for growth of our operations with limited incremental costs. Our strategy is to address multiple aspects like secured connectivity and infrastructure, real time information and tools for financial management and other management information systems. In view of the anticipated growth in our operations, stores and locations, we plan to upgrade our IT infrastructure to ensure adequate support to the growth in our operations. We believe further improvement in systems and processes would help us further analyse our customer taste and preferences which would enable us to understand the customer trends.

- ***Further strengthening our procurement network and increasing our share of private labels***

We intend to strengthen our sourcing capability by identifying new and more efficient suppliers to reduce costs, increase speed of delivery and reduce lead times, including by identifying large manufacturers both in India and overseas. We intend to develop new products and further strengthen our product offering under our private labels, as we have noted that our target customers normally do not shop for apparel with a pre decided brand in mind, but look for good quality, trendy and affordable merchandise thereby providing us an opportunity to develop our private labels. We aim to achieve this by setting up an in-house design team and developing stronger relationships with our existing and new third party manufacturers. We believe our private label initiative will offer us a differentiating factor as compared to our competition and at the same time helps us improve margins and strengthen our merchandise mix.

Our Company intends to adopt an integrated product-centric and customer-centric approach in developing our business. Our customer centric strategy aims at acquiring indepth customer preferences and securing customer loyalty. We intend to continuously improve the product mix offered to the customers as well as strive to understand and anticipate the future customer requirements, and cater to such needs.

- ***Reduce shrinkage and pilferage and increasing security to improvise on the inventory management***

We categorically intend to further strengthen our internal systems and controls regarding our inventory management to monitor and reduce shrinkage and pilferage. We have already setup an in-house 'Loss Prevention Management' team with the primary objective of continuously identifying and plugging, loops and gaps in the system. They are further aided by external consultants working on a regular basis.

We aim to adopt systems and processes to further control and mitigate losses on account of shrinkage and pilferage at our stores and distribution centres. We intend to further supplement our current security system, consisting of manual checks and electronic surveillance, CCTVs by adding security tags to our products and improving our alarm systems to minimise our losses on account of pilferage.

- ***Foray into e-commerce and start our online retail portal***

We intend to complement our cluster based capabilities in retailing through our departmental stores with retailing through e-channels like the internet. We aim to establish an online portal under our website 'www.vmart.co.in' to tap the growing online shopping market. We intend to develop the e-commerce and online retail business to provide us with additional channels of reaching out to the customers. We believe that the growing internet penetration in Indian cities, especially Tier-II and Tier-III cities has increased the potential of growth in the e-commerce and online shopping markets. We intend to adopt a 'brick and click' model, by leveraging on our existing back-end logistics infrastructure and sourcing capabilities, for a quick start to our online venture without any additional substantial investment. We believe developing and expanding the online space may further attract the attention of our targeted customers which can be converted into footfalls in our stores. We believe that foraying into online retail business will assist us to increase and diversify our customer base.

- ***Continued focus on existing business model***

We believe that our existing business model is adequate for continuous growth of our Company. We intend to continuously focus on our existing business model of operating family departmental stores in the format of Mini Hyper Stores and Family Fashion Stores. Further, we believe our continuous focus on stores of size ranging between 7,000 - 10,000 Sq. Ft. in high street areas and main shopping hubs would strengthen our business model by optimizing cost per Sq. Ft. and deriving the targeted sales per Sq.Ft. We intend to continue targeting the 'aspiring class' and the 'middle class' group of the population with an added focus on demands of the youth and Young Families primarily in Tier-II and Tier-III cities and towns.

- ***Continue to provide training to our employees and invest in human capital***

We believe that our success in the future will depend on our ability to continue to maintain a pool of experienced professionals. We aim at identifying fresh talent, training, grooming them and providing opportunities for growth. We have been successful in building a team of talented professionals and intend to continue placing special emphasis on managing attrition and attracting and retaining our employees. We provide continuous behavioural and functional training to our employees, both at our stores and at the back-end *via* our radio and third party human resource consultants. We intend to further improve our training programmes to ensure that our employees have the skills to meet our customers' demands and provide quality customer service. We have also adopted an organisation-wide human resource policy which lays emphasis on providing continuous training to our employees and establish definite career growth paths for them. We intend to continue to encourage our employees to be enterprising and help them to 'learn on the job' and grow within our organisation.

Business vertical wise revenue break-up

The total sales from our stores based on various verticals of our Company for Fiscal 2010, 2011 and 2012 may be summarised as below:

Region	Fiscal 2010		Fiscal 2011		Fiscal 2012	
	₹ in mn.	As a % of total sales	₹ in mn.	As a % of total sales	₹ in mn.	As a % of total sales
Apparel	859.11	59.84	1,275.56	59.61	1,791.76	63.76
Non apparel	72.78	5.07	121.96	5.70	176.36	6.28
Home mart	78.09	5.44	112.37	5.25	164.96	5.87
Kirana	425.67	29.65	629.93	29.44	676.99	24.09
Total	**1,435.65**	**100.00**	**2,139.82**	**100.00**	**2,810.07**	**100.00**

Business Process

The following is a brief description of our various business processes:

Strategy and Planning

A detailed assessment is conducted, of several internal and external factors that may have an effect specifically on our Company. Based on such assessments we determine our goals and objectives. Subsequently, a detailed annual business plan is prepared containing a road-map of the steps intended to be taken for achieving our goals and objectives.

Merchandising

Our merchandising and procurement plans are based on our sales projection which is prepared by taking into account the previous sales trends. We prepare a consolidated as well as a store-wise stock requirement estimation. Our merchandising team then prepares a merchandising procurement plan, taking into account existing inventory and forecasted demand. Our merchandising budget plan is prepared for catering to factors such as regional and seasonal customer tastes and preferences, number of stores (in operation as well as upcoming), likely fashion and trends, and price. Our procurement plan contains all the necessary details regarding the sourcing hub of a particular product, the quantity of the products to be procured and the supply schedule.

We have adopted the Collaborative Planning Forecasting Replenishment Model ("**CPFR Model**") which enables us to work closely with our vendors and suppliers to develop a synchronised forecast. We believe that the CPFR Model has enabled our Company to reduce the lead time for replenishment of goods and improve customer service through better forecasting. We have adopted a standardised pricing policy across our stores in respect of our private labels and non-branded products sold by us. We believe that following a standardised pricing policy has resulted in operational convenience, while enhancing brand loyalty and encouraging customer confidence in the products offered by us.

Once we have finalised our procurement plan, we identify various vendors across the manufacturing hubs for quality products at competitive prices in line with the latest fashion trends. Based on the shortlisted samples, we place purchase orders with them in accordance with our procurement plans. Details of our supply schedule are shared with our vendors to determine the quantity and intervals in which the vendor is required to make the supply of the desired goods. Our procurement requirements for our apparels and general merchandise products are met by sourcing our products from third party suppliers and also engaging third party manufacturers to manufacture the products sold under our private labels. For identifying the vendors, we take into account several factors such as experience, capacity, quality of products offered and credibility. We undertake several steps to ensure the quality of the products supplied to us, such as by way of random sampling at the time of receipt of the products.

We procure the FMCG products from a mix of reputed national brands and regional brands. For procurement from the large manufacturers or their distributors, we endeavour to enter into formal arrangements for supply of products to our stores. Since most of the arrangements with the large manufacturers or their distributors are for supplies across the country, they facilitate us to leverage on their distribution network which helps us to keep an optimum level of inventories.

The localised procurement of FMCG products enables us to (i) reduce our distribution centre costs; (ii) reduces the risk of damage during transportation; (iii) ensure quick delivery of products at our stores; and (iv) avoid double taxation in case of VAT.

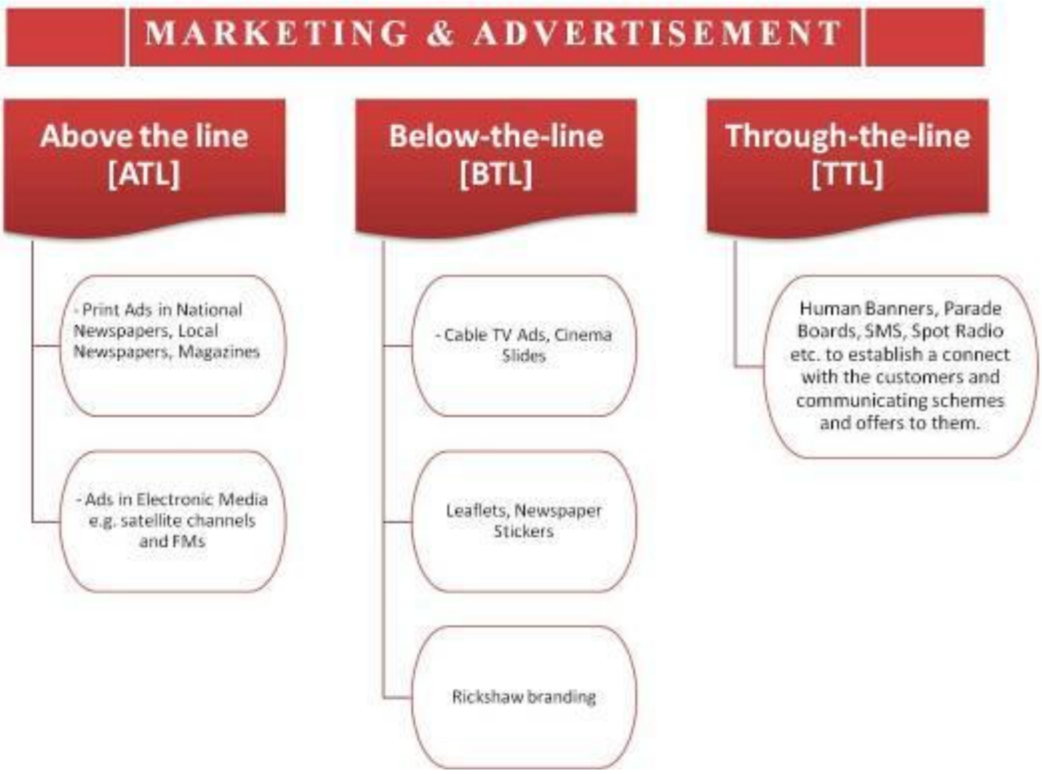
Such arrangements also help us in standardising the promotional schemes in relation to select products across our stores. We have also entered into specific terms of trade with some of our vendors and suppliers from whom we get additional margins, schemes including both consumer and trade schemes and discounts in relation to the FMCG products procured from them. Further, based on our assessment of regional tastes and preferences, we purchase the some products locally from small and medium size vendors.

Supply Chain Management

We formulate a plan of dispatch and requirements after taking into account factors like average daily sales of all our stores, projected sales, festivals and seasons, lead-time for replenishment, buffer stock and re-order levels. All our products, which are to be transported to our stores, are packed and segregated location-wise and in accordance with our Concept Classification to ensure delivery of our products as per the requirements of our stores. Our distribution centres and stores are connected through a company-wide network by using our ERP software, which we believe helps to efficiently manage our network of stores and distribution centres. Our merchandising team regularly co-ordinates with and receives updates from our stores to identify the slow-moving products and explore the options to expeditiously dispose them off. We also have an ad-hoc replenishment system which helps us in prevention of shortfall of certain products which we believe will generate substantial demand due to the change in trends.

We have our own fleet of 8 trucks, which are utilised by us to transport the products to our stores from our distribution centres. In addition to our own transport fleet, we also engage third party logistic solution providers, who specialise in providing transportation services on certain specific routes, in order to deliver products on time to our stores and optimise the transportation costs of our products. We believe that using a combination of in-house and third party transport services helps us to transport and deliver our products in a cost and time efficient manner.

Marketing, Advertising and Sales Promotion



Our advertising strategy aims at promoting brand awareness, creating a bond with our customers and enhancing their trust in us. We engage third party advertising agencies to provide us advertising and communication services such as communication planning and development in all areas of press and point of sale advertising. We use services of models for advertising purposes and creating brand awareness amongst our target customers. We have entered into inter-promotional and cross-promotional advertising activities with some of the film production houses for promoting our 'V-Mart' brand.

Our mode and media of advertisement is determined on the basis of the most widely accepted and used source of mass media by our target customers. As a part of our marketing strategy, we plan a calendar for the year's marketing activities, encompassing mega sales, schemes, discounts and events, annual days (women's day / mother's day / father's day / parent's day), festivals and new collections (summer collections, winter collections etc.). We engage in extensive 'below the line' and 'above the line' marketing activities to attract the attention of our target customers.

EVENTS & PROMOTIONS

Our sales strategy is focused on understanding the key drivers of customer behaviour and associating the product offering with such customer behaviour. We offer promotional schemes on a regional and store level during region specific festivals and store level and Company level milestones such as store opening anniversaries and upon the Company crossing number of stores respectively. We regularly greet our customers on all special occasions, festivals and regularly inform them about important events happening in the Company via e-mail, print advertisements, SMS, radio and cable. We also engage in cross-promotional arrangements with third parties, by providing additional discounts and special offers on the vouchers issued by such third parties. We arrange for lucky-draws at regular intervals where the winners are given special prizes by us.

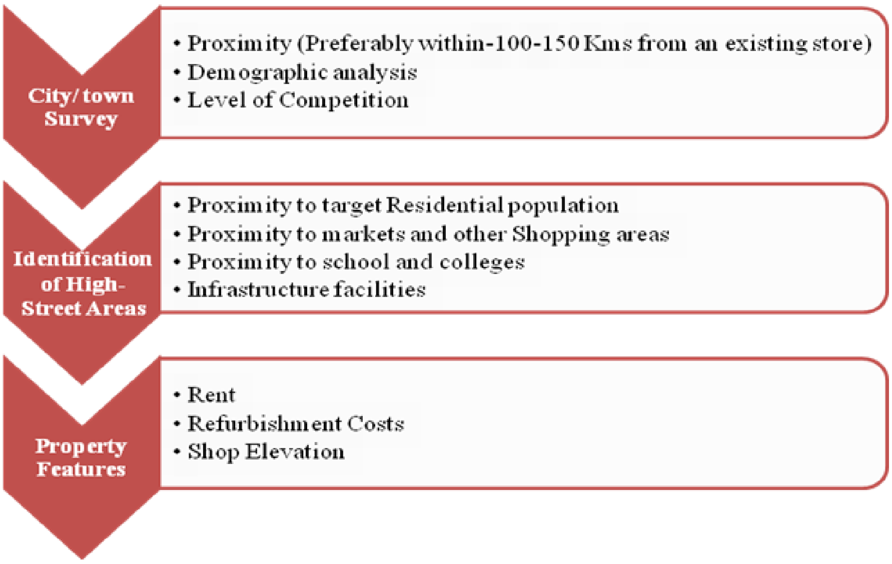
Modern Shopping Experience

We provide a pleasant shopping experience to our customers. Our endeavour is to locate our stores in high-street areas that are in proximity to residential areas, schools and colleges where most of our targeted customers are located. We give special emphasis to the visual merchandising and visual appeal of our stores which, we believe increases the attractiveness of our stores. To provide a pleasant ambience, all our stores are air-conditioned. All our products are bar coded and the MRPs are centrally controlled and the schemes and promotions are also controlled through our IT infrastructure. We also provide exchange policy, guarantees and warranty for the products at our store. We have installed computerised point of sales with an intention to reduce customer fatigue while shopping. In our effort to further increase the customer convenience, we have installed signage and customer care help desks at our stores attend to and quickly resolve customer grievances. Our customer sales representatives also provide us the customer feedback, in a structured manner, which enable us to improve our existing products as well as introduce new products.

Information Technology

All our stores and distribution centres are connected to our Registered Office by a network of servers, which helps us in efficiently managing our stores. We use ERP software called 'Ginesys', an integrated software application, which provides us with seamless flow of information from the point of procurement, multi-store distribution and sale. It also assists us in mapping inventory levels at regular intervals, tracking and measuring sales, generating merchandise and replenishment plans as well as in financial and accounting activities. Our ERP software is also used for bar coding of our products, store management, tracking and measuring customer loyalty, sales and distribution and production control. It further enables us to efficiently manage and store data and information that we utilise for business analysis and forecast, to generate detailed daily status reports of our stores. Our Company uses a software "Oracle Discoverer" which is an efficient tool for comprehensive analysis of the data pertaining to the operations of the Company which enables our management to exercise control over our stores, supply chain and financial management. In addition, our Management Information System ("MIS") appraises our management on critical areas in relation to the operations of our Company at regular intervals.

Store Selection Process



City / Town Survey

In identifying the location for a new store, we start by identifying the city/town, which is preferably within 100 - 150 km from our existing store. We initiate the identification process by conducting a market survey to assess the competition level and an analysis of the demographic data on parameters such as age group, literacy levels, nature of occupation and income levels to determine the demand for products. Adopting the cluster-based expansion model helps us to ensure that proper logistics support is available to our new stores, while facilitating us in inter- store sharing of resources, thereby reducing our operational costs.

Identification of location and site

We primarily target 'aspiring class' and the 'middle income class' group of the population with an added focus on demands of the youth and Young Families. We believe that the 'aspiring class' and 'middle class' group of the population, represents the bulk of the purchasing power of the Indian population. Accordingly, we plan our strategy to search for and identify locations in highly populated district preferably district headquarters where such customers are domiciled in large numbers and make efforts to establish our stores at high-street areas and main shopping hubs of cities and towns thereby targeting the populace of the entire district. We also take into account factors such as proximity to markets, shopping areas, schools and colleges to increase our visibility amongst our customers. We target locations with good infrastructural facilities such as easy accessibility, water, electricity and internet availability and other basic amenities. We aim to locate our stores in such areas where retail space is available at reasonable prices.

Property Features

While selecting a property to establish our store, we take into account several factors such as lease tenure preferably ranging from 9 years to 12 years, rental costs and escalation therein, advance amount to be paid and refurbishment costs. We aim to minimise our operational costs per Sq. Ft. and strive to obtain such properties at reasonable costs. While determining the suitability of a premise for the establishment of a store we also consider factors such as ceiling height of the property, power load availability and property elevation.

Store Planning, Layout and Operations

Our focus, while planning the establishment of a new store, in determining the optimal size of the store is based on the demographic analysis conducted by us, the product mix being offered by us, Concept Classifcation and operational costs. We try to ensure our store to be of an optimal size in order to minimize our operating costs per Sq. Ft. and increase our sales per Sq. Ft.

With an aim to have uniformity across stores, we have standardised formats and parameters for our stores and in doing so, we consider various factors such as ambience, internal and external décor, colour schemes, pricing, marketing schemes and promotions which, we believe, has led to our brand establishment and identification amongst our customers. We have defined processes for all our day-to-day operations and to ensure consistency in customer experience across our stores. Non-core functions such as security and housekeeping, are generally outsourced, are also covered under our process manuals. Our processes are designed to ensure that each aspect of our store's functioning ensures a pleasant and complete shopping experience for our customers. Each of our stores is managed by a store manager, reporting to the regional manager who looks after a group of stores. In addition to our front-end employees, we have a back-office retail team, which is responsible for providing smooth support functions and coordination required at the storefront. To maintain consistency in quality of our stores and brands all our stores are owned and operated by us except for franchisees initiated by us under the brand V-Galz in the year 2008 and later cancelled in the year 2011.

Visual Merchandising

We also focus on the visual appeal of our stores in a manner that would appeal to our customers. While planning the visual look of our store, we consider the layout planning, space allocation, product positioning, assortment display and the colour theme. We also emphasise on the mannequin dressings and show window displays.

We draw up an annual visual merchandising calendar, based on the planned merchandise seasons. A detailed action plan is then drawn, which allows us to ensure a common visual merchandising theme across all our stores. Although we strive to ensure a common visual merchandising theme across all our stores, we also alter and modify the visual appeal of our stores on account of regional festivals. Our in-house visual merchandising team has the responsibility of deciding the themes as well as the manner in which the merchandise is planned to be displayed across all our stores in India.

Internal Controls and Cost Reduction Measures

As a retailer offering value for money products, we lay emphasis on reduction of costs at various stages, processes and levels. In addition to adopting measures for reduction of costs of procurement and optimisation of inventory, we employ pilferage mitigation measures to increase efficiencies and reduce operational and administrative costs.

Pilferage Mitigation Measures

We follow a two-tier security system, one consisting of manual checks and the second consisting of electronic surveillance, to control and mitigate losses on account of pilferage at our stores. Manual checks are conducted by our employees by screening the goods being carried out of our stores by our customers or our employees. We also station trained security guards at our stores to oversee the screening process. The electronic surveillance at our stores is conducted by employing a closed circuit television monitoring system.

Our distribution centres also follow a two-two tier security system similar to our stores. All our employees are manually checked by security guards upon exit in order to control pilferage. In addition, all our distribution centres are also monitored by using closed circuit television systems.

In addition to the above we also undertake internal stock audits at regular intervals at all our stores.

Human Resource Training and Development

Our human resource policies are aimed towards creating a skilled and motivated work force. We believe in recognizing talent and potential in our employees and encouraging them to take additional responsibilities. Based on performance, we calibrate our employees and reward performance and loyalty by preferring in-house promotions to lateral hiring. We conduct functional and behavioral training for various levels of employees both at our stores and at our distribution centres to develop skill sets in our employees, which complements their key responsibility areas, and helping them perform with improved efficiency. We also train our employees to assume cross-functional responsibilities. Further, we have been able to control our employee expenses at our stores. Our total employee expenses, as a percentage of our total expenses, for Fiscal 2012, is 6.05% which we believe is lower than other industry players *(Source: Indian Retail Industry 2012 – CARE Research).*

We have appointed customer sales representatives at each of our stores and provide them continuous training to to ensure that our employees have the skills to meet our customers' demands and provide quality customer service. To ensure all our customers are well serviced, our Company has engaged a third party consultant for regularly training on soft skills to our employees, particularly on product knowledge as well as selling and inter-personal skills. Further, regular training is provided to our employees by way of our centralized in house communication system.

Further, to provide motivation to our employees, we follow a system of performance-linked incentives, linking individual performances to targets for employees both at the front and at the backend. To ensure quality work, we also motivate our employees with non-monetary reward schemes such as 'employee of the month' and 'employee of the year' at our stores.

Employees

As of June 30, 2012, we had 2,155 employees on our payroll. The following table sets forth the break-up of our employees:

Departments	No. of Employees
Sales & Marketing	1,167
Operations & Administration	811
Finance & Accounts	78
Procurement	67
Supply Chain Management	32
Total	**2,155**

Competition

We face competition from other retailers of similar products and services such as Vishal Mega Mart, Big Bazaar. As we primarily operate in Tier-II and Tier-III cities, we also face competition for each of our divisions from established standalone stores in the organised and unorganised sector, as well as local stores. In our endeavour to stay ahead of our competition, we focus on offering our customers a vast variety of products catering to their diverse requirements and needs, at competitive prices.

Subsidiaries, strategic alliances and joint ventures

As of the date of the Draft Red Herring Prospectus we have no subsidiary, joint ventures or any strategic alliances.

Intellectual Property

For details on the registration status of our trademarks, please refer to the chapter titled "*Government and Other Approvals*" on page 277 of the Draft Red Herring Prospectus.

Awards and Achievements

We were placed as a finalist in the 'Most Admired Retailer of the Year: Discount Retail' category at the Images Retail Awards 2011.

Properties

Our registered office located at F – 11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041 is taken on lease by us.

Additionally, we conduct our business from our stores in respect of which we have entered into lease agreements with the owners. Set forth below are the details of all our properties:

S.No.	Location	Nature of Property	Area in Sq.Ft.	Commencement of Lease	Expiry of Lease Deed
1.	Peeragarhi, New Delhi	Registered Office and Distribution Centre	40,500	June 1, 2012	May 31, 2015
2.	Mundka, New Delhi	Distribution Centre	34,000	December, 2011	November, 2014
3.	Jaipur, Rajasthan	Office	100	May 5, 2011	April 4, 2013
4.	Ahmedabad, Gujarat	Regional Office and Distribution Centre	1,000 and 7,000	June 15, 2011	June 14, 2017
5.	Jamnagar, Gujarat	Retail Store	5,000	April 1, 2012	February 28, 2021
6.	Mehsana, Gujarat	Retail Store	6,394	December 23, 2008	October 17, 2017
7.	Law Garden, Gujarat	Retail Store	11,534	October 1, 2003	September 30, 2015 and April 30, 2016
8.	Vadodara, Gujarat	Retail Store	12,600	December 1, 2006	November 30, 2015
9.	Bharuch, Gujarat	Retail Store	3,289	March 1, 2008	February 28, 2017
10.	Junagadh, Gujarat	Retail Store	8,425	October 25, 2008	October 24, 2017
11.	Gandhidham, Gujarat	Retail Store	6,000	October 10, 2008	October 9, 2017
12.	Bhavnagar, Gujarat	Retail Store	5,921	June 1, 2008	May 31, 2017
13.	Lajpat Nagar, New Delhi	Retail Store	7,200	April 1, 2011	October 31. 2013
14.	Shahdara, New Delhi	Retail Store	5,100	May 9, 2008	May 8, 2018
15.	Pitampura, New Delhi	Retail Store	14,076	November 1, 2010	October 31, 2013
16.	Laxmi Nagar, New Delhi	Retail Store	5,610	June 15, 2012	June 14, 2021
17.	Ujjain, Madhya Pradesh	Retail Store	7,900	November 8, 2009	November 7, 2021
18.	Bhopal, Madhya Pradesh	Retail Store	7,000	July 24, 2011and January 27, 2012	July 23, 2020 and January 26, 2013
19.	Bhopal, Madhya Pradesh	Retail Store	10,500	February 14, 2008	February 13, 2014
20.	Chandigarh, Punjab	Retail Store	10,000	January 1, 2006	December 31, 2011*
21.	Jalandhar, Punjab	Retail Store	15,325	March 17, 2006	March 16, 2018
22.	Moga, Punjab	Retail Store	9,889	March 3, 2008	March 2, 2020

S.No.	Location	Nature of Property	Area in Sq.Ft.	Commencement of Lease	Expiry of Lease Deed
23.	Pathankot, Punjab	Retail Store	6,000	July 4, 2006 and July 12, 2007	July 3, 2018 and July 11, 2019
24.	Gurdaspur, Punjab	Retail Store	6,500	October 15, 2007	October 14, 2016
25.	Udaipur, Rajasthan	Retail Store	2,550, 2,567 and 2729	November 1, 2008, November 7, 2008 and November 7, 2008.	October 31,2017, November 6, 2017 and November 6, 2017
26.	Kota, Rajasthan	Retail Store	8,850	August 14, 2008	August 13, 2020
27.	Ajmer, Rajasthan	Retail Store	13,800	January 4, 2007	October 18, 2018
28.	Karnal, Haryana	Retail Store	10,386	March 19, 2008	March 18, 2018
29.	Ambala, Haryana	Retail Store	5,500	January 17, 2009	January 16, 2021
30.	Bahraich, Uttar Pradesh	Retail Store	7,200	May 5, 2010 and May 5, 2010	May 4, 2019 and May 4, 2019
31.	Kanpur, Uttar Pradesh	Retail Store	7,000	October 27, 2008	October 26, 2017
32.	Lucknow, Uttar Pradesh	Retail Store	8,500	March 29, 2008	March 28, 2020
33.	Shahjahanpur, Uttar Pradesh	Retail Store	7,635	October 28, 2009	October 27, 2018
34.	Sitapur, Uttar Pradesh	Retail Store	9,280	January 1, 2012	December 31, 2021
35.	Aligarh, Uttar Pradesh	Retail Store	6,093	July 25, 2010	July 24, 2019
36.	Gorakhpur, Uttar Pradesh	Retail Store	8,800	May 15, 2012	May 14, 2017
37.	Ghazipur, Uttar Pradesh	Retail Store	8,160	April 30, 2012	April 29, 2021
38.	Deoria, Uttar Pradesh	Retail Store	8,400	October 13, 2010	October 12, 2022
39.	Saharanpur, Uttar Pradesh	Retail Store	2400,1800, 2,300 and 2,300	December 1, 2008, June 1, 2009, June 1, 2009, June 1, 2009 and June 1, 2009	November 30, 2020, May 31, 2021, May 31, 2021, May 31, 2021 and May 31, 2021
40.	Sultanpur, Uttar Pradesh	Retail Store	3,000, 1,500, 2,500	March 23, 2010, March 16, 2010 and March 13, 2010	March 22, 2019, March 15, 2019 and March 18, 2019
41.	Jaunpur, Uttar Pradesh	Retail Store	7,288	October 30, 2010	October 29, 2019
42.	Azamgarh, Uttar Pradesh	Retail Store	9,575	April 24, 2008	May 24, 2019
43.	Muzaffarnagar,	Retail Store	7,000	May 25, 2008	May 24, 2020

S.No.	Location	Nature of Property	Area in Sq.Ft.	Commencement of Lease	Expiry of Lease Deed
	Uttar Pradesh				
44.	Varanasi, Uttar Pradesh	Retail Store	7,200	August 29, 2011	August 28, 2023
45.	Gorakhpur, Uttar Pradesh	Retail Store	10,036	October 16, 2011	October 15, 2020
46.	Lucknow, Uttar Pradesh	Retail Store	9,000	October 19, 2011	October 18, 2020
47.	Renukut, Uttar Pradesh	Retail Store	8,000	September 22, 2009	September 21, 2021
48.	Varanasi, Uttar Pradesh	Retail Store	6,642	December 23, 2009.	December 22, 2018
49.	Meerut, Uttar Pradesh	Retail Store	6,750	October 24, 2008	October 23, 2018
50.	Pratapgarh, Uttar Pradesh	Retail Store	7,000	September 08, 2010	September 07, 2022
51.	Gonda, Uttar Pradesh	Retail Store	6,260	October 15, 2008	October 14, 2020
52.	Faizabad, Uttar Pradesh	Retail Store	7,000	June 13, 2011	June 12, 2020
53.	Muradabad, Uttar Pradesh	Retail Store	8,680	December 1, 2008	November 30, 2017
54.	Basti, Uttar Pradesh	Retail Store	8,200	November 25, 2010	November 24, 2019
55.	Motihari, Bihar	Retail Store	9,000	May 24, 2012	May 23, 2021
56.	Bhagalpur, Bihar	Retail Store	10,000	April 8, 2011	April 7, 2021
57.	Bhojpur, Bihar	Retail Store	8,500	October 15, 2009	October 14, 2021
58.	Begusarai, Bihar	Retail Store	8,780	April 8, 2010	April 7, 2022
59.	Darbhanga, Bihar	Retail Store	9,370	January 1, 2012	December 31, 2021
60.	Chhapra, Bihar	Retail Store	5,950	June 19, 2012	June 18, 2024
61.	Gaya, Bihar	Retail Store	7,000	April 20, 2012	April 19, 2021
62.	Gaya, Bihar	Retail Store	7,500	April 30, 2012.	January 31, 2021
63.	Srinagar, Jammu and Kashmir	Retail Store	9,884	March 11, 2011	March 10, 2020

***** *Our store located at Chandigarh is subject to litigation proceedings. For further details please refer to the chapter titled "Outstanding Litigations, Material Developments and Other Disclosures" on page 267 of the Draft Red Herring Prospectus.*

Insurance

Our Company maintains insurance policies against various risks inherent in our business activities, including We have insured our stocks and fixed assets; directors, officers and employees in managerial or supervisory capacity in the Company; third parties entering our stores and distribution centres, under various burglary, fire and special perils, money, directors and officers liability, public liability policies, providing insurance cover against damages to stocks and assets of the Company, damages arising to the Company from wrongful acts of the directors, officers and employees in managerial or supervisory capacity and damages to third parties from accidents, infidelity, housebreaking, cash and stock in transit, monetary loss, that may result in damages to our Company including damages to our assets or stocks which we believe to be appropriate for our business.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant laws, regulations and policies as prescribed by the Government of India that are applicable to our business. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

For details of government approvals obtained by our Company, see the chapter titled "Government and Other Approvals" on page 277 of the Draft Red Herring Prospectus.

LAWS REGULATING RETAILING AND SELLING OF FOOD PRODUCTS AND OTHER GOODS

The Food Safety and Standards Act, 2006

The Food Safety and Standards Act, 2006 (the "**FSSA**") has replaced the Prevention of Food Adulteration Act, 1954 (the "**PFA Act**"), vide notification dated August 4, 2011, issued by the Ministry of Health and Family Welfare (the "**Ministry of Health**"). The FSSA was enacted with a view to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import, to ensure availability of safe and wholesome food for human consumption and for matters connected therewith or incidental thereto.

The Ministry of Health, vide notification dated August 1, 2011, introduced the Food Safety and Standards (Licensing and Registration of Food Businesses), Regulations 2011 (the "**FSS (Licensing) Regulations**"), which contains the provisions regarding the requirements and procedure of licensing and registration of persons engaged in the food business. Any person engaged in the food business, holding a license under the PFA Act, will be required to convert the existing license to a license under the FSS (Licensing) Regulations, after complying with the requirements of the FSS (Licensing) Regulations, within one year from the date of the abovementioned notification, i.e. August 1, 2011.

Prevention of Food Adulteration Act, 1954 (the "PFA Act")

The PFA Act was considered to be a consumer protection legislation, which had been designed to prevent, curb and check the adulteration of foodstuffs and to adequately punish the offenders. The PFA Act covers various aspects of food processing such as food colour, preservatives, pesticide residue, packaging and labelling and regulation of sales. The offence of adulteration under the PFA Act is a cognizable offence. If any offence is committed by a company under the PFA Act, then the nominee shall be liable to be proceeded against and punished accordingly. The courts are empowered to impose penalties on the offenders for the contraventions of the provisions of the PFA Act. The liabilities of the manufacturers, dealers and retailers are also prescribed thereunder. The PFA Act has since been repealed by the FSSA.

Legal Metrology Act, 2009

The Legal Metrology Act, 2009 (the "**Metrology Act**"), was brought into force vide notification, dated December 31, 2010, issued by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India, replacing the Standard of Weights and Measures Act, 1976, with effect from March 1, 2011. The Metrology Act was enacted with the purpose to establish and enforce standards of weights and measures and regulate trade and commerce in weights, measures and other goods, which are sold or distributed by weight, measure or number.

LAWS REGULATING TRANSFER OF PROPERTY

The Transfer of Property Act, 1882

The Transfer of Property Act, 1882 ("**TP Act**"), establishes the general principles relating to the transfer of property including, amongst other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

The TP Act deals with the various methods in which transfer of property, including transfer of immovable property or any interest in relation to that property, takes place. The transfer of property, as provided under the TP Act, can be through various modes such as sale, gift etc., while an interest in the property can be transferred by way of a lease or mortgage.

The Registration Act, 1908

The Registration Act, 1908 (the "**Registration Act**") has been enacted with the object of providing a method of public registration of documents so as to give information to people regarding legal rights and obligations arising or affecting a particular property. The Registration Act also mentions the documents that require compulsory registration which includes, amongst other things, any non-testamentary instrument which purports or operates to create, assign, limit or extinguish, any right, title or interest in an immovable property of the value of ₹ 100 or more, and a lease of immovable property for any term exceeding 11 months or reserving a yearly rent.

An unregistered document, which as per the provisions of the Registration Act requires compulsory registration, will not affect the property comprised in it, nor will it be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the TP Act or as collateral), unless it has been registered.

The Indian Stamp Act, 1899

Stamp duty in relation to certain specified categories of instruments, as specified under Entry 91 of the Union list, are governed by the provisions of the Indian Stamp Act, 1899 (the "**Stamp Act**") which is enacted by the Government of India. Certain states in India have enacted their own legislation in relation to stamp duty, while the other states have amended the Stamp Act, as per the rates applicable in the state.

The stamp duty in relation to the lease or conveyancing of any immovable property is prescribed by the respective states in which the land is situated and it varies from state to state. Instruments, which are not duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. Further, the state government also has the power to impound insufficiently stamped documents.

LAWS REGULATING LABOUR AND WORKMEN

The Factories Act, 1948

The Factories Act, 1948 (the "**Factories Act**"), seeks to regulate the work conditions of the workers employed in factories and makes provisions for the health, safety and welfare of such workers. The Factories Act makes it mandatory for every factory to obtain registration with the prescribed authorities designated under the Factories Act. The term 'factory', as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power.

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 **(**the "**EPF Act**") was introduced with the object to establish provident funds, pension funds and deposit-linked insurance funds for the benefit of employees in factories and other establishments. The EPF Act is applicable to all establishments which employ more than 20 persons, and to factories specified in Schedule I of the EPF Act which employ more than 20 persons. The funds constituted under the EPF Act consist of contributions from both the employer and the employees, in the manner specified in the EPF Act. The central or state government, as the case may be, may by a notification in the official gazette grant exemption to establishments or factories from the application of all or any of the provision of the EPF Act, if it is of the opinion that the employees in such establishments or factories receive benefits which are not less favourable than the benefits provided under the EPF Act.

The State of Jammu and Kashmir has enacted the Jammu and Kashmir Employees' Provident Fund and Miscellaneous Provisions Act, 1961, which regulates the framework with regards to the employee provident funds, in the State of Jammu and Kashmir.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948 **(**the "**ESI Act**") was enacted with the object to setup the employees' state insurance fund, funds of which shall be used to provide benefits to employees in case of sickness, maternity and employment injury. Both the employer and the employees are required to make contributions to the employees' state insurance fund, in the manner provided under the ESI Act. The ESI Act applies to all establishments and factories including governmental factories (other than seasonal factories), which employ 10 or more employees and carry on a manufacturing process.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (the "**Minimum Wages Act**"), has been enacted to secure the welfare of the workers in a competitive market by providing for a minimum limit of wages in certain employments. The central or state government(s) are authorised to fix minimum wages for employments mentioned in the schedule of the Minimum Wages Act. An employer is under an obligation to pay the minimum wages as fixed by the appropriate authorities and under no circumstance can an employer be exempted from its obligation to pay minimum wages as fixed under the Minimum Wages Act.

Payment of Wages Act, 1936

The Payment of Wages Act, 1936 (the "**Payment of Wages Act**") has been enacted to regulate the period and payment of wages, overtime wages and deductions from wages and also to regulate the working hours, overtime, weekly holidays of certain classes of employed persons. The Payment of Wages Act contains provisions as to the minimum wages that are to be fixed by the appropriate governments for the employees, entitlement of bonus of the employees, fixing the payment of wages to workers and ensuring that such payments are disbursed by the employers within the stipulated time frame and without any unauthorized deductions.

Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (the "**Payment of Gratuity Act**"), provides for a scheme for the payment of gratuity to employees engaged in factories, mines, oilfields, plantations, ports, railway companies, and shops and other establishments wherein ten or more persons are employed, or were employed in the preceding twelve months. The Payment of Gratuity Act enforces the payment of gratuity, being a reward for long service, as a statutory benefit on the termination of employment of any employee who has rendered continuous service for not less than five years. The central or state government may exempt any employer from the application of the provisions of the Payment of Gratuity Act, if the gratuity or pensionary benefits paid or payable by such employer are more favourable than the benefits provided under the Payment of Gratuity Act. The Payment of Gratuity Act was amended in 2010 vide the Payment of Gratuity (Amendment) Act, 2010, to increase the amount of maximum gratuity payable from ₹ 0.35 million to ₹ 1 million.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (the "**Payment of Bonus Act**"), provides for the payment of bonus (linked with profits or productivity) to the employees of certain establishments. The Payment of Bonus Act applies to every factory, every other establishment employing 20 or more persons (including part time employees) on any day during an accounting year and any establishment specified by the Central Government, which employs less than 20 persons but more than 10 persons. The Payment of Bonus Act covers all employees doing any skilled or unskilled manual, supervisory, managerial, administrative, technical and clerical work for hire or reward and whose salary does not exceed ₹ 10,000 per month. The minimum bonus to be paid to each employee is either 8.33% of the salary or wage or ₹ 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus or profits.

The Employee's Compensation Act, 1923

The Employee's Compensation Act, 1923 (the "**Employee's Compensation Act**"), was framed with a view to provide compensation to workmen (or their dependants as the case may be), including those employed by a contractor, due to such workmen, for disablement, either partially or fully, or death, caused by an injury from an accident arising out of and in the course of employment. However, no compensation shall be payable if the injury does not result in the disablement of the workman for a period of more than 3 days or if such workman was, at the time of such injury, under the influence of drugs or alcohol, or if such workman willfully disobeyed and disregarded the safety rules prescribed by the employer.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1951 (the "**Maternity Benefit Act**"), was enacted to regulate the employment of women in certain establishments for certain periods before and after child birth and to provide for maternity benefit and certain other benefits. The Maternity Benefit Act is applicable to every factory, mine or plantation, and to every shop and establishment wherein 10 or more workers are employed. Any woman who has worked for at least 80 days in the 12 months immediately preceding her expected date of delivery is entitled to receive maternity benefits under the Maternity Benefit Act. The maximum period for which a woman shall be entitled to maternity benefit is 12 weeks, of which not more than 6 weeks shall precede the date of her expected delivery. For this period of absence, a woman must be paid maternity benefit at the rate of the average daily wage.

State specific Shops and Commercial Establishments Legislations

Under various state laws dealing with shops and establishments, any shop or commercial establishment has to obtain a certificate of registration under the applicable shops and commercial establishments legislation and has to comply with the rules laid down therein. These statutes and rules and regulations framed thereunder regulate the opening and closing hours of shops and commercial establishments, daily and weekly work hours, closing dates and holidays, health and safety of persons working in shops and commercial establishments, payment of wages, maintenance of records and registers by the employers, among others. The following state shops and commercial establishments are applicable to our Company:

- Gujarat Shops and Establishments Act, 1948;
- Delhi Shops and Establishments Act, 1954;
- Madhya Pradesh Shops and Establishments Act, 1958;
- Punjab Shops and Commercial Establishments Act, 1958;
- Rajasthan Shops and Commercial Establishments Act, 1958;
- Uttar Pradesh Dookan Aur Vanijya Adhishthan Adhiniyam, 1962;
- Bihar Shops and Establishments Act, 1953; and
- Jammu and Kashmir Shops and Establishments Act, 1966.

TAX RELATED LEGISLATIONS

The Central Sales Tax Act, 1956

The Central Sales Tax Act, 1956 (the "**CST Act**") provides for levy on inter-state sales. Sale is inter-state when either the sale occasions movement of goods from one state to another or when such sale is affected by transfer of documents during their movement from one state to another. The CST Act in each state is administered by the local sales tax authorities of each state, and the tax collected by the states under the CST Act is retained by them. Every dealer liable to pay tax under the CST Act is mandatorily required to register itself under this act. However, a dealer registered under the applicable state sales tax law may voluntarily apply for registration under CST Act even if such dealer is not liable to pay central sales tax.

State Sales Tax/Value Added Tax Legislations

Intra-state sales, i.e. sale of goods within the jurisdiction of a state are levied with a value added tax ("**VAT**") under the VAT legislation of that state. The state government has the authority to notify the rate of VAT applicable to sale of goods. Registration of a dealer, under the applicable state VAT legislation, can be either mandatory or voluntary. Registration is mandatory when the total sales turnover of the dealer exceeds the threshold limit provided in the applicable state VAT legislation. However, where the prescribed threshold limit is not breached, the dealer may, at his own option, register himself under the applicable state VAT legislation. The following state VAT legislations are applicable to our Company:

- Gujarat Value Added Tax Act, 2003;
- Delhi Value Added Tax Act, 2004;

- Madhya Pradesh VAT Act, 2002;
- Punjab Value Added Tax Act, 2005;
- Haryana Value Added Tax Act, 2003 ;
- Rajasthan Value Added Tax Act, 2003;
- Uttar Pradesh Value Added Tax Act, 2008;
- Bihar Value Added Tax Act, 2005; and
- Jammu and Kashmir Value Added Tax Act, 2005.

Professional Tax Legislations

The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The following state professional tax legislations are applicable to our Company:

- The Gujarat Panchayats, Municipalities, Municipal Corporations and State Tax on Professions, Traders, Callings and Employments Act, 1976; and
- Madhya Pradesh Professional Tax Act, 1995, (collectively referred to as the "**Professional Tax Legislations**")

Under the Professional Tax Legislations, every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the professions tax at the specified rate. The tax payable under the Professional Tax Legislations by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him. Under the Professional Tax Legislations, the employer, who is responsible for payments of salary or wages and deduction of the professional tax thereon, has to obtain a certificate of registration from the assessing authority in the prescribed manner.

LAWS REGULATING INTELLECTUAL PROPERTY

The Trade Marks Act, 1999

The Trade Marks Act, 1999 (the "**Trademarks Act**'), was enacted to provide for better protection of trademarks for goods and services and for the prevention of the use of fraudulent marks. The Trademarks Act provides statutory protection to the trademarks registered in India. In India, trademarks enjoy protection under both statutory and common law. The registrar of trademarks, as appointed under the Trademarks Act, is the authority responsible for registration of the trademarks, settling opposition proceedings and rectification of the register of trademarks.

An application for registration of trademarks is made to the registrar of trademarks in the class as per the classification of goods and services mentioned in the Trade Marks Rules, 2002. Such application for registration can be made either on the basis of current use or intention to use the trademark in the future. Once a trademark is registered, such registration is valid for a period of 10 years, unless cancelled earlier. The Trademarks Act confers upon the proprietor of the trademark an exclusive right to use of the trademark in relation to the goods or services in respect of which the trademark is obtained.

LAWS REGULATING TRADE

Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992 (the "**Foreign Trade Act**"), was enacted with the purpose of developing and regulating foreign trade by facilitating imports into, and exports from India. The Foreign Trade Act prohibits any person from making any export or import without first obtaining an importer-exporter code number (the "**IEC**") from the director general foreign trade. The Foreign Trade Act further provides that the IEC may be suspended or cancelled if the holder of the IEC contravenes any law relating to central excise, or customs or foreign exchange or commits any other economic offence. Where the IEC granted to a person has been suspended or cancelled, that person shall not be entitled to import or export any goods except under a special license granted to that person by the director general foreign trade.

FOREIGN INVESTMENT REGULATIONS

Foreign Investment in the Retail Sector

Foreign investment in India is governed by the provisions of FEMA, along with the rules, regulations and notification made by the RBI thereunder, and the policy described by the Department of Industrial Promotion and Policy, Government of India ("**DIPP**"). DIPP has issued the consolidated FDI policy, vide circular 1 of 2012 (the "**FDI Policy**"), which has been brought into effect from April 10, 2012.

The FDI Policy contains the general conditions applicable to FDI in India and the sectoral limits prescribed for various sectors, including the retail sector. Under the FDI Policy, FDI is prohibited in retail trading, except in single brand product retailing where FDI is permitted upto 100% with the prior approval of FIPB and subject to compliance with other terms and conditions mentioned by the DIPP. FDI in multi-brand product retailing is not permitted under the extant FDI Policy.

HISTORY AND OTHER CORPORATE MATTERS

Our Company was originally incorporated as Varin Commercial Private Limited under the Companies Act *vide* certificate of incorporation dated July 24, 2002 issued by the Registrar of Companies, West Bengal. The name of our Company was subsequently changed to V-Mart Retail Private Limited *vide* a fresh Certificate of Incorporation Consequent upon Change of Name dated July 11, 2006 issued by the Registrar of Companies, West Bengal. The registered office of our Company was changed from the state of West Bengal to Delhi *vide* an order dated April 27, 2007 of the Company Law Board, Eastern Region Bench at Kolkata, and subsequently, a Certificate of Registration of the Company Law Board order for Change of State dated, May 22, 2007 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Company's name was changed to V-Mart Retail Limited upon conversion into a public limited company *vide* a Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company dated July 11, 2008 issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. The Corporate Identification Number ("**CIN**") of our Company is U51909DL2002PLC163727.

Changes in the registered office of Our Company:

Date of Change of Registered Office	Details of Change	Reasons for Change
August 26, 2003	*From:* The registered office our Company was changed from P – 163, Laketown, Block – "A", Kolkata – 700 089, West Bengal India *To:* 55, Vivekananda Road, 1st Floor, Kolkata – 700 006, West Bengal, India	For better operational and administrative convenience.
March 27, 2006	*From:* The registered office our Company was changed from 55, Vivekananda Road, 1st Floor, Kolkata – 700 006, West Bengal, India *To:* Space Town, VIP Road, Block – 4, Flat 2k, Kolkata – 700 052, West Bengal, India	For better operational and administrative convenience.
April 27, 2007	*From:* The registered office our Company was changed from Space Town, VIP Road, Block – 4, Flat 2k, Kolkata – 700 052, West Bengal, India *To:* A – 42, Gate number 1, Phase – II, Mayapuri Industrial Area, New Delhi – 110 064	For better operational and administrative convenience.
October 04, 2007	*From:* The registered office our Company was changed from A – 42, Gate number 1, Phase – II, Mayapuri Industrial Area, New Delhi – 110 064 *To:* F – 15, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041	For better operational and administrative convenience.
December 14, 2011	*From:* The registered office our Company was changed from F – 15, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041 *To:* F – 11, Udyog Nagar Industrial Area, Peeragarhi, Rohtak Road, New Delhi – 110 041	For better operational and administrative convenience.

Major Events

The major events in the history of our Company are as set out herein below*:*

Year	Event
2002	• Our Company was incorporated as Varin Commercial Private Limited
2003	• Opened our maiden store in the state of Gujarat
2004	• Opened our maiden store in New Delhi • Initiated private label manufacturing through job work by third parties and an in-house finishing unit
2005	• Opened our maiden store in the state of Madhya Pradesh
2006	• Changed our name from Varin Commercial Private Limited to V-Mart Retail Private Limited • Opened our maiden store in Chandigarh • Opened our maiden store in the state of Punjab • Opened our maiden store in the state of Rajasthan • Crossed an aggregate of 100,000 square feet of retail space
2007	• Amalgamation of Sambhav Promoters Private Limited with our Company • Shifting of registered office from the state of West Bengal to Delhi
2008	• Converted into a public limited company from V-Mart Retail Private Limited to V-Mart Retail Limited • Investment in Equity Shares by Naman Finance and Investment Private Limited, a part of the Aditya Birla Group of companies • Investment in Equity Shares by DB Corp Limited • Opened our maiden store in the state of Haryana • Opened our 25th store in Muzaffarnagar, Uttar Pradesh • Achieved a gross turnover of ₹ 1,000 million in Fiscal 2008
2009	• Opened our maiden store in the state of Bihar
2011	• Opened our maiden store in the state of Jammu and Kashmir • Opened our 50th store in Bersia, Madhya Pradesh • Achieved a turnover of over ₹ 2,000 million in Fiscal 2011 • Declared a dividend of 4% for Fiscal 2011 • Moved from in-house finishing model to outsourcing job work model.
2012	• Declared a dividend of 4% for Fiscal 2012 • The spread of our stores reached to more than 50 cities

Awards and achievements

Our Company was nominated as a Finalist in the 'Most Admired Retailer of the Year: Discount Retail' category at the Images Retail Awards 2011.

Raising of capital in the form of equity or debt

Other than as disclosed under the chapter titled "*Capital Structure*" on page 50 of the Draft Red Herring Prospectus, our Company has not raised any capital in the form of equity.

Other than as disclosed under the chapter titled "*Financial Information*" on page 195 of the Draft Red Herring Prospectus, our Company has not raised any public offering in the form of debt in the past five years.

Revaluation of assets

There has been no revaluation of assets since incorporation.

Defaults or Rescheduling of borrowings with financial institutions/ banks

There have been no defaults or rescheduling of borrowings with the financial institutions / banks in the history of our Company.

Lock-out or strikes

There have been no lock-outs or strikes in our Company since inception.

Changes in the activities of our Company during the preceding five years

There have been no changes in the activities of our Company during the last five years as on the date of the Draft Red Herring Prospectus.

Injunctions or Restraining Orders

Our Company is not operating under any injunction or restraining order.

Our Shareholders

The total number of members of our Company as on the date of the Draft Red Herring Prospectus is eleven.
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Our Main Objects

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. To carry on the business as importers & exporters, manufacturers, buyers, sellers, traders, merchants, identors, brokers, agents, commission agents, assemblers, refiners, cultivators, miners, mediators, producers, packers, stockists, distributors, advisors, hire purchasers of and all kinds of rubberized cloth, food grains, dairy products, soap detergents, biscuits, surgical, diagnostics, medical pulses, leather and finished leather goods, leather garments, leather products, all related items in leather, electric and electronic components and goods, iron and steel, aluminium, mineral, ferrous and non ferrous metal, stainless steel, jute products, textile, cotton, synthetic fibre silk, yarn wool and woolen goods, handicrafts and silk artificial synthetics, readymade garments, design materials, timbre garments, processors, printers, in all textile, timbre cosmetics, stationary tools and hardware pigments, plastic and plastic goods, plastic granules, sugar, tea, coffee, paper, packaging materials, chemicals, cement, spices, grain food grains, factory materials, house equipments, rubber and rubber products, coal coal products and coaltar, fertilizers, agricultural products, industrial engineering goods and equipments, office equipments, hospital equipments, railways accessories, medicine, sugar and sugar cane, automobile parts, building construction and materials, fur made items, toys, building plans, consumer products, consumer durables, coal and coke mica products, gems and jewellery, imitation jewellery, all kinds of battery, dry flowers and plants, printing transportation and all other kinds of goods and merchandise, commodities and articles of consumption of all kinds in India or elsewhere.

2. To carry on in India or elsewhere business as manufacturers, producers, merchants, agents, sub-agents, brokers, distributors, canvassers, indeters, consignors, carriers, consignees, transport agents, dealers, traders, depot managers, importers & exporters in all kind of merchandise, commodities articles, things and goods and run general stores and departmental showrooms for the said purpose and to undertake the business of tailoring and fabrication of garments and to act as clearing agent, freight contractors, licensing agents, general brokers and to carry on any kind of commercial business.

Amendments to the Memorandum of Association

Date of shareholders' approval	Changes in the Memorandum of Association
August 12, 2002	**Change of Main Objects of our Company** **The main objects of our Company were altered by in the following manner:** i. Amendment of clause III (A)(1) in the following manner III (A)(1) Addition of the word "*manufacturers*" after the words "*importers and exporters*" in the first line of clause III(A)(1); addition of the words "*refiners, cultivators, miners*" before the word "*mediators*" in the third line of clause III(A)(1);

Date of shareholders' approval	Changes in the Memorandum of Association
	addition of the words "*advisor, hire purchasers*" before the words "*of and all kinds*" in the fourth line of clause III(A)(1); addition of the words "*construction and materials*" alter the word "*building*" in the 17th line of clause III(A)(I); addition of the line "*and all other kinds of goods and merchandise, commodities and articles of consumption of all kinds in India or elsewhere*". ii. Addition of a new clause after the clause III(A)(1)as under: *"III(A)(2) To carry on in India or elsewhere business as manufacturers, producers, merchants, agents, sub-agents, brokers, distributers, canvassers, identors, consignors, carriers, consignees, transport agents, dealers, traders, depot managers, importers and exporters in all kind of merchandise, commodities articles, things and goods and run general stores and departmental showroom for the said purpose and to undertake the business of tailoring and fabrication of garments and to act as clearing agent freight contractors, licensing agents, general brokers and to carry on any kind of commercial business."* **The incidental or ancillary objects of our Company were altered by in the following manner:** i. Addition of a new clause after the existing clause III(B)(8) under:- *"III (B)(9) To finance or assist in financing the sale of good articles or commodities of all and every kinds of description, by way of hire purchase or deferred payment, or similar transaction and to institute, enter into, carry on, subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods articles or commodities of all and every kind and description upon any terms whatsoever, to acquire and discount hire purchase or other agreements of any rights there under (whether proprietary or contractual)."* ii. Renumbering of the existing clauses III(B)(9), III(B)(10), III(B)(11), as III(B)(10), III(B)(11) and III(B)(12) respectively. iii. Amendment of Clause III(B)(10) in the following manner: Addition of the words "*hire purchase or easy payments systems or by financing or assisting such other companies, firms or persons to do all or any of such last mentioned acts, transactions and things and in such manner as may be necessary or expedient and in connection with or for any of these purposes to enter into agreements, lend money, give guarantee or security or otherwise finance or assist all or such purposes on such terms and in such manner as may be desirable*" after the words "*letting on hire*" in the fourth line of clause III(B)(10). iv. Amendment of clauses III(B)(11), III(B)(15) III(B)(35), III(B)(37)(C) in the following manner: Deletion of the line "*out of surplus fund of the company not immediately required*" from the clauses III(B)(11), III(B)(15) III(B)(35), III(B)(37)(C). v. Amendment of Clause III(B)(12) in the following manner: Addition of the "*words or deposit*" after the word "*money*" in the first line of clause III(B)(12). vi. Amendment of clause III(B)(36) in the following manner:

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	Addition of the following words "*and in particular to act as depositors or any shares or securities of and as agents or brokers for the investment loan, payment, transmission or collection of money and the purchase, sale, hire, improvement or development and management of property, movable or immovable or any company, firm or persons (whether Indian or foreign) and to undertake and perform subcontracts*" after the word "*otherwise*" in the second line of clause III(B)(36). **The other objects of our Company were altered by in the following manner:** i. Addition of 6 new clauses after clause III (C)(3), III(C)(4), III(C)(5), III(C)(6), III(C)(7) and III(C)(8) and after clause III(C)(2) as under: *"III(C)(3) To carry on in India or elsewhere in the world the business of housing finance in all its branches and to promote, provide, lend, assist, subsidise and arrange finance for construction, renovation, reconstruction, repairing, remodelling, furnishing and. establishing of all descriptions, utilities, modalities, capacities, dimensions, specifications and uses of houses, house buildings, row houses. bungalows, low cost houses, flats, apartments, multistorey buildings, chawls, residential complexes, towns, ships, colones, commercial complexes and other similar structures to individuals, hindu undivided families, group of persons, Government authorities, companies firms, co-operative societies etc, on suitable terms and conditions, with or without securitites and for the purpose of of acquire and purchase lands and buildings and other immovable and movable properties and to develop, contract or build, all types of structures, buildings and house and to act as buyers, sellers, traders, importers, exporters, stockists, distributors, commission agents, brokers, contractors, estate owners or otherwise to deal in all such immovable and movable properties goods, articles or things which are necessary for the purpose of accomplishment of objects under these presents."* *"III(C)(4) To carry on the business in India and elsewhere as manufacturers, assemblers, designers, builders, sellers, buyers, exporters, importers, factors, agents, hirer and dealers of electronic goods, digital and analogue data processing devices and systems, electronic computers, mini and micro processor based device and systems, office automation systems, electronic data processing equipment, central processing units, memory, peripherals of all kinds, data communication equipment and control systems, satellite communication equipments and system 5, telephone exchanges, remove control systems, software of all kinds including machine oriented and/ or problem oriented, software data entry devices, data collecting systems, accounting and invoicing machines, intelligent terminal controllers, media solid state devices, integrated circuits, transistors, liquid crystals, liquid display systems, diodes, resisters, capacitors, transformers and all related and auxiliary items and accessories including all components of electronics, hardware and appliances of any type and description."* *"III(C)(5) To carry on the business of and to establish, set up, acquire, manage, maintain fair relief centre, medical chaynostic centre, nursing home or hospital with indoor patient/ out patient department and with or without medical school, maternity home, child welfare clinic, ante-natal and postnatal clinic, sanetorium, emergency unit, blood bank, mobile coronary and cardiac care unit, diabetology clinic, artificial limb centre, diet, clink, polyclinic, family practice and planning unit, health*

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	club, and/ or any other type of investigation centre, institution or organisation for rendering, providing, arranging or offering any medical/ health care, nursing and other facilities for conducting any clinical tests and/ or other diagnostics, treatment repair or cure and investigations in Bio-chemistry, Endocrinology, Haematology, Serology, Microbiology, Neurogy, Pathology, cardiology, Paediatrics and Neonatology, Gynaecology & Obsterics, Radiology and imaging, Urology & Nephrology, Anaesthesiology, Bacteriology, Dermatology, Dentistry, Opthalmology, Oncology, Proctology, Psychiatry, Physiotheraphy, Allergy & Immunology, Gastroenterology, Genetics, Molecular Bilogy, Microbial Genetics, Recurnbriart DNA, Hybridomas, Traumatology, Embryo transfer and related technology and all or such other kind or nature of services, arrangement facilities that are required for detection and cure or treatment of any disease, ailments, sickness, illness or any other physiological or mental disorders, defects of human being under any branch of medical and Para-medical sciences at large." *"III(C)(6) To carry on the business of manufacturers, producers, buyer processors, buyers, sellers, importers, exporters and deniers in electric cables, jelly filled cables, power cables, telecommunication cables and all other kinds of cables, wires, conductors, capacitors, electrical goods and appliances, computers and other data processing machines and equipments, transmitters, transformers, switch gears, control gears, electric motors, equipments, generators, switch boards, circuits, dry cell batteries, accumulators, lamps, papers, cellular phones, facsimiles, gramophones, wireless equipments, radios, televisions, teleprinters, transistors, lenses, laying distributing and running telecommunication network, mobile and cellular phone services, mail services and other relatable goods, materials and services."* *"III(C)(7) To carry on the business of producing, designing, assembling using, buying, selling, repairing, servicing, renovating, hiring out or letting on hire, leasing and dealing in computer hardware, software, peripherals, stationery, cosumables and accessories, products, components, articles, of all types, sizes and kinds and to establish and run data processing centres, computer hardware and software centres, multi media centres, and to offer consultancy, data processing and other services and jobs that are normally offered by data processing centres, computer centres, multimedia centres, to industrial, business and other types of customers and to import training on electronic- data processing, computer hardware and software including multimedia to customers and others and to establish and run in any per of India data processing centres, computer center, multi media centres to import education and training on computer hardware and software to the students and other professionals."* *"III(C)(8) To acquire by purchase, lease, exchange or otherwise and to carry on the business of contractors, ironfounders, iron and steel manufacturers, mechanical engineers, civil engineers, consulting engineers, project engineers, technical consultants and manufacturers of agricultural, industrial and other rolling stocks, parts and accessories, fabricators, tool makers, brass founders, metal workers, boiler makers, millwrights, machinists, iron and steel converters, smiths, woodworkers, builders, metallurgists, electrical engineers, water supply engineers, chemical engineers, chemists, chemical and physical analysists and manufacturers, builders, contractors of and energy saving and pollution*

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	control devices, machinery and such other items and to export, import, buy, sell, manufacture, repair, convert, alter, let on hire and otherwise deal in machinery, implements, machine rolling stock, hardware and scrap of all kinds." ii. Renumbering the existing clauses accordingly. iii. Addition of a new clause III (C)(11) after the existing clause III(C)(10) as under: *"III(C)(11) To carry on the business of processing, refining, converting, manufacturing, formulating, using, buying, selling, acquiring, storing, packing, dealing, transporting, distributing, importing, exporting and disposing of all types of chemicals (both organic and inorganic). Petrochemicals and other related products including Naptha, Methane, Ethylene, Propylene, Butenes, Nepthalene, Cyclohexane, Cyclohexanone, Benzene, Acetic Acid, Cellulose, Acetate, Vinyl Acetates, Caprolactuxa, Adipic Acid, Hexamothylene, Diamine , Nylon, Nylon-6, Nylon-6.6, Nylon-6.11, Nylon-7 and their fibres, Castings, Mouldings, sheets, rods, orthoxylene, Anhydride, Alkyd resins, Polyester Staple fibre, Polyester Filament Yarn, Filament Yarn, Nylon Tyre Cord, Synthetic Rubbers, Engineering Plastics, Mixed Xylenes, Paraxylene, metaxylene, Toluene, Cumene, Phenol, Styrene, Butadiene Methacrorlein, Maleic Anhdride, Methacrylates, Urea, Methanol, Formaldehyde, UF, PF and MP resins, Hydrogen Cyanide, Poly-methyl, Methacrylate Acetylene, PVC Polythene, Plastics, Melamine and derivatives thereof, whether liquid, solid or gaseous, Dichloride, Ethylene Oxide, Ethyleneglycol, Polylycols, Polyurothanes, Parasylenca, Polystyrenes, Polypropylene, Isopropanol, Acetone, Propyplene, Oxide, Propylene glycol, Acrylomitrite, Acrylic Fibres, Allyl Chloride, Epichlorhydrin, Aliphatic and Aromatic Alcohols, Aldehydes, Ketons, Aromatic Acid, Anlu-phrides, Vinyl Chloride, Arcylic, Esters or Ortho, meta and tere-phthalic Acids and all gases, Epoxy resins and all other Petrochemical products and Polymers in all their forms like resins, fibres, sheets, mouldings, castings, cell phones, colour paints, varnishes disinfectants, insecticides, fungicides, deodorants as well as bio-chemicals, pharmaceutical, medical, szig, bleaching, photographical and other preparations. "* iv. Renumbering of existing clauses accordingly. v. Addition of 3 new clauses after the existing clause Ill (C)(17) as under: *"III(C)(18) To provide professional, administrative, technological and financial services for capital issues whether in domestic or overseas markets, national and international capital finance including bridge financing, bill discounting, factories and such other inter related activities of lending and borrowing money, global loans, sick industries rehabilitation and also to provide services as Consultants, Advisors or Counsellors, for general administration and management, secretarial, commercial, legal, accountancy, data procession, labour, industrial relations, scientific, technical, direct and indirect taxes, loan syndication, financial structural investments, capital market, inter-corporate and funding, fixed deposits, corporate planning, profit identification, appraisal and funding, acquisitions takeovers, mergers and amalgamations, capital restructuring, fund management, forex advisory services and brokering, tie-ups, collaborations, marketing, import, export, software technology, computer network facility,*

Date of shareholders' approval	Changes in the Memorandum of Association
	information and communication technology, placement and recruitment of India and/ or foreign personal and to render such other related services of persons, firms, companies, corporate bodies, trusts, associations, or organizations whatsoever in India and abroad. Provided that the company shall not do any banking business as defined under the Banking Regulations Act, 1949." *"III(C)(19) To invest in and acquire, hold sell and otherwise deal in shares, debentures, whether partly or fully convertible or non-convertible bonds, shares, units savings, certificates, commercial papers obligations and securities issued or guaranteed by any company or corporation wheresoever constituted or carrying on business and to acquire any such shares, stocks debentures, bonds etc. by original subscription, brought out deals, tender, purchase, exchange or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conducive or incidental to ownership thereof."* *"III(C)(20) To carry on business of financing industrial enterprises, investments trading and providing or arranging finance commercial housing, restructuring sick units or other purposes for individuals, firms companies or other persons either by creating charge on assets of borrowers or otherwise by ways of loans, deposits, short term loan, equity participation, venture capital to technocrat, venture seed capital, deferred payments, hire purchase, leasing and/ or renting business relating to all kinds of machinery, plant, equipments, ships, vehicles, aircrafts, rolling stock, factories, durables, industrial, commercial and household goods, movable and immovable property with or without security anywhere in the world, arranging or providing guarantees, counter guarantees, bonds, securities, indemnities and securities, provided that the Company shall not carry on banking business as defined in the Banking Regulations Act 1949."* vi. Renumbering of the remaining clauses accordingly.
March 08, 2004	**Increase in Authorised Share Capital** The authorized capital of our Company was increased from ₹ 1,000,000 divided into 10,000 Equity Shares of ₹ 100 each to ₹ 5,000,000 divided into 50,000 Equity Shares of ₹ 100 each pursuant to section 97 of the Companies Act.
January 14, 2005	**Increase in Authorised Share Capital** The authorized capital of our Company was increased from ₹ 5,000,000 divided into 50,000 Equity Shares of ₹ 100 each to ₹ 7,500,000 divided into 75,000 Equity Shares of ₹ 100 each
March 28, 2005	**Increase in Authorised Share Capital** The authorized capital of our Company was increased from ₹ 7,500,000 divided into 75,000 Equity Shares of ₹ 100 each to ₹ 10,500,000 divided into 105,000 Equity Shares of ₹ 100 each
September 20, 2005	**Shifting of the registered office from the state of West Bengal to Delhi** The registered office of our Company was changed from the state of West Bengal to Delhi, vide order of the Company Law Board, Eastern Region Bench, dated April 27, 2007 and subsequently, a Certificate of Registration of the Company Law Board order for Change of State dated, May 22, 2007 issued by the Registrar of Companies, National Capital Territory

Date of shareholders' approval	Changes in the Memorandum of Association
	of Delhi and Haryana.
June 19, 2006	**Change of name** The name of our Company was changed from Varin Commercial Private Limited to V-Mart Retail Private Limited.
March 27, 2007	**Increase in Authorised Share Capital** The authorised capital of our Company was increased from ₹ 10,500,000 divided into 105,000 Equity Shares of ₹ 100 each to ₹ 11,500,000 divided into 115,000 Equity Shares of ₹ 100 each
October 29, 2007	**Sub division of Authorised Share Capital** The authorised capital of our Company was subdivided into ₹ 11,500,000 divided into 115,000 Equity Shares of ₹ 100 each to ₹ 11,500,000 divided into 1,150,000 Equity Shares of ₹ 10 each
January 02, 2008	**Increase in Authorised Share Capital** The authorised capital of our Company was increased from ₹ 11,500,000 divided into 1,150,000 Equity Shares of ₹ 10 each to ₹ 100,000,000 divided into 10,000,000 Equity Shares of ₹ 10 each
May 16, 2008	**Conversion of our Company into a public limited company** The name of our Company was changed from V-Mart Retail Private Limited to V-Mart Retail Limited pursuant to the conversion of our Company from a private limited company to a public limited company.
September 27, 2010	**Increase in Authorised Share Capital** The authorised capital of our Company was increased from ₹ 100,000,000 divided into 10,000,000 Equity Shares of ₹ 10 each to ₹ 150,000,000 divided into 15,000,000 Equity Shares of ₹ 10 each
May 22, 2012	**Increase in Authorised Share Capital** The authorised capital of our Company was increased from ₹ 150,000,000 divided into 15,000,000 Equity Shares of ₹ 10 each to ₹ 200,000,000 divided into 20,000,000 Equity Shares of ₹ 10 each

Subsidiaries

Our Company does not have any subsidiaries as on the date of the Draft Red Herring Prospectus.

Amalgamations in the history of our Company

Scheme of Amalgamation ("Scheme") of Sambhav Promoters Private Limited (the "Transferor" or "SPPL") with our Company ("Transferee").

In accordance with the terms of the said Scheme, as sanctioned by the High Court of Judicature at Calcutta *vide* order dated, February 26, 2007, with effect from April 1, 2006 ("Appointed Date"), the undertakings and liabilities of the Transferor stood transferred to the Transferee as a going concern so as to become the estate, rights, titles and interests of the Transferee pursuant to Section 391 - 394 of the Companies Act and such other provisions thereof as may be applicable.

The object of the amalgamation was to pool in the resources of the Transferor and the Transferee and to combine the business resources and infrastructure of the Transferee with that of the Transferor, for the general profitability and viability of the combined business. Pursuant to the Scheme, our Company acquired the business of the Transferor as a going concern.

Upon the Scheme becoming effective and in consideration of the transfer of and vesting of the undertakings of the Transferor, the shareholders of the Transferor were allotted 1 equity share of the face value of ₹ 100 each of the Transferee for every 100 equity shares of the Transferor held by them.

For further details, please refer to the chapter titled "Capital Structure" beginning on page 50 of the Draft Red Herring Prospectus.

Material Agreements

Except as disclosed below, there are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us:

1. Share Subscription Agreement dated July 02, 2008 entered into between our Company, Naman Finance And Investment Private Limited ("Investor") and Lalit Agarwal, Madan Agarwal, Hemant Agarwal, Madan Gopal Agarwal (HUF), Lalit Agarwal (HUF), Hemant Agarwal (HUF), Uma Devi Agarwal, Sangeeta Agarwal and Smiti Agarwal as the confirming party (collectively herein referred to as the "Signing Shareholders") ("Share Subscription Agreement") and amendment to the Share Subscription Agreement dated July 29, 2008, February 01, 2011 and June 29, 2012 and July 2, 2012 and Shareholders Agreement dated July 02, 2008 entered into between the Signing Shareholders, Investor, our Company ("Shareholders Agreement") and amendment to the Shareholders Agreement dated July 15, 2008, July 29, 2008, February 01, 2011, June 29, 2012 and July 02, 2012.

Pursuant to Share Subscription Agreement, the Investor is holding 33,04,136 Equity Shares ("**Investor Shares**") constituting 23.69% of the issued, subscribed and paid up capital of our Company.

In furtherance of the Share Subscription Agreement, our Company has entered into Shareholders Agreement detailing rights and obligations of the shareholders. Certain key covenants of the Shareholders Agreement also existing in the Share Subscription Agreement are listed below:

(1) ***Nomination of Directors on the Board:***

The total strength of our Board of Directors shall consist of 6 Directors. The Investor shall have the right to nominate 2 directors on the Board of our Company.

(2) ***Additional Rights of the Investor:***

The Board will not take any action or pass any resolution except with the affirmative vote of 1 Director nominated by the Investor in relation to certain matters including the following:

(i) The voluntary liquidation of any of the subsidiaries of the Company or the suspension or cessation of their business;
(ii) Setting up and incorporation of subsidiaries of the Company and allotment of the shares of the said subsidiaries or any agreement in respect thereof and on all similar matters, pertaining to the subsidiaries;
(iii) Any resolution to approve the annual accounts of the Company;
(iv) Any amendment to the Memorandum and / or Articles of Association of the Company or any change or modification in the rights of the shareholders;
(v) Commencement of any new business or any diversification from the core business of the Company mentioned hereinabove or setting up a new branch (in case of deviation from the approved business plan);
(vi) Any proposal to reorganise the capital of the Company substantially including proposals for merger, amalgamation, winding up of the Company or for the listing of any class of shares or debentures or any other form of reorganisation;

(vii) Lending or extending credit or giving ay guarantee or indemnity to secure the liabilities or obligations of third parties, outside the ordinary course of business;

(viii) Signing of new agreements in respect of joint venture / alliances / mergers / amalgamations / acquisition with third parties;

(ix) Any proposal to include the additional members on the Board (other than nominees of the Parties);

(3) ***Initial Public Offering:***

Pursuant to the Shareholders Agreement, our Company is required to list its equity shares either on BSE or NSE or both by completing an IPO which shall not be later than March 31, 2013 or such other extended date.

(4) Liquidity Events:

In the event that the IPO is not completed by March 31, 2013 or such other extended date, the Investor will be entitled to exercise the following:

(i) Sell the Investor Shares in full or in part to any third party identified by the Investor subject to the right of first refusal exercised by the Signing Shareholders pursuant to the Shareholders Agreement.

(ii) *Drag Along Right:* The Investor shall have the right to sell or otherwise transfer all Investor Shares held to the extent necessary to divest the Investor's stake in the Company, to any third parties. In such an event, the Investor shall have the right to require the Signing Shareholders to sell their shareholding in full or in part with the shareholding of the Investor to the proposed buyer at a price and consideration not less or favourable than the offer price and on terms that are not less favourable than the terms relating to the purchase by the third party of the Investor Shares.

(iii) *Tag Along Right:* In the event the Promoters transfer/sells any right in their shareholding in favour of any third party, the Investor shall have a right, but not an obligation to proportionately participate in such transfer/sale on the same terms as offered to the Promoters.

Amendment Agreement to the Shareholders Agreement

Pursuant to an amendment agreement to the Shareholders Agreement dated July 2, 2012 (the "**5th Amendment Agreement**") between the Investor, the Signing Shareholders and our Company, the parties thereto have agreed to the following:

(i) With an objective to facilitate the Issue, the Investor and the Signing Shareholders have agreed for the substitution of articles of association with the new set of Articles of Association for facilitating the Issue ("**Restated Articles**").

(ii) In terms of Article 11 of the Part – B of the Restated Articles, the parties specifically agree that the following provisions of Part – B of the Restated Articles shall cease to apply upon the Company filing the Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana.

a)	Article 1:	Anti Dilution;
b)	Article 2:	Right to nominate Director;
c)	Article 3:	Vacation of office of Director;
d)	Article 4 to 7:	Affirmative Vote Items;
e)	Article 8:	Drag Along Right;
f)	Article 9:	Tag Along Right;
g)	Article 10:	Process for Right of First Refusal

(iii) The Investor shall have the right, until the filing of the Prospectus with the RoC, to nominate only two directors on the Board of Directors of our Company (the "**Investor Directors**"). Subject to the applicable law in force, the terms of appointment of such Investor Director shall be in accordance with provisions of the Shareholders Agreement. The Investor shall also enjoy all rights available to other equity shareholders of our Company. As on the date of the Draft Red Herring Prospectus, the Investor has not appointed any Investor Directors on the Board of our Company.

(iv) In the event, the listing of the shares of our Company pursuant to the IPO is not completed by March 31, 2013 or such other extended date, the parties shall be bound by terms and conditions of the Shareholders Agreement.

(v) The Parties agree that in order to facilitate the Issue, the Investor has undertaken not to exercise its rights in connection with (i) fresh offering of shares and/or warrants by our Company to the Investor; (ii) provisions relating to meetings of the board of directors; (iii) provisions relating to shareholders' meetings; (iv) Investor's drag along right; (v) Investor's tag along right; and (vi) provisions relating to right of first refusal.

Upon the consummation of the IPO, the Shareholders Agreement and the 5th Amendment Agreement shall stand terminated.

2. Share Subscription Agreement dated May 02, 2008 entered into between DB Corp Limited ("DBCL"), Lalit Agarwal and Madan Gopal Agarwal, (the "Executing Shareholders") and our Company ("Subscription Agreement").

Pursuant to the Subscription Agreement, DBCL was issued and allotted 41,667 equity shares of the Company. Subsequently in the year 2009, DBCL transferred the said shares and assigned its exit rights in favour of its group company, Writers and Publishers Private Limited ("WPPL"). Presently, WPPL holds 79,167 number of equity shares of our Company.

Pursuant to a letter dated July 12, 2012, WPPL, Executing Shareholders and our Company have terminated the entire the Subscription Agreement along with rights surviving the termination of the Subscription Agreement subject to the successful completion of IPO within 18 months from the date of the said letter. The Subscription Agreement will revive in case the IPO does not materialize within the stated timeline.

Strategic partners

Our Company does not have any strategic partners as on date of the Draft Red Herring Prospectus.

Financial partners

Our Company does not have any financial partners as on date of the Draft Red Herring Prospectus.

OUR MANAGEMENT

Under the Articles of Association, our Company is required to have not less than three directors and not more than twelve directors. Our Company currently has six Directors on its Board, of which three are Executive Directors and three are Non–Executive Directors.

The following table sets forth details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name, Designation, Address, Occupation, Age, DIN and Nationality	Date of Appointment as Director and Term of Office	Details of other Directorships / Partnerships
1.	**Lalit Agarwal** **Chairman and Managing Director** **Address:** B – 81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India **Occupation:** Business **Age:** 42 years **DIN:** 00900900 **Nationality:** Indian	**Date of Appointment:** May 30, 2012 **Term:** Appointed as Managing Director for a period of 5 years from June 01, 2012 to May 31, 2017	Nil
2.	**Hemant Agarwal** **Whole Time Director** **Address:** D-61, Galaxy Tower, Behind Grand Bhagwati, Bodakdev, Ahemdabad - 380 054, Gujarat, India **Occupation:** Business **DIN:** 02242019 **Age:** 41 years **Nationality:** Indian	**Date of Appointment**: May, 30, 2012 **Term:** Liable to retire by rotation. Appointed as Whole Time Director for a period of 5 years from June 01, 2012 to May 31, 2017	Nil
3.	**Madan Agarwal** **Whole Time Director** **Address:** B – 81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India **Occupation:** Business **DIN:** 02249947 **Age:** 68 years **Nationality:** Indian	**Date of Appointment**: May 30, 2012 **Term:** Liable to retire by rotation. Appointed as Whole Time Director for a period of 5 years from June 01, 2012 to May 31, 2017	Partner in Shreeman Shreemati

Sr. No.	Name, Designation, Address, Occupation, Age, DIN and Nationality	Date of Appointment as Director and Term of Office	Details of other Directorships / Partnerships
4.	**Krishan Kumar Gupta** **Director** (*Non Executive, Independent*) **Address:** C-604, Badhwar Apartments, Sector 6, Plot 3, Dwarka, New Delhi – 110 075, Delhi, India **Occupation:** Service **DIN:** 02602767 **Age:** 64 years **Nationality:** Indian	**Date of Appointment**: March 18, 2010 **Term:** Liable to retire by rotation	**Public Limited Companies** Resurgent India Limited **Private Limited Companies** Nil **Partnerships** Nil
5.	**Aakash Moondhra** **Director** (*Non Executive, Independent*) **Address:** BPB-162, Belvedere Park, DLF Phase III, Gurgaon – 122 002, Haryana, India **Occupation:** Service **DIN:** 02654599 **Age:** 38 years **Nationality:** Indian	**Date of Appointment**: March 18, 2010 **Term:** Liable to retire by rotation	Nil
6.	**Kamal Kumar Gupta** **Director** (*Non Executive, Independent*) **Address:** House No.144, Sector -28, Faridabad, Haryana. **Occupation:** Practising Chartered Accountant **DIN:** 00086057 **Age:** 48 years **Nationality:** Indian	**Date of Appointment**: July 2, 2012 **Term:** Liable to retire by rotation	**Public Limited Companies** Nil **Private Limited Companies** Data Alarm Private Limited **Partnerships** Partner in M/s Salarpuria & Partners

Brief Profile of the Directors

Lalit Agarwal, aged 42, is our Chairman and Managing Director. He holds a Bachelor's Degree in Commerce from Bombay University, and a Diploma in Financial Management from the Narsee Monjee Institute of Management Studies, Mumbai. He was also involved in setting up of a printing and packaging unit, a water theme park in Kolkata and was associated with a retail chain till 2003. He has over 16 years experience in the retail industry. With a vision to establish the concept of organized value retailing in certain untapped regions of India, he setup up retail stores under the brand name of "V-Mart" in the year 2003. He spearheads our Company and is responsible for formulating and implementing the business plans.

Hemant Agarwal, aged 41, is a Whole Time Director of our Company. He holds a Bachelor's Degree in Commerce with Honours from Utkal University, Cuttack. He started his career by joining the family retail store in Cuttack and was integral in the formation of our Company. He has 16 years of experience in the retail industry. He has been instrumental in developing a strong vendor base thereby, strengthening the procurement of apparel merchandise, which is the backbone of our Company**.** He is also responsible for managing the growth and development of our private labels. He is a catalyst for business operations of our existing stores and continued expansion in western and central India.

Madan Agarwal, aged 68, is a Whole Time Director of our Company. He holds a Bachelor's Degree in Arts from City College, the University of Calcutta. He has more than 3 decades of experience in retail industry. He started his career by opening a retail shop in the year 1975 and later on in 1979 opened another retail store of apparels and footwear in Cuttack known as "Shreeman Shreemati". He is a mentor and a guiding force for our Company. He provides vital inputs and insights on cost control and oversees the procurement of general merchandise and Kirana Bazaar business verticals of our Company.

Krishan Kumar Gupta, aged 64, is an Independent Director of our Company. He is an associate member of the Indian Institute of Bankers. He also holds a post graduate Diploma in bank management from the National Institute of Bank Management, Pacific Rim Bankers Programme Certification from University of Washington Business School, Diploma Certification in Sales and Marketing Management, Business Management, Export and Import Management, Financial Management and International Business Management from National Institute of Labour Education and Management. He is a currently a director in Resurgent India Limited. He has previously worked as an executive in Central Bank of India and handled various portfolios such as credit, recovery, development and human resources development. Except for reimbursement expenses, he was not paid any remuneration in Fiscal 2012.

Aakash Moondhra, aged 38, is an Independent Director of our Company. He holds a Bachelor's Degree in Commerce from the University of Delhi and Master's Degree in Business Administration from Southern Methodist University, Texas**.** He is also a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He has held various positions in Nokia India Private Limited, Baring Private Equity Partners (India), heading the retail vertical, Bharti Retail Private Limited, Bharti Airtel Limited and AT&T Corporation and currently working as a chief financial officer in Jasper Infotech Private Limited, (www.snapdeal.com). Except for reimbursement expenses, he was not paid any remuneration in Fiscal 2012.

Kamal Kumar Gupta, aged 48, is an Independent Director of our Company. He is a Chartered Accountant by profession and a partner at M/s. Salapuria & Partners. He is a member of the Institute of Chartered Accountants of India. He is a currently a director in Data Alarm Overseas Private Limited.

Relationship between Directors

None of our Directors are "relatives" within the meaning of section 6 of the Companies Act except as stated below:

Name of Director	Name of Other Director	Nature of Relationship
Lalit Agarwal	Madan Agarwal	Father
	Hemant Agarwal	Brother
Hemant Agarwal	Madan Agarwal	Father
	Lalit Agarwal	Brother
Madan Agarwal	Lalit Agarwal	Son
	Hemant Agarwal	Son

Details of Remuneration of the Directors

(a) Remuneration of our Executive Directors

The terms of appointment and compensation of Lalit Agarwal, Hemant Agarwal and Madan Agarwal are as follows:

(i) Lalit Agarwal

Our Company has entered into an agreement dated May 30, 2012 with Lalit Agarwal, pursuant to his re-appointment on our Board as the Managing Director of our Company for a period of 5 years from June 01, 2012 to May 31, 2017. The following are the terms of his appointment as Managing Director of our Company.

Category	Particulars
Basic Salary	₹ 4.50 million per annum with effect from June 01, 2012
Commission	1% of net profits calculated in accordance with section 349 and 350 of the Companies Act shall be payable as commission.
Perquisites and Allowances	**Category A** **Medical reimbursement:** Medical expenses actually incurred for self and family shall be reimbursed by the Company under the mediclaim policy. **Leave travel concession:** Company shall provide leave travel fare for Lalit Agarwal and his family once a year, anywhere in India as per the rules applicable to the Company and income tax rules. **Category B** The Company shall contribute towards provident fund / superannuation fund / annuity fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. The Company shall pay gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per the Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration. **Category C** The Company shall provide a car with a driver at the cost of the Company for business use of the Company. Lalit Agarwal shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. "*family*" means the spouse, dependent children and dependent parents of Lalit Agarwal Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be reimbursed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed as on actual basis.
Sitting Fees	Lalit Agarwal shall not be entitled to sitting fees for attending meetings of the Board

Category	Particulars
	or committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board and/or the committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the managing director and other whole time directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to remuneration and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act. However, Lalit Agarwal shall not be paid any sitting fees for attending the Board or committee meetings.
Term And Termination	The appointment notwithstanding the 5 years tenure fixed with effect from June 01, 2012 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to Lalit Agarwal. However, no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act. Lalit Agarwal shall not be liable to retirement by rotation.

He was a paid a remuneration of ₹ 3.60 million in Fiscal 2012.

(ii) Hemant Agarwal

Our Company has entered into an agreement dated May 30, 2012 with Hemant Agarwal, pursuant to his re-appointment on our Board as the Whole Time Director of our Company for a period of 5 years from June 01, 2012 to May 31, 2017. The following are the terms of his appointment as Whole Time Director of our Company.

Category	Particulars
Basic Salary	₹ 3.00 million per annum with effect from June 01, 2012
Commission	0.67% of net profits calculated in accordance with section 349 and 350 of the Companies Act shall be payable as commission.
Perquisites and Allowances	**Category A** **Medical reimbursement:** Medical expenses actually incurred for self and family shall be reimbursed by our Company under the mediclaim policy. **Leave travel concession:** Our Company shall provide leave travel fare for Hemant Agarwal and his family once a year, anywhere in India as per the rules applicable to our Company and income tax rules. **Category B** Our Company shall contribute towards provident fund / superannuation fund / annuity fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. Our Company shall pay gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of our Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per our Company rules.

Category	Particulars
	The perquisites under this category shall not be included in the computation of ceiling on remuneration. **Category C** Our Company shall provide a car with a driver at the cost of our Company for business use of our Company. Our Company shall provide telephone including mobile phone at the residence of Hemant Agarwal at the cost of our Company. Hemant Agarwal shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. "*family*" means the spouse, dependent children and dependent parents of Hemant Agarwal Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company shall be allowed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed as on actual basis.
Sitting Fees	Hemant Agarwal shall not be entitled to sitting fees for attending meetings of the Board or committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board and/or the committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the managing director and other whole time directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole Time Director shall be entitled to remuneration and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act.
Term And Termination	The appointment notwithstanding the 5 years tenure fixed with effect from June 01, 2012 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to Hemant Agarwal. However, no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act.

He was a paid a remuneration of ₹ 2.40 million in Fiscal 2012.

(iii) Madan Agarwal

Our Company has entered into an agreement dated May 30, 2012 with Madan Agarwal, pursuant to his re-appointment on our Board as the Whole Time Director of our Company for a period of 5 years from June 01, 2012 to May 31, 2017. The following are the terms of his appointment as Whole Time Director of our Company.

Category	Particulars
Basic Salary	₹ 1.50 million per annum with effect from June 01, 2012
Commission	0.33% of net profits calculated in accordance with section 349 and 350 of the Companies Act shall be payable as commission.
Perquisites and Allowances	**Category A** **Medical reimbursement:** Medical expenses actually incurred for self and family

Category	Particulars
	shall be reimbursed by our Company under the mediclaim policy. **Leave travel concession:** Our Company shall provide leave travel fare for Madan Agarwal and his family once a year, anywhere in India as per the rules applicable to our Company and income tax rules. **Category B** Our Company shall contribute towards provident fund / superannuation fund / annuity fund, as agreed upon, provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the IT Act. Our Company shall pay gratuity, as agreed upon, at the rate not exceeding half month's salary for each completed year of service. Leave on full pay and allowances, as per rules of our Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per our Company rules. The perquisites under this category shall not be included in the computation of ceiling on remuneration. **Category C** Our Company shall provide a car with a driver at the cost of our Company for business use of our Company. Our Company shall provide telephone including mobile phone at the residence of Madan Agarwal at the cost of our Company. Madan Agarwal shall be entitled to reimbursement of all expenses incurred in connection with the business of the Company. "*family*" means the spouse, dependent children and dependent parents of Madan Agarwal Reimbursement of entertainment expenses actually and properly incurred in the course of business of our Company shall be allowed. Any and all expenditure actually and properly incurred on Company's business shall be reimbursed as on actual basis.
Sitting Fees	Madan Agarwal shall not be entitled to sitting fees for attending meetings of the Board or committees thereof. He shall, however be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board and/or the committees thereof.
Minimum Remuneration	The remuneration referred to above is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company on the remuneration of the managing director and other whole time directors of the Company taken together. Provided however that in the event of absence or inadequacy of profit, the Whole Time Director shall be entitled to remuneration and perquisites as above within the minimum remuneration specified in Schedule XIII of the Companies Act.
Term And Termination	The appointment notwithstanding the 5 years tenure fixed with effect from June 01, 2012 may be terminated by either party by giving three months notice in writing. In the event of cessation of office during any financial year, a ratable proportion of the aforesaid remuneration shall be payable by the Company, to Madan Agarwal. However,

Category	Particulars
	no compensation for the loss of office will be payable by the Company as contemplated under the provisions of Section 318 of the Companies Act.

He was a paid a remuneration of ₹ 1.20 million in Fiscal 2012.

(b) Remuneration of Non-Executive Directors

As per resolution of our Board of Directors dated May 21, 2012, the sitting fees payable to our Non-Executive Directors is ₹20,000 per meeting of the Board. We do not pay any sitting fees to our Non-Executive Directors for conducting any committee meetings (of which they are a member of) of the Board.

None of our then present Non-Executive Directors have been paid any sitting fees for the financial year ending March 31, 2012.

Borrowing powers of our Directors

The borrowing powers of our Directors are regulated by our Articles of Association of our Company.

The shareholders of our Company, through a special resolution passed at the EGM dated May 22, 2012, authorised our Board to borrow moneys together with moneys already borrowed by us, in excess of the aggregate paid up capital of our Company and its free reserves, not exceeding ₹ 1,200 million at any time.

Shareholding of Directors

As per our Articles, our Directors are not required to hold any qualification shares in our Company to qualify him for appointment as a director of our Company. The following table details the shareholding of our Directors in their personal capacity, as on the date of the Draft Red Herring Prospectus:

Sr. No.	Name of the Director	No. of Equity Shares held	Pre-Issue Equity Shareholding (%)	Post-Issue Equity Shareholding (%)
1.	Lalit Agarwal	2,194,025	15.73	12.22
2.	Hemant Agarwal	579,500	4.15	3.23
3.	Madan Agarwal	686,375	4.92	3.82

Interests of Directors

The Executive Directors of our Company may be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to our Company in accordance with the provisions of the Companies Act, 1956, in terms of the AoA and their terms of appointment.

Except for the Executive Directors as stated above, all of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses payable to them, if any, under our Articles of Association.

Our Directors may be regarded as interested in the Equity Shares, held by them.

Further our Independent Directors may also be regarded as interested in the Equity Shares, held by them, if any, or that may be subscribed by or allotted to them, the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoter, pursuant to this Issue.

All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in Annexure XVI titled *"Statement of Related Party Transactions and Balances, As Restated"* in the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft

Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements and no such payments are proposed to be made to them.

For details of interests of our Promoter, see the chapter titled "*Our Promoters and Promoter Group*" on page 187 of the Draft Red Herring Prospectus.

Except as stated in Annexure XVI - *"Statement of Related Party Transactions and Balances, As Restated"* in the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Interest as to Property

As of the date of the Draft Red Herring Prospectus, none of the Directors of our Company has any interest in the property of the Company.

Our Directors are not interested in any transaction with our Company involving construction of building or supply of any machinery.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors during the last three years are as follows:

Name of Director	Date of Appointment/Cessation	Reason
Aakash Moondhra	March 18, 2010	Appointed
Krishan Kumar Gupta	March 18, 2010	Appointed
Shriram Jagetiya	May 15, 2010	Appointed
Shriram Jagetiya	June 30, 2012	Resignation
Bharat Banka	June 30, 2012	Resignation
Kamal Kumar Gupta	July 2, 2012	Appointed

Other Disclosures

1. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our present Directors were appointed as a director or a member of our senior management as on the date of the Draft Red Herring Prospectus.

2. There are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment.

3. None of our Directors are on the RBI's list of wilful defaulters as on date of the Draft Red Herring Prospectus.

4. None of our Directors of our Company are debarred from accessing the capital market under any order by SEBI.

5. None of our Directors are/were directors of any company whose shares were suspended from trading by stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last 5 years.

6. None of our Directors are/were directors of any company which was delisted from stock exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last 5 years.

Corporate Governance

As on the date of the Draft Red Herring Prospectus, our Company has complied with the requirements of the applicable regulations, including the Listing Agreement to be entered in to with the Stock Exchanges and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board of Directors and Committees thereof. Pursuant to the provisions of clause 49 of the Listing Agreement, our Company has constituted the Audit Committee, the Shareholders' / Investors' Grievance Committee and the Remuneration Committee. Additionally, our Company has also constituted an IPO Committee and Operations Committee. Corporate Governance is administered through the Board and the committees of the Board. Additionally, the primary responsibility of upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value, vests with the Board.

Presently, our Board has 6 directors of which 3 are Executive Directors and 3 are independent directors. Our Company is in compliance with the applicable provisions of the listing agreements pertaining to corporate governance, including appointment of independent directors and constitution of the following committees of our Board:

Committees of the Board

Our Company has constituted the following committees of the Board, for compliance with corporate governance requirements and efficient functioning of the operations and the Issue:

1. Audit Committee;
2. Shareholders / Investor Grievance Committee;
3. Remuneration Committee;
4. IPO Committee; and
5. Operations Committee.

1. Audit Committee

The Audit Committee was re-constituted *vide* a resolution passed by the Board at its meeting held on July 2, 2012 pursuant to Section 292A of the Companies Act and in accordance with clause 49 of the Listing Agreement.

The Audit Committee currently comprises of the following Directors:

Name of the Director	Designation in the Committee	Role in our Company
Aakash Moondhra	Chairman	Independent Director
Kamal Kumar Gupta	Member	Independent Director
Krishan Kumar Gupta	Member	Independent Director
Lalit Agarwal	Member	Chairman and Managing Director

The Company Secretary shall act as the secretary to the Audit Committee.

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the Listing Agreement, which will be entered into with the Stock Exchanges in due course. The terms of reference of the Audit Committee are as follows:

i. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information;

v. Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:

a) Matters required to be included in the 'Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
b) Changes, if any, in accounting policies and practices and reasons for the same;
c) Major accounting entries involving estimates based on the exercise of judgment by management;
d) Significant adjustments made in the financial statements arising out of audit findings;
e) Compliance with listing and other legal requirements relating to financial statements;
f) Disclosure of any related party transactions;
g) Qualifications in the draft audit report;
h) Going concern assumption; and
i) Compliance with the Indian GAAP and IFRS.

vi. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

viii. Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit; discussion with internal auditors of any significant findings and follow-up thereon;

ix. Discussion with internal auditors of any significant findings and follow up there on;

x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xi. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xii. To review the functioning of the 'whistle blower' mechanism, in case the same is existing;

xiii. Approval of appointment of CFO i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate;

xiv. To investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or in the reference made to it by the board and for this purpose the committee shall have full access to information contained in the records of the company;

xv. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of our Company;

xvi. To seek information from any employee;

xvii. To obtain outside legal or other professional advice;

xviii. To secure the attendance of outsiders with relevant expertise, if it considers necessary;

xix. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;

The Audit Committee shall mandatorily review the following information:

a) Management discussion and analysis of financial information and results of operations;
b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
d) Internal audit reports relating to internal control weaknesses; and
e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
f) Financial statements, in particular, the investments made by the unlisted subsidiary company.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

2. Shareholders / Investors Grievance Committee

The Shareholders / Investor Grievance Committee was re-constituted *vide* a resolution passed by the Board on July 2, 2012 in accordance with Clause 49 of the Listing Agreement

The Shareholders / Investors Grievance Committee currently comprises of the following Members:

Name of the Director	Designation in the Committee	Role in our Company
Krishan Kumar Gupta	Chairman	Independent Director
Lalit Agarwal	Member	Chairman and Managing Director
Hemant Agarwal	Member	Whole Time Director
Madan Agarwal	Member	Whole Time Director

The Company Secretary shall act as the secretary to the Shareholders / Investors Grievance Committee.

The terms of reference of our Shareholders / Investor Grievance Committee are given below:

i. To approve the request for transfer, transmission, etc. of shares;

ii. To approve the dematerialization of shares and rematerialisation of shares, splitting and consolidation of Equity Shares and other securities issued by our Company

iii. Review of cases for refusal of transfer / transmission of shares and debentures, if any;

iv. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters.

v. Redressal of shareholder and investor complaints like transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends, interests etc;

vi. To consider and approve issue of duplicate / split / consolidated share certificates;

vii. Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;

viii. Reference to statutory and regulatory authorities regarding investor grievances;

ix. To ensure proper and timely attendance and redressal of investor queries and grievances;

x. Oversee the performance of Registrar and Transfer Agent; and

xi. such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

3. Remuneration Committee

The Remuneration Committee was re-constituted *vide* a resolution passed by the Board at its meeting held on July 2, 2012 in accordance with Clause 49 of the Listing Agreement.

Currently, the composition of the Remuneration Committee is as follows:

Name of the Director	Designation in the Committee	Role in our Company
Kamal Kumar Gupta	Chairman	Independent Director
Krishan Kumar Gupta	Member	Independent Director
Aakash Moondhra	Member	Independent Director

The Chief Financial Officer shall act as the secretary to the Remuneration Committee.

The terms of reference of Remuneration Committee comply with the requirements of Schedule XIII of the Act. The terms of reference of our Remuneration Committee are as follows:

i. To fix and finalise remuneration including salary, perquisites, benefits, bonuses, allowances, etc.;

ii. Fixed and performance linked incentives along with the performance criteria;

iii. Increments and Promotions;

iv. Service Contracts, notice period, severance fees;

v. Ex-gratia payments;

vi. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India, including:

   a. The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
   b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

vii. Reviewing, assessing and recommending the appointment, terms of appointment and reappointment including remuneration etc of Executive and/or Non-Executive Directors and Senior Employees;

viii. To recommend, approve and evaluate the Whole Time Director, Managing Director and Executive Director‘s compensation plans, policies and programmes of our Company;

ix. Recommending payment of compensation / remuneration in accordance with the provisions of the Companies Act;

x. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, our Company’s policy on specific remuneration packages for Company’s Managing/Joint Managing/ Deputy Managing/ Whole Time/ Executive Directors, including pension rights and any compensation payment;

xi. To review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors’ compensation;

xii. To obtain such outside or professional advice as it may consider necessary to carry out its duties;

xiii. To invite any employee or such document as it may deem fit for exercising of its functions;

xiv. To formulate and implement any employee stock option plan or scheme for the employees; and

xv. Carrying out any other function as may be referred to by the Board of Directors of our Company or prescribed by the Listing Agreement, as amended, from time to time.

4. IPO Committee

The IPO Committee was re-constituted *vide* a resolution passed by the Board at its meeting held on July 2, 2012. Currently, the composition of the IPO Committee is as follows:

Name of the Director/Member	Designation in the Committee	Role in our Company
Lalit Agarwal	Chairman	Chairman and Managing Director
Hemant Agarwal	Member	Whole Time Director
Madan Agarwal	Member	Whole Time Director
Kamal Kumar Gupta	Member	Independent Director

Deepak Sharma, our CFO shall be an invitee to the meetings of the IPO Committee. The Company Secretary shall act as the secretary to the IPO Committee.

The terms of reference of the IPO Committee are as under:

i. Deciding on the actual size of the public offer vis-a-vis market conditions, investors' interest and recommend to the Board on the timings of the proposed Initial Public Offering, the number of equity shares that may be offered under the Issue, including pursuant to any Pre- Initial Public Offering Placement, any offer for sale by promoters/shareholders Reservation on a firm or competitive basis, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under the SEBI (ICDR) Regulations, the objects of the Issue, price and to accept any amendments, modifications, variations or alterations thereto;

ii. Identify and appoint suitable persons, as the committee may think fit, as Book Running Lead Manager to the Issue, Legal Counsel to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto;

iii. Entering into agreements and remunerating as Book Running Lead Manager to the Issue, Legal Counsel to the Issue, escrow collection banks, bankers to the Issue, brokers, sub brokers, syndicate members, placement agents, managers, underwriters, guarantors, escrow agents, credit rating agencies, monitoring agencies, accountants, auditors, depositories, trustees, custodians, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue, including any successors or replacements thereto, if any, by way of commission, brokerage, fees or the like.

iv. Guiding the intermediaries in the preparation and finalization of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap, and approving such documents, including any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto;

v. Approving the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto;

vi. Finalizing and arranging for the submission of the draft red herring prospectus, the red herring prospectus, the prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to the SEBI, the Stock Exchanges and other appropriate government and regulatory authorities, institutions or bodies;

vii. Approving a code of conduct as may be considered necessary by the Board or the Initial Public Offering Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of our Company;

viii. Approving a suitable policy on insider trading as required under Applicable Laws;

ix. Approving any corporate governance requirement that may be considered necessary by the Board or the Initial Public Offering Committee or as may be required under Applicable Laws in connection with the Issue;

x. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in rupees or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines, including the SEBI (ICDR) Regulations;

xi. Seeking the listing of Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;

xii. Seeking the admission of the Company's Equity Shares into Central Depository Services (India) Limited and National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of the Company's Equity Shares;

xiii. Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue, if any;

xiv. Determining and finalizing the price band for the Issue, any revision to the price band and the final Issue Price after bid closure;

xv. Determining the bid opening and closing dates;

xvi. Approving and finalizing the Basis of Allotment and confirming the allocation/allotment/transfer of Equity Shares to the various categories of persons as disclosed in the draft red herring prospectus, the red herring prospectus and the prospectus, in consultation with the book running lead managers, the Stock Exchanges, SEBI and/or any other entity;

xvii. Allotment/transfer of Equity Shares;

xviii. Determining the price at which Equity Shares are offered or issued/allotted to investors in the Issue;

xix. Opening with the bankers to the Issue, escrow collection banks and other entities such accounts as are required under the SEBI (ICDR) Regulations and any other applicable laws, regulations, policies and guidelines.

xx. Authorizing and empowering the officers of the Company, for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the authorized officer considers necessary, desirable or advisable, in connection with the Issue, including, without limitation, engagement letter(s), any memoranda of understanding, the listing agreements, the registrar's agreement, the depositories agreements, the issue agreement with the book running lead manager (and other entities as appropriate), the underwriting agreement, the syndicate agreement and the escrow agreement, with the book running lead managers, co-book running lead managers, syndicate members, placement agents, bankers to the Issue, registrar to the Issue, bankers to the Company, managers, underwriters, guarantors, escrow agents, monitoring agencies, credit rating agencies, accountants, auditors, legal counsel, depositories, trustees, custodians, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue, if any; and any such agreements or documents so executed and delivered and acts and things done by any such authorized officer shall be conclusive evidence of the authority of the authorized officer and the Company in so doing and any document so executed and delivered or acts and things done or caused to be done by any such authorized officer prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the authorized officer and the Company;

xxi. Authorizing any authorized officer to severally take any and all actions in connection with obtaining approvals (or entering into any arrangement or agreement in respect thereof) in connection with the

Issue, including, but not limited to, approvals from the shareholders of the Company, the Foreign Investment Promotion Board, the Government of India, the Reserve Bank of India, the Securities and Exchange Board of India, the Registrar of Companies, and the stock exchanges and that any such action already taken or to be taken is hereby ratified, confirmed and/or approved as the act and deed of the authorized officer and the Company, as the case may be;

xxii. Executing and delivering any and all other documents or instruments and doing or causing to be done any and all acts or things as the Initial Public Offering Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Initial Public Offering Committee shall be conclusive evidence of the authority of the Initial Public Offering Committee in so doing.

xxiii. To secure the attendance of outsiders with relevant expertise, if it considers necessary;

xxiv. Settling all questions, difficulties or doubts that may arise in relation to the Initial Public Offering as it may in its absolute discretion deem fit; and

xxv. Submitting undertakings/certificates or providing clarifications to the SEBI and the relevant stock exchanges where Equity Shares of our Company are to be listed.

5. Operations Committee

The Operations Committee was constituted *vide* a resolution passed by the Board at its meeting held on July 2, 2012. Currently, the composition of the Operations Committee is as follows:

Name of the Director/Member	Role in our Company
Lalit Agarwal	Chairman and Managing Director
Kamal Kumar Gupta	Independent Director

The Company Secretary shall act as the secretary to the Operations Committee.

The terms of reference of our Operations Committee are given below:

a) Signing of new agreements in respect of joint ventures / alliances / mergers amalgamation / acquisition with third parties.

b) Commencement of any new business or any diversification from the core business of 'retailing' of the Company;

c) Selling, transferring, leasing, divesting or otherwise disposing of material part of the property or other assets of the Company or the subsidiary (or any interest in them) which is of the value greater that ₹ 10 lacs) or business undertakings;

d) Any loans or advances issued to any Director or shareholder or employee or any establishment which has the beneficial interest to the Director / Shareholder;

e) Recommend any change in geographical location of registered / regional / corporate offices of the Company. The Board will consider the same upon receipt of the recommendations of the Committee and decide the matter in the best interests of the Company;

f) Recommend any amendment to the Memorandum of Association and/or Articles of Association of the Company or any change or modification in the rights of the shareholders. The Board will consider the same upon receipt of the recommendations of the Committee and decide the matter in the best interests of the Company;

g) Recommend any proposal to re-organise the capital of the company substantially including proposals for merger, amalgamation, winding up of the company or for the listing of any class of shares or debentures or any other form of reorganization. The Board will consider the same upon receipt of the recommendations of the Committee and decide the matter in the best interests of the Company;

h) Any proposal to dispose of in any manner, assets in excess of ₹ 20,00,000 (Rupees Twenty Lacs Only);

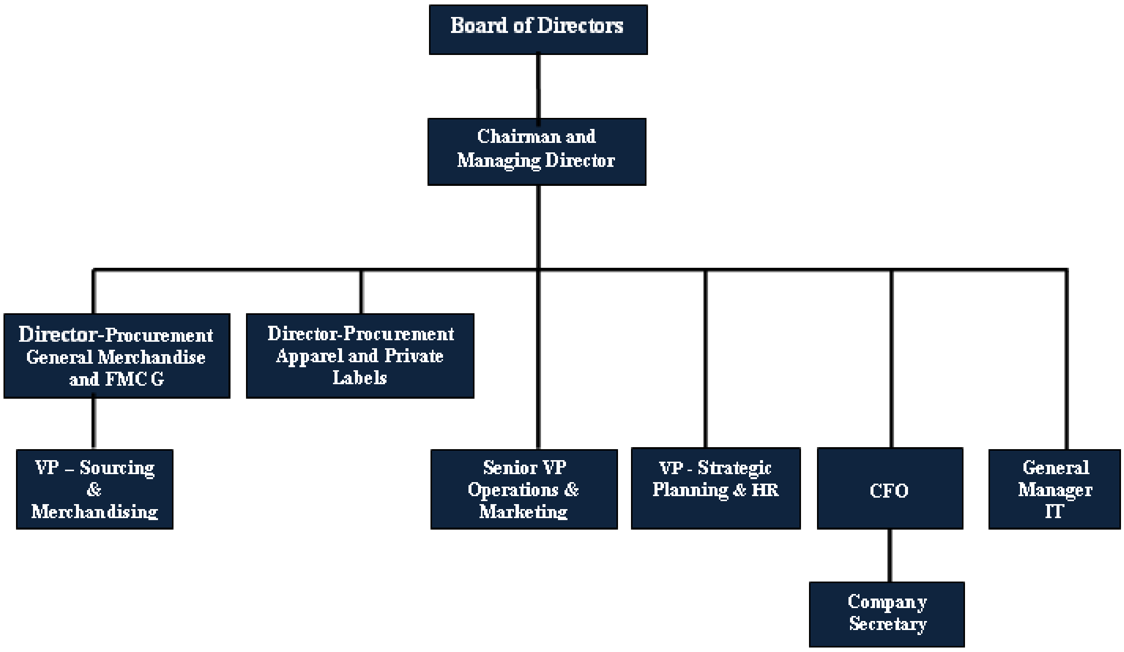
i) Raising of additional debts in the form of loans, debentures, bonds or other instruments except the working capital facilities already enjoyed by the company;

j) Any recommendations to include additional members on the Board. The Board will consider the same upon receipt of the recommendations of the Committee and decide the matter in the best interests of the Company; Lending or extending credit or giving any guarantee or indemnity to secure the liabilities or obligations of third parties, outside the ordinary course of business;

k) Approval or revision of the annual planning and budgeting exercise before the start of the next financial year; and

l) Any related party transactions.

Managerial Organisation Structure



Key Managerial Personnel of our Company

The key managerial personnel of our Company other than our Executive Directors are as follows:

Sr. No.	Name	Designation	Date of Joining
1.	Snehal Shah	Senior Vice President (Operations & Marketing)	September 17, 2004
2.	Deepak Sharma	Chief Financial Officer	June 01, 2012
3.	Jai Banerjee	Vice President (Strategic Planning & Human Resources)	April 28, 2008
4.	Abhishek Jatia	Vice President (Sourcing & Merchandising)	March 23, 2006
5.	Dinesh Srivastav	General Manager (IT)	January 10, 2011
6.	Yogesh Bhardwaj	Company Secretary	December 18, 2008

The following are the details of the Key Management Personnel of our Company, as of the date of the Draft Red Herring Prospectus:

Snehal Shah, aged 41 years, is the Senior Vice President (Operations & Marketing) of our Company. He holds a Bachelor's Degree in commerce from K.P.B Hinduja College of Commerce, Mumbai, a Diploma in Computer Management from Datapro and a Certificate in Management from Crestcom (USA). He had previously worked with Royal Resorts as a Business Manager for a period of 6 years. He has around one decade of work experience in the retail industry. He is responsible for the overall operations of our stores and Distribution Centres. He is also in charge of formulation, review and revision of systems, sales budgeting, stock planning, manpower planning and development of our stores. He was paid a remuneration of ₹ 0.73 million in Fiscal 2012.

Deepak Sharma, aged 45 years, is the Chief Financial Officer of our Company. He holds a Bachelor's Degree in science from the University of Delhi. He is a member of the Institute of Chartered Accountants of India and has also completed the certificate course on valuation of the Institute of Chartered Accountants of India and QMS Lead Auditor Training, organized by FICCI. He had previously worked with Mitsui & Co India Private Limited as deputy general manager, strategic management accounting division. He has nearly two decades of work experience. He is responsible for the finance and accounting functionality in addition to all statutory and internal compliances to ensure the adequacy and efficacy of the internal controls, systems and processes. No remuneration was paid to him for the Fiscal 2012.

Jai Banerjee, aged 47 years, is the Vice President (Strategic Planning & Human Resources) of our Company. He had initially joined our Company in 2008, as Vice President (Corporate Planning). Later, he rejoined our Company in 2011. He holds a Bachelors' Degree in Commerce from the Calcutta University. He also holds certificates in "Six Sigma Green Belt" and "Lean Management" from Six Sigma Certification Private Limited, Noida. Prior to joining our Company in 2008, he was the 'Head Backend Operations' for eastern region of Subhiksha Trading Services Limited. He has also previously worked with Pantaloon Retail Limited, in the capacity of Assistant Manager (Commercial) in East Zone. He has more than a decade of experience in retail, with exposure in planning, initiating and executing various projects independently, across India. He is responsible for strategic planning and for human resource process re-engineering, talent management and development, MIS and Analytics and initiating loss prevention policies and practices. He was paid a remuneration of ₹ 0.76 million in Fiscal 2012.

Abhishek Jatia, aged 30 years, is the Vice President (Sourcing & Merchandising) of our Company. He has over one decade of work experience in the retail industry. He is primarily responsible for procurement and merchandising of non-apparel and home mart verticals including toys, games, sports products. He is also in charge of the implementation of our strategic business plans, inventory management, managing our products categories and product pricing strategies for our stores. He was paid a remuneration of ₹ 0.61 million in Fiscal 2012.

Dinesh Srivastav, aged 38 years, is the General Manager (Information Technology) of our Company. He holds a Certification in Oracle 10g DBA from High Technologies Solution, New Delhi along with a Certification in ERP-M from High Technologies Solution, New Delhi and Bachelor's Degree in Arts from Hindi Sahitya Sammelan, Allahabad. He is currently pursuing a Bachelors' Degree in Science (Information Technology) from the Sikkim Manipal University. He had previously worked with Gini Systems Limited and Salasar Retail Limited. He has around 2 decades of experience. He is responsible for organizing and managing our database, employing new techniques and coordinating with the operations team to generate reports. He was paid a remuneration of ₹ 0.55 million in Fiscal 2012.

Yogesh Bhardwaj, aged 37 years, is the Company Secretary of our Company. He is an associate member of the Institute of Company Secretaries of India and holds a Bachelor's Degree in law from Chaudhary Charan Singh University, Meerut. He holds a Bachelors' Degree in Commerce from Delhi University, Masters' Degree in Commerce from Himachal Pradesh University. He had previously worked with Buenaventura Corporate Advisory Private Limited for a period of 6 years. He has over 14 years of experience in secretarial and legal compliance. He was paid a remuneration of ₹ 0.28 million in Fiscal 2012.

Relationship of the key managerial personnel with our Promoter / Directors

Except as stated in the Draft Red Herring Prospectus, none of our key managerial personnel are "related" to one another or to the Promoter or Directors of our Company within the meaning of section 6 of the Companies Act.

Name of Director	Name of Key Managerial Personnel	Nature of Relationship
Lalit Agarwal	Snehal Shah	Sister's Husband
Hemant Agarwal	Snehal Shah	Sister's Husband
Madan Agarwal	Snehal Shah	Daughter's Husband

Interest of key managerial personnel

The Key Management Personnel of the Company do not have any interest in the Company other than to the extent of the remuneration, ESOPs (if any) or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, shareholding in the Company, if disclosed under the head "*Shareholding of Key Management Personnel*" in the chapter titled "*Our Management*" on page 167 of the Draft Red Herring Prospectus.

Except as disclosed, none of the Key Management Personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Bonus or Profit Sharing Plan of the Key Management Personnel

Our Company does not have any bonus or profit sharing plan or any other similar arrangement with the Key Managerial Personnel, except the yearly employment bonus payable to the Key Managerial Personnel.

Details of service contracts of our Key Managerial Personnel

As on the date of the Draft Red Herring Prospectus, except for the appointment letters, our Key Managerial Personnel have not entered into any service contracts or other similar contractual arrangements with our Company. All our Key Managerial Personnel are permanent employees.

Shareholding of Our Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares as on the date of the Draft Red Herring Prospectus.

Changes in our key managerial personnel during the last three years

Name	Date of Appointment/ Cessation	Reason
Dinesh Srivastav	January 10, 2011	Appointment
Jai Banerjee	March 21, 2011	Appointment
Dinesh Harbhanjka	October 31, 2011	Resignation
Deepak Sharma	June 1, 2012	Appointment

Payments and other benefits to the officers of our Company

Except as stated in the Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as directors, officers or employees of our Company. For details of loans or advances, if any, made by the Company to the relatives of the Directors, please refer to Annexure XVI - *"Statement of Related Party Transactions and Balances, As Restated"* in the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus.

Employees

The following table sets forth the number of our employees as on June 30, 2012:

Departments	No. of Employees
Sales & Marketing	1,167
Operations & Administration	811
Finance & Accounts	78
Procurement	67
Supply Chain Management	32
Total	**2,155**

For details of Employees, see the chapter titled "*Our Business*" on page 129 of the Draft Red Herring Prospectus.

Employees Stock Option Scheme

Our Company has instituted the "V-Mart ESOP Scheme 2012", which was approved by our Board of Directors and our shareholders vide resolutions dated July 2, 2012 and July 10, 2012 respectively for our employees. For further details please refer to the chapter titled "*Capital Structure*" on page 50 of the Draft Red Herring Prospectus.

OUR PROMOTERS & PROMOTER GROUP

The Promoters of our Company are:

1. Madan Agarwal;
2. Lalit Agarwal;
3. Hemant Agarwal;
4. Madan Gopal Agarwal (HUF);
5. Lalit M. Agarwal (HUF); and
6. Hemant Agarwal (HUF)

Details of our Promoters

1. Madan Agarwal

Madan Agarwal, aged 68, is the founder member of our Company. For further details, see chapter titled "*Our Management*" on page 167.

Driving License No.	Nil
Voter Identification No.	TER0650549
Address	B – 81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India

2. Lalit Agarwal

Lalit Agarwal, aged 42, is the founder member of our Company. For further details, see chapter titled "*Our Management*" on page 167.

Driving License No.	LL/HR-26/6691/2012
Voter Identification No.	HVV2674364
Address	B – 81, Belvedere Park, DLF Phase 3, Gurgaon – 122 002, Haryana, India.

3. Hemant Agarwal

Hemant Agarwal, aged 41, is the founder member our Company. For further details, see chapter titled "*Our Management*" on page 167.

Driving License No.	GJ0120040039490
Voter Identification No.	UHH2138360
Address	D-61, Galaxy Tower, behind Grand Bhagwati, Bodakdev, Ahmedabad - 380 054, Gujarat, India

For further details relating to our Individual Promoters, including terms of appointment and other directorships, see the chapter titled *"Our Management"* on page 167 of the Draft Red Herring Prospectus.

4. Madan Gopal Agarwal (HUF)

Madan Gopal Agarwal (HUF) was formed as a hindu undivided family on April 01, 1987. Madan Agarwal is the karta of Madan Gopal Agarwal (HUF).

The present members of Madan Gopal Agarwal (HUF) are:

i. Madan Agarwal
ii. Uma Agarwal
iii. Lalit Agarwal
iv. Hemant Agarwal
v. Sunita Shah

5. Lalit M. Agarwal (HUF)

Lalit M. Agarwal (HUF**)** was formed as a hindu undivided family on April 11, 2001. Lalit Agarwal is the karta of Lalit M. Agarwal (HUF**)**.

The present members of Lalit M. Agarwal (HUF) are:

i. Lalit Agarwal
ii. Sangeeta Agarwal
iii. Varin Agarwal
iv. Lakshit Agarwal

6. Hemant Agarwal (HUF)

Hemant Agarwal (HUF) was formed as a hindu undivided family on December 24, 1999. Hemant Agarwal is the karta of Hemant Agarwal (HUF).

The present members of Hemant Agarwal (HUF) are:

i. Hemant Agarwal
ii. Smiti Agarwal
iii. Raghav Agarwal
iv. Ditya Agarwal

Declaration

Our Company confirms that the PAN, Bank Account Number and Passport Number of Individual Promoters have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

Further, our Company confirms that the PAN and bank account number of Madan Gopal Agarwal (HUF), Lalit M. Agarwal (HUF) and Hemant Agarwal (HUF) have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with them.

All our Promoters are individuals and HUFs, hence no shares for lock-in towards minimum promoter contribution has been offered by SEBI registered Venture Capital Fund or Foreign Venture Capital Investors.

Changes in our Promoters

There has been no change in control of our Company since its incorporation.

Interest of our Promoters

Our Individual Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding in our Company, for which they are entitled to receive the dividend declared and other distributions in respect of Equity Shares, if any, by our Company.

For details on the shareholding of the Individual Promoters in our Company, see chapter titled "*Capital Structure*" on page 50 of the Draft Red Herring Prospectus. All Individual Promoters are also Directors of our Company and hence may be deemed to be interested to the extent of fees, if any, payable to them for attending the meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to our Company in accordance with the provisions of the Companies Act, 1956, terms of the AoA and their terms of appointment. For further details see chapter titled "*Our Management*" on page 167.

One of our Individual Promoter is also a partner in our Group Entity and may be deemed to be interested to the extent of the payments made by our Company, if any, to this Group Entity.

Our Individual Promoters may be deemed to be interested to the extent of the Equity Shares held by them, and their relatives, and benefits arising from his holding directorship/ employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Except as stated in Annexure XVI - *"Statement of Related Party Transactions and Balances, As Restated"* in the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Individual Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them including the properties purchased by our Company other than in the normal course of business.

Our Promoters and their immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of the Draft Red Herring Prospectus.

Payment or Benefits to our Promoters during the last two years

Except as mentioned in this chapter, in the chapter titled "*Our Management*" and in the chapter titled "*Financial Statements*" beginning on pages 167 and 195 respectively, of the Draft Red Herring Prospectus no payment has been made or benefit given to our Promoters in the two years preceding the date of the Draft Red Herring Prospectus.

There is no bonus plan for our Promoters. Except as disclosed in the chapter titled "*Our Management*" of the Draft Red Herring Prospectus, our Promoters are not entitled to a profit- sharing plan

Common Pursuits

Except as disclosed in the Draft Red Herring Prospectus, none of our Promoters have any interest in any venture involved in any activities similar to those conducted by our Company.

Other Ventures of our Promoters

Save and except as disclosed in the chapter titled *"Group Entity"* beginning on page 192 of the Draft Red Herring Prospectus, there are no other ventures of our Promoters in which they have business interests/other interests.

Interest in the Property of our Company

Except as stated in Annexure XVI - *"Statement of Related Party Transactions and Balances, As Restated"* in the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

None of our Promoters, Directors and Group Entity are interested in acquisition of the land on which the Project is proposed to be developed, in the civil construction and/or supply of machinery etc for the Project.

Related Party Transactions

For details on our related party transactions please refer to the paragraph titled "*Properties*" in the chapter titled "*Our Business*" on page 146 and the paragraph titled "*Interest of Directors*" under the chapter titled "*Our Management*" on page 174 and in the Annexure XVI under the chapter titled "*Financial Information*" on page 229 of the Draft Red Herring Prospectus.

Confirmations by the Promoters

Our Promoter and Promoter Group confirm that they have not been declared as willful defaulter by RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Our Promoter, Promoter Group, Group Entity or persons in control of our Company or bodies corporate forming part of our Promoter Group or Group Entity or the Companies with which our Promoter is or was associated as a promoter have not been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Promoter Group

The following individuals (being the immediate relatives of our Individual Promoters) form part of our Promoter Group:

1. Individuals forming a part of the Promoter Group

Name of the Promoter	Name of the relative	Relationship with Promoter
Lalit Agarwal	Madan Agarwal	Father
	Uma Devi Agarwal	Mother
	Hemant Agarwal	Brother
	Sunita Snehal Shah	Sister
	Sangeeta Agarwal	Wife
	Varin Agarwal and Lakshit Agarwal	Children
	Muralidhar Agarwal	Father of spouse
	Raj Kumar Agarwal, Sajan Kumar Agarwal, Ashok Kumar, Pawan Kumar Agarwal and Gopal Agarwal	Brothers of spouse
	Neelam Jajodia	Sister of spouse
Hemant Agarwal	Madan Agarwal	Father
	Uma Devi Agarwal	Mother
	Lalit Agarwal	Brother
	Sunita Snehal Shah	Sister
	Smiti Agarwal	Wife
	Raghav Agarwal and Ditya Agarwal	Children
	Mahesh Kumar Jhunjhunwala	Father of spouse
	Suman Jhunjhunwala	Mother of spouse
	Rahul Jhunjhunwala	Brother of spouse
	Nidhi Goenka and Ruchi Dhelia	Sister of spouse
Madan Agarwal	Baldeo Das Agarwal, Shyam Sundar Kandoi	Brothers
	Pushpa Devi Agarwal	Sister
	Uma Devi Agarwal	Wife
	Lalit Agarwal, Hemant Agarwal and Sunita Snehal Shah	Children
	Sajjan Kumar Aggarwal, Murari Lal Jatia, Banwari Lal Jatia and Narendrakumar Jatia	Brothers of spouse
	Urmila Devi Shah	Sister of spouse

2. Entities forming part of the Promoter Group

Companies

i. PRMA Impex Private Limited
ii. Vakratunda Projects Private Limited
iii. Navita Commercial Private Limited

Partnership Firms

i. Shreeman Shreemati
ii. Queens Collection

GROUP ENTITY

In addition to our Promoters and Promoter Group, the following entity forms part of our Group Entity as defined by SEBI (ICDR) Regulations:

Partnership Firms

1. Shreeman Shreemati

Companies

NIL

The details of our Group Entity are as follows:

Partnership Firms

Shreeman Shreemati

Shreeman Shreemati is a partnership firm formed under a partnership deed dated April 01, 1992. Shreeman Shreemati has its office at Narayan Mishra Lane, Mahatab Road, Cuttack and place of business at Mangalabag, Cuttack.

Shreeman Shreemati is currently engaged in the business of retailing apparels, footwear, tailoring and cut-piece clothes.

Partners of Shreeman Shreemati

As on date of the Draft Red Herring Prospectus, Shreeman Shreemati has two partners and their profit sharing ratio is as follows:

Name of the partner	Profit Sharing Ratio (%)
Madan Agarwal	90.00
Uma Agarwal	10.00
Total	**100.00**

Financial Performance

The audited financial accounts of Shreeman Shreemati for the last three years are as follows:

(₹ in mn.)

Particulars	For the year ended		
	March 31, 2010	March 31, 2011	March 31, 2012
Partner's capital account	1.56	1.71	1.93
Total income	1.55	1.62	1.39
Net Profit / (Loss)	0.20	0.23	0.25

Sale and purchase between Group Entity/ associate companies

There are no sales or purchase between Group Entity/associate companies exceeding an aggregate value of 10% of the total sales or purchases of our Company during the last three years except as disclosed in the section titled *"Statement of Related Party Transactions and Balances, As Restated"* being Annexure XVI and *"Financial Information"* on page 229 of the Draft Red Herring Prospectus.

Previous public or rights issues by our Group Entity

None of our Group Entity are presently listed on any stock exchanges, nor have made any public or rights issues in the preceding three years.

Business interest of the Group Entity in our Company

Except as disclosed in the section titled *"Statement of Related Party Transactions and Balances, As Restated"* being Annexure XVI to "*Financial Information*" on page 229 of the Draft Red Herring Prospectus, our Group Entity do not have business interests in our Company.

Disassociation by the Promoters in the last three years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Red Herring Prospectus.

Common pursuits

Except for the partnership firm "*Shreeman Shreemati*" in which our Individual Promoter, Madan Agarwal is a partner, there exists no conflict of interest arising out of common pursuits between our Group Entity and our Company. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, if at all and as and when they may arise.

Nature and Extent of Interest of Group Entity

(a) *In the promotion of our Company*

None of the Group Entity has any interest in the promotion of the Company, except to the extent of their shareholding (if any) in the Company.

(b) *In the properties acquired in the past two years before filing the Draft Red Herring Prospectus with SEBI or proposed to be acquired by the Company*

The Company has not acquired nor does it propose to acquire any properties from its Group Entity.

(c) *In transactions for acquisition of land, construction of building and supply of machinery*

Our Group Entity does not have any interest in any transactions for acquisition of land, construction of building and supply of machinery by the Company.

Other Confirmations

Our Group Entity is a partnership firm and hence not registered with the Registrar of Companies, consequently no application has been made, in respect of it, to the Registrar of Companies for striking off its name.

Further, our Group Entity has not been declared insolvent in the last five years preceding the filing of the Draft Red Herring Prospectus. Further, our Group Entity has not been identified as wilful defaulter by RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, our Group Entity has not been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Litigation

For details of relating to the legal proceeding involving our Group Entity, refer to chapter titled "*Outstanding Litigations, Material Developments and Other Disclosure*" beginning on page 267 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion, subject to the provisions of the Articles of Association and the Companies Act.

Our Company does not have any formal dividend policy for the Equity Shares and the declaration and payment of dividend, if any, will depend on a number of factors, including but not limited to the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous Fiscal years or out of both.

The Articles of Association of our Company also give the discretion to our Board of Directors to declare from time to time, such interim dividend as in the judgment of our Board of Directors the position of our Company justifies.

The dividends declared by our Company during the last five fiscals are set forth below:

(₹in mn, except per share data)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Equity Share Capital	55.60	68.53	68.53	73.41	73.41
Face value of the Equity Shares (in ₹)	10.00	10.00	10.00	10.00	10.00
Amount of Dividend	Nil	Nil	Nil	2.94	2.94
Dividend Tax	Nil	Nil	Nil	0.49	0.49
Rate of Dividend (%)	Nil	Nil	Nil	4.00%	4.00%

The Board of Directors of the Company, in their meeting held on 15 June 2012, recommended a dividend of ₹ 0.40 and approved by the shareholders at the Annual General Meeting of our Company held on July 10, 2012. The dividend payout on equity shares recommended by the Directors of the Company is ₹ 2.94 million calculated at the rate of ₹ 0.40 per equity share on 7,340,936 equity shares of the face value of ₹ 10 each.

Consequent to the issue of bonus shares, while the aggregate amount of dividend on equity shares, remains unchanged at ₹ 2.94 million, the rate per equity share was adjusted to the total number of equity shares outstanding on the record date for dividend payment pursuant to the issue of said bonus shares.

The shareholders of the Company, vide special resolution in extraordinary general meeting dated May 22, 2012 authorized the Board of Directors to allot 6,606,842 bonus shares to the shareholders, in the ratio of 9 Equity Shares for every 10 Equity Shares held by capitalization of reserves.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION VII

FINANCIAL INFORMATION

Auditors' Report

To,

The Board of Directors
V-Mart Retail Limited
F-11, Udyog Nagar Industrial Area
Rohtak Road, Peeragarhi
New Delhi 110 041
India

Dear Sirs,

We have examined the financial information of V-Mart Retail Limited (the 'Company') annexed to this report and initialled by us for identification purposes, for the purpose of inclusion in the Draft Red Herring Prospectus (the 'DRHP'). This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the DRHP being issued by the Company in connection with the proposed Initial Public Offering ('IPO') of equity shares having a face value of ₹ 10 each at an issue price to be arrived at by a Book Building Process (referred to as 'the Issue').

This financial information has been prepared in accordance with the requirements of:

i) Paragraph B of Part II of Schedule II to the Companies Act, 1956 (the 'Act');

ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations'), as amended from time to time issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments.

This financial information has been extracted by the management from the audited financial statements of the Company for the years ended 31 March 2008, 2009, 2010, 2011 and 2012.

We have examined such financial information in accordance with the requirements of:

i) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ('ICAI'); and

ii) The terms of reference received from the Company requesting us to carry out work in connection with the DRHP being issued by the Company relating to IPO.

A. Financial information as per the Restated Summary Statements of the Company:

1. We have examined the attached Summary Statement of Assets and Liabilities, As Restated (refer Annexure I) of the Company as at 31 March 2008, 2009, 2010, 2011 and 2012, the attached Summary Statement of Profits and Losses, As Restated (refer Annexure II) and also the Statement of Cash flows, As Restated (refer Annexure III) for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 (together referred to as the 'Restated Summary Statements of the Company'). These Restated Summary Statements of the Company have been arrived at after making such adjustments and regroupings to the audited financial statements of the Company which are appropriate and are more fully described in the Statement of Notes to Restated Summary Statements of the Company in Annexure IV and V respectively.

2. The Restated Summary Statements of the Company for the year ended 31 March 2008 including the adjustments and regroupings discussed above, have been extracted from the audited financial statements of the Company as at and for the year ended 31 March 2008 which have been audited by M/s Chhaparia& Associates (Firm Registration No. 322169E) and accordingly reliance has been placed on the financial information examined by them for the said year.The Restated Summary Statements of the Company as at and for the years ended 31 March 2009, 2010, 2011 and 2012 are based on the financial statements of the Company, which have been audited by us.

3. Based on our examination of these Restated Summary Statements of the Company, we state that:

   a) The Restated Summary Statements of the Company have to be read in conjunction with the Statement of Significant Accounting Policies and Statement of Notes to Restated Summary Statements of the Company, in Annexure IV and V respectively;
   b) There are no changes in accounting policies adopted by the Company during the years ended 31 March 2008, 2009, 2010, 2011 and 2012 which would require adjustment in the Restated Summary Statements of the Company;
   c) The restated profits have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate in the year to which they relate as described in the Statement of Notes to Restated Summary Statements of the Company given in Annexure XV;
   d) There are no qualifications in the auditors' reports for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 which would require adjustment in the Restated Summary Statements of the Company; and
   e) There are no extra-ordinary items which need to be disclosed separately in the Restated Summary Statements of the Company.

B. Other financial information:

4. We have examined the following 'Other financial information' in respect of the years ended 31 March 2008, 2009, 2010, 2011 and 2012 of the Company, proposed to be included in the DRHP, as prepared by the management and approved by the Board of Directors and annexed to this report:

   (i) Statement of significant accounting policies, as restated (Annexure IV);
   (ii) Statement of notes to restated summary statements of the Company, as restated (Annexure V);
   (iii) Statement of reconciliation of restated profits as per audited financial statements (Annexure VI);
   (iv) Statement of deferred tax assets/(liability) (net), as restated (Annexure VII);
   (v) Statement of loans and advances, as restated (Annexure VIII);
   (vi) Statement of trade receivables, as restated (Annexure IX);
   (vii) Statement of long term borrowings, as restated (Annexure X);
   (viii) Statement of short term borrowings, as restated (Annexure XI);
   (ix) Statement of share capital, as restated (Annexure XII);
   (x) Statement of reserves and surplus, as restated (Annexure XIII);
   (xi) Statement of revenue from operations, as restated (Annexure XIV);
   (xii) Statement of other income, as restated (Annexure XV);
   (xiii) Statement of related parties transactions, as restated (Annexure XVI);
   (xiv) Statement of capitalization, as restated (Annexure XVII);
   (xv) Statement of tax shelter, as restated (Annexure XVIII);
   (xvi) Statement of accounting ratios, as restated (Annexure XIX) and
   (xvii) Statement of dividend declared (Annexure XX).

5. In our opinion, the 'Financial information as per the Restated Summary Statements of the Company' and 'Other financial information' mentioned above for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 have been prepared in accordance with Part II of Schedule II to the Act and the relevant provisions of the SEBI Regulations.

6. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by M/s Chhaparia& Associates (Firm Registration No. 322169E) or by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

7. This report is intended solely for your information and for inclusion in the DRHP in connection with the IPO of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.001076N

per **David Jones**
Partner
Membership No. 98113

Place: New Delhi
Date: 20 July 2012

ANNEXURE I - SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹in mn.)

Particulars	As at 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
A. Non – current assets					
Fixed assets					
Tangible assets	84.36	202.44	215.03	250.66	332.83
Intangible assets	-	2.10	2.30	1.97	2.74
Capital work in progress	-	-	6.19	13.53	7.84
Deferred tax asset (net)	0.09	-	1.41	3.66	6.38
Long term loans and advances	26.27	57.02	50.75	48.80	65.77
Other non-current assets	0.52	0.10	0.12	6.54	0.22
Total non-current assets	**111.24**	**261.66**	**275.80**	**325.16**	**415.78**
B. Current assets					
Inventories	347.76	492.80	534.24	711.06	869.42
Trade receivables	-	0.72	0.71	1.40	0.56
Cash and bank balances	22.67	17.45	13.37	14.85	19.41
Short term loans and advances	8.24	23.03	31.13	46.97	27.31
Other current assets	-	-	-	0.04	0.64
Total current assets	**378.67**	**534.00**	**579.45**	**774.32**	**917.34**
C. Non – current liabilities					
Long-term borrowings	36.31	53.87	37.60	29.97	21.99
Deferred tax liability	-	0.80	-	-	-
Other long term liabilities	0.90	10.21	7.28	-	-
Long term provisions	2.36	1.95	2.27	4.46	7.16
Total non-current liabilities	**39.57**	**66.83**	**47.15**	**34.43**	**29.15**
D. Current liabilities					
Short term borrowings	169.86	233.15	246.41	347.56	377.97
Trade payables	132.43	121.18	161.03	232.29	336.83
Other current liabilities	12.36	19.40	16.70	27.59	26.96
Short-term provisions	15.42	4.13	8.61	18.16	20.07
Total current liabilities	**330.07**	**377.86**	**432.75**	**625.60**	**761.83**
Net worth (A+B-C-D)	**120.27**	**350.97**	**375.35**	**439.45**	**542.14**
Net worth represented by:					
Shareholder's funds					
Equity share capital	55.60	68.53	68.53	73.41	73.41
Reserves and surplus					
Amalgamation reserve	15.48	15.48	15.48	15.48	15.48
Securities premium account	-	207.31	208.43	208.43	208.43
Surplus as per Statement of Profits and Losses	49.19	59.65	82.91	142.13	244.82
Net worth	**120.27**	**350.97**	**375.35**	**439.45**	**542.14**

ANNEXURE II - SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(₹in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Revenue					
Revenue from operations	980.06	1,422.21	1,436.73	2,140.75	2,811.06
Other income	0.65	1.36	4.83	7.23	8.48
Total revenue	**980.71**	**1,423.57**	**1,441.56**	**2,147.98**	**2,819.54**
Expenditure					
Cost of raw material consumed	21.88	58.78	40.67	30.66	23.42
Purchase of traded goods and other direct expenses	785.95	1,007.34	966.87	1,652.98	2,132.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(167.43)	(130.70)	(35.60)	(166.79)	(176.66)
Production expenses	18.32	27.56	21.88	27.83	17.95
Employee benefits expenses	63.27	107.09	93.29	115.67	170.53
Other expenses	167.34	271.65	235.92	293.65	368.73
Total expenditure	**889.33**	**1,341.72**	**1,323.03**	**1,954.00**	**2,536.48**
Earnings before interest, tax, depreciation and amortization (EBITDA)	**91.38**	**81.85**	**118.53**	**193.98**	**283.06**
Depreciation and amortization	14.83	31.65	41.67	48.53	58.30
Finance charges	18.69	32.52	41.04	49.76	67.35
Net profit before tax, as restated	**57.86**	**17.68**	**35.82**	**95.69**	**157.41**
Less : Tax expenses					
Current tax	23.65	5.70	14.78	35.27	54.03
Fringe benefits tax	0.62	0.63	-	-	-
Deferred tax	(1.65)	0.89	(2.22)	(2.23)	(2.74)
Total tax expenses	**22.62**	**7.22**	**12.56**	**33.04**	**51.29**
Profit after tax, as restated	**35.24**	**10.46**	**23.26**	**62.65**	**106.12**

ANNEXURE III- STATEMENT OF CASH FLOWS, AS RESTATED

(₹in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(A) Cash from operating activities					
Net profit before tax, as restated	57.87	17.67	35.84	95.70	157.39
Adjustments for:					
Depreciation and amortization	14.83	31.65	41.67	48.53	58.30
Loss on sale of fixed assets	-	-	0.04	-	0.08
Fixed assets written off	-	-	1.88	1.00	0.39
Loss from theft	-	-	0.23	0.27	0.22
Provision for employee benefits	2.50	(0.48)	0.48	2.51	2.82
Provision no longer required written back	-	(0.24)	-	-	-
Balances written off	-	-	-	-	2.57
Interest income	-	(0.03)	(0.36)	(0.48)	(0.82)
Liabilities written back	-	-	(3.18)	(3.80)	(3.35)
Interest costs	15.25	28.63	36.81	44.16	56.63
Operating profits before working capital changes	**90.45**	**77.20**	**113.41**	**187.89**	**274.23**
Adjustments for:					
Changes in trade payables, other current and non-current liabilities	70.12	1.24	40.57	76.72	101.64
Changes in trade receivables	-	(0.72)	0.01	(0.69)	0.84
Changes in inventories	(172.67)	(145.04)	(41.67)	(177.09)	(158.58)
Changes in loans and advances (short term and long term)	(10.99)	(38.48)	(3.29)	(12.23)	(1.49)
Cash generated from/(used in) operations	**(23.09)**	**(105.80)**	**109.03**	**74.60**	**216.64**
Taxes paid	(14.50)	(24.67)	(9.68)	(29.44)	(48.54)
Net cash generated from/ (used in) operating activities (A)	**(37.59)**	**(130.47)**	**99.35**	**45.16**	**168.10**
(B) Cash from investing activities					
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(32.52)	(151.84)	(62.43)	(94.16)	(135.77)
Proceeds from sale of fixed assets	-	-	0.07	0.33	0.21
Interest received	(0.03)	-	0.01	0.36	0.42
Investments in bank deposits (having original maturity of more than three months)	-	-	-	-	(3.47)
Decrease/(increase) in pledged fixed deposits	-	(0.10)	0.53	(6.61)	1.26
Net cash generated from/ (used in) investing activities (B)	**(32.55)**	**(151.94)**	**(61.82)**	**(100.08)**	**(137.35)**

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(C) Cash from financing activities					
Proceeds from issue of equity share capital (net of expenses on issue of shares)	-	220.24	-	4.88	-
Proceeds from long term borrowings	-	33.97	-	1.83	4.00
Repayment of long term borrowings	(0.76)	(18.88)	(16.39)	(8.12)	(9.54)
Proceeds from short term borrowings (net of repayments)	104.72	69.94	11.39	101.15	30.41
Equity dividend paid	-	-	-	-	(2.94)
Corporate dividend tax paid	-	-	-	-	(0.49)
Interest paid	(15.25)	(28.63)	(36.08)	(43.62)	(55.97)
Net cash generated from / (used in) financing activities (C)	**88.71**	**276.64**	**(41.08)**	**56.12**	**(34.53)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**18.57**	**(5.77)**	**(3.55)**	**1.20**	**(3.78)**
Cash and cash equivalents at beginning of the year	4.10	22.67	16.90	13.35	14.55
Cash and cash equivalents at end of the year	22.67	16.90	13.35	14.55	10.77
Total	**18.57**	**(5.77)**	**(3.55)**	**1.20**	**(3.78)**

ANNEXURE IV - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AS RESTATED

1. Corporate information

V-Mart Retail Limited was incorporated on 24 July 2002. The Company retails readymade garments, accessories etc. and is engaged in the business of "Value Retailing" through the chain of stores situated at various places in India.

2. Basis of preparation

The 'Summary Statement of the Assets and Liabilities, As Restated' of the Company as at 31 March 2008, 2009, 2010, 2011 and 2012, the ' Summary Statement of Profits and Losses, As Restated' and the ' Statement of Cash Flows, As Restated' for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 (collectively referred to as ' Restated Summary Statements') have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006, (as amended) issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part II of Schedule II to the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

During the year ended 31 March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous years' figures in accordance with the requirements applicable in the year ended 31 March 2012.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

4. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Fixed assets under construction and cost of assets not ready for use before the year-end, are presented as capital work in progress.

Depreciation on tangible assets other than leasehold improvements is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the days of addition or disposal. Depreciation on leasehold improvements is provided over their respective lease period or the estimated useful life of the leased assets, whichever is shorter.

5. Intangible assets and amortization

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful life not exceeding six years.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

6. Leases

Operating leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the Statement of Profits and Losses on a straight-line method over the lease term.

Finance leases:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the lessee's incremental borrowing rate. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

7. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profits and Losses as incurred.

8. Impairment

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of Profits and Losses. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the impairment loss is accordingly reversed in the Statement of Profits and Losses.

9. Inventories

Inventories are valued as follows:

Raw materials, stores and packing materials are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost is determined based on first in first out method.

Work-in-progress and finished goods (including consignment stock) are valued at lower of cost and net realizable value. Cost includes direct materials, job work charges, and all other costs of purchase incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

10. Revenue recognition

Revenue from sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on delivery of goods to customers net of returns and discounts.

Others:

- Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

- Store display income and insurance claims are accounted on receipt basis.

11. Foreign currency transactions

Monetary items at the balance sheet date are translated using the rates prevailing on the balance sheet date. Non - monetary assets are recorded at the rates prevailing on the date of the transaction. Transactions in foreign currency and non-monetary assets/liabilities are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized in the Statement of Profits and Losses.

12. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- Employee Benefits (Revised 2005) "Revised AS 15" of Companies (Accounting Standards) Rules, 2006

i) Provident fund

The Company contributes on a defined contribution basis to Employees' Provident Fund and Employees' State Insurance Fund towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii) Gratuity

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profits and Losses in the year to which such gains or losses relate.

iii) Compensated absences

Compensated absences are encashed at the end of each financial year or subsequent to year end and cannot be carried forward. Liability in respect of compensated absences has been recognized on the basis of earned leave available at the end of the year.

iv) Other short term benefits

Expense in respect of other short term benefits including performance bonus is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

13. Income taxes

Tax expense comprises current income-tax and deferred tax. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

14. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

15. Contingent liabilities and provisions

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, has been disclosed as a contingent liability in the financial statements.

16. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits with an original maturity of three months or less.

17. Measurement of Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profits and Losses. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

ANNEXURE V - STATEMENT OF NOTES TO RESTATED SUMMARY STATEMENTS OF THE COMPANY

1. Material re-classifications/adjustments

Appropriate re-classifications/ adjustments have been made in the Summary Statements of Assets and Liabilities, As Restated, Summary Statement of Profits and Losses, As Restated and Statement of Cash Flows, As Restated, wherever required, by re-classification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company for the year ended 31 March 2012 and the requirements of the SEBI Regulations. Material re-classifications/ adjustments made are as under:

a) During the year ended 31 March 2012, the Revised Schedule VI notified under the Companies Act, 1956 , has become applicable to the Company for the preparation and presentation of its financial statements, accordingly previous years' figures have been re-grouped/re-classed wherever applicable.

b) During the year ended 31 March 2012, the Company, in order to comply with the Hon'ble Calcutta High Court order dated 26 February 2007 sanctioning the scheme of amalgamation of Sambhav Promoters Private limited ('amalgamating company') with the Company, adjusted an amount of ₹ 15.48 million in the surplus in Statement of Profits and Losses and classified the same as Amalgamation Reserve. This adjustment has been made in the relevant year in which amalgamation was accounted for.

2. Capital and other commitments

(₹in mn.)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	1.53	-	1.64	1.96	2.63
(ii) The Company has commitments relating to new stores yet to be opened.	-	1.73	0.92	2.07	1.61
(iii) For commitments relating to lease arrangements, please refer **note 6**.					

3. Contingent liabilities not provided for in respect of:

(₹in mn.)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
(i) Demand raised by the sales tax authorities	-	-	9.05	21.06	12.00
(ii) Claims against the Company not acknowledged as debts	-	0.03	0.04	2.95	-
(iii) Service tax on rent (refer note (i) below)	-	-	3.03	3.03	3.03
(iv) Demand raised by electricity board	-	-	-	-	2.76
(v) Demand raised by income tax	0.14	0.62	-	-	0.31

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
authority					
Total	**0.14**	**0.65**	**12.12**	**27.04**	**18.10**

Notes:

(i) The Finance Act, 2010 amended the definition of 'renting of immovable property services' to explicitly provide that the activity of 'renting' is a taxable service. The amendment was made with retrospective effect from 1 April 2007. The Retailer Association of India (Company being a member of such association) has challenged the said levy and, inter alia, the retrospective application in a petition filed with the Hon'ble Supreme Court pending disposal of this matter, the net amount of the retrospective levy aggregating to ₹ 3.07 million for the period 1 June 2007 to 31 March 2010 has been classified as a contingent liability.

The Hon'ble Supreme Court has passed an interim order dated 14 October 2011, directing the members of aforesaid association to deposit 50% of the arrears of service tax due upto 30 September 2011 and the balance if any at the time of final deposit of arrear. Accordingly, the Company has made an aggregate deposit of ₹ 3.77 million in respect of such arrears with the concerned authorities and the same is being reflected as "Service tax deposit" under Long term loans and advances.

Further, from 1 October 2011, the Company is accounting and paying for such service tax regularly as per directives of the Supreme Court.

4. Segment reporting

In the opinion of the management, there is only one reportable segment "Retail Sales" as envisaged by Accounting Standard 17 on "Segment Reporting". The Company is operating only in India and there is no other significant geographical segment.

5. Auditors remuneration (including service tax)

(₹in mn.)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Payment to auditors					
- as auditors	0.48	0.75	1.05	1.05	1.40
- for reimbursement of expenses	-	-	0.04	0.02	0.01

6. Leases

Information required to be disclosed under Accounting Standard 19 on "Leases"

Operating Lease

The retail stores are taken on leasehold basis for a tenure ranging from 9-12 years with a lock-in period of 1 – 3 years. These leases are further renewable on the expiry of lease term subject to mutual consent of both the parties. There are no restrictions imposed on the Company under the lease arrangement. There are no subleases.

The minimum lease payments for the lock-in period are as under:

(₹in mn.)

Description	As at				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Payable within 1 year	37.32	33.10	25.69	9.24	31.67
Payable between 1-5 years	17.11	16.84	3.77	0.30	15.05
Lease payment made for the year recognized in the Statement of Profits and Losses	60.86	93.38	99.22	118.59	139.38

Finance Lease

The Company has taken certain assets on finance lease basis. The legal title to such assets vests with the lessors. The total minimum lease payments, elements of unearned interest included in such payments and present value of lease payments are as follows:

(₹in mn.)

Description	As at				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Total minimum lease payments	-	43.85	33.25	22.66	12.07
Less: Future interest included above	-	10.69	6.48	3.21	1.01
Present value of minimum lease payments	-	**33.16**	**26.77**	**19.45**	**11.06**

The maturity profile of the finance lease obligation is as follows:

(₹in mn.)

Description	For the year ended									
	31 March 2008		31 March 2009		31 March 2010		31 March 2011		31 March 2012	
	Minimum lease payment	Present Value	Minimum lease payments	Present Value	Minimum lease payments	Present Value	Minimum lease payments	Present Value	Minimum lease payments	Present Value
Payable within 1 year	-	-	10.59	6.38	10.59	7.30	10.59	8.39	10.59	9.62
Payable between 1-5 years	-	-	33.26	26.78	22.66	19.47	12.07	11.06	1.48	1.44

7. **Employee benefits:**

(i) **Gratuity**

Amount recognised as expense in the Statement of Profits and Losses account is determined as under:

(₹in mn.)

Description	**For the year ended**				
	31 March 2008	**31 March 2009**	**31 March 2010**	**31 March 2011**	**31 March 2012**
Current service cost	2.51	1.18	1.16	2.09	3.17
Interest cost	-	0.20	0.16	0.21	0.44
Actuarial loss/(gain) recognized during the year	-	(1.85)	(0.84)	(0.17)	(0.79)
Past service cost	-	-	-	0.38	-
Amount recognized in the Statement of Profits and Losses	**2.51**	**(0.47)**	**0.48**	**2.51**	**2.82**

Movement in the liability recognised in the balance sheet is as under:

(₹in mn.)

Description	**For the year ended**				
	31 March 2008	**31 March 2009**	**31 March 2010**	**31 March 2011**	**31 March 2012**
Present value of defined benefit obligation as at the beginning of the year	-	2.50	2.03	2.51	5.01
Current service cost	2.51	1.18	1.16	2.09	3.17
Interest cost	-	0.20	0.16	0.21	0.44
Actuarial loss/(gain) recognized during the year	-	(1.85)	(0.84)	(0.17)	(0.79)
Past service cost	-	-	-	0.38	-
Present value of defined benefit obligation as at the end of the year	**2.51**	**2.03**	**2.51**	**5.02**	**7.83**
Current	0.15	0.08	0.24	0.56	0.67
Non-Current	2.36	1.95	2.27	4.46	7.16

For determination of the gratuity liability of the Company, the following actuarial assumptions were used:

(in percentage)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Discount rate	8%	8%	8%	8.50%	8.75%
Rate of increase in compensation levels	7.50%	5%	5%	5.80%	6%
Mortality table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Withdrawal rate					
- Up to 30 years	3%	3%	3%	3%	3%
- From 31 to 44 years	2%	2%	2%	2%	2%
- Above 44 years	1%	1%	1%	1%	1%

(ii) Provident fund and Employee State Insurance fund

Contribution made by the Company is as under:

(₹in mn.)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Contribution	4.08	3.76	3.17	5.77	7.91

8. Value of imports calculated on CIF basis

(₹in mn.)

Description	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Purchase of capital goods	0.05	-	-	0.35	0.69
Total	**0.05**	**-**	**-**	**0.35**	**0.69**

9. Modifications in the auditor's report and report under Companies Auditors Report Order, 2003 (as amended)

Following are the audit modifications which do not require any corrective adjustment in the financial information:-

Financial year ended 31 March 2008

i. Non-disclosure of interest under "Micro, Small and Medium Enterprises Act, 2006", liability to SSI Units and disclosures in terms of AS-15 – Employee Benefits.

ii. There have been delays in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, cess, service tax and any other material statutory dues as applicable to it with the appropriate authorities.

iii. The Company does not have internal audit system during the year.

Financial year ended 31 March 2009

i. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were *outstanding at the year-end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	**Nature of the dues**	**Amount (₹ *in mn.)***	**Period to which the amount relates**	**Due Date**	**Date of Payment**
Income Tax Act,1961	Fringe Benefit Advance Tax (excluding interest)	0.08	Assessment Year 2009-10	15 June 2008	15 July 2009
-do-	-do-	0.25	-do-	15 September 2008	15 July 2009

Financial year ended 31 March 2010

i. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were *outstanding at the year-end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	**Nature of the dues**	**Amount (₹ *in mn.)***	**Period to which the amount relates**	**Due Date**	**Date of Payment**
Income Tax Act,1961	Income tax demand under section -143(3) (excluding interest)	0.38	Assessment Year -2006-07	11 February 2009	Adjusted against refund as per order dated 14 November 2011

ii. The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	**Nature of the dues**	**Amount (₹ *in mn.)***	**Period to which the amount relates**	**Forum where dispute is pending**
Rajasthan Value Added Tax Act, 2003	Value Added Tax	8.44*	Financial Year – 2007-08	Deputy Commissioner (Appeals), Sales Tax Department, Ajmer
Central Sales Tax Act, 1956	Central Sales Tax	0.12	Financial Year – 2007-08	Deputy Commissioner (Appeals), Sales Tax Department, Ajmer

** Out of this, demand of ₹5.33 million, being penalty payable under Rajasthan Value Added Tax Act, 2003 has been stayed by Deputy Commissioner (Appeals), Sales Tax Department, Ajmer vide Order No. 41/10-11 dated June 10, 2010.*

Financial year ended 31 March 2011

i. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect thereof, which were *outstanding at the year-end for a period of more than six months from the date they became payable* are as follows:

Name of the statute	Nature of the dues	Amount (₹ in mn.)	Period to which the amount relates	Due Date	Date of Payment
The Gujarat State Tax on Profession, Trades, Calling and Employment Act, 1976	Professional Tax	0.05	March to September 2010	March to September 2010	₹ 0.01 million paid on 20 June 2011
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Employers' Contribution to Provident Fund	0.03	April 2010	20 May 2010	11 August 2011
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Employees' Contribution to Provident Fund	0.03	April 2010	20 May 2010	11 August 2011

ii. The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (₹ in Mn.)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax Act, 2003	Value Added Tax	8.01	Financial Year – 2007-08	Deputy Commissioner (Appeals), Sales Tax Department, Ajmer
Central Sales Tax Act, 1956	Central Sales Tax	0.12	Financial Year – 2007-08	Deputy Commissioner (Appeals), Sales Tax Department, Ajmer
Rajasthan Value Added Tax Act, 2003	Value Added Tax	9.19	Financial Year – 2008-09	Commercial Tax Officer, Jaipur
Rajasthan Value Added Tax Act, 2003	Value Added Tax	2.81	Financial Year – 2009-10	Commercial Tax Officer, Jaipur
The Minimum Wages Act, 1948	Minimum Wages and Penalty	2.45	Financial Year – 2010-11	Assistant Commissioner (Labour), Muradabad

Financial year ended 31 March 2012

i. Our auditor's report contained an emphasis of matter in respect of non-provision of service tax of ₹ 3.03 million in respect of the period 1 June 2007 to 31 March 2010 on renting of immovable properties taken for commercial use, the retrospective levy of which has been challenged in the

Hon'ble Supreme Court. The ultimate outcome of the matter cannot presently be determined, and accordingly no provision for any liability that may result was made in the financial statements. However, the same has been disclosed in the contingent liabilities.

ii. Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases.

iii. The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹ in mn.)	Period to which the amount relates	Forum where dispute is pending
Rajasthan Value Added Tax Act, 2003	Value Added Tax	9.19	Financial Year – 2008-09	Commercial Tax Officer, Jaipur
Rajasthan Value Added Tax Act, 2003	Value Added Tax	2.81	Financial Year – 2009-10	Commercial Tax Officer, Jaipur
The Finance Act,1994	Service tax	3.03	1 June 2007 to 31 March 2010	Supreme Court

10. During financial year ended 31 March 2009, the Company had issued 725,759 share warrants which were convertible into 725,759 equity shares of the Company within 15 months from the date of issue at the option of the warrant-holder. However, during the year ended 31 March 2010, these warrants lapsed upon the expiry of the exercise period.

11. Note on Subsequent Events

a) Dividend declared

The Board of Directors of the Company, in their meeting held on 15 June 2012, recommended a dividend of ₹ 0.40 per equity share subject to approval of the shareholders at the ensuing Annual General Meeting of the Company. The dividend payout on equity shares recommended by the Directors of the Company is ₹ 2.94 million calculated at the rate of ₹ 0.40 per equity share on 7,340,936 equity shares of the face value of ₹ 10 each.

Consequent to the issue of bonus shares (as mentioned in Note below), while the aggregate amount of dividend on equity shares, if declared at the ensuing Annual General Meeting, shall remain unchanged at ₹ 2.94 million, the rate per equity share shall be adjusted to the total number of equity shares outstanding on the record date for dividend payment pursuant to the issue of said bonus shares.

b) Bonus shares issued

The shareholders of the Company, vide special resolution in extraordinary general meeting dated 22 May 2012 authorized the Board of Directors to allot 6,606,842 bonus shares to the shareholders, representing a ratio of 9:10 by capitalization of reserves. Accordingly, these bonus shares have been considered for the purpose of determining basic and diluted earnings per share for the years ended 31 March 2008, 2009, 2010, 2011 and 2012.

c) Employee Stock Options

The Company has instituted an Employee Stock Option Plan consequent to which 300,000 equity shares of ₹ 10 each will be granted as stock options (ESOP's) to eligible employees. The exercise price of these options will be determined by the Remuneration Committee and will vest over a period of 12 months to 36 months from the grant date.

On 20 July 2012, the Company has granted 153,252 ESOP's at an exercise price of ₹150.00 per ESOP with graded vesting (i.e. 45,975 ESOPs vesting after 12 months from the date of grant, 45,975 ESOPs vesting after 24 months from the date of grant and 61,302 ESOPs vesting after 36 months from the date of grant).

d) Increase in authorized share capital

Subsequent to 31 March, 2012, the Company has increased its authorised share capital from ₹ 150 million comprising of 15,000,000 equity shares of ₹ 10 each to ₹ 200 million comprising of 20,000,000 equity shares of ₹ 10 each.

e) Adoption of new articles of association

Subsequent to 31 March, 2012, the Company in view of proposed listing of equity shares on the stock exchanges adopted a new set of articles of association for which approval of the shareholders has been obtained in the Annual General Meeting.

ANNEXURE VI - STATEMENT OF RECONCILIATION OF RESTATED PROFITS TO PROFITS AS PER AUDITED FINANCIAL STATEMENTS

(₹ in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Profit after tax (as per audited financial statements)	37.01	10.58	22.15	62.07	104.55
Restatement adjustments					
Purchase of traded goods and other direct expenses (Refer Note 1)	1.44	(1.44)	-	-	-
Interest income (Refer Note 1)	-	0.23	(0.23)	-	
Advertisement and sales promotion (Refer Note1)	(0.06)	0.06	-	-	-
Commission (Refer Note 1)	(0.54)	0.54	-	-	-
Miscellaneous (Refer Note1)	(0.03)	0.03	-	-	-
Interest expenses (Refer Note 1)	(0.27)	0.27	-	-	-
Income tax (Refer Note 2)	(2.16)	0.01	1.26	0.58	1.57
Preliminary expenses (Refer Note 3)	0.03	0.08	-	-	-
Tax impact on restatement adjustments (Refer Note 4)	(0.18)	0.10	0.08	-	-
Profit after tax, as restated	**35.24**	**10.46**	**23.26**	**62.65**	**106.12**

Notes:

1. The Company recorded prior period expenses/income during the years ended 31 March 2009 and 2010, the effect of these items have been adjusted in the respective periods of origination.

2. During the years ended 31 March 2008, 2009, 2010, 2011 and 2012, certain taxes have been accounted for pertaining to earlier years based on intimations/ orders received from Income-tax authorities. For the purpose of the Restated Summery Statements, such items have been appropriately adjusted to the respective years to which they relate. Further, opening retained earnings as at 1 April 2007 has been adjusted to reflect the impact of such items incurred prior to 31 March 2007.

3. During the years ended 31 March 2008 and 2009, the Company expensed off the preliminary expenses incurred prior to 1 April 2007 amounting to ₹ 0.03 million and ₹ 0.08 million respectively. In these restated summary statements, such expenses have been adjusted against balance of surplus in the Statement of Profits and Losses.

4. The restated summary statements have been adjusted for the tax impact of the restatement adjustments identified above.

ANNEXURE VII - STATEMENT OF DEFERRED TAX ASSETS/LIBILITY (NET), AS RESTATED

(₹ in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Deferred tax assets arising on account of:					
Depreciation and amortization	-	-	-	0.87	2.97
Employee benefits	0.85	0.69	0.85	1.67	2.54
Assets taken on financial lease	-	0.56	1.01	1.12	0.87
Expenses disallowed under section 40(a)(ia) of Income Tax Act, 1961	1.27	-	-	-	-
Subtotal (A)	**2.12**	**1.25**	**1.86**	**3.66**	**6.38**
Deferred tax liabilities arising on account of:					
Depreciation and amortization	1.85	1.97	0.45	-	-
Tax impact on restatement adjustment	0.18	0.08	-	-	-
Subtotal (B)	**2.03**	**2.05**	**0.45**	**-**	**-**
Deferred tax asset/liability (net) (A-B)	**0.09**	**(0.80)**	**1.41**	**3.66**	**6.38**

ANNEXURE VIII - STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(₹in mn.)

Particulars	As at									
	31 March 2008		**31 March 2009**		**31 March 2010**		**31 March 2011**		**31 March 2012**	
	Long Term	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**
Unsecured, considered good , unless otherwise stated										
Capital advances	5.03	-	1.23	-	0.37	-	2.03	-	1.57	-
Advances recoverable in cash or in kind or for value to be received										
From promoters/ promoter group/ group companies	-	-	-	0.11	-	-	-	-	-	-
Others	-	5.61	-	15.95	-	22.35	-	25.10	-	22.97
Security deposits	18.35	-	30.69	-	29.06	-	31.05	-	37.74	-
Value added tax recoverable	0.16	2.31	1.16	5.94	5.83	5.28	5.94	10.50	17.18	1.74
Income tax (Net of provisions for tax)	1.37	-	8.71	-	6.83	-	6.81	-	3.11	-
Fringe benefits tax (Net of provisions for fringe benefit tax) *	-	-	0.00	-	0.00	-	0.00		0.00	-
Service tax deposit	-	-	-	-	-	-	-	-	3.77	-
Other loans and advances										
Prepaid expenses	-	0.32	12.55	0.96	6.44	1.91	-	11.14	-	2.27
Loan to employees	1.36	-	2.68	0.07	2.22	1.59	2.97	0.23	2.40	0.33
Total	**26.27**	**8.24**	**57.02**	**23.03**	**50.75**	**31.13**	**48.80**	**46.97**	**65.77**	**27.31**

** Rounded off to nil*

Note:

Breakup of loans given to directors and their relatives:-

(₹in mn.)

Particulars	**For the year ended**				
	31 March 2008	**31 March 2009**	**31 March 2010**	**31 March 2011**	**31 March 2012**
Uma Devi Agarwal	-	0.09	-	-	-
Hemant Agarwal	-	0.02	-	-	-
Total	**-**	**0.11**	**-**	**-**	**-**

ANNEXURE IX - STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Debts outstanding for a period exceeding six months	-	-	-	-	-
Other debts					
Secured	-	0.43	0.69	1.00	-
Unsecured	-	0.29	0.02	0.40	0.56
TOTAL	**-**	**0.72**	**0.71**	**1.40**	**0.56**

Note:

There are no other sundry debtors who are related to the directors, promoters, promoter group, group companies or associated companies for the aforementioned years.

ANNEXURE X - STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

(₹ in mn.)

Particulars	For the year ended									
	31 March 2008		31 March 2009		31 March 2010		31 March 2011		31 March 2012	
	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities
Term loans										
Vehicle loans from banks (secured)	0.78	0.92	0.31	0.76	0.06	0.26	0.46	0.34	2.43	1.53
Loan against fixed assets from banks (secured)	0.31	3.30	-	0.31	-	-	-	-	-	-
Vehicle loans from others (secured)	-	0.04	0.29	0.23	0.07	0.22	0.45	0.38	0.12	0.40
Loans from banks (unsecured)	0.22	2.39	-	-	-	-	-	-	-	-
Other loans and advances										
Finance lease obligations (secured)	-	-	26.77	6.38	19.47	7.30	11.06	8.39	1.44	9.62
Inter-corporate deposits (unsecured)	35.00	-	26.50	-	18.00	-	18.00	-	18.00	-
TOTAL	**36.31**	**6.65**	**53.87**	**7.68**	**37.60**	**7.78**	**29.97**	**9.11**	**21.99**	**11.55**
The above amount includes										
Secured borrowings	1.09	4.26	27.37	7.68	19.60	7.78	11.97	9.11	3.99	11.55
Unsecured borrowings	35.22	2.39	26.50	-	18.00	-	18.00	-	18.00	-
Amount included in “other current liabilities”	-	(6.65)	-	(7.68)	-	(7.78)	-	(9.11)	-	(11.55)
TOTAL	**36.31**	**-**	**53.87**	**-**	**37.60**	**-**	**29.97**	**-**	**21.99**	**-**

Details of repayment, rate of interest and security details in respect of vehicle loans and finance lease obligations as on 31 March 2012:-

(₹ in mn.)

Particulars	Installments	Amount outstanding	No. of installments	Installment amount	Date of loan	Rate of interest	Hypothecation
Vehicle loan	Monthly	0.46	35	0.03	15 October 2010	12%	Vehicle
Vehicle loan	Monthly	0.75	36	0.03	28 September 2011	12%	Vehicle
Vehicle loan	Monthly	1.35	36	0.06	01 August 2011	11%	Vehicle
Vehicle loan	Monthly	0.94	36	0.03	31 March 2012	11%	Vehicle
Vehicle loan	Monthly	0.46	36	0.02	31 March 2012	12%	Vehicle
Vehicle loan	Monthly	0.07	35	0.02	20 June 2008	12%	Vehicle
Vehicle loan	Monthly	0.45	36	0.03	29 July 2010	9%	Vehicle
Finance lease obligations	Quarterly	1.00	20	0.27	15 February 2008	14%	Specific assets taken on finance lease

Particulars	Installments	Amount outstanding	No. of installments	Installment amount	Date of loan	Rate of interest	Hypothecation
Finance lease obligations	Quarterly	3.32	20	0.90	01 April 2008	14%	Specific assets taken on finance lease
Finance lease obligations	Quarterly	6.74	20	1.48	6 June 2008	14%	Specific assets taken on finance lease

Details of repayment, rate of interest and security details in respect of inter corporate deposits as on 31 March 2012:-

The inter corporate deposit carries return at fixed percentage of gross sales at two stores subject to minimum guaranteed annual return of ₹ 2.7 million. The amount is repayable by giving six months' notice by either party to the agreement.

ANNEXURE XI - STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹in mn.)

Particulars	For the year ended 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Secured					
Cash credit from banks (A)	156.44	226.90	237.22	347.56	377.97
Unsecured					
Loans and advances from related parties (B)	8.89	5.05	4.98	-	-
Working capital loans from banks and non-banking financial companies (C)	4.53	1.20	4.21	-	-
Total unsecured (D = B + C)	**13.42**	**6.25**	**9.19**	**-**	**-**
Total (A + D)	**169.86**	**233.15**	**246.41**	**347.56**	**377.97**

Details of repayment, rate of interest and security details in respect of cash credit from banks as on 31 March 2012:-

(₹in mn.)

S.No.	Bank details/ loan	Rate of interest	Amount outstanding as on 31 March 2012	Repayment schedule of loans	Security provided
1.	State Bank of India	Base rate plus 4.50%	256.68	Repayable on demand	Refer Note 1
2.	Andhra Bank	Base rate plus 3.75%	103.38	Repayable on demand	Refer Note 1
3.	ICICI Bank	Base rate plus 5.00 %	17.91	Repayable on demand	Refer Note 2

Notes:

1. Security availed through consortium arrangement of SBI and Andhra Bank

Primary:

Hypothecation charge of stock of goods including goods in transit and all the present and future book debts, shared with Bank(s) under Consortium Arrangement.

Collateral security:

1) First paripassu charge to working capital lenders (except ICICI Bank) on all the present and future fixed assets of the company.

2) First paripassu charge to working capital lenders (except ICICI Bank) on the following properties:-

(a) Equitable mortgage of residential property BPB081, Eighth Floor, Wing Number PBO 33 and 34, Belvedere Park, Phase II and III, DLF City, Gurgaon, measuring super area of 1714 Sq.Ft. in the name of Sh. Lalit Agarwal (Managing director), Mrs. Sangeeta Agarwal (Wife of Lalit Agarwal) & Mr. Madan Gopal Agarwal (Director).

(b) Equitable mortgage of residential property Sixth floor, D-61 Galaxy Tower, Judge Bungalow, Vastrapur, Ahemdabad, measuring 280 Sq.Yd in the name of Shri Hemant Agarwal (Director) and Mrs. Smiti Agarwal (Wife of Hemant Agarwal).

(c) Equitable mortgage of residential property B-141-A, Second Floor, Chittaranjan Park, New Delhi, measuring 1154.25 Sq.Ft in the name of Smt. PremLataJatia.

(d) Cash Collateral of ₹ 3.8 million in lieu Ground Floor, Property Number 454, Haveli HaiderKuli, ChandniChowk Delhi, measuring 157.7Sq.Ft.

Personal guarantees:

1) Lalit Agarwal (Managing director)
2) Hemant Agarwal (Whole time director)
3) Madan Gopal Agarwal (Whole time director)
4) Sangeeta Agarwal (Wife of Lalit Agarwal)
5) Smiti Agarwal (Wife of Hemant Agarwal)
6) PremLataJatia.

2. Facility availed from ICICI Bank

Hypothecation of all credit card receivables and book debts of the company, present and future.

Personal guarantees:

1) Lalit Agarwal (Managing director)
2) Hemant Agarwal (Whole time director)
3) Madan Gopal Agarwal (Director)

ANNEXURE XII - STATEMENT OF SHARE CAPITAL, AS RESTATED

(₹ in mn.)

Particulars	As at 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Authorised capital					
Equity shares of ₹ 10 each	100.00	100.00	100.00	150.00	150.00
	100.00	**100.00**	**100.00**	**150.00**	**150.00**
Issued, subscribed and paid up capital					
Equity shares of ₹ 10 each fully paid up	55.60	68.53	68.53	73.41	73.41
	55.60	**68.53**	**68.53**	**73.41**	**73.41**
Number of equity shares	**5,560,250**	**6,853,436**	**6,853,436**	**7,340,936**	**7,340,936**

Notes:

1. During the year ended 31 March 2011, the Company increased its authorized equity share capital from ₹ 100 million comprising of 10,000,000 equity shares of ₹ 10 each to ₹ 150 million comprising of 15,000,000 equity shares of ₹ 10 each.

2. Subsequent to 31 March 2012, the Board of Directors and Shares holders have passed a resolution on 21 May 2012 and 22 May 2011, respectively, to increase authorized equity share capital of the Company from ₹ 150 million comprising of 15,000,000 Equity Shares of ₹ 10 each to ₹ 200 million divided into 20,000,000 Equity Shares of ₹ 10 each.

   Further to said meeting, issued, subscribed and paid-up equity share capital of the Company post 31 March 2012 has increased due to issue of bonus shares in the ratio of 9:10 from ₹ 73.40 million comprising of 7,340,936 equity shares of ₹ 10 each to ₹ 139.47 million comprising of 13,947,778 equity shares of ₹ 10 each.

Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	For the year ended 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
At the beginning of the year	110,326*	5,560,250	6,853,436	6,853,436	7,340,936
Issued during the year	879*	1,293,186	-	487,500	-
	111,205*	**6,853,436**	**6,853,436**	**7,340,936**	**7,340,936**
Sub-division **	1,112,050	-	-	-	-
Bonus issue	4,448,200	-	-	-	-
Outstanding at the end of the year	**5,560,250**	**6,853,436**	**6,853,436**	**7,340,936**	**7,340,936**

Note:
- * Shares of ₹ 100 each
- ** Pursuant to a resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on 29 October, 2007 the existing 111,205 issued and paid up equity shares of the Company of face value ₹ 100 each were sub-divided into 1,112,050 equity shares of ₹ 10 each.

Aggregate number of bonus shares issued during the period

Particulars	As at 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Equity shares allotted as fully	4,448,200	-	-	-	-

Particulars	As at				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
paid bonus shares by capitalization of securities premium and reserves and surplus					

Details of shareholders holding more than 5% equity shares in the Company

Particulars	For the year ended									
	31 March 2008		31 March 2009		31 March 2010		31 March 2011		31 March 2012	
	Nos.	% holding	Nos.	% holding	Nos.	% holding	Nos.	% holding	Nos.	% holding
Naman Finance and Investment Private Limited	-	-	1,251,519	18.26	1,251,519	18.26	1,739,019	23.69	1,739,019	23.69
Lalit Madangopal Agarwal	1,154,750	20.77	1,154,750	16.85	1,154,750	16.85	1,154,750	15.73	1,154,750	15.73
Sangeeta Agarwal	1,143,250	20.56	1,143,250	16.68	1,143,250	16.68	1,143,250	15.57	1,143,250	15.57
Uma Devi Agarwal	713,400	12.83	713,400	10.41	713,400	10.41	713,400	9.72	713,400	9.72
Lalit Agarwal (H.U.F)	672,250	12.09	672,250	9.81	672,250	9.81	672,250	9.16	672,250	9.16
Madan Gopal Agarwal (H.U.F)	548,250	9.86	548,250	8.00	548,250	8.00	548,250	7.47	548,250	7.47
Smiti Agarwal	438,950	7.89	438,950	6.40	438,950	6.40	438,950	5.98	438,950	5.98
Madan Gopal Agarwal *	361,250	6.50	361,250	5.27	361,250	5.27	-	-	-	-
Hemant Agarwal **	305,000	5.49	-	-	-	-	-	-	-	-

Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- * Madan Gopal Agarwal holds shares for the year ended 31 March 2011 and 31 March 2012 but the shareholding is less than 5%.
- ** Hemant Agarwal holds shares for the year ended 31 March 2009, 31 March 2010, 31 March 2011 and 31 March 2012 but the shareholding is less than 5%.

Notes:

1. During the year ended 31 March, 2011, the Company increased its authorised equity share capital from ₹ 100 million comprising of 10,000,000 equity shares of ₹ 10 each to ₹ 150 million comprising of 15,000,000 equity shares of ₹ 10 each.

2. Subsequent to 31 March, 2012, the Company has increased its authorised share capital from ₹ 150 million comprising of 15,000,000 equity shares of ₹ 10 each to ₹ 200 million comprising of 20,000,000 equity shares of ₹ 10 each.

ANNEXURE XIII -STATEMENT OF RESERVES AND SURPLUS, AS RESTATED

(₹ in mn.)

Particulars	As at 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Amalgamation reserve	15.48	15.48	15.48	15.48	15.48
Closing balance	**15.48**	**15.48**	**15.48**	**15.48**	**15.48**
Securities premium account					
Opening balance	27.87	-	207.31	208.43	208.43
Add: Premium on issue of equity shares	-	217.06	-	-	-
Addition on account of write back of share issue expenses (refer note below)	-	-	1.12	-	-
Less: Amount utilized towards issue of fully paid bonus shares	(27.87)	-	-	-	-
Less: Utilized for writing off expenses on issue of shares	-	(9.75)	-	-	-
Closing balance	**-**	**207.31**	**208.43**	**208.43**	**208.43**
Surplus in Statement of Profits and Losses					
Opening balance	31.95	49.19	59.65	82.91	142.13
Adjustments in opening retained earnings	(1.39)	-	-	-	-
Add: Profit for the year	35.24	10.46	23.26	62.65	106.12
Less: Amount utilized towards issue of fully paid bonus shares	(16.61)	-	-	-	-
Less: Proposed dividend on equity shares	-	-	-	(2.94)	(2.94)
Less: Dividend distribution tax	-	-	-	(0.49)	(0.49)
Net surplus in the Statement of Profits and Losses	**49.19**	**59.65**	**82.91**	**142.13**	**244.82**
Grand total	**64.67**	**282.44**	**306.82**	**366.04**	**468.73**

Note:

During the year ended 31 March 2010, the Company has written back arranger's fee amounting to ₹ 1.12 million, which was debited to Securities Premium Account in an earlier year, in accordance with an agreement entered into with the concerned bankers.

ANNEXURE XIV -STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED

(₹in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Income from outsourced/own manufacturing					
Apparel	49.85	89.38	100.50	77.09	77.60
Income from traded goods					
Apparel	630.97	874.57	758.61	1,198.47	1,714.16
Non Apparel	48.60	62.41	72.78	121.96	176.36
Home mart	59.61	92.76	78.09	112.37	164.96
Kirana Bazaar	190.28	302.33	425.67	629.93	676.99
Other operating revenue- display income	0.75	0.76	1.08	0.93	0.99
Total	**980.06**	**1,422.21**	**1,436.73**	**2,140.75**	**2,811.06**

ANNEXURE XV - SCHEDULES OF OTHER INCOME, AS RESTATED

(₹in mn.)

Particulars	For the year ended					Whether of recurring nature or not	Related/ not related to business activity
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012		
Sources of Income							
Interest -from bank	0.03	0.03	0.03	0.17	0.45	Recurring	Related
Interest –others	-	0.23	0.32	0.31	0.37	Recurring	Related
Insurance Claim	-	0.12	0.27	0.35	0.25	Non-recurring	Related
Liabilities written off	-	-	3.18	3.80	3.35	Non-recurring	Related
Provisions no longer required written back	-	0.24	-	-	-	Non-recurring	Related
Commission received	0.17	-	-	-	-	Non-recurring	Related
Miscellaneous income	0.45	0.74	1.03	2.60	4.06	Recurring	Related
Total	0.65	1.36	4.83	7.23	8.48		

Notes:

1 All items classified under other income were earned in the normal course of business.

2 The classification of 'Other revenues' as recurring or non-recurring is based on the current operations and business activities of the Company, as determined by the management.

ANNEXURE XVI - STATEMENT OF RELATED PARTY TRANSACTIONS AND BALANCES, AS RESTATED

Disclosure as required by the Accounting Standard – 18 on 'Related Party Disclosures' are given below:

A. List of related parties

i) **Key managerial personnel**

1. Lalit Agarwal (Managing director)
2. Madan Gopal Agarwal (Whole time director)
3. Hemant Agarwal (Whole time director)

ii) **Relatives of key managerial personnel**

1. Mrs. Sangeeta Agarwal (Wife of Lalit Agarwal)
2. Mrs. Smiti Agarwal (Wife of Hemant Agarwal)
3. Mrs. Uma Devi Agarwal (Wife of Madan Gopal Agarwal and Mother of Lalit and Hemant Agarwal)
4. Mrs. Sunita Shah (Daughter of Madan Gopal Agarwal and Sister of Lalit and Hemant Agarwal)

iii) **Company having significant influence over the company**

Naman Finance and Investment Private Limited with effect from 15 September 2008.

iv) **Company in which director was interested**

Navita Commercial Private Limited till 31 March 2009

B. Transactions between the Company and related parties and the status of outstanding balances are as follows:

i) Key managerial personnel

(₹in mn.)

Nature of Transaction	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Remuneration					
Lalit Agarwal	1.80	1.38	1.50	1.50	3.60
Hemant Agarwal	0.90	1.38	1.50	1.50	2.40
Madan Gopal Agarwal	0.36	0.55	0.60	0.60	1.20
Interest on loan					
Lalit Agarwal	-	0.83	0.54	0.54	-
Hemant Agarwal	-	-	-	-	-
Madan Gopal Agarwal	-	-	0.10	0.10	-
Loan Repaid					
Lalit Agarwal	-	3.13	-	4.16	-
Madan Gopal Agarwal	-	-	-	0.80	-

Nature of Transaction	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
<u>Closing Balance</u>					
Remuneration Payable-					
Lalit Agarwal	0.28	-	0.00	0.20	0.24
Hemant Agarwal	0.47	0.18	0.16	0.20	0.17
Madan Gopal Agarwal	0.02	0.03	0.18	-	0.09
<u>Closing Balance</u>					
Loan					
Lalit Agarwal	7.29	4.16	4.16	-	-
Madan Gopal Agarwal	0.80	0.80	0.80	-	-

ii) Relatives of key managerial personnel

(₹in mn.)

Nature of Transaction	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Salary					
Sangeeta Agarwal	0.36	0.60	0.60	0.60	0.60
Smiti Agarwal	0.36	0.36	0.32	0.36	0.36
Sunita Shah	-	0.42	0.42	0.44	0.55
Advance taken					
Uma Devi Agarwal	-	0.09	-	-	-
Advance repaid					
Uma Devi Agarwal	-	-	0.09	-	-
Loan Repaid					
Sangeeta Agarwal	-	0.15	0.08	-	-
Smiti Agarwal	-	0.44	-	0.03	-
Uma Devi Agarwal	-	0.11	-	-	-
<u>Closing Balance</u>					
Loan					
Sangeeta Agarwal	0.23	0.08	-	-	-
Smiti Agarwal	0.47	0.03	0.03	-	-
Uma Devi Agarwal	0.11	-	-	-	-
<u>Closing Balance</u>					
Advances					
Uma Devi Agarwal	-	0.09	-	-	-
<u>Closing Balance</u>					
Salary Payable					
Sangeeta Agarwal	-	-	0.05	0.05	0.23
Smiti Agarwal	-	-	0.03	0.06	0.03
Sunita Shah	-	-	0.03	0.04	0.04

iii) Entities over which key managerial personnel and/or their relatives exercise significant influence

(₹ in mn.)

Nature of Transaction	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Loan Repaid Navita Commercial Private Limited	4.20	7.50	-	-	-
Commission Navita Commercial Private Limited	-	0.92	-	-	-
Issue of Shares Naman Finance & Investment Private Limited	-	12.52	-	4.87	-
Closing Balance **Loan** Navita Commercial Private Limited	7.50	-	-	-	-
Closing Balance **Equity Shares** Naman Finance & Investment Private Limited	-	12.52	12.52	17.39	17.39

ANNEXURE XVII - STATEMENT OF CAPITALISATION AS AT 31 MARCH 2012

(₹ in mn.)

Particulars	Pre – Issue	Post – Issue
Debt		
Long term debt (A)	**21.99**	**[•]**
Short term debt	377.97	**[•]**
Total Debt (B)	**399.96**	
Shareholders' funds		
Share capital		
- Equity share capital	73.41	**[•]**
Reserves		
-Amalgamation reserve	15.48	**[•]**
- Security premium	208.43	
- Surplus as per Statement of Profits and Losses	244.82	**[•]**
Total Shareholders' funds (C)	**542.14**	
Long term debt / Shareholders' funds (A / C)	**0.04**	**[•]**
Total debt / Shareholders' funds (B / C)	**0.74**	**[•]**

Notes:

1. Subsequent to 31 March 2012, the issued, subscribed and paid-up equity share capital of the Company has increased due to bonus in the ratio of 9:10 from ₹ 73.41 million comprising of 7,340,936 equity shares of ₹ 10 each to ₹ 139.47 million comprising of 13,947,778 equity shares of ₹ 10 each.

2. The figures disclosed above are based on the Restated Summary Statements of the Company.

ANNEXURE – XVIII STATEMENT OF TAX SHELTER, AS RESTATED

(₹in mn.)

Particulars	As at				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
Profit before tax, as restated	57.86	17.68	35.82	95.69	157.41
Tax rate (including surcharge and education cess)	33.99%	33.99%	33.99%	33.22%	32.45%
Tax at statutory rate on profits (A)	**19.67**	**6.01**	**12.18**	**31.79**	**51.08**
Adjustments:					
Permanent differences					
Disallowance on account of delay in deposit of employees' contribution to provident fund	0.02	0.14	0.07	0.44	0.06
Interest under section 234 B and C of the Income-tax Act, 1961	-	-	0.25	0.42	0.59
Disallowances under Income-tax Act, 1961	2.15	-	-	-	-
Other allowances/disallowances	0.16	0.45	0.06	0.39	(0.44)
Total tax impact of permanent difference (B)	**2.33**	**0.59**	**0.38**	**1.25**	**0.21**
Timing differences					
Difference between book and tax depreciation as per Return of Income	(0.02)	(0.13)	1.53	1.32	2.11
Provision for gratuity	0.86	(0.16)	0.16	0.81	0.88
Finance lease obligations	-	0.56	0.45	0.10	(0.25)
Amount disallowed under section 40(a)(ia) of the Income-tax Act, 1961	0.99	(1.27)	-	-	-
Tax on restatement adjustments	(0.18)	0.10	0.08	-	-
Total timing difference (C)	**1.65**	**(0.90)**	**2.22**	**2.23**	**2.74**
Total adjustments (D = B + C)	**3.98**	**(0.31)**	**2.60**	**3.48**	**2.95**
Tax liability on restated profits (A + D)	**23.65**	**5.70**	**14.78**	**35.27**	**54.03**
Total tax expense as per Statement of Profits and Losses, as restated	**23.65**	**5.70**	**14.78**	**35.27**	**54.03**

Notes:

The statement of tax shelter and adjustments have been prepared as per the summary statement of profits and losses, as restated, of the Company.

ANNEXURE XIX - STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(₹in mn., except where stated)

S.No.	Particulars	For the years ended 31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
A	Net worth	120.27	350.97	375.35	439.45	542.14
B	Restated profit after tax	35.24	10.46	23.26	62.65	106.12
	Weighted average number of equity shares outstanding during the year					
C	For basic earnings per share	10,564,475	11,994,902	13,021,528	13,201,703	13,947,778
D	For diluted earnings per share	10,564,475	12,897,825	13,848,893	13,201,703	13,947,778
E	Number of shares outstanding at the end of the year	5,560,250	6,853,436	6,853,436	7,340,936	7,340,936
F	Number of shares outstanding at the end of the year (considering issue of bonus shares)	10,564,475	13,021,528	13,021,528	13,947,778	13,947,778
G	Restated basic earnings per share **(B/C)**	3.34	0.87	1.79	4.75	7.61
H	Restated diluted earnings per share **(B/D)**	3.34	0.81	1.68	4.75	7.61
I	Return on net worth (%) **(B/A)**	29.31%	2.98%	6.20%	14.26%	19.57%
J	Net assets value per share of ₹10 each **(A/E)**	21.63	51.21	54.77	59.87	73.85
K	Net assets value per share of ₹10 each (considering issue of bonus shares) **(A/F)**	11.38	26.95	28.83	31.51	38.87
L	Face value (₹)	10.00	10.00	10.00	10.00	10.00

Notes:

1. The ratio has been computed as below:

Basic earnings per share = $\dfrac{\text{Profit after tax, as restated}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted earnings per share = $\dfrac{\text{Profit after tax, as restated}}{\text{Weighted average number of potentialequity shares outstanding during the year}}$

Return on net worth (%) = $\dfrac{\text{Net profit after tax, as restated}}{\text{Net worth as restated as at year end}}$

Net asset value per share (₹) = $\dfrac{\text{Net worth, as restated}}{\text{Number of equity shares as at year end}}$

$$\text{Net asset value per share (considering issue of bonus shares) (₹)} = \frac{\text{Net worth, as restated}}{\text{Number of equity shares as at year end (considering issue of bonus shares)}}$$

2 Earning per shares (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per share' prescribed by the Companies (Accounting Standards) Rules, 2006.

3 The figures disclosed above are based on the Restated Summary Statements of the Company.

ANNEXURE XX - STATEMENT OF DIVIDENDS DECLARED

(₹ in mn.)

Particulars	For the year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
On Equity share capital					
Paid up share capital	-	-	-	73.41	73.41
Face value (₹)	-	-	-	10.00	10.00
Rate of Dividend (%)	-	-	-	4.00	4.00
Amount of Dividend	-	-	-	2.94	2.94
Tax on Dividend	-	-	-	0.49	0.49

Notes:

1. The Board of Directors of the Company, in their meeting held on 15 June 2012, recommended a dividend of ₹ 0.40 per equity share subject to approval of the shareholders at the ensuing Annual General Meeting of the Company. The dividend payout on equity shares recommended by the Directors of the Company is ₹ 2.94 million calculated at the rate of ₹ 0.40 per equity share on 7,340,936 equity shares of the face value of ₹ 10 each.

   Consequent to the issue of bonus shares, while the aggregate amount of dividend on equity shares, if declared at the ensuing Annual General Meeting, shall remain unchanged at ₹ 2.94 million, the rate per equity share shall be adjusted to the total number of equity shares outstanding on the record date for dividend payment pursuant to the issue of said bonus shares.

2. The company did not declare any dividend on equity shares for the years ended 31 March 2008, 2009 and 2010.

FINANCIAL INDEBTEDNESS

The following is a summary of our Company's indebtedness as on June 30, 2012:

(₹ in mn.)

Sr. No.	Nature of Borrowing	Amount outstanding	Amount outstanding
1.	Secured Borrowings		**407.09**
	a. Cash Credit	403.10	
	b. Vehicle Loans	3.99	
2.	Unsecured Borrowings		**18.00**

1. Details of Secured Borrowings Availed by our Company

As on June 30, 2012 the aggregate outstanding secured borrowing of our Company is ₹ 407.09 million. Our Company has availed secured loans from State Bank of India ("**SBI**" or the "**Lead Bank**") and Andhra Bank Limited ("**ABL**") under a consortium agreement dated February 6, 2012 (the "**Consortium Agreement**"). Further, our Company has also availed secured loans from ICICI Bank Limited ("**ICICI**") *vide* Master Facility Agreement dated June 24, 2008

For the purpose of this section, "SBI", "ABL" and "ICICI" shall be collectively referred to as "**Lenders**".

(i) Working Capital Arrangements by our Company

a) State Bank of India and Andhra Bank Limited

Lender	Amount Sanctioned upto (₹ in mn.)	Date(s) of financing documents	Amount outstanding as on June 30, 2012(₹ in mn.)	Repayment Schedule and Interest
State Bank of India	Fund Based Working Capital Limit ("**FBWC**") of 280.00 and Non Fund Based Working Capital Limit of 30.00*	Facility sanctioned vide agreement of loan dated January 24, 2008 and sanction letter dated January 8, 2008, modified on various occasions the last modification being on February 06, 2012.	277.94	Repayable on demand. **Interest** Interest Rate for FBWC at 2.75% above Base Rate, present effective 12.75% with monthly rests.
Andhra Bank Limited	Fund Based Working Capital Limit of 100.00	Facility sanctioned vide agreement of loan dated September 24, 2010, and sanction letter dated March 15, 2010 modified on various occasions the last modification being on February 04, 2012.	99.52	Repayment upon demand **Interest** Our Company shall pay interest at the rate of base rate plus 2.25% i.e. 12.75% at present.

* *Interchangeable between Bank Guarantee and Letter of Credit*

Description of Security and terms for the Lead Bank and ABL, under the Consortium Agreement:

The facilities are secured by:

(i). **Primary Security**: Hypothecation charge of stock of goods including goods in transit and all present and future book debts except credit card receivables, on first pari passu basis.

(ii). **Collateral Security**:

a) First parri passu charge to working capital lenders (except those charged to ICICI) on all the present and future fixed assets of our Company.

b) First pari passu charge to working capital lenders (except those charged to ICICI) on the following properties:

- Equitable mortgage of residential property at apartment number BPB081, Eighth Floor, Wing Number PBO 33 and 34, Belvedere Park, Phase II and III, DLF City, Gurgaon in the name of Lalit Agarwal, Sangeeta Agarwal and. Madan Agarwal, measuring super area of 1714 Sq.Ft.

- Equitable mortgage of residential property, situated at Sixth floor, D-61 Galaxy Tower, Judge Bungalow, Vastrapur, Ahemdabad, in the name of Hemant Agarwal and Smiti Agarwal measuring 280 Sq.Yd.

- Equitable mortgage of residential property situated at B-141-A, Second Floor, Chittaranjan Park, New Delhi in the name of Prem Lata Jatia measuring 1154.25 Sq.Ft.

- Cash collateral of ₹ 3.80 million in the form of pledge of fixed deposit receipts in the name of the promoters.

(iii). **Guarantees**: Personal guarantee of Lalit Agarwal, Hemant Agarwal, Madan Agarwal, Sangeeta Agarwal, Smiti Agarwal and Prem Lata Jatia.

The following is the summary of key terms under the Consortium Agreement:

Negative Covenants

(i) In case our Company wants to enter into any kind of derivative deals with any of the commercial banks or institution, we are under an obligation to obtain a NoC from SBI.

(ii) Our Company shall not without the consent of SBI:

a) change our Company's capital structure.

b) formulate any scheme of amalgamation or reconstruction;

c) undertake any new project, implement any scheme of expansion, or acquire any fixed assets, except those indicated in the fund flow statement submitted to SBI from time to time;

d) invest by way of share capital in or lend or advance funds to or place deposits, with any other concerns (including group companies); normal trade credit or security deposits in the normal course of business or advances to employees can however be extended;

e) enter into borrowing agreements either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits apart from arrangement indicated in the funds flow statements submitted to SBI from time to time and approved by it;

f) undertake any guarantee obligations on behalf on any company or other company (including group company);

g) declare dividends for any year out of the profits relating to that year or of the previous years, it is however necessary for our Company to ensure first that the provisions are made and no repayment obligations remain unmet at the time of making the request for SBIs' approval for the declaration of dividend;

h) create any charge, lien, or encumbrance over its undertaking or any part of it thereof, in favour of any financial institution, bank, company firm or persons;

i) sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to SBI;

j) enter into any contractual obligations of long term nature or affecting our Company financially to a significant extent;

k) change the practice with regards to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc;

l) undertake any trading activity other than sale of products, arising out of its own manufacturing operations; and

m) Permit any transfer of controlling interest or make any drastic change in the management set up.

b) ICICI Bank Limited

Lender	Amount Sanctioned (₹ in mn.)	Date(s) of financing documents	Amount outstanding as on June 30, 2012(₹ in mn.)	Repayment Schedule and Interest
ICICI Bank Limited	Overdraft Facility of ₹45.00	Facility sanctioned vide Master Facility Agreement ("**MFA**") dated June 24, 2008 and sanction letter dated August 22, 2005, modified and renewed on various occasions the last modification being on March 02, 2012	25.64	Repayment upon demand. **Interest** a) I-Base rate being 10.00% plus spread of 5.00% per annum i.e. 15.00% per annum

Description of Security

(i) **Collateral Security:** Hypothecation of all credit cards receivables and book debts of our Company, both present and future.

(ii) **Guarantees:** Unconditional and irrevocable personal guarantee's of Madan Agarwal, Lalit Agarwal and Hemant Agarwal

The following is the summary of key terms under the Agreement with ICICI:

Negative Covenants

(i) Our Company shall not assign or transfer all or any of its rights, benefits or obligations under the deed of hypothecation.

(ii) Our Company shall obtain a NoC from ICICI before availing any fresh credit from any of the bank against credit card receivables.

(iii) Our Company shall not without the prior written consent of ICICI do the following:

a) Undertake or permit any merger, de-merger, and consolidation, reorganization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary or permit any company to become our subsidiary;

b) Create or permit to subsist any encumbrance (except for securing borrowings for our working capital requirements in the ordinary course of business, as approved by ICICI) or any type of preferential arrangement having the effect of granting security), in any form whatsoever on any of our assets or sell or transfer, grant lease or otherwise dispose of or deal with, any of the assets;

c) Declare or pay dividend or authorize or make any distribution to our shareholders, members, and partners or permit withdrawal of amounts bought in, unless we have paid all dues with respect to the facility;

d) Prepay any indebtedness incurred by us;

e) Pay any commission to our promoters, directors, managers, or other people for furnishing guarantees in connection with any indebtedness incurred by us;

f) Undertake any new project, diversification, modernization, which is material in nature or substantial expansion of any of our projects;

g) Recognize or register any transfer of shares in our capital, or made by our promoters, except as permitted by the ICICI;

h) Make any investments by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide credit or give any guarantee, indemnity, or similar assurance, excerpt as permitted by ICICI;

i) Buy back, cancel, retire, reduce, redeem, re-purchase or otherwise acquire any of our share capital, issue any further share capital whether on preferential basis or change our capital structure in any manner whatsoever;

j) Engage in any business activities other than what we are currently engaged in, either solely or in partnership;

k) ICICI shall have a right to appoint and remove from time to time, nominee directors on the Board of our Company.

2. Details of Unsecured Borrowings Availed by our Company

As on June 30, 2012 the aggregate outstanding unsecured borrowing of our Company is ₹ 18.00 million. The details of our unsecured borrowings is as follows:

(i) Unsecured loan of ₹ 7.00 million availed by Labhkari Fincap Private Limited ("LFPL")

Our Company pursuant to an agreement ("**LN Agreement**") dated September 18, 2004 availed an unsecured loan of ₹ 7.00 million from LFPL (the "**LN Facility**") for investment in our Company's store at Lajpat Nagar, New Delhi (the "**LN Store**"). The following are the key covenants of the LN Agreement:

(a) The LN Facility shall be repayable within a month of separation/closure of the LN Store. However the LN Facility can be recalled after the expiry of two years, by LFPL, by giving six months notice.

(b) The LN Facility shall not carry any interest till the LN Store is in operation. However, interest shall be paid at the rate 18% p.a from the date of closure of the LN Store till the LN Facility amount is refunded.

(c) LFPL shall be entitled to a commission of 3% on the gross sales of upto ₹ 70.00 million and 3.5% on the gross sales above ₹ 70.00 million subject to a minimum guaranteed amount of ₹ 1.05 million per annum.

(ii) Unsecured loan of ₹ 11.00 million availed by LFPL

Our Company pursuant to an agreement ("**PT Agreement**") dated November 07, 2004 availed an unsecured loan of ₹ 11.00 million from LFPL (the "**PT Facility**") for investment in our Company's store at Pitampura, New Delhi (the "**PT Store**"). The following are the key covenants of the PT Agreement:

(a) The PT Facility shall be repayable within a month of separation/closure of the PT Store. However the PT Facility can be recalled after the expiry of two years, by LFPL, by giving six months notice.

(b) The PT Facility shall not carry any interest till the PT Store is in operation. However, interest shall be paid at the rate 18% p.a from the date of closure of the PT Store till the PT Facility amount is refunded.

(c) LFPL shall be entitled to a commission of 3% on the gross sales of upto ₹ 70.00 million and 3.5% on the gross sales above ₹ 70.00 million subject to a minimum guaranteed amount of ₹ 1.65 million per annum.

Restrictive Covenants

The LN Agreement and the PT Agreement do not contain any restrictive covenants.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, beginning from page no. 195 of the Draft Red Herring Prospectus. You are also advised to read the chapter titled "Risk Factors" on page 15 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is also based on internally prepared statistical information and on publicly available information. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward-Looking Statements" on pages 15 and 13, respectively.Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the chapter titled "Definitions and Abbreviations" beginning on page 1 of the Draft Red Herring Prospectus.

Overview

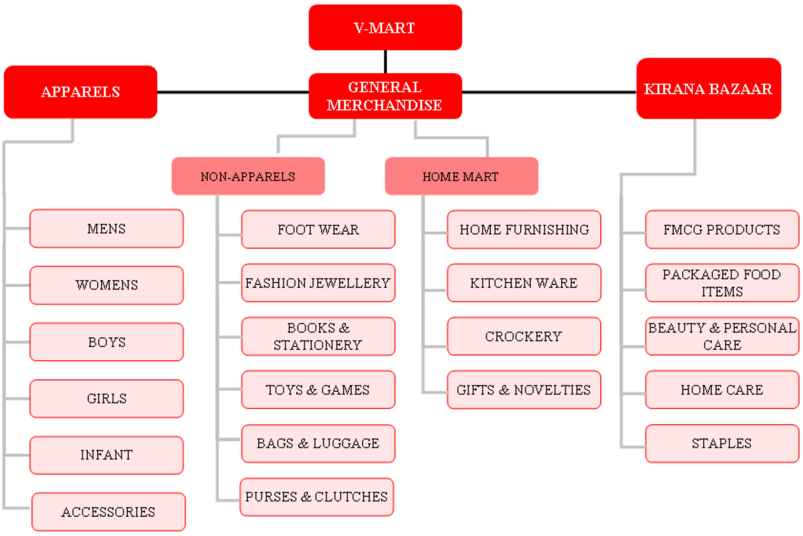
We are one of the pioneers in setting up stores across various small Indian towns and cities including Sultanpur, Ujjain, Motihari *(Source: Indian Retail Industry 2012 – CARE Research)*. We primarily operate in Tier-II and Tier-III cities, with a chain of "value retail" departmental stores offering apparels, general merchandise and kirana, catering to the entire family. Based in New Delhi, our operations are spread across northern, western and eastern parts of India. In October, 2003 we opened our first store by the name of "*V-Mart*" at Ahmedabad, Gujarat, and currently own and operate 59 stores spread across 51 cities and 10 states and union territories, with a total area of 4.82 lac Sq. Ft. Our stores are located in New Delhi, Gujarat, Uttar Pradesh, Bihar, Punjab, Chandigarh, Haryana, Jammu and Kashmir, Rajasthan and Madhya Pradesh.

We have established stores in Metro, Tier-I, Tier-II and Tier-III cities which are primarily located as standalone stores in high-street areas and shopping hubs of such cities. The average size of our store is approximately 8,000 Sq. Ft.

Our Company follows the concept of '*value retailing*' to target the strata of the population belonging to the expanding '*aspiring class*' and '*middle class*' based on our customer's socio-economic conditions, purchasing power, demographic details and customer trends. We believe our offerings in untapped markets, provide our customers with a different shopping experience, comprising of a vast range of value retail products under a modern ambience and feel of a large retail mall.

Our Business Verticals

Our business can be classified in three business verticals: (i) Apparels, (ii) General Merchandise, and (iii) Kirana Bazaar. Our 39 stores are "*Mini Hyper Stores*" retailing apparels, general merchandise as well as kirana and 20 stores are "*Family Fashion Stores*" which are focused on apparels and general merchandise. Our business verticals are further divided as follows:



Our apparels business vertical includes the following divisions: apparels and accessories for men, women, boys, girls and infants.

Our general merchandise business vertical includes the following divisions: Non-Apparels and Home Mart. The Non-Apparel division has the following segments: footwear, books and stationery, toys and games, purses and clutches, fashion jewellery, bags and luggage. The Home Mart division consists of the following segments – home furnishing, kitchenware, crockery and gifts and novelties.

Our Kirana Bazaar business vertical, includes the following segments: FMCG products, packaged food items, beauty and personal care, home care and staples.

Our business is based on the primary concept of '*value retailing*' and guided by our principles "*Sabse Sasta Sabse Accha*" and "*Price 'Less' Fashion*", following which we aim to provide the latest fashion trends in apparels and non apparels to the entire family with an added focus on demands of the youth and Young Families. As a complete family departmental store, we also retail a wide range of products at affordable prices through our Kirana Bazaar vertical.

We source our products, including private labels, directly from the regions where such products are widely available or manufactured, to minimize our procurement costs and offer quality products at such costs. Our strong sourcing capability is backed by an efficient logistics network, which is supported by strong IT infrastructure, systems and processes, thus enabling us in achieving our concept of '*value retailing*'.

Our total income has grown at a CAGR of 30.19% from ₹ 980.71 million in Fiscal 2008 to ₹ 2,819.54 million in Fiscal 2012. Our profit after tax has grown at a CAGR of 31.71% from ₹ 35.24 million in Fiscal 2008 to ₹ 106.12 million in Fiscal 2012. Around 75.88% of our total income is from apparels and general merchandise and 24.08% of our revenue is from Kirana Bazaar in Fiscal 2012. Our stores have grown from 22 in Fiscal 2008 to 59 as on the date of the Draft Red Herring Prospectus square feet under operation has increased from 2.11 lac Sq.Ft. in Fiscal 2008 to 4.82 lac Sq.Ft. as on the date of the Draft Red Herring Prospectus.

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of Stores	22	37	40	45	55
Number of cities	18	32	36	42	48
Total retail space in stores (in Sq.Ft.)	211,470	314,530	332,587	365,408	456,068

Significant developments till date (since the last audited financials) that affect our future results of operations

In the opinion of our Directors, no circumstances have arisen since the date of the last audited financial statements, which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay any liability within the next twelve months.

Since the last audited financial statements there have been certain significant developments as enumerated below:

a) Dividend declared

The Board of Directors of the Company, in their meeting held on June 15, 2012, recommended a dividend of ₹ 0.40 per equity share subject to approval of the shareholders at the ensuing Annual General Meeting of the Company. The dividend payout on equity shares recommended by the Directors of the Company is ₹ 2.94 million calculated at the rate of ₹ 0.40 per equity share on 7,340,936 equity shares of the face value of ₹ 10 each.

Consequent to the issue of bonus shares, while the aggregate amount of dividend on equity shares, if declared at the ensuing Annual General Meeting, shall remain unchanged at ₹ 2.94 million, the rate per equity share has been adjusted to the total number of equity shares outstanding on the record date for dividend payment pursuant to the issue of said bonus shares.

b) Bonus shares issued

The shareholders of the Company, vide special resolution in extraordinary general meeting dated May 22, 2012 authorized the Board of Directors to allot 6,606,842 bonus shares to the shareholders, representing a ratio of 9:10 by capitalization of reserves. The Board of Directors on June 15, 2012 accordingly allotted 6,606,842 Equity Shares as bonus shares.

c) Employee Stock Options

Our Company has instituted the "*V-Mart ESOP Scheme 2012*" consequent to which 300,000 equity shares of ₹ 10 each will be granted as stock options (ESOP's) to eligible employees. The exercise price of these options will be determined by the Remuneration Committee and will vest over a period of 12 months to 36 months from the grant date.

On July 20, 2012, the Company has granted 153,252 ESOP's at an exercise price of ₹150.00 per ESOP with graded vesting (i.e. 45,975 ESOPs vesting after 12 months from the date of grant, 45,975 ESOPs vesting after 24 months from the date of grant and 61,302 ESOPs vesting after 36 months from the date of grant).

d) Increase in authorized share capital

Subsequent to March 31, 2012, the Company has increased its authorised share capital from ₹ 150 million comprising of 15,000,000 equity shares of ₹ 10 each to ₹ 200 million comprising of 20,000,000 equity shares of ₹ 10 each.

e) Adoption of new articles of association

Subsequent to March 31, 2012, the Company in view of proposed listing of equity shares on the stock exchanges adopted a new set of articles of association.

Factors Affecting Our Financial Results

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to identify and respond to consumer demands and preferences;
- Disruption in supply of products/ raw materials;
- Customer spending on various occassions like; festivals, wedding, birthdays and social functions;
- Factors affecting discretionary consumer spending in India;
- Growth of unorganized retail sector;
- Increased competition from other retail players;
- Our supply chain management system including our logistics and transportation capabilities;
- Our relationship with and other conditions affecting our customers;
- Changes in government policies, laws and regulations that apply to or affect our business;
- Changes in political and social conditions in India, the monetary and interest rate policies in India and/ or other countries, inflation, deflation, anticipated turbulence in interest rates, equity prices or other rates or prices;
- General economic and business conditions in the markets in which we operate and in the local, regional and national international economies;
- Our ability to attract and retain appropriate personnel;
- Our Company's ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement our business plans for which funds are being raised through the Issue;

Significant Accounting Policies

Our financial statements are prepared under the historical cost convention on accrual and going concern basis and in compliance with the accounting standards issued by the Institute of Chartered Accountants of India and in accordance with the generally accepted accounting principles in India and provisions of the Companies Act.

Significant accounting policies that are relevant and specific to our business and operations have been described below:

1. Basis of preparation

The 'Summary Statement of the Assets and Liabilities, As Restated' of the Company as at 31 March 2008, 2009, 2010, 2011 and 2012, the ' Summary Statement of Profits and Losses, As Restated' and the ' Statement of Cash Flows, As Restated' for the years ended 31 March 2008, 2009, 2010, 2011 and 2012 (collectively referred to as ' Restated Summary Statements') have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO').

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006, (as amended) issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

The Restated Summary Statements of the Company have been prepared to comply in all material respects with the requirements of Part II of Schedule II to the Act and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI and as amended from time to time.

During the year ended 31 March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous years' figures in accordance with the requirements applicable in the year ended 31 March 2012.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

3. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Fixed assets under construction and cost of assets not ready for use before the year-end, are presented as capital work in progress.

Depreciation on tangible assets other than leasehold improvements is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis with reference to the days of addition or disposal. Depreciation on leasehold improvements is provided over their respective lease period or the estimated useful life of the leased assets, whichever is shorter.

4. **Intangible assets and amortization**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful life not exceeding six years.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

5. **Leases**

Operating leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the Statement of Profits and Losses on a straight-line method over the lease term.

Finance leases:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the lessee's incremental borrowing rate. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

6. **Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profits and Losses as incurred.

7. **Impairment**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Statement of Profits and Losses. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the impairment loss is accordingly reversed in the Statement of Profits and Losses.

8. **Inventories**

Inventories are valued as follows:

Raw materials, stores and packing materials are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost is determined based on first in first out method.

Work-in-progress and finished goods (including consignment stock) are valued at lower of cost and net realizable value. Cost includes direct materials, job work charges, and all other costs of purchase incurred in bringing the inventories to their present location and condition. Cost is determined based on first in first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

9. Revenue recognition

Revenue from sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on delivery of goods to customers net of returns and discounts.

Others:

- Income from interest is accounted for on time proportion basis taking into account the amount outstanding and the applicable rate of interest.
- Store display income and insurance claims are accounted on receipt basis.

10. Foreign currency transactions

Monetary items at the balance sheet date are translated using the rates prevailing on the balance sheet date. Non - monetary assets are recorded at the rates prevailing on the date of the transaction. Transactions in foreign currency and non-monetary assets/liabilities are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized in the Statement of Profits and Losses.

11. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- Employee Benefits (Revised 2005) “Revised AS 15” of Companies (Accounting Standards) Rules, 2006

i) Provident fund

The Company contributes on a defined contribution basis to Employees’ Provident Fund and Employees’ State Insurance Fund towards post-employment benefits, all of which are administered by the respective Government authorities, and has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

ii) Gratuity

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Profits and Losses in the year to which such gains or losses relate.

iii) Compensated absences

Compensated absences are encashed at the end of each financial year or subsequent to year end and cannot be carried forward. Liability in respect of compensated absences has been recognized on the basis of earned leave available at the end of the year.

iv) Other short term benefits

Expense in respect of other short term benefits including performance bonus is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

12. Income taxes

Tax expense comprises current income-tax and deferred tax. Current income-tax is determined in respect of taxable income with deferred tax being determined as the tax effect of timing differences representing the difference between taxable income and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

14. Contingent liabilities and provisions

Depending upon the facts of each case and after due evaluation of legal aspects, claims against the Company not acknowledged as debts are treated as contingent liabilities. In respect of statutory dues disputed and contested by the Company, contingent liabilities are provided for and disclosed as per original demand without taking into account any interest or penalty that may accrue thereafter. The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. Possible future or present obligations that may but will probably not require outflow of resources or where the same cannot be reliably estimated, has been disclosed as a contingent liability in the financial statements.

15. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits with an original maturity of three months or less.

16. Measurement of Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profits and Losses. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

ANALYSIS OF OPERATIONAL PARAMETERS

Number of Stores

The following table gives detail of number of stores at the beginning of each year, stores opened during the year, stores at the end of each year for Fiscals 2008, 2009, 2010, 2011 and 2012:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
No. of stores at the beginning of the Fiscal	14	22	37	40	45
Stores opened during the Fiscal	8	17	9	8	11
Stores closed during the Fiscal	-	2	6	3	1
Total stores at the end of the Fiscal	22	37	40	45	55
Growth Rate	57.14%	68.18%	8.11%	12.50%	22.22 %

Our Company has expanded our stores from 14 stores to 55 stores with a CAGR 31.48% over the last 5 Fiscals.

Our Presence

A significant number of our stores are present in Tier-II and Tier-III cities. As of Fiscal 2012, 81.82% of our stores are located in Tier-II and Tier-III cities. We are one of the pioneers in setting up stores across various small Indian towns and cities including Sultanpur, Ujjain, Motihari *(Indian Retail Industry 2012 – CARE Research)*. The breakup of our presence in Metro and Tier-I, Tier-II and Tier-III cities is depicted as below:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Metro & Tier-I	9	10	9	8	10
Tier-II	6	12	12	13	16
Tier-III	7	15	19	24	29
Total	**22**	**37**	**40**	**45**	**55**

Size and Income from Stores

The following table gives detail about size of stores, average retail space, sales and average sales price per square feet for Fiscals 2008, 2009, 2010, 2011 and 2012:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Total retail space in stores (in Sq.Ft.)	211,470	314,530	332,587	365,408	456,068
Average retail space (Sq.Ft.)*	174,858	262,199	327,347	352,763	415,313
Sales (Revenue from Operation) (₹ in millions)	980.06	1,422.21	1,436.73	2,140.75	2,811.06
Average sales per Sq.Ft. (in ₹)	5,604.94	5,424.11	4,389.04	6,068.54	6,768.53

**Average retail space means weighted average Sq. Ft. calculated on the basis of the number of days a store was operational during the year*

We have expanded our retail space from 211,470 Sq. Ft. in Fiscal 2008 to 456,068 Sq.Ft. in Fiscal 2012 at a CAGR 21.17%.

Tier wise Sales Break-up

The following table gives detail about sales as per our classification of cities:

(₹ in mn)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Metro & Tier-I	442.30	476.07	374.53	470.47	535.42
Tier-II	380.85	515.62	492.36	649.60	818.67
Tier-III	156.16	429.76	568.76	1,019.75	1,455.98
Total	**979.31**	**1,421.45**	**1,435.65**	**2,139.82**	**2,810.07**

Tier wise Sales Per Sq. Ft.

The following table gives detail about Tier wise sales per Sq. Ft. as per our classification of cities:

(In ₹)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Metro & Tier-I	5,309.17	5,662.98	4,718.33	6,506.61	6,259.75
Tier-II	5,612.25	5,478.45	4,354.98	5,637.66	6,496.94
Tier-III	6,592.54	5,115.24	4,215.81	6,171.71	7,145.17
Total	**5,600.65**	**5,421.23**	**4,385.73**	**6,065.92**	**6,766.14**

Major Cost Analysis (Per Month)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Lease Rental (₹ per Sq. Ft per month)	29.01	29.68	25.26	28.01	27.97
Employee Cost (₹ per Sq. Ft. per month)	30.15	34.04	23.75	27.33	34.22
Power & Fuel Cost (₹ per Sq. Ft. per month)	12.90	14.73	11.87	13.34	14.37

Inventory Turnover

Inventory turnover ratio is the number of times we are able to turn our inventory in a year and is determined as the ratio of sales during the year to the average of the opening and closing inventory. This helps us to better align the supply chain planning and store wise demand for inventory.

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Inventory Turnover ratio	3.75	3.38	2.80	3.44	3.56
Average Inventory (in days)	**97.44**	**107.92**	**130.56**	**106.21**	**102.64**
- Apparel	105.20	119.04	162.46	133.47	119.38
- Non apparel	194.27	244.81	258.51	170.79	145.30
- Home mart	74.71	109.89	162.77	120.32	119.11
- Kirana	52.05	43.61	38.37	35.99	43.23

Footfall and Conversion

We measure the customer entry in terms of "*Footfalls*", which is the number of people entering our stores. Our promotion campaigns are targeted towards attracting maximum Footfalls into our stores. We measure Footfalls by way of a physical count at our respective stores. Footfalls represent only the adult customers entering our stores. Footfalls do not necessarily mean sales. The purchases made by our customers are tracked by a count of cash memos generated at the billing counters of each of our stores.

Conversion is the ratio of the number of cash memos versus the Footfall. Tracking the conversion helps our Company to understand the productivity at the store and overall shopping experience of the customer including the attractiveness of products and schemes.

The following table sets forth the details of Footfalls and Conversion:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Footfalls (Average no. per day per store)	543.97	423.49	405.40	489.45	501.01
Cash Memos (Average no. per day per store)	322.91	271.84	266.18	338.80	350.77
Conversion (%)	59.36	64.19	65.66	69.22	70.01

Average Billing/Transaction Size

Average billing is the average value of the cash memo, also referred to as the 'Ticket Size,' which is determined by sales divided by number of cash memos. Average billing helps us to understand the profile of our customers and accordingly improve our merchandising planning based on the average power of our customers. The following table sets forth the details of average billing:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Average billing per cash memo (in ₹)	467.37	484.62	382.07	399.59	436.17

Sales Mix

The following table sets forth our vertical wise sales:

(₹ in mn.)

Particulars	Fiscal 2008		Fiscal 2009		Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Amount	% to sales	Amount	% to sales	Amount	% to sales	Amount	% to sales	Amount	% to sales
Apparel	680.82	69.47	963.95	67.78	859.11	59.80	1,275.56	59.58	1,791.76	63.74
Non apparel	48.60	4.96	62.41	4.39	72.78	5.07	121.96	5.70	176.36	6.27
Home mart	59.61	6.08	92.76	6.52	78.09	5.44	112.37	5.25	164.96	5.87
Kirana	190.28	19.42	302.33	21.26	425.67	29.63	629.93	29.43	676.99	24.08
Other operating revenue	0.75	0.08	0.76	0.05	1.08	0.08	0.93	0.04	0.99	0.04
Total	**980.06**	**100.00**	**1422.21**	**100.00**	**1436.73**	**100.00**	**2140.75**	**100.00**	**2811.06**	**100.00**

Gross Margins

Gross Margins is the difference between revenue from operation and the cost of goods sold. Cost of Goods Sold (COGS) includes cost of raw material consumed, purchase of finished goods and direct expenses. Our revenues from operations, COGS and Gross Margins are as follows:

(₹ in mn.)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Revenue from Operation	980.06	1,422.21	1,436.73	2,140.75	2,811.06
Cost of Goods Sold	658.72	962.98	993.82	1544.68	1997.22
Gross Margin	321.34	459.23	442.91	596.07	813.84
Gross Margin %	32.79%	32.29%	30.83%	27.84%	28.95%

Cost of Goods Sold

Our breakup of cost of goods sold for the Fiscals 2008, 2009, 2010, 2011 and 2012:

(₹ in mn.)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Apparel	444.31	622.94	547.41	840.59	1186.24
Non apparel	29.06	38.77	46.92	78.24	110.75
Home Mart	36.85	57.16	49.98	74.41	107.85
Kirana Bazaar	148.50	244.11	349.51	551.44	592.38
Total	**658.72**	**962.98**	**993.82**	**1,544.68**	**1,997.22**

Gross margins

Our breakup of gross margins for the Fiscals 2008, 2009, 2010, 2011 and 2012:

(₹ in mn.)

Particulars	Fiscal 2008		Fiscal 2009		Fiscal 2010		Fiscal 2011		Fiscal 2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Apparel	236.51	34.74	341.00	35.38	311.70	36.28	434.97	34.10	605.52	33.79
Non apparel	19.54	40.21	23.65	37.89	25.86	35.53	43.72	35.85	65.61	37.20
Homemart	22.76	38.18	35.60	38.38	28.11	36.00	37.96	33.78	57.11	34.62
Kirana	41.78	21.96	58.22	19.26	76.16	17.89	78.49	12.46	84.61	12.50
Other operating revenue	0.75	-	0.76	-	1.08	-	0.93	-	0.99	-
Total	**321.34**	**32.79**	**459.23**	**32.29**	**442.91**	**30.83**	**596.07**	**27.84**	**813.84**	**28.95**

Like to Like Sales / Same store sales

"Like to Like Sales" means the sales of a particular store vis – a – vis the previous year which have been operational for 12 months in a year. Our "Like to Like Sales" is as follows:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
No. of stores open atleast a year	14	20	32	37	44
Current year sales (₹ in mn.)	2.20	2.52	3.04	4.63	6.25
Previous year sales (₹ in mn.)	2.09	2.99	4.27	4.20	5.84

Shrinkage

Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence, expiry and error in documents and transaction that go un-noticed and later adjusted for upon physical verification of stock with book stock

We have engaged independent consultants to verify and authenticate the physical inventory levels at the stores and distribution centres on regular intervals, to ensure better control, reporting and identifying the Shrinkage levels and provide better ways and means for managing our Shrinkage levels.

Our Shrinkage as a percentage of sales is as follows:

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Shrinkage % of Sales	-	0.91%	0.81%	0.76%	1.63%

RESULTS OF OPERATIONS

The following table sets forth selected financial data from our restated of profit and loss account, for the Fiscals 2009, 2010, 2011 and 2012.

(₹ in mn, except percentages)

Particulars	Fiscal 2009	% of Total Revenue	Fiscal 2010	% of Total Revenue	Fiscal 2011	% of Total Revenue	Fiscal 2012	% of Total Revenue
Revenue								
Revenue from operations	1,422.21	99.90	1,436.73	99.66	2,140.75	99.66	2,811.06	99.70
Other income	1.36	0.10	4.83	0.34	7.23	0.34	8.48	0.30
Total revenue	**1,423.57**	100.00	**1,441.56**	100.00	**2,147.98**	100.00	**2,819.54**	100.00
Expenditure								
Cost of Goods Sold	962.98	67.65	993.82	68.94	1,544.68	71.91	1,997.22	70.83
Employee benefits expenses	107.09	7.52	93.29	6.47	115.67	5.39	170.53	6.05
Other expenses	271.65	19.08	235.92	16.37	293.65	13.67	368.73	13.08
Total expenditure	**1,341.72**	94.25	**1,323.03**	91.78	**1,954.00**	90.97	**2,536.48**	89.96
EBITDA	**81.85**	5.75	**118.53**	8.22	**193.98**	9.03	**283.06**	10.04
Depreciation and amortization	31.65	2.22	41.67	2.89	48.53	2.26	58.30	2.07
Finance charges	32.52	2.28	41.04	2.85	49.76	2.32	67.35	2.39
Net profit before tax, as restated	**17.68**	1.24	**35.82**	2.48	**95.69**	4.45	**157.41**	5.58
Less : Tax expenses								
Current tax	5.70	0.40	14.78	1.03	35.27	1.64	54.03	1.92
Fringe benefits tax	0.63	0.04	-	-	-	-	-	-
Deferred tax	0.89	0.06	(2.22)	(0.15)	(2.23)	(0.10)	(2.74)	(0.10)
Total tax expenses	**7.22**	0.51	**12.56**	0.87	**33.04**	1.54	**51.29**	1.82
Profit after tax, as restated	**10.46**	**0.73**	**23.26**	**1.61**	**62.65**	**2.92**	**106.12**	**3.76**

MAJOR ITEMS OF INCOME AND EXPENDITURE

Income

We are a chain of departmental stores offering apparels, general merchandise and kirana bazaar products, catering to the entire family.

Our total income comprises of:

(i) Revenue from operations; and
(ii) Other Income.

Revenue from operations

(₹ in mn.)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Income from outsourced/own manufacturing				
Apparel	89.38	100.50	77.09	77.60
Income from Traded Goods				
Apparel	874.57	758.61	1,198.47	1,714.16
Non Apparel	62.41	72.78	121.96	176.36
Home mart	92.76	78.09	112.37	164.96
Kirana Bazaar	302.33	425.67	629.93	676.99
Other operating revenue - Display Income	0.76	1.08	0.93	0.99
Total	**1,422.21**	**1,436.73**	**2,140.75**	**2,811.06**

Our revenue from operations includes the sale of products through our stores.

Other income

Our other income primarily comprises of interest on bank deposits, insurance claim, liabilities written off and other miscellaneous income etc.

(₹ in mn)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Interest – from bank	0.03	0.03	0.17	0.45
Interest – others	0.23	0.32	0.31	0.37
Insurance Claim	0.12	0.27	0.35	0.25
Liabilities written off	-	3.18	3.80	3.35
Provisions no longer required written back	0.24	-	-	-
Miscellaneous income	0.74	1.03	2.60	4.06
Total Other Income	**1.36**	**4.83**	**7.23**	**8.48**

Expenditure

Our total expenditure consists of (i) Cost of Goods Sold; (ii) Employee benefits expenses; (iii) Other expenses; (iv) finance charges; and (v) depreciation and amortization.

(₹ in mn)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Cost of Goods Sold	962.98	993.82	1544.68	1997.22
Employee benefit expenses	107.09	93.29	115.67	170.53
Other expenses	271.65	235.92	293.65	368.73
Finance Charges	32.52	41.04	49.76	67.35
Depreciation and amortisation	31.65	41.67	48.53	58.30
Total Expenditure	**1,405.89**	**1,405.74**	**2,052.29**	**2,662.13**

Cost of Goods sold

Cost of Goods Sold (COGS) includes cost of raw material consumed, purchase of finished goods and direct expenses.

Employee Benefit Expense

Employee benefit expense includes expenses such as director remuneration, salary to employees, bonus, gratuity and staff welfare expenses.

Other Expenses

Other expenses incurred by our Company primarily includes expenses such as rent, power and fuel, advertisement and sales promotion, packing material, repair maintenance, security expenses, travelling and conveyance, legal and professional fees, printing and stationery.

Depreciation and Amortisation

Depreciation costs are the depreciation charges on our capital expenditure. Our capital expenditures includes such as vehicles, leasehold improvements, electrical installations, furniture and fixtures, office equipment, computer software etc

Finance Charges

Finance charges include interest on working capital loan, vehicle loans, interest on unsecured loan and bank charges.

Provision for Taxes

Provision for taxes comprises current, deferred and fringe benefit tax. Deferred tax liability/asset arises mainly due to the differences among the written down value of assets calculated for the purpose of income tax and as per the books of accounts prepared under the Companies Act.

DISCUSSION ON RESULTS OF OPERATIONS

Comparison of Fiscal 2012 vis-à-vis Fiscal 2011

The following significant events occurred in Fiscal 2012, each of which had an impact on our results of operations for the period:

1. During Fiscal 2012, our Company has opened 11 new stores in 6 cities with a total addition of 96,270 Sq. Ft. and closed 1 store of an area of 5,610 Sq ft, resulting in total number of 55 stores and total area of 456,068 Sq. Ft.

2. Fiscal 2012 marked the first full year of operations of the 8 new stores in 6 cities opened during Fiscal 2011.

The following significant events occurred in Fiscal 2011, each of which had an impact on our results of operations for the period:

1. During Fiscal 2011, our Company had opened 8 new stores in 6 cities resulting in a total addition of 61,121 Sq.Ft. and closed 3 stores of an aggregate area of 28,300 Sq ft, resulting in total number of 45 stores and total area of 365,408 Sq. Ft.

2. Fiscal 2011 marked the first full year of operations of the 8 new stores opened during Fiscal 2010.

Income

Our total income for Fiscal 2012 was ₹ 2,819.54 million as compared to ₹ 2,147.98 million in Fiscal 2011 representing an increase of 31.26%.

Revenue from operations

Our revenue from operations for Fiscal 2012 was ₹ 2,811.06 million as compared to ₹ 2,140.75 million in Fiscal 2011 representing an increase of 31.31%. The increase in revenue was primarily attributable to the opening of 11 new stores. Further, the average sales per Sq.Ft. increased from ₹ 6,068.52 per Sq.Ft. in Fiscal 2011 to ₹ 6,768.53 Sq.Ft. Fiscal 2012.

The breakdown of revenue from operations by products is set forth below:

(₹ *in mn)*

Particulars	Fiscal 2011	Fiscal 2012	Growth (in %)
Apparel	1,275.56	1,791.76	40.47
Non apparel	121.96	176.36	44.60
Home mart	112.37	164.96	46.80
Kirana	629.93	676.99	7.47
Other operating revenue	0.93	0.99	6.45
Total	**2,140.75**	**2,811.06**	**31.31**

Other Income

Our other income for Fiscal 2012 was ₹ 8.48 million as compared to ₹ 7.23 million in Fiscal 2011 representing an increase of 17.29%.

Expenditure

Our total expenditure in Fiscal 2012 was ₹ 2,662.13 million as compared to ₹ 2,052.29 million in Fiscal 2011. As a percentage of total income, our total expenditure decreased to 94.42% in Fiscal 2012 from 95.55% in Fiscal 2011. This was primarily attributable to increase in the scale of business operations

Cost of Goods Sold

Our cost of goods sold for Fiscal 2012 was ₹ 1,997.22 million as compared to ₹ 1,544.68 million in Fiscal 2011 representing an increase of 29.30%.The cost of goods sold declined to 70.83% of our total income in Fiscal 2012 as against 71.91% in Fiscal 2011. This decrease was mainly due to a move from in house finishing model to outsourcing job work model and shift of focus towards trading of retail goods by increased purchase of finished goods directly from vendor.

Employee benefit expense

Our employee cost for Fiscal 2012 was ₹ 170.53 million as compared to ₹ 115.67 million in Fiscal 2011 representing an increase of 47.43%. The employee cost has marginally increased by 6.05% of our total income in Fiscal 2012 as against 5.39% in Fiscal 2011. The increase in personnel cost is mainly attributable to the increase in number of employees on account of opening of 11 new stores. Further, the annual increment in the salary and bonus to employees has also lead to an increase in employee cost.

Other expenses

The breakdown of the other expenses is set forth below:

(₹ *in mn)*

Particulars	Fiscal 2011	% of Total Income	Fiscal 2012	% of Total Income
Rent	118.59	5.52	139.38	4.94
Power and fuel expenses	56.48	2.63	71.61	2.54
Advertisement and sales promotion	41.55	1.93	51.34	1.82
Others	77.03	3.59	106.40	3.77
Total Expenses	**293.65**	**13.67**	**368.73**	**13.07**

Other expenses for Fiscal 2012 were ₹ 368.73 million as compared to ₹ 293.65 million in Fiscal 2011. The other expenses declined to 13.08% of our total income in Fiscal 2012 as against 13.67% in Fiscal 2011.

Lease rental, which is a major cost in our business, dropped from 5.52% of our total income in Fiscal 2011 to 4.94% in Fiscal 2012. This was primarily due to our long term lease contracts and rentals which are primarily fixed and increase in the sales in the current year vis-à-vis the previous year. Further for the new stores we have entered into lease agreements at competitive rates.

Power and fuel is also a significant cost as our stores are primarily located in Tier-II and Tier-III cities where the power supply is erratic. We use DG sets for electricity in the event of power failure to continue running the lighting and air conditioning in our stores. The expense towards power and fuel has dropped from 2.63% of our total income in Fiscal 2011 to 2.54% in Fiscal 2012 due to various energy saving activities initiated by our Company.

Advertisement and sales promotion is also a major cost in the retail industry and has dropped from 1.93% of our total income in Fiscal 2011 to 1.82% in Fiscal 2012. This was primarily due to the common channel for marketing activity which was carried out in our cluster based penetration to cover a wider area with minimum cost. For example, a single edition of print media of Lucknow in a region caters to more than 6 districts where our stores are located thereby reducing the average advertising cost per store.

EBITDA

EBITDA increased by 45.92%, i.e. ₹ 283.06 million in Fiscal 2012 from ₹193.98 million in Fiscal 2011. The EBITDA margin increased to 10.04 % of our total income in Fiscal 2012 as against 9.03% in Fiscal 2011 primarily due to 10% increase in sales of existing stores, addition of 11 new stores during the year, due to better and direct sourcing of finished goods and due to efficient inventory management and better inventory turnover in days i.e. from 106.21 days in Fiscal 2011 to 102.64 days in Fiscal 2012.

Depreciation and Amortisation expense

Our depreciation and amortisation costs for Fiscal 2012 was ₹ 58.30 million as compared to ₹ 48.53 million in Fiscal 2011 representing an increase of 20.13%. The increase in depreciation and amortisation costs was mainly attributable to the addition of 11 new stores and the first full year of operations of 8 new stores opened during Fiscal 2011. However, the depreciation has declined to 2.07% of our total income in Fiscal 2012 as against 2.26% in Fiscal 2011.

Finance charges

Our finance charges for Fiscal 2012 was ₹ 67.35 million as compared to ₹ 49.76 million in Fiscal 2011 representing an increase of 35.35%. This increase was primarily on account of availment of additional working capital limits and increase in interest rate on our working capital loans. Our total debt outstanding was ₹ 399.96 million as at Fiscal 2012, compared with ₹ 377.53 million as at Fiscal 2011.

As a percentage of total revenue, finance charges increased from 2.39% of total revenue in Fiscal 2012 to 2.32% of total revenue in Fiscal 2011.

Profit Before Tax

As a result our profit before tax in Fiscal 2012 was ₹ 157.41 million as compared to ₹ 95.69 million in Fiscal 2011 representing an increase of 64.50%. Our profit before tax margins increased to 5.58% in Fiscal 2012 from 4.45% in Fiscal 2011.

Tax Expense

The tax expense for Fiscal 2012 was ₹ 51.29 million as compared to ₹ 33.04 million in Fiscal 2011 representing an increase of 55.24%. The above increase is due to increase in profit before tax.

Profit After Tax

Profit in Fiscal 2012 was ₹ 106.12 million as compared to ₹ 62.65 million in Fiscal 2011 representing an increase of 69.39%. The increase was mainly attributable to the increase in sales from our existing stores as well as 11 new stores opened during Fiscal 2012. Our net profit after tax margin increased to 3.76% for the Fiscal 2012 from 2.92% for the Fiscal 2011.

Comparison of Fiscal 2011 vis-à-vis Fiscal 2010

The following significant events occurred in Fiscal 2011, each of which had an impact on our results of operations for the period:

1. During Fiscal 2011, our Company opened 8 new stores in 6 cities with a total addition of 61,121 Sq.Ft. and closed 3 stores of a total area of 28,300 Sq ft, resulting in total number of 45 stores aggregating to a total area of 365,408 Sq. Ft.

2. Fiscal 2011 marked the first full year of operations of the 8 new stores opened during Fiscal 2010.

The following significant events occurred in Fiscal 2010, each of which had an impact on our results of operations for the period:

1. During Fiscal 2010, our Company had opened 9 new stores in 9 cities with a total addition of 70,508 Sq.Ft. and closed 6 stores of a total area of 52,451 Sq. Ft., resulting in total number of 40 stores with a total area of 332,587 Sq. Ft.

2. Fiscal 2010 marked the first full year of operations of the 17 new stores opened during Fiscal 2009.

Income

Our total income for Fiscal 2011 was ₹ 2,147.98 million as compared to ₹ 1,441.56 million in Fiscal 2010 representing an increase of 49.00%.

Revenue from operations

Our revenue from operations for Fiscal 2011 was ₹ 2,140.75 million as compared to ₹ 1,436.73 million in Fiscal 2010 representing an increase of 49.00%. The increase in revenue was primarily mainly attributable to the opening of 8 new stores and supplemented by an increase in revenue from the existing stores. Further, the average sales per Sq.Ft. has increased to ₹ 6,068.54 in 2011 from ₹ 4,389.04 in Fiscal 2010.

The breakdown of sales by products is set forth below:

(₹ ***in mn)***

Particulars	**Fiscal 2010**	**Fiscal 2011**	**% Growth**
Apparel	859.11	1,275.56	48.47
Non apparel	72.78	121.96	67.57
Home mart	78.09	112.37	43.9
Kirana	425.67	629.93	47.99
Total	**1,435.66**	**2,139.82**	**49.05**

Other Income

Our other income for Fiscal 2011 was ₹ 7.23 million as compared to ₹ 4.83 million in Fiscal 2010 representing an increase of 49.69%.

Expenditure

Our total expenditure in Fiscal 2011 was ₹ 2,052.29 million as compared to ₹ 1,405.74 million in Fiscal 2010. As a percentage of total income, our total expenditure decreased to 95.54% in Fiscal 2011 from 97.51% in Fiscal 2010. This was primarily attributable to increase in the scale of business operations.

Cost of Goods sold

Our cost goods sold for Fiscal 2011 was ₹ 1,544.68 million as compared to ₹ 993.82 million in Fiscal 2010 representing an increase of 55.43%. The cost of goods sold increased to 71.91% of our total income in Fiscal 2011 as against 68.94% in Fiscal 2010. The increase is primarily due to additional marketing schemes and promotions.

Employee benefit expense

Our employee cost for Fiscal 2011 was ₹ 115.67 million as compared to ₹ 93.29 million in Fiscal 2010 representing an increase of 23.99%. However, the employee cost has decreased by 5.39% of our total income in Fiscal 2011 as against 6.47% in Fiscal 2010. The absolute increase in personnel cost is mainly attributable to the increase in number of employees on account of opening of 8 new stores.

Other expenses

The breakdown of the other expenses is set forth below:

(₹ ***in mn)***

Particulars	**Fiscal 2010**	**% of Total Income**	**Fiscal 2011**	**% of Total Income**
Rent	99.23	6.88	118.59	5.52
Power and fuel expenses	46.63	3.24	56.48	2.63
Advertisement & sales promotion	24.37	1.69	41.55	1.93
Other	65.69	4.56	77.03	3.59
Total Expenses	**235.92**	**16.37**	**293.65**	**13.67**

Other expenses for Fiscal 2011 were ₹ 293.65 million as compared to ₹ 235.92 million in Fiscal 2010. The other expenses declined to 13.67% of our total income in Fiscal 2012 as against 16.37% in Fiscal 2011.

Lease rent cost, which is a major cost in our business, has dropped from 6.88% of our total income in Fiscal 2010 to 5.52% in Fiscal 2011. This was primarily due to our long term lease contracts and rentals which are primarily fixed and increase in the sales in the current year vis-à-vis the previous year.

Power and fuel is also as significant cost as our stores are located in Tier-II and Tier-III cities where the power supply is erratic. We use DG sets for electricity in the event of power failure to continue running the air conditioning in our stores. The expenses towards power and fuel have dropped from 3.24% of our total income in Fiscal 2010 to 2.63% in Fiscal 2011.

Advertisement and sales promotion is also a major cost in the retail industry and has increased from 1.69% of our total income in Fiscal 2010 to 1.93% in Fiscal 2011.

EBITDA

EBITDA increased to 63.65%, i.e. ₹ 193.98 million in Fiscal 2011 from ₹ 118.53 million in Fiscal 2010. The EBITDA margin increased to 9.03% of our total income in Fiscal 2011 as against 8.22% in Fiscal 2010 primarily due to increased growth in sales with negligible change in the fixed cost and opening of new stores.

Depreciation and amortisation expense

Our depreciation and amortisation costs for Fiscal 2011 was ₹ 48.53 million as compared to ₹ 41.67 million in Fiscal 2010 representing an increase of 16.46%. The increase in depreciation and amortisation costs was mainly attributable to opening of 8 new stores and the first full year of operations of the 9 new stores opened during Fiscal 2010. However, the deprecation declined to 2.06% of our total income in Fiscal 2011 as against 2.89% in Fiscal 2010.

Finance charges

Our finance charges for Fiscal 2011 was ₹ 49.76 million as compared to ₹ 41.04 million in Fiscal 2010 representing an increase of 21.25%. This increase was primarily on account of additional working capital limits and increase in interest rate on debt. Our total debt outstanding was ₹ 377.53 million as at Fiscal 2011, compared with ₹ 284.01 million as at Fiscal 2010.

As a percentage of total revenue, finance charges decreased to 2.32% of total revenue in Fiscal 2011 from 2.85% of total revenue in Fiscal 2010.

Profit Before Tax

Due to factors discussed above our profit before tax in Fiscal 2011 was ₹ 95.69 million as compared to ₹ 35.82 million in Fiscal 2010 representing an increase of 167.14%. Our profit before tax as a percentage of total income increased to 4.45% in Fiscal 2011 from 2.48% in Fiscal 2010.

Tax Expense

The tax expenses for Fiscal 2011 was ₹ 33.04 million as compared to ₹ 12.56 million in Fiscal 2010 representing an increase of 163.06%. The above increase is due to increase in Profit Before Tax.

As a percentage of profit before tax, our tax expense in Fiscal 2011 was 34.52% compared with the statutory tax rate of 33.22%.

As a percentage of profit before tax, our tax expense in Fiscal 2010 was 35.05% compared with the statutory tax rate of 33.22%.

Profit After Tax

Profit for the year in Fiscal 2011 was ₹ 62.65 million as compared to ₹ 23.26 million in Fiscal 2010 representing an increase of 169.35%. The increase was mainly attributable to the increase in the sales from our existing stores as well as 8 new stores opened during Fiscal 2011. Our net profit after tax margins increased to 2.92% for the Fiscal 2011 from 1.61% from Fiscal 2010.

Comparison of Fiscal 2010 vis-à-vis Fiscal 2009

The following significant events occurred in Fiscal 2010, each of which had an impact on our results of operations for the period:

1. During Fiscal 2010, our Company had opened 9 new stores in 9 cities with a total addition of 70,508 Sq.Ft. and closed 6 stores of an aggregating to 52,451 Sq ft, resulting in total number of 40 stores and total area of 332,587 Sq. Ft.

2. Fiscal 2010 marked the first full year of operations of the 17 new stores opened during Fiscal 2009.

The following significant events occurred in Fiscal 2009, each of which had an impact on our results of operations for the period:

1. During Fiscal 2009, our Company has opened 17 new stores resulting in a total addition of 1,18,336 Sq.Ft. and closed 2 stores of an area of 15,276 Sq ft, resulting in a total number of 37 stores and total area of 314,530 Sq. Ft.

2. Fiscal 2009 marked the first full year of operations of the 8 new stores opened during Fiscal 2008.

Income

Our total income for Fiscal 2010 was ₹ 1,441.56 million as compared to ₹ 1,423.57 million in Fiscal 2009 representing an increase of 1.26%.

Revenue from operations

Our revenue from operations for Fiscal 2010 was ₹ 1,436.73 million as compared to ₹ 1,422.21 million in Fiscal 2009 representing an increase of 1.02%.

The breakdown of sales of products is set forth below:

(₹ *in mn)*

Particulars	Fiscal 2009	Fiscal 2010	% Growth
Apparel	963.95	859.11	(10.88)
Non apparel	62.41	72.78	16.62
Home mart	92.76	78.09	(15.82)
Kirana	302.33	425.67	40.80
Total	**1,421.45**	**1,435.66**	**1.00**

Other Income

Our other income for Fiscal 2010 was ₹ 4.83 million as compared to ₹ 1.36 million in Fiscal 2009 representing an increase of 255.15%.

Expenditure

Our total expenditure in Fiscal 2010 was ₹ 1,405.74 million as compared to ₹ 1,405.89 million in Fiscal 2009. However, as a percentage of total income, our total expenditure decreased to 97.51% in Fiscal 2010 from 98.76% in Fiscal 2009.

Cost of Goods sold

Our cost of goods sold for Fiscal 2010 was ₹ 993.82 million as compared to ₹ 962.98 million in Fiscal 2009 representing an increase of 3.20%. The cost of goods sold increased to 68.94% of our total income in Fiscal 2010 as against 67.65% in Fiscal 2009. The increase is primarily due to additional marketing schemes and promotions.

Employee benefit expense

Our employee cost for Fiscal 2010 was ₹ 93.29 million as compared to ₹ 107.09 million in Fiscal 2009 representing a decrease of 12.89%. The employee cost decreased to 6.47% of our total income in Fiscal 2010 as against 7.52 % in Fiscal 2011. The decrease in personnel cost was mainly was primarily due to discontinuation of the operations of 6 stores. The Company had also taken various steps for cost control.

Other expenses

The breakdown of the other expenses is set forth below:

(₹ *in mn)*

Particulars	Fiscal 2009	% of Total Income	Fiscal 2010	% of Total Income
Rent	93.38	6.56	99.23	6.88
Power and fuel expenses	46.36	3.26	46.63	3.24
Advertisement & sales promotion	41.51	2.91	24.37	1.69
Other	90.40	6.35	65.69	4.56
Total Expenses	**271.65**	**19.08**	**235.92**	**16.37**

Other expenses for Fiscal 2010 were ₹ 235.92 million as compared to ₹ 271.65 million in Fiscal 2009. However, the other expenses declined to 16.37% of our total income in Fiscal 2010 as against 19.08% in Fiscal 2009. The Company had also taken various steps for cost control and rationalization of expenses.

Rental cost, which is a major cost in our business, has increased from 6.56% of our total income in Fiscal 2009 to 6.88% in Fiscal 2010. This increase was primarily due to the first full year of operations in Fiscal 2010 of 17 new stores opened during Fiscal 2009.

Power and fuel is also as significant cost as our stores are located in Tier-II and Tier-III cities where the power supply is erratic. We use DG sets for electricity in the event of power failure to continue running the air conditioning in our stores. The expenses towards power and fuel dropped from 3.26% of our total income in Fiscal 2009 to 3.24% in Fiscal 2010.

Advertisement and sales promotion is also major cost in the retail industry. However our advertisement and sales promotion cost decreased from ₹ 41.51 million of our total income in Fiscal 2009 to ₹ 24.37 million in Fiscal 2010.

EBIDTA

EBITDA increased to 44.81%, i.e. ₹ 118.53 million in Fiscal 2010 from ₹ 81.85 million in Fiscal 2009. The EBIDTA margin increased to 8.22 % of our total income in Fiscal 2010 as against 5.75% in Fiscal 2009. This was primarily due to various cost control measures adopted by our Company.

Depreciation and amortisation expense

Our depreciation and amortisation cost for Fiscal 2010 was ₹ 41.67 million as compared to ₹ 31.65 million in Fiscal 2009 representing an increase of 31.66%. The increase in depreciation and amortisation costs was mainly attributable to opening of 9 new stores. However, the depreciation and amortisation expenses declined to 2.89% of our total income in Fiscal 2011 as against 2.22% in Fiscal 2010

Finance charges

Our finance charges for Fiscal 2010 were ₹ 41.04 million as compared to ₹ 32.52 million in Fiscal 2009 representing an increase of 26.20%. Our total debt outstanding was ₹ 284.01 million as at Fiscal 2010, as compared with ₹ 287.02 million as at Fiscal 2009.

As a percentage of total revenue, finance charges increased to 2.85% of total revenue in Fiscal 2010 from 2.28% of total revenue in Fiscal 2009.

Profit Before Tax

Due to the factors discussed above our profit before tax increased by 102.60% to ₹ 35.82 million in Fiscal 2010 from ₹ 17.68 million in Fiscal 2009. Our profit before tax margins increased to 2.48% in Fiscal 2010 from 1.24% in Fiscal 2009.

Tax Expense

The tax expenses for Fiscal 2010 were ₹ 12.56 million as compared to Fiscal 2009 showing an increase of 73.96%. The above increase is due to increase in Profit Before Tax.

Profit After Tax

Profit for the year increased by 122.37% to ₹ 23.26 million in Fiscal 2010 from ₹ 10.46 million in Fiscal 2009. The increase was mainly attributable to the increase in sales from our existing stores as well as opening up of 9 new stores. Our net profit after tax margins increased to 1.61 % for the Fiscal 2010 from 0.73% for the Fiscal 2009.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary liquidity requirement has been our working capital requirements. Our business requires a substantial amount of working capital to finance purchase of goods. Our working capital requirement (i.e., current assets less the current liabilities, excluding short term borrowings) as at March 31, 2012 was ₹ 533.48 million. We avail the majority of our working capital loans from various banks. Our outstanding working capital loans as at March 31, 2012 were ₹ 377.97 million. Our working capital facilities consists of an aggregate fund based limit of ₹ 425.00 million.

As at March 31, 2012, the Company had a total of ₹ 18.00 million of unsecured loans that were repayable on demand. For details, see the section titled "*Details of Unsecured Borrowings Availed by our Company*" in the chapter titled "*Financial Indebtedness*" on page 240 of the Draft Red Herring Prospectus.

We believe that our cash flow from operations, the net proceeds of the Issue and our borrowings will be sufficient to provide us with the funds for our working capital and capital expenditure requirements for at least the next 12 months.

CASH FLOWS

The table below summarizes our cash flow for the periods indicated:

(₹ in mn)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Opening cash and cash equivalents	22.67	16.90	13.35	14.55
Net cash from/ (used in) operating activities (A)	(130.47)	99.35	45.16	168.10
Net cash from/ (used in) investing activities (B)	(151.94)	(61.82)	(100.08)	(137.35)
Net cash from/ (used in) financing activities (C)	276.64	(41.08)	56.12	34.53
Net increase (decrease) in cash and cash equivalents (A+B+C)	(5.77)	(3.55)	1.20	(3.78)
Closing cash and cash equivalents	16.90	13.35	14.55	10.77

Net cash from/ (used in) operating activities

In Fiscal 2009, our net cash used in operating activities was ₹ (130.47) million and our operating profit before working capital changes for the period was ₹ 77.20 million. Changes in current cash flow was mainly due to an increase in inventory of ₹ 145.04 million, loans and advances of ₹ 38.48 million and tax paid during the year of ₹ 24.67 million.

In Fiscal 2010, our net cash used in operating activities was ₹ 99.39 million and our operating profit before working capital changes for the period was ₹ 113.41 million. Changes in current cash flow was mainly due to an increase in inventory of ₹ 41.67 million and loans and advances of ₹ 3.29 million

In Fiscal 2011, our net cash used in operating activities was ₹ 45.16 million and our operating profit before working capital changes for the period was ₹ 187.89 million. Changes in current cash flow was mainly due to an increase in inventory of ₹ 177.09 million, loans and advances ₹ 12.23 million and tax paid during the year of ₹ 29.44 million.

In Fiscal 2012, our net cash used in operating activities was ₹ 168.10 million and our operating profit before working capital changes for the period was ₹ 274.23 million. Changes in current cash flow was mainly due to an increase in inventory of ₹ 158.58 million and tax paid during the year of ₹ 48.54 million

Net cash from/ (used in) investing activities

In Fiscal 2009, our net cash used in investing activities was ₹ (151.94) million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 148.04 million as during the year 17 new stores were opened.

In Fiscal 2010, our net cash used in investing activities was ₹ 61.82 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 62.43 million and interest received of ₹ 0.01 million.

In Fiscal 2011, our net cash used in investing activities was ₹ 100.08 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 94.16 million, increased in pledged fixed deposits of ₹ 6.61 million and interest received of ₹ 0.36 million.

In Fiscal 2012, our net cash used in investing activities was ₹ 137.35 million. This mainly reflected expenditure towards purchase of fixed assets of ₹ 135.77 million, increase in pledged fixed deposits of ₹ 1.26 million, investments in bank deposits ₹ 3.47 and interest received of ₹ 0.42 million.

Net cash from/ (used in) financing activities

In Fiscal 2009, our net cash generated from financing activities was ₹ 276.64 million which was mainly attributable to the receipt of proceeds from issue of equity share capital (net of expenses) of ₹ 220.24 million; proceeds from long term borrowings of ₹15.09 million and short term borrowings of ₹ 69.94 million

In Fiscal 2010, our net cash generated from financing activities was ₹ (41.08) million which was mainly attributable to the repayment of long term borrowings of ₹16.39 million and finance charges of ₹ 36.08 million as against the short term borrowings of ₹ 11.39 million.

In Fiscal 2011, our net cash generated from financing activities was ₹ 56.12 million which was mainly attributable to the receipt of proceeds from issue of equity shares on right issue basis of ₹ 4.88 million, repayment of long term borrowings of ₹ 8.12 million and short term borrowings of ₹101.15 million.

In Fiscal 2012, our net cash generated from financing activities was ₹ (34.53) million which was mainly attributable to the repayment of long term borrowings of ₹ 9.54 million, short term borrowings of ₹ 30.41 million and dividend paid (including dividend tax) of ₹ 3.42 million and finance charges of ₹ 55.97 million.

Certain Balance Sheet items

The below is the table showing selected items of our balance sheet as on dates indicated:

(₹ in mn)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Fixed Assets	204.54	223.52	266.16	343.41
Other Non Current Assets	0.10	0.12	6.54	0.22
Current Assets	534.00	579.45	774.32	917.34
Non – Current Liabilities	66.83	47.15	34.43	29.15
Current Liabilities	377.86	432.75	625.60	761.83
Networth	350.97	375.35	439.45	542.14

Fixed Assets

Our fixed assets primarily consist of tangible and intangible assets, and capital work in progress. As on March 31, 2012 our net fixed assets were ₹ 343.41 million.

Current Assets

Our current assets primarily consist of inventories, trade receivable, cash and cash bank balances, short term loans and advances and other current assets. As on March 31, 2012 our current assets were ₹ 917.34 million.

Other Non Current Assets

Our other non current assets primarily consist of fixed deposits with a maturity of more than 12 months from the balance sheet date. As on March 31, 2012 our non current assets were ₹ 0.22 million.

Non – Current Liabilities

Our non current liabilities primarily consist of long term borrowings, deferred tax liability, other long term liabilities and long term provisions. As on March 31, 2012 our current assets, loans and advances were ₹ 29.15 million.

Current Liabilities

Our current liabilities primarily consist of short term borrowings, trade payables, other current liabilities and short term provisions. As on March 31, 2012 our current liabilities were ₹ 761.83 million.

Net worth

Our net worth as on March 31, 2012 was ₹ 542.14 represented by our equity capital of ₹ 73.41 million and reserves and surplus of ₹ 468.73 million.

Indebtedness

The following table shows our borrowings as of the dates indicated:

(₹ in mn.)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Long Term Borrowings	53.87	37.60	29.97	21.99
Short Term Borrowings	233.15	246.41	347.56	377.97
Total	**287.02**	**284.01**	**377.53**	**399.96**

Contingent Liabilities

The following table provides our contingent liabilities for the year ended March 31, 2008, 2009, 2010, 2011 and 2012:

(₹ in mn)

Description	For the year ended 31 March				
	2008	**2009**	**2010**	**2011**	**2012**
(i) Demand raised by the sales tax authorities	-	-	9.05	21.06	12.00
(ii) Claims against the Company not acknowledged as debts	-	0.03	0.04	2.95	-
(iii) Service tax on rent	-	-	3.03	3.03	3.03
(iv) Demand raised by electricity board	-	-	-	-	2.76
(v) Demand raised by income tax authority	0.14	0.62	-	-	0.31
Total	**0.14**	**0.65**	**12.12**	**27.04**	**18.10**

Off balance sheet arrangements

We do not have any material off balance sheet arrangements.

OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION

(i) Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of our Company.

(ii) Known trends or uncertainties

Except as described in the chapter titled "*Risk Factors*" beginning on page 15 of the Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

(iii) Future Changes in relationship between cost and revenues

Other than as described in the chapters titled "*Risk Factors*" and "*Management's Discussion & Analysis of Financial Conditions and Results of Operations*" beginning on pages 15 and 242 of the Draft Red

Herring Prospectus to our knowledge there are no future relationship between cost and income that have or had or are expected to have a material adverse impact on our operation and finances.

(iv) *Significant economic changes/regulatory changes*

Except as described in the Draft Red Herring Prospectus, there are no such economic changes over the course of the preceding years which are likely to affect income from continuing operations.

(v) *Significant dependence on a single or few suppliers/customers*

We source our products from various vendors, therefore, we are not dependent on any particular vendor or vendors. Further, we sell our products to a wide variety of customer segments and do not foresee business risk arising from our customers.

(vi) *Turnover for the industry segment in which we operate*

For details on the turnover for the industry segment in which we operate please refer to the chapter "*Industry Overview*" on page 97 in the Draft Red Herring Prospectus.

(vii) *Seasonality of business*

Our business in not seasonal, though demand of our products is higher in the second and third quarters of the financial year.

(viii) *Competitive conditions*

For details on competition, please refer to the chapter titled "*Our Business*" on page 129 of the Draft Red Herring Prospectus.

SECTION VIII

LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as stated below, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, Directors, Promoters and Group Entity and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoters or our Group Entity that would result in a material adverse effect on our business taken as a whole.

Further, (i) neither our Company nor Promoters, relatives of Promoters, members of Promoter Group, Group Entity and directors, have been declared as willful defaulters by the RBI or any other governmental authority, and, (ii) except as disclosed in this section, there are no violations of securities law committed by them or penalties imposed on them there under in the past or pending against them, and adverse finding regarding compliance with securities law.

This chapter has been divided into the following parts:

I. Contingent liabilities;
II. Litigations involving our Company;
III. Litigations involving our Subsidiaries;
IV. Litigations involving our Directors and Promoters;
V. Litigations involving the Group Entity;
VI. Potential Litigation;
VII. Litigations filed by / against other entities, which have material implications to our business;
VIII. Adverse findings against any Persons, Entities connected with our Company as regards non compliance with securities law;
IX. Disciplinary action taken by SEBI or stock exchanges against our Company
X. Penalties imposed in past cases:

    i. our Company;
    ii. our Subsidiaries;
    iii. our Directors and Promoters; and
    iv. our Group Entity

XI. Amounts owed to small scale undertakings or creditors

A brief summary of litigations and potential litigations in which our Company is involved is under:

Entity Involved in the litigation	Civil Cases	Criminal Cases	Tax Cases	Financial Implications (₹ in mn)	Potential Litigation	Financial Implication (₹ in mn)
Our Company						
Litigation by our Company	1	Nil	4	19.94	2	10.17
Litigation Against our Company	2	9	1	25.63	3	1.66
Total Number of Cases	**3**	**9**	**5**	**45.57**	**5**	**11.83**
Promoter and/or Directors						
Litigation by Promoters and/or Directors	Nil	Nil	1	2.58	Nil	Nil
Litigation against Promoters and/or Directors	Nil	6*	Nil	Amount included in criminal litigation against the Company	Nil	Nil
Total Number of Cases	**Nil**	**6***	**1**	**2.58**	**Nil**	**Nil**
Our Group Entity						
Litigations by our Group Entity	Nil	Nil	Nil	Nil	Nil	Nil
Litigations against our Group Entity	Nil	Nil	Nil	Nil	1	1.54
Total number of cases	**Nil**	**Nil**	**Nil**	**Nil**	**1**	**1.54**

* *Our Individual Promoters are parties to the criminal litigation against our Company.*

I. CONTINGENT LIABILITY

(₹ in mn.)

Description	**For the year ended March 31**				
	2008	**2009**	**2010**	**2011**	**2012**
(i) Demand raised by the sales tax authorities	-	-	9.05	21.06	12.00
(ii) Claims against the Company not acknowledged as debts	-	0.03	0.04	2.95	-
(iii) Service tax on rent	-	-	3.03	3.03	3.03
(iv) Demand raised by electricity board	-	-	-	-	2.76

Description	For the year ended March 31				
	2008	2009	2010	2011	2012
(v) Demand raised by income tax authority	0.14	0.62	-	-	0.31
Total	**0.14**	**0.65**	**12.12**	**27.04**	**18.10**

II. LITIGATIONS INVOLVING OUR COMPANY

(a) Cases filed against our Company

Criminal Litigation

(i) A complaint has been filed by the food inspector (the "Complainant"), bearing complaint number 1954 / 09 (the "Complaint"), before the Additional Chief Metropolitan Magistrate, New Delhi (the "Court"), under the Prevention of Food Adulteration Act, 1954, against Sushil Yadav ("Accused 1"), Lalit Agarwal ("Accused 2"), Hemant Agarwal ("Accused 3"), Madan Agarwal ("Accused 4") and our Company ("Accused 5"). The Complaint has been filed pursuant to an inspection of 'Saunf Lal Mix (Freshner)' (the "Product"), at our store located at 370, Kohat Enclave, Main Road, Pitampura, Delhi – 110 034 (the "Premises"), conducted by the food inspector on July 10, 2008, and sample analysis report, dated July 25, 2008, bearing report number PFA / Enf / 1922 / 2008, on the ground of the Product being adulterated and misbranded. Accused 2, Accused 3 and Accused 4 filed applications under section 437 of the Code of Criminal Procedure, 1973 ("CrPC") before the Court. The Court accepted the applications of Accused 2, Accused 3 and Accused 4 vide orders dated November 3, 2009, June 10, 2010 and January 14, 2010, respectively. The matter is currently pending and the next date of hearing has been scheduled for September 15, 2012.

(ii) A complaint has been filed by the food inspector (the "Complainant"), bearing complaint number 28/2007 (the "Complaint"), before the Chief Judicial Magistrate, Chandigarh (the "Court"), under the Prevention of Food Adulteration Act, 1954, against our Company, represented by Mithilesh Singh, store manager of our Company ("Accused 1") and Lalit Agarwal ("Accused 2"). The Complaint has been filed pursuant to an inspection of 'Kuttu Atta' (the "Product"), at our store located at S.C.O 44, N.A.C, Pocket One, Manimajra, Union Terittory, Chandigarh, (the "Premises"), conducted by the food inspector on November 15, 2006, and sample analysis report, dated December 18, 2006 on the ground of the Product being misbranded. Accused 2 filed an application under section 437 of the CrPC before the Court and the same has been accepted by the Court vide order dated September 19, 2007. The matter is currently pending and the next date of hearing has been scheduled for August 27, 2012.

(iii) A complaint has been filed by the food inspector (the "Complainant"), bearing complaint number RT 17292 / 08, (the "Complaint"), before the Judicial Magistrate of First Class (Special Municipal Court), Bhopal (the "Court"), under the Prevention of Food Adulteration Act, 1954, against P. Ratan Dora ("Accused 1"), Lalit Agarwal ("Accused 2"), Madan Agarwal ("Accused 3") and V-Mart Retail Limited ("Accused 4"). The Complaint has been filed pursuant to an inspection of 'Besan' and 'Masoor Sabot' (the "Products"), at our store located at 17/18, C-Sector, Indrapuri, Bhopal, Madhya Pradesh (the "Premises"). The search was conducted by the Complainant on May 26, 2007, and the sample analysis report, dated July 4, 2007 on the ground of the 'Besan' Product being adulterated and misbranded and the sample analysis report dated June 29, 2007 on the ground of the 'Masoor Sabut' Product being misbranded. Accused 1, Accused 2 and Accused 3 filed applications, dated October 20, 2008, December 17, 2008 and July 8, 2009 respectively (the "Applications"), under section 437 of the CrPC, before the Court. The Court accepted the Application of Accused 1 vide order dated October 20, 2008, Accused 2 vide order dated December 17, 2008 and Accused 3 vide order dated July 8, 2009. The matter is currently pending and the next date of hearing has been scheduled for August 23, 2012.

(iv) A complaint has been filed by the food inspector, Food and Drugs Administration, Bhopal (the "Complainant"), bearing complaint number RT 8205/2010, (the "Complaint"), before the Judicial Magistrate of First Class (Food Control Laws), Bhopal (the "Court"), under the Prevention of Food Adulteration Act, 1954, against P. Ratan Dora, nominee of V-Mart Retail Limited ("Accused 1"), The Complaint has been filed pursuant to an inspection of 'Besan' and 'Daliya' (the "Products"), at our store located at 17/18, C-Sector, Indrapuri, Bhopal, Madhya Pradesh (the "Premises"). The search was conducted by the Complainant on February 27, 2009, and the sample analysis report dated October 30, 2008 on the ground of the 'Besan' and 'Daliya' Product being misbranded. Accused 1, filed applications, dated November 10, 2010 (the "Applications"), under section 437 of the CrPC, before the Court. The Court accepted the Application of Accused 1 vide order dated January 10, 2011. The matter is currently pending and the next date of hearing has been scheduled for August 23, 2012.

(v) A complaint has been filed by the food inspector (the "Complainant"), bearing complaint number 944/09 (the "Complaint"), before the Additional Chief Judicial Magistrate – I, Gonda (the "Court"), under the Prevention of Food Adulteration Act, 1954, against our Company ("Accused 1"), Bharat Hari Dalhmia ("Accused 2") and Shyam Lall Chaupal ("Accused 3"). The Complaint has been filed pursuant to an inspection of 'Nutrela', 'Chips packets' (the "Products"), at our store located at Plot No. 390, Malviya Nagar, Gonda (the "Premises"). The Complaint was filed pursuant to a search conducted by the Complainant on March 7, 2009, and the sample analysis report, dated April 9, 2009 on the grounds of the Product being misbranded was issued. The matter is currently pending and the next date of hearing has been scheduled for August 10, 2012.

(vi) A complaint has been filed by the food inspector (the "Complainant"), bearing complaint number 435/09 (the "Complaint"), before the Additional Chief Judicial Magistrate – I, Gonda *(*the "Court"), under the Prevention of Food Adulteration Act, 1954, against Kamlesh Kumar Dixit ("Accused 1"), Prof. Uma Shankar ("Accused 2") and Lalit Agarwal ("Accused 3"). The Complaint has been filed pursuant to an inspection at our store located at Plot No. 390, Malviya Nagar, Gonda (the "Premises") on January 20, 2009. The Complaint was filed pursuant to the abovementioned inspection, under sections 7(iii), 16(1) and 37(ii) of the Prevention of Food Adulteration Act, 1954. The matter is currently pending and the next date of hearing has been scheduled for August 10, 2012.

(vii) A complaint has been filed by the C.P. Gohil, the Food Inspector, Junagarh, (the "Complainant"), bearing complaint number 1848/09, (the "Complaint"), before the Chief Judicial Magistrate, Junagarh (the "Court"), under the *Pr*evention of Food Adulteration Act, 1954, against M.D. Ejaz Hashmi ("Accused 1"), Lalit Agarwal ("Accused 2"), Madan Agarwal ("Accused 3"), V-Mart Retail Limited ("Accused 4") and Parimal Kanhayalal Panghi ("Accused 5"). The Complaint has been filed pursuant to an inspection of Mama Mukhaswala Tasty, Kesar Mukhwas (the "Product"), at our store located at opposite Bahauddin College, Junagarh, Gujarat (the "Premises"). The search was conducted by the Complainant on January 16 2009, and the sample analysis report, dated February 27, 2009 on the ground of the Product being adulterated and misbranded. Accused 2, Accused 3 and Accused 4, have filed various applications for exemption from appearance in court and the same have been accepted. The matter is currently pending and the next date of hearing has been scheduled for August 4, 2012.

(viii) A complaint has been filed by the Controller, Legal Metrology (the "Complainant"), bearing complaint number 9723, (the "Complaint"), before the Chief Judicial Magistrate, Union Territory of Chandigarh (the "Court"), under the Standards of Weights and Measures Act, 1976, against Mithlesh Singh ("Accused 1"), Kuldeep Sharma ("Accused 2") and V-Mart Retail Limited ("Accused 3"). The Complaint has been filed pursuant to an inspection of various products such as super wrap, funny fun to learn, baby wipes, shikhakai powder, ginger powder, sparkle pista chios, relax kid, new age parenting, eliquetted served, murmara parmal, kaju, silver cross jen, coconut powder (collectively the "Products"), at our store located at SCO 44, NAC, Manimajra, Chandigarh (the "Premises"). The search was conducted by the Complainant on March 7, 2007, and the seizure report, dated July 7, 2007 on the ground of the Products being in contravention of Standards of Weights and Measures Act, 1976, the Accused 1 filed an application dated November 8, 2011 (the "Application"), under section 437 of the CrPC, before the Court. The Court accepted the Application of Accused 1 vide order dated November 8, 2011, subsequently on May 11, 2012 the Court cancelled the abovementioned Application and issued procedures under section 446 of the CrPC. The matter is currently pending and the next date of hearing has been scheduled for September 6, 2012.

(ix) A complaint has been filed by the Delhi Pollution Control Committee (the "Complainant"), bearing complaint number 296 of 2010 (the "Complaint"), before the Metropolitan Magistrate, Rohini District, Delhi (the "Court"), against our Company ("Accused 1"), Lalit Agarwal ("Accused 2") and others, on the grounds of contravention of the provisions of the notification number F.08 (86)/EA/Env./2008/9473, dated January, 7 2009, imposing a ban on the use, sale and storage of all kinds of plastic bags, issued by the Department of Environment and Forest and Wildlife, Government of the NCT of Delhi (the "Notification"). The Complaint has been filed pursuant to an inspection carried out by the officials of the Complainant at our store located at 370, Kohat Enclave, Main Road, Pitampura, Delhi – 110 034, on

January 13, 2010, wherein the Accused 1 was allegedly found in non-compliance of the Notification. Accused 2 filed an application dated July 27, 2011 (the "Application"), under section 436 of the CrPC, before the Court. The Court accepted the application of Accused 2 vide order dated July 27, 2011. The matter is currently pending and the next date of hearing has been scheduled for July 30, 2012.

Civil Litigation

(i) Mr. Raghunath Gupta (the "Plaintiff") filed a suit for ejectment and recovery of rent, bearing number 324/21/707, dated July 19, 2007 (the "Suit"), before the Civil Judge, Senior Division, Chandigarh (th*e "Court")*, against our Company (the "Defendant"). The Plaintiff, being the owner of premises situated at S.C.O. No. 44, Chandigarh, Kalka Road, Manimajra, Union Territory, Chandigarh (the "Leased Premise"), leased the premises to the Defendant pursuant to a lease agreement dated December 02, 2005, for a period of six years, with effect from January 1, 2006 upto December 31, 2011 (the "Lease Agreement"). The Plaintiff alleged that he is entitled to claim an amount of ₹ 350,000 on account of arrears of rent for the month of January and February 2006, ₹ 1,108,500 on account of arrears of rent for the months of December 2006 to May 2007, with interest at 6% per annum. The Plaintiff has also sought compensation for future damages at the rate of ₹ 400,000 per month from the date of institution of suit, until the Leased Premise is vacated by the Defendant. The matter is currently pending before the Court and the next date of hearing has been scheduled for July 30, 2012.

(ii) Mr. Ashutosh Kumar (the "Plaintiff") filed a suit bearing no. 354/2011 before the District Consumer Dispute Redressal Forum, Gorakhpur (the "Court") against our Company (the "Defendant"). The Plaintiff has alleged, that while visiting one of our stores, located at Bank Road, A D Chowk, Gorakhpur has been charged ₹ 5 (Rupees five) extra on the purchase of Glucon D (the "Product"). The Plaintiff alleged that he is entitled to ₹ 40,000 for mental and physical agony caused to him. The reply to the complaint has been filed by the Defendant before the Court and same was accepted. The matter is currently pending before the Court and the next date of hearing has been scheduled for August 22, 2012.

Tax Litigation

Assessment year 2010 – 11

(i) Our Company received a notice dated April 23, 2012 (the "**Notice**") under section 142(1) of the Income Tax Act, 1961 by the Deputy Commissioner of Income Tax, Circle 7, Kolkata for the Assessment Year 2010-11 for requiring our Company to prepare a true and correct return and documents mentioned in the Notice, and submitting the same to the abovementioned authority on May 08, 2012. The matter is currently pending before the Authority and the next date of hearing is scheduled on July 23, 2012.

Proceedings initiated against our Company for economic offences

Nil

(b) Cases filed by our Company

Criminal Litigation

Nil

Civil Litigation

(i) Our Company ("Plaintiff 2") and Vidya Singh ("Plaintiff 1"), has filed a petition, dated May 30, 2012. in the Consumer Grievance Redressal Forum, Varanasi (the "Forum"), challenging the speaking order dated May 5, 2012 of the Poorvanchal Vidyut Vitran Nigam Limited (the "Defendant") against Plaintiff 1 and 2, alleging a demand of ₹ 3,453,417, inclusive of recovery charges, arrears and additional demand for disputed electricity charges payable by Plaintiff 1and Plaintiff 2. However the Plaintiff 1 and Plaintiff 2 have already paid a sum of ₹ 690,000 as per order of the High Court of Allahabad, in Writ Petition Number 18742 of 2012 dated April 20, 2012, which the Plaintiff 1 and Plaintiff 2 had filed in response to the recovery certificate and threat from recovery department dated April 4, 2012, for the abovementioned outstanding demand. Presently, the matter is pending before the Forum.

Tax Litigation

(i) **Assessment year 2008 – 09**

Our Company (the "Appellant") has filed an appeal dated July 11, 2011, under section 82 of the RVAT Act, 2003 (the "Appeal") before the Deputy Commissioner (Appeals), Commercial Taxes, Jaipur (the "Authority"), against the assessment order dated May 27, 2011 (the "Impugned Order"), creating a demand of ₹ 9,191,056. The Appeal has been made on the ground that the search and seizure conducted by the Anti-Evasion Wing, Ajmer, on September 1, 2009, was not carried on in accordance with the provisions of the RVAT Act, and that the first ex-parte assessment order passed by the Commercial Taxes Officer, Anti Evasion, Ajmer, was made beyond the limitation period prescribed under the RVAT Act, thus all the subsequent assessment orders were also bad in law.

Our Company has also filed a stay application dated July 11, 2011, for staying the recovery of the disputed demand of ₹ 8,876,056, created by the Commercial Taxes Officer vide the Impugned Order till the final disposal of the Appeal. The Authority has, vide its order dated August 12, 2011, has granted stay of recovery of ₹ 5,553,508. The Appeal is currently pending before the Authority and the next date of hearing is scheduled on July 31, 2012.

(ii) **Assessment year 2009 – 10**

Our Company (the "Appellant") has filed an appeal July 11, 2011, under section 82 of the RVAT Act, 2003 (the "Appeal") before the Deputy Commissioner (Appeals), Commercial Taxes, Jaipur (the "Authority"), against the assessment order dated May 27, 2011 (the "Impugned Order"), creating a demand of ₹ 2,813,107. The Appeal has been made on the ground that the search and seizure conducted by the Anti-Evasion Wing, Ajmer, on September 1, 2009, was not carried on in accordance with the provisions of the RVAT Act, and that the first ex-parte assessment order passed by the Commercial Taxes Officer, Anti Evasion, Ajmer, was made beyond the limitation period prescribed under the RVAT Act, thus all the subsequent assessment orders were also bad in law.

Our Company has also filed a stay application dated July 11, 2011, for staying the recovery of the disputed demand of ₹ 2,698,107, created by the Commercial Taxes Officer vide the Impugned Order till the final disposal of the Appeal. The Authority has, vide its order dated August 12, 2011, has granted stay of recovery of ₹ 1,758,192. The Appeal is currently pending before the Authority and the next date of hearing is scheduled on July 31, 2012.

(iii) **Assessment year 2009 – 10**

Our Company had filed its return of income for the assessment year 2009-2010 disclosing an income of ₹ 13,327,140. The Additional Commissioner of Income Tax, Kolkata, by an order dated December 31, 2011 ("**Order**") disallowed certain amounts claimed by the Company and assessed the total income of the Company for the assessment year 2009-2010 as ₹ 17,176,930. The Company subsequently filed an appeal before the Commissioner of Income Tax, Appeals challenging the Order of the Additional Commissioner of Income Tax. The matter is currently pending.

(iv) **Service Tax matter**

Retailers Association of India ("**RAI**"), an association of retail companies (our Company being a member of RAI) has filed an appeal to the Hon'ble Supreme Court challenging the decision of the Bombay High Court to uphold the levy of service tax and validity of the retrospective amendment in section 65(105)(zzzz) and section 66 of Finance Act, 1994 (the "**Appeal**"). The Hon'ble Supreme Court had passed an interim order dated October 14, 2011 ("**Order**") in the Appeal, directing the members of RAI to:

(i) deposit 50% of the arrears of service tax within six months in three equated installments, on or before November 1, 2011, January 1, 2012 and March 1, 2012;

(ii) for the balance 50% all the members to furnish a solvent surety to the satisfaction of the jurisdictional Commissioner;

(iii) the members to file individual affidavits in the Hon'ble Supreme Court, within four weeks from the date of Order undertaking to pay the balance arrears of service tax stayed in terms of the Order as may be directed by the Hon'ble Supreme Court at the time of final disposal of the Appeal; and

(iv) the successful party in the Appeal shall be entitled on the amount stayed by the Hon'ble Supreme Court at such rate as may be directed at the time of final disposal of the Appeal.

Accordingly, our Company has made an aggregate deposit of ₹ 3,768,918 in respect of such arrears with the concerned authorities. In the event the Hon'ble Surpreme Court decides the matter against RAI, our Company will have to pay a service tax of ₹ 3,032,733.

III. LITIGATION INVOLVING OUR SUBSIDIARIES

As on the date of the Draft Red Herring Prospectus, our Company does not have any subsidiaries.

IV. LITIGATIONS INVOLVING OUR PROMOTERS AND DIRECTORS

(a) Cases filed against our Promoters and Directors

(i) Lalit Agarwal

Criminal Litigation

For details of the criminal litigations pending against Lalit Agarwal, please refer to the heading '*Litigations Involving Our Company - Cases filed against our Company*' on page 269 of the Draft Red Herring Prospectus.

(ii) Hemant Agarwal

Criminal Litigation

For details of the criminal litigations pending against Hemant Agarwal, please refer to the heading '*Litigations Involving Our Company - Cases filed against our Company*' on page 269 of the Draft Red Herring Prospectus.

(iii) Madan Agarwal

Criminal Litigation

For details of the criminal litigations pending against Madan Agarwal, please refer to the heading '*Litigations Involving Our Company - Cases filed against our Company*' in the chapter titled "*Outstanding Litigations, Material Developments and Other Disclosures*" on page 269 of the Draft Red Herring Prospectus.

Proceedings initiated against our Promoters and Directors for Economic Offences

Nil

Litigations/Defaults in respect of companies/firms/ventures with which our Promoters/Directors were associated in the past

Nil

(b) Cases filed by our Promoters and Directors

(i) Lalit Agarwal

Tax Litigation

Assessment Year 2008 – 09

Lalit Agarwal (the "Appellant") has filed an appeal, bearing appeal number 229/CC VIII /CIT(A) /C-1/10-11, dated January 29, 2011 (the "Appeal"), before the Commissioner of Income Tax (Appeals), Central – I, Kolkata (the "Authority") against an order of the Deputy Commissioner of Income Tax, CC – VIII, Kolkata (the "Assessing Officer"), dated December 31, 2010 (the "Impugned Order"). The Appeal has been made on the grounds that the Assessing Officer erred in assessing the total income of ₹ 9,186,700 as against returned income of ₹ 8,725,880, in treating 'short term capital gains' as 'business income' treating the investment in shares as business activity and ignoring the claim of loss, amongst others The first hearing of the Appeal was scheduled on September 13, 2011, however the hearing was not conducted due to the absence of the adjudicating Authority. No further date of hearing has been fixed and the Appeal is currently pending before the Authority.

V. LITIGATIONS BY OR AGAINST OUR GROUP ENTITY

(a) Cases filed against Shreeman Shreemati

Nil

(b) Proceedings initiated against Shreeman Shreemati for economic offences

Nil

(c) Adverse findings against any persons/entities connected with Shreeman Shreemati as regards non compliance with securities laws

Nil

(d) Proceedings against Shreeman Shreemati with respect to default/over dues

Nil

(e) Cases filed by Shreeman Shreemati

Nil

VI. POTENTIAL LITIGATION

(a) Potential Litigation against our Company

Potential Civil Litigation

(i) Our Company received a legal notice dated June 2, 2012 (the "Notice"), from Novex Communication Private Limited ("NCPL"), for non procurement of Public Performance Licenses, for administration of public performing rights on behalf of various music labels. Our Company has replied vide letter dated June 11, 2012. Our Company has not received any further correspondence from NCPL with respect to the above stated matter.

(ii) Our Company received a legal notice, dated January 13, 2012 (the "Notice"), from Aero Plast Limited ("APL") for payment of an alleged outstanding amount of ₹ 1,055,013 along with interest at 24% per annum. Our Company has replied to the Notice vide letter dated February 1, 2012. Our Company has not received any further correspondence from APL with respect to the above stated matter.

(iii) Our Company received a legal notice, dated January 31, 2011 (the "Notice"), from Megaplast Packaging Private Limited ("MPPL"), for payment of an alleged outstanding amount of ₹ 407,436 as consideration for certain goods supplied by it to our Company. Our Company has replied to the Notice vide letter dated February 18, 2011, stating that the majority of the goods supplied were defective and of sub-standard quality, and our Company has already made the payment for goods which were as per the specifications. Our Company has not received any further correspondence from MPPL with respect to the above stated matter.

(b) Potential Litigation by our Company

Potential Civil Litigation

(i) Our Company has issued a legal notice, dated October 25, 2010 (the "Notice"), to Mrs. Krishna Sharma (the "Defendant"), for refund of the security deposit of ₹ 165,784 along with an interest of 24% per annum from the date of payment of the said security deposit. Our Company claimed the refund on the ground of the Defendant breaching its obligations of handing over possession of the premises in accordance with the terms and conditions of the memorandum of understanding between the Company and the Defendant. Our Company has not received any reply to the Notice. As on the date of the Draft Red Herring Prospectus, no further action has been taken by our Company in respect of this matter.

(ii) Our Company has issued a legal notice, dated June 25, 2011 (the "Notice"), to Varkeys Retail Ventures Private Limited (the "Defendant"), for payment of ₹ 10,000,000 (the "Claimed Amount") as compensation for illegal, unlawful and unauthorized usage of the trademark 'V-Mart', which is a registered trademark of our Company, and the resulting loss of goodwill. Our Company has further stated in the Notice that the Claimed Amount is without prejudice to its right to demand appropriate demand from the Defendant after rendition of the Defendant's accounts and submission of its audited accounts. As on the date of the Draft Red Herring Prospectus, our Company has not received any reply to the Notice. No further action has been taken by our Company in respect of this matter.

(c) Potential Litigation by or against our Subsidiaries

As on the date of the Draft Red Herring Prospectus, our Company does not have any subsidiaries.

(d) Potential Litigation against Promoters and Directors

Nil

(e) Potential Litigation by our Promoters and Directors

Nil

(f) Potential Litigation against our Group Entity

(i) **Shreeman Shreemati**

Potential Civil Litigation

M/s. Shreeman Shreemati received a legal notice, dated June 3, 2011 (the "**Notice**"), from M/s. Rajhansa, under section 106 of the Transfer of Property Act, 1882, for recovery of arrears of rent and vacation of the premises bearing address Holding Number 168, Ward Number 123, Dar Chandana Plot Number 2097 under Khata Number 87-D1, Cuttack, admeasuring an area of 750 Sq. Ft. on the ground floor and 350 Sq. Ft. on the mezzanine floor. M/s.Rajhansa has alleged that M/s. Shreeman Shreemati has not paid the rent fixed at ₹ 20,000 per month since January 2005 till the date of the Notice and has demanded payment of the arrears of rent amounting to ₹ 1,540,000 and delivery of vacant possession of premises on or before June 30, 2011. M/s. Shreeman Shreemati replied to the Notice vide letter dated July 6, 2011 denying the allegations made by M/s. Rajhansa. No further action has been initiated against M/s. Shreeman Shreemati in respect of this matter.

(g) Potential Litigation by our Group Entity

(i) **Shreeman Shreemati**

Nil

VII. ADVERSE FINDINGS AGAINST ANY PERSONS, ENTITIES CONNECTED WITH OUR COMPANY AS REGARDS NON COMPLIANCE WITH SECURITIES LAW

Nil

VIII. DISCIPLINARY ACTION TAKEN BY SEBI OR STOCK EXCHANGES AGAINST OUR COMPANY

Nil

IX. LITIGATIONS FILED BY / AGAINST OTHER ENTITIES, WHICH HAVE MATERIAL IMPLICATIONS ON OUR BUSINESS

Nil

X. PENALTIES IMPOSED IN PAST CASES DURING THE LAST FIVE YEARS

(a) **Our Company**

In the last 5 years preceding the Draft Red Herring Prospectus, the total penalty levied on our Company is ₹ 39,436 which consists of penalty levied for indirect tax and labour matters amounting to ₹ 28,960 and ₹ 10,476 respectively.

(b) **Our Subsidiaries**

As on the date of the Draft Red Herring Prospectus, our Company does not have any subsidiaries.

(c) **Our Promoters and Directors**

Nil

(d) **Our Group Entity**

Nil

XI. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS OR CREDITORS

Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in the chapter titled "Objects of the Issue" beginning on page 70 of the Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statement sets out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business:

A) APPROVALS IN RELATION TO OUR COMPANY'S INCORPORATION AND CHANGE OF NAME

- Certificate of incorporation, dated July 24, 2002, bearing Corporate Identity Number U51909WB2002PTC94933, issued by the Registrar of Companies, West Bengal, incorporating our Company as 'Varin Commercial Private Limited';
- Fresh Certificate of Incorporation Consequent upon Change of Name dated July 11, 2006, issued by the Registrar of Companies, West Bengal, for the change of name of our Company from 'Varin Commercial Private Limited' to 'V-Mart Retail Private Limited';
- Fresh Certificate of Change of Name dated July 11, 2008, issued by the RoC, pursuant to the conversion of our Company from a private limited company to a public limited company resulting in the change of the name of our Company from 'V-Mart Retail Private Limited' to 'V-Mart Retail Limited';
- The CIN of our Company is U51909DL2002PLC163727.

B) APPROVALS FOR THE ISSUE

1. Corporate Approvals

- Our Board has, pursuant to a resolution passed at its meeting held on May 21, 2012 authorised the Issue, subject to the approval of the shareholders of our Company under section 81(1A) of the Companies Act;
- Our shareholders have, pursuant to a resolution dated May 22, 2012 under section 81(1A) of the Companies Act, by a special resolution passed in the EGM authorised the Issue;

2. In-principal approval from the Stock Exchanges

- In-principal approval from BSE dated [●];
- In-principal approval from NSE dated [●]

3. Selling Shareholder's approval

The Selling Shareholder has, pursuant to resolution of its board of directors, dated May 23, 2012 authorised the sale of upto 1,739,019 Equity Shares as Offer for Sale.

C) APPROVALS IN RELATION TO OUR BUSINESS

Our Company operates its stores in different states and UT, namely, Haryana, Punjab, Rajasthan, Gujarat, Madhya Pradesh, Uttar Pradesh, Bihar, Jammu and Kashmir, NCT of Delhi and UT of Chandigarh and therefore are subject to different state and central legislations.

Set forth below is a summary of approvals/ licenses obtained or applied for to conduct our business through operation of our stores in different states of the country.

1. Tax related approvals/licenses/registration

- Our Company's PAN under the IT Act is AABCV7206K.
- Our Company's TAN under the IT Act is DELV08640C.
- Service Tax registration, dated July 27, 2009, bearing registration number AABCV7206KST001 for the taxable service of "Goods Transporters Operators", issued by the Central Board of Excise and Customs, Department of Revenue, Government of India.

State wise list of Value Added Tax/Taxpayer's Identification Number and Central Sales Tax registrations and Entry Tax.

Approvals received: Our Company has registered itself with the concerned tax authority of every state within which it operates for its sales. The various registrations obtained is detailed in the table below:

Sr. No.	Location	Registration Number	Issuing Authority	Date of Issue/ Effective Date	Date of Expiry
1.	Delhi	TIN-07150267867	Sales Tax Department, Government of NCT of Delhi	May 2, 2005	Valid Until Cancelled
2.	Haryana	TIN-06521828216	Excise and Taxation Officer, Gurgaon, Haryana	March 10, 2008	Valid Until Cancelled
3.	Haryana	CST-06521828216 and EAC Code- 20135	Excise and Taxation Officer, Gurgaon, Haryana	March 10, 2008	Valid Until Cancelled
4.	UT of Chandigarh	TRN/VRN-04160030746	Excise and Taxation Department, UT of Chandigarh	February 23, 2006	Valid Until Cancelled
5.	UT of Chandigarh	CST-04160030746	Excise and Taxation Department, UT of Chandigarh	February 23, 2006	Valid Until Cancelled
6.	Gujarat	TIN-24073403963	Department of Commercial Taxes, Ahmadabad, Government of Gujarat	September 11, 2003	Valid Until Cancelled
7.	Gujarat	CST-24573403963	Department of Commercial Taxes, Ahmadabad, Government of Gujarat	September 11, 2003	Valid Until Cancelled

Sr. No.	Location	Registration Number	Issuing Authority	Date of Issue/ Effective Date	Date of Expiry
8.	Uttar Pradesh	TIN-09772803244	Department of Commercial Taxes, Government of Uttar Pradesh	April 25, 2008	Valid Until Cancelled
9.	Uttar Pradesh	CST-09772803244 (Central)	Department of Commercial Taxes, Government of Uttar Pradesh	April 25, 2008	Valid Until Cancelled
10.	Punjab	VAT-03982015465,	Excise and Taxation Officer, Jalandhar, Punjab	April 17, 2006	Valid Until Cancelled
11.	Punjab	CST-03982015465 (Central)	Excise and Taxation Officer, Jalandhar, Punjab	April 21, 2006,	Valid Until Cancelled
12.	Rajasthan	TIN-08850010367	Commercial Taxes Officer, Jaipur, Rajasthan	October 2, 2006	Valid Until Cancelled
13.	Rajasthan	CST-08850010367 (Central)	Commercial Taxes Officer, Jaipur, Rajasthan	October 6, 2006	Valid Until Cancelled
14.	Bihar	VAT-10050916069	Deputy Commissioner of Commercial Taxes, Patna, Bihar	April 1, 2011	Valid Until Cancelled
15.	Bihar	CST-10050883175 (Central)	Deputy Commissioner of Commercial Taxes, Patna, Bihar	April 1, 2011	Valid Until Cancelled
16.	Bihar	Entry Tax Registration-10050784293	Deputy Commissioner of Commercial Taxes Patna, Bihar	April 1, 2011	Valid Until Cancelled
17.	Madhya Pradesh	TIN-23023605299	Commercial Tax Department, Government of Madhya Pradesh	August 3, 2005	Valid Until Cancelled
18.	Madhya Pradesh	Entry Tax-23023605299	Commercial Tax Department, Government of Madhya Pradesh	August 3, 2005	Valid Until Cancelled
19.	Jammu and Kashmir	VAT-01462041101	Assessing Authority, Commercial Taxes Circle-D, Srinagar, Jammu and Kashmir	April 26, 2011	April 25, 2017
20.	Jammu and Kashmir	CST-01462041101 (Central)	Assessing Authority, Commercial Taxes Circle-D, Srinagar, Jammu and Kashmir	April 26, 2011	Valid Until Cancelled

State professional tax registrations

Approvals received: Professional tax is applicable to us only in the states of Gujarat and Madhya Pradesh. The following are the details of registrations obtained for professional tax in the states of Gujarat and Madhya Pradesh:

Sr. No.	Description	Registration Number	Issuing Authority	Date of Issue/ Effective Date	Date of Expiry
1.	Ahmedabad	PRC014070131 - Employee	Professional Tax Department, Ahemdabad Municipal Corporation	May 21, 2012	Valid Until Cancelled
2.	Ahemdabad	PE/C014071735 - Employer	Professional Tax Department, Ahemdabad Municipal Corporation	May 19, 2012	Valid Until Cancelled
3.	Law Garden	PRC015130530 - Employee	Professional Tax Department, Ahemdabad Municipal Corporation	December 19, 2011	Valid Until Cancelled
4.	Law Garden	PE/C015132254 - Employer	Professional Tax Department, Ahemdabad Municipal Corporation	November 19, 2011	Valid Until Cancelled
5.	Bhavnagar	PEC0500000322 - Employer	Professional Tax Department, Municipal Corporation, Bhavnagar	June 17, 2009	Valid Until Cancelled
6.	Bhavnagar	PRC050000531 - - Employee	Professional Tax Department, Municipal Corporation, Bhavnagar	June 18, 2009	Valid Until Cancelled
7.	Junagarh	RC07000000782 - Employer	Professional Tax Department, Municipal Corporation, Junagarh	June 4, 2009	Valid Until Cancelled
8.	Junagarh	PEC070011403 - Employee	Professional Tax Department, Municipal Corporation, Junagarh	June 4, 2009	Valid Until Cancelled
9.	Mehsana	PRN061000925 - Employee	Professional Tax Department, Mehsana Municipality	May 2, 2012	Valid Until Cancelled
10.	Mehsana	PEN061010616 - Employer	Professional Tax Department, Mehsana Municipality	April 12, 2012	Valid Until Cancelled
11.	Bharuch	PE20101005430 - Employer	Professional Tax Department, Bharuch	April 12, 2012	Valid Until Cancelled

Sr. No.	Description	Registration Number	Issuing Authority	Date of Issue/ Effective Date	Date of Expiry
			Municipality		
12.	Bharuch	PR2101000054 - Employee	Professional Tax Department, Bharuch Municipality	April 12, 2012	Valid Until Cancelled
13.	Vadodra	PEC021009579 - Employer	Professional Tax Department, Vadodara Mahanagar Sewa Sadan	May 29, 2012	Valid Until Cancelled
14.	Vadodra	PRCO-021001438 - Employee	Professional Tax Department, Vadodara Mahanagar Sewa Sadan	June 1, 2012	Valid Until Cancelled
15.	Madhya Pradesh	78193602261 - Employee	Professional Tax Officer, Bhopal, Government of Madhya Pradesh	August 29, 2005	Valid Until Cancelled
16.	Madhya Pradesh	796033600467 - Employer	Professional Tax Officer, Bhopal, Government of Madhya Pradesh	May 29, 2012	Valid Until Cancelled

Approvals pending: Following are the details of registrations applied for pertaining to professional tax in the states of Gujarat and Madhya Pradesh:

Sr. No.	Location	Application No.	Authority	Date of Application
17.	Gandhidham	-	Professional Tax Department, Gandhidham Municipality	May 29, 2012
18.	Gandhidham	-	Professional Tax Department, Gandhidham Municipality	May 29, 2012
19.	Jamnagar	12736 - Employee	Professional Tax Department, Jamnagar Municipality	June 5, 2012
20.	Jamnagar	12737 - Employer	Professional Tax Department, Jamnagar Municipality	June 5, 2012

2. Registration under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 (the "EPF Act")

Approvals received: Our Company has obtained centralized registration under the EPF Act for its stores operating in the states and Union Territories, namely, NCT of Delhi, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Punjab, Haryana and UT of Chandigarh from Office of Regional Provident Fund Commissioner, New Delhi. Further, our Company has obtained separate registration certificate under the EPF Act for its stores operating in state of Gujarat and a store operating in Jammu and Kashmir from Regional Provident Fund Commissioner, Ahmedabad and Additional Provident Fund Commissioner, Jammu and Kashmir respectively. The details of the said registration certificates are as follows:

Sr. No.	Location	Registration Number	Issuing Authority	Date of Issue	Date of expiry
1.	Delhi	DL/28378	Office of the Regional Provident Fund Commissioner	January 16, 2004	Valid Until Cancelled
2.	Gujarat	GJ/AHD/51014	Regional Office, Employee Provident Fund Organization	December 1, 2004	Valid Until Cancelled
3.	Srinagar	JK/K/4739	Additional Provident Fund Commissioner	September, 2011	Valid Until Cancelled

3. Registrations under the Employees State Insurance Act, 1948 (the "ESI Act")

Approvals received: Following are the details of registrations obtained for ESI Act in various locations in which our Company operates stores and maintains Distribution Centres:

Sr. No.	Location*	Sub-Code Number	Issuing Authority	Date of Issue/Effective Date	Date of Validity
1.	Delhi	D/CDO/11-40-80186-18 ID: 22000801860000108	Sub Regional Office, Employees State Insurance Corporation, Delhi	February 17, 2004	Valid Until Cancelled
2.	Ujjain	MP/18110801860021002/Ujjain	Employees' State Insurance Corporation, Indore, Madhya Pradesh	March 31, 2010	Valid Until Cancelled
3.	Ajmer	15000216860000009	Employees' State Insurance Corporation, Ajmer, Rajasthan	January 9, 2007	Valid Until Cancelled
4.	Kota	15000400160001002	Regional Office, Employees' State Insurance Corporation, Jaipur, Rajasthan	July 10, 2009	Valid Until Cancelled
5.	Udaipur	15/24451/102/2009/REVI/ 10983/85	Regional Office, Employees' State Insurance Corporation, Jaipur, Rajasthan	January 20, 2009	Valid Until Cancelled
6.	Meerut	67220801860010108	Sub-Regional Office Employees' State Insurance Corporation, Noida, Uttar	January 20, 2011	Valid Until Cancelled

Sr. No.	Location*	Sub-Code Number	Issuing Authority	Date of Issue/Effective Date	Date of Validity
			Pradesh		
7.	Ambala	13/11/40/80186/18/DOHA-397/421	Office of the Employees' State Insurance Corporation, Amabala City, Haryana	April 20, 2009	Valid Until Cancelled
8.	Karnal	13/11/40/80186/18/DOHA-394/303	Office of the Employees' State Insurance Corporation, Amabala City, Haryana	April 10, 2009	Valid Until Cancelled
9.	Ahmedabad	37110801860010108	Gujarat Regional Office, Employees' State Insurance Corporation , Ahmedabad	February 23, 2010	Valid Until Cancelled
10.	Jalandhar	12/11/40/80186/18/748/104	Regional Office, Employees State Insurance Corporation, Chandigarh	July 15, 2006	Valid Until Cancelled
11.	Moga	12220801860010108	Regional Office, Employees State Insurance Corporation, Chandigarh	July 15, 2006	Valid Until Cancelled
12.	Gorakhpur	11-40-80186-18/UP-4923/Gorakhpur	Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	June, 20, 2008	Valid Until Cancelled
13.	Kanpur	21-11-080186-001-0108	Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	October 27, 2008	Valid Until Cancelled
14.	Lucknow	11-40-80186-18/UP-480-8-Lucknow	Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	August 11, 2008	Valid Until Cancelled
15.	Muradabad	11-40-80186-18/UP-5084- Muradabad	Regional Office, Employees' State Insurance	January 24, 2009	Valid Until Cancelled

Sr. No.	Location*	Sub-Code Number	Issuing Authority	Date of Issue/Effective Date	Date of Validity
			Corporation, Kanpur, Uttar Pradesh		
16.	Muzaffarnagar	11-40-80186-18/UP-4807- Muzaffarnagar	Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	June 14, 2008	Valid Until Cancelled
17.	Pathankot	29110801860010108	Sub- Regional Office, Employees' State Insurance Corporation, Jalandhar, Punjab	May 20, 2011	Valid Until Cancelled
18.	Renukoot	28110801860020108	Sub- Regional Office, Employees' State Insurance Corporation, Varanasi	June 17, 2010	Valid Until Cancelled
19.	Saharanpur	67110801860021002	Sub- Regional Office, Employees' State Insurance Corporation, Noida, Uttar Pradesh	August 30, 2010	Valid Until Cancelled
20.	Shahjahanpur	21110801860060108	Sub- Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	April 26, 2011	Valid Until Cancelled
21.	Aligarh	21110801860050108	Sub- Regional Office, Employees' State Insurance Corporation, Kanpur, Uttar Pradesh	April 20, 2011	Valid Until Cancelled
22.	Begusarai	42001522900001002	Regional Office, Employees' State Insurance Corporation, Patna, Bihar	February 8, 2012	Valid Until Cancelled
23.	Bhagalpur	42220801860010108	Regional Office, Employees' State Insurance Corporation, Bhagalpur, Bihar	August 12, 2011	Valid Until Cancelled

Sr. No.	Location*	Sub-Code Number	Issuing Authority	Date of Issue/Effective Date	Date of Validity
24.	Bhopal	MP/18110801860011002/ Bhopal	Regional Office, Employees' State Insurance Corporation, Indore, Madhya Pradesh	March 31, 2010	Valid Until Cancelled
25.	UT of Chandigarh	Punjab/17/11/40/80186-18/753/257	Regional Office, Employees' State Insurance Corporation, Chandigarh	July 25, 2006	Valid Until Cancelled
26.	Srinagar	19220801860010108	Regional Director, Employees' State Insurance Corporation, Jammu	September 13, 2011	Valid Until Cancelled
27.	Mehsana	37220801860040108	Gujarat Regional Office, Employees' State Insurance Corporation, Ahmedabad, Gujarat	February 18, 2011	Valid Until Cancelled
28.	Bharuch	38220801860010108	Sub Regional Office, Employees' State Insurance Corporation, Vadodara, Gujarat	May 1, 2008	Valid Until Cancelled
29.	Bhavnagar	37220801860050108	Gujarat Regional Office, Employees' State Insurance Corporation, Ahmadabad, Gujarat	June 1, 2008	Valid Until Cancelled
30.	Junagadh	37220801860030108	Gujarat Regional Office, Employees' State Insurance Corporation, Ahmadabad, Gujarat	October 25, 2008	Valid Until Cancelled
31.	Darbhanga	42220801860020108	Regional Office, Employees' State Insurance Corporation, Patna, Bihar	March 16, 2012	Valid Until Cancelled

Sr. No.	Location*	Sub-Code Number	Issuing Authority	Date of Issue/Effective Date	Date of Validity
32.	Sitapur	30220801860010108	Sub- Regional Office, Employees' State Insurance Corporation, Lucknow, Uttar Pradesh	March 29, 2012	Valid Until Cancelled
33.	Jamnagar	37220801860060108	Regional Office, Employees' State Insurance Corporation, Ahmedabad, Gujarat	March31, 2012	Valid Until Cancelled
34.	Vadodara	11408018618(BRD)	Regional Office, Employees' State Insurance Corporation, Baroda, Gujarat	September 15, 2006	Valid Until Cancelled
35.	Gaya	42220801860030108	Regional Office, Employee State Insurance Corporation, Patna, Bihar	June 5, 2012	Valid Until Cancelled

** Location shall include all the stores present in the jurisdiction of the regional employee state insurance office present in such location*

4. Registration under state shops and establishments acts

Approvals received: Following are the details of various registrations obtained by our Company under the shops and establishments acts of the respective locations where our Company operates its stores and maintains Distribution Centres:

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Date of expiry
1.	Lajpat Nagar	2012025682	Department of Labour, Government of National Capital Territory of Delhi	June 11, 2012	June 10, 2033
2.	Pitampura	2012025672	Department of Labour, Government of National Capital Territory of Delhi	June 11, 2012	June 10, 2033
3.	Shahdara	2012025689	Department of Labour, Government of National Capital Territory of Delhi	June 11, 2012	June 10, 2033
4.	Laxminagar	2012029690	Department of Labour, Government of National Capital Territory of Delhi	July 10, 2002	July 09, 2033
5.	Karnal	PSA/REG/KNL/ LI-KNL	Inspector, Shops and Commercial Establishments Authority, Karnal	November 22, 2010	March 31, 2015

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Date of expiry
6.	Ambala	PSA/REG/AMB/LI-AMB-1/0049882	Inspector, Shops and Commercial Establishments Authority, Ambala	May 26, 2011	March 31, 2013
7.	UT of Chandigarh	CH/MM/2010-2011/2158	Inspector, Shops and Commercial Establishments Authority, Chandigarh	April 30, 2012	March 31, 2013
8.	Moga	1025	Inspector, Punjab Shops and Commercial Establishments Authority, Moga	April 16, 2012	March 31, 2013
9.	Bhopal	71886/BPL/S/2005	Inspector, Madhya Pradesh Shops and Establishments Authority, Bhopal	December 31, 2010	December 31, 2014
10.	Berasia	96678/BPL/S/2011	Inspector, Madhya Pradesh Shops and Establishments Authority, Berasia	December 31, 2011	December 31, 2015
11.	Ujjain	23/UJN/S/09	Inspector, Madhya Pradesh Shops and Establishments Authority, Ujjain	November 7, 2009	November 6, 2014
12.	Ajmer	2823	Inspector, Rajasthan Shops and Establishments Authority, Ajmer	February 7, 2007	December 31, 2012
13.	Kota	C/SH/6401	Inspector, Rajasthan Shops and Establishments Authority, Kota	May 18, 2009	Valid Until Cancelled
14.	Udaipur	40/CE/5(3)	Inspector, Rajasthan Shops and Establishments Authority, Udaipur	February 16, 2012	December 31, 2012
15.	Ahmedabad	PII/RAKH/13/0000596 (RAKHIAL)	Municipal Commissioner, Municipal Corporation of Ahmedabad	May 22, 2012	December 31, 2012
16.	Bharuch	1/136/12555/2008	Chief Office, Municipal Corporation of Bharuch	June 20, 2011	March 31, 2013
17.	Bhavnagar	9082	Chief Office, Municipal Corporation of Bhavnagar	January, 2011	December 2012
18.	Gandhidham	11792	Inspector, Bombay Shops and Establishment Authority	January 1, 2008	December 31, 2013
19.	Junagarh	S6/2009	Inspector, Municipal Corporation of Junagarh	May 19, 2012	December 31, 2016
20.	Law Garden	Trade license: PII/EL/01/000049 (ELLISBRIDGE)	Deputy Municipal Commissioner, Municipal Corporation of Law Garden	May 11, 2012	April 2016

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Date of expiry
21.	Jamnagar	I 1442	Inspector, Municipal Corporation of Jamnagar	January 01, 2011	March 31, 2013
22.	Mehsana	4837	Inspector, Municipal Corporation of Mehsana	October 12, 2011	December 31, 2012
23.	Vadodra	Trade license: A-11-/1666	Inspector, Municipal Corporation of Vadodra	February 07, 2011	December 31, 2013
24.	Arrah	BJ 9926 (Arrah)	Inspector, Bihar Shops and Establishments Authority, Arrah	February 1, 2010	Valid until cancelled
25.	Begusarai	BG 7120 (Begusarai)	Inspector, Bihar Shops and Establishments Authority, Begusarai	November 19, 2010	Valid until cancelled
26.	Bhagalpur	15323	Inspector, Bihar Shops and Establishments Authority, Bhagalpur	July 19, 2011	Valid until cancelled
27.	Darbhanga	5690	Inspector, Bihar Shops and Establishments Authority, Darbhanga	June 20, 2012	Valid Until Cancelled
28.	Motihari	6272	Inspector, Bihar Shops and Establishments Authority, Motihari	February 29, 2012	Valid until cancelled
29.	Gaya - 1	GY13388	Inspector, Bihar Shops and Establishments Authority, Gaya	June 13, 2012	Valid until cancelled
30.	Gaya - 2	GY19416	Inspector, Bihar Shops and Establishments Authority, Gaya	July 11, 2012	Valid until cancelled
31.	Chhapra	SR9171 (Chhapra)	Inspector, Bihar Shops and Establishments Authority, Chhapra	June 27, 2012	Valid until cancelled
32.	Srinagar	384-B/III	Labour Inspector, Srinagar	May 16, 2011	March 31, 2014
33.	Aligarh	2/2585	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Aligarh	August 15, 2010	March 31, 2015
34.	Kanpur	I-5/1486/3869	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Kanpur	January 3, 2009	March 31, 2013
35.	Lucknow	IG 1816	Labour Enforcement Officer, U.P. Shops and Establishments Act, 1962, Lucknow	October 1, 2008	March 31, 2013
36.	Meerut	5/2490	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Meerut	October 1, 2008	March 31, 2013
37.	Muradabad	171/2008-09	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Muradabad	January 24, 2009	March 31, 2013
38.	Muzaffarnagar	121/2806	Labour Enforcement Officer, U.P. Shops and Establishments Authority,	July 14, 2008	March 31, 2013

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Date of expiry
			Muzaffarnagar		
39.	Saharanpur	110039/III 8234	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Saharanpur	April 01, 2009	March 31, 2014
40.	Shahjahanpur	148/2009-2010	Chief Inspector, U.P. Shops and Establishments Authority, Shahjahanpur	December 30, 2009	March 31, 2014
41.	Vikash Nagar	UPS094603000 308	Chief Inspector, U.P. Shops and Establishments Authority, Lucknow	December 17, 2011	March 31, 2016
42.	Sitapur	1(2)/727	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Sitapur	February 25, 2011	March 31, 2016
43.	Azamgarh	7666	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Azamgarh	August 20, 2009	March 31, 2014
44.	Jaunpur	21/425	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Jaunpur	January 31, 2011	March 31, 2015
45.	Ghazipur	21/360	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Ghazipur	September 22, 2010	March 31, 2015
46.	Sultanpur	23/316	Labour Enforcement Officer, U.P. Shops and Establishments Authority, Sultanpur	2009	March 31, 2014
47.	Pratapgarh	31/361	Chief Inspector, U.P. Shops and Establishments Authority, Pratapgarh	September 03, 2010	March 31, 2015
48.	Bahraich	05/681	Chief Inspector, U.P. Shops and Establishments Authority, Bahraich	July 01, 2010	March 31, 2015
49.	Basti	(10) 6248	Chief Inspector, U.P. Shops and Establishments Authority, Basti	July 23, 2010	March 31, 2015
50.	Deoria	(2) 642	Chief Inspector, U.P. Shops and Establishments Authority, Deoria	November, 2011	March 31, 2015
51.	Faizabad	UPS042301000 096	Chief Inspector, U.P. Shops and Establishments Authority, Faizabad	September 21, 2011	March 31, 2016
52.	Gonda	11	Chief Inspector, U.P. Shops and Establishments Authority, Gonda	January 12, 2009	March 31, 2013

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Date of expiry
53.	Gorakhpur	2084/08	Chief Inspector, U.P. Shops and Establishments Authority, Gorakhpur	November, 01, 2008	March 31, 2013
54.	Manglam	UPS063/07000250	Chief Inspector, U.P. Shops and Establishments Authority, Gorakhpur	April 23, 2012	March 31, 2016
55.	Luxor	5/9147	Chief Inspector, U.P. Shops and Establishments Authority, Varanasi	December 09, 2011	Marc h 31, 2016
56.	Renukoot	21/186	Chief Inspector, U.P. Shops and Establishments Authority, Renukoot	January 11, 2010	March 31, 2014
57.	Varanasi	5/4872	Chief Inspector, U.P. Shops and Establishments Authority, Varanasi	May 31, 2010	March 31, 2015

Approvals pending: Our Company has submitted applications for renewal of the licenses with regard to the stores set out below to the respective concerned authorities:

Sr. No.	Location	Application No.	Authority	Date of Application
58.	Gurdaspur	276	Punjab Shops and Establishments Authority, Gurdaspur	April 16, 2012
59.	Jalandhar	4619	Punjab Shops and Establishments Authority, Jalandhar	April 26, 2012
60.	Pathankot	73	Punjab Shops and Establishments Authority, Pathankot	April 20, 2012

5. Registration under Food Safety and Standards Act, 2006 (the "FSS Act")

Approvals received: Following are the details of various registrations obtained by our Company under the FSS Act for cities in which our Company operates its stores:

Sr. No.	Location	License No.	Licensing Authority	Date of Commencement/ Issue	Date of expiry
1.	Moga	12112521-000002	Registering Authority, Department of Food Safety, Moga	May 31, 2012	May 30, 2013
2.	Berasia	04/11	Designated Officer, Food Safety and Standards Authority of India, Bhopal	December 8, 2011	March 31, 2013
3.	Ajmer	12212009000577	Designated Officer, Medical and Health Services, Rajasthan	May 11, 2012	May 10, 2013
4.	Kota	12212034000476	Designated Officer – Food Safety Cum Chief Medical and Health Officer, Kota	May 8, 2012	May 7, 2013

Sr. No.	Location	License No.	Licensing Authority	Date of Commencement/ Issue	Date of expiry
5.	Udaipur	12212042000213	Chief Medical and Health Officer, Udaipur, Rajasthan	May 16, 2012	May 15, 2013
6.	Gandhidham	20712013000052	Designated Officer, Food and Drugs Control Administration, Bhuj Circle	June 29, 2012	June 28, 2017
7.	Junagarh	014852	Designated Officer, Municipality of Junagarh	May 19, 2012	March 2017
8.	Mehsana	10712014000128	Designated Officer, Food and Drugs Control Administration, Mehsana	May 22, 2012	May 21, 2017
9.	Arrah	89/2009-10	Licensing Authority, Bhojpur, Arrah	January 27, 2010	March 31, 2014
10.	Begusarai	10412151000016	Designated Officer, Munger Division, Munger	April 3, 2012	April 2, 2013
11.	Bhagalpur	10412121000097	Designated Officer cum Licensing Authority, Bhagaalpur Division, Bhagalpur	March 3, 2012	March 31, 2016
12.	Darbhanga	10412311000062	Designated Officer, Darbhanga Division, Darbhanga	March 28, 2012	March 27, 2014
13.	Motihari	10412071000002	Licensing Authority, Tirhut Division	February 7, 2012	February 6, 2013
14.	Ghazipur	12712041000066	Designated Officer, Food Safety and Drug Adminstration, Jaunpur	September 20, 2011	September 19, 2012
15.	Lucknow	21617	Designated Officer, Lucknow Municipal Corporation	April 30, 2012	March 31, 2013
16.	Sitapur	12712067000122	Designated Officer, Food Safety and Standards Authority, Sitapur	May 25, 2012	May 24, 2013
17.	Azamgarh	000044	Licensing Officer, Azamgarh Municipality	April 1, 2012	March 31, 2013
18.	Jaunpur	12712041000066	Designated Officer, Food Safety and Drug Administration, Jaunpur	September 20, 2011	September 19, 2012
19.	Pratapgarh	12712008000005	Food Safety Authority, Pratapgarh	June 21, 2012	June 20, 2013

Approvals pending: Our Company has submitted applications for obtaining the licenses with regard to the stores set out below to the respective concerned authorities:

Sr. No.	Location	Application No.	Authority	Date of Application
20.	Pitampura	G8-1750917	Municipal Corporation of Delhi	May 25, 2012
21.	Karnal	226	Municipal Corporation of Karnal	March 29, 2012
22.	Ambala	473	Municipal Corporation of Ambala	April 2, 2012
23.	UT of Chandigarh	3014800	Licensing Branch, Food Safety Cell, Chandigarh	March 30, 2012
24.	Gurdaspur	75	Department Officer of Division Gurdaspur	June 18, 2012
25.	Jalandhar	389	Designated Officer, Civil Surgeon Jalandhar	May 11, 2012
26.	Pathankot	74	Department Officer of Division Gurdaspur	June 18, 2012
27.	Bhopal	00073	Food Safety Authority, Bhopal	March 30, 2012
28.	Ujjain	143	Food Safety Authority, Bhopal	May 8, 2012
29.	Srinagar	59725	Municipal Corporation of Srinagar	June 1, 2012
30.	Bhavnagar	5768	Municipal Corporation of Bhavnagar	May 16, 2012
31.	Muradabad	M020034	Food Safety Authority, Muradabad	March 30, 2012
32.	Saharanpur	N46	Food Safety Authority, Saharanpur	-
33.	Vikash Nagar	G04W66	Food Safety Authority, Vikash Nagar	April 20, 2012
34.	Bahraich	92	Food Safety Authority, Bahraich	March 27, 2012
35.	Deoria	6	Food Safety Authority, Deoria	March 17, 2012
36.	Gonda	G010024	Food Safety Authority, Gonda	April 13, 2012
37.	Gorakhpur	G030056	Food Safety Authority, Gorakhpur	March 21, 2012
38.	Manglam	G030057	Food Safety Authority, Gorakhpur	March 21, 2012
39.	Renukoot	14	Food Safety Authority, Renukoot	June 25, 2012

6. Factory license under Factories Act, 1948 (the "Factories Act")

Approvals received: Following are the details of various licenses obtained by our Company under the Factories Act for the below-mentioned premises where our Company maintains Distribution Centres:

Sr. No.	Location	License No.	Issuing Authority	Date of Issue	Date of expiry
1.	Peeragarhi	FL0512030571	Factory Licensing Department, Municipal Corporation of Delhi	May 14, 2012	August 12, 2012
2.	Mundka	FL0911015699	Factory Licensing Department, Municipal Corporation of Delhi	May 23, 2012	March 31, 2013

7. **Certificate under Legal Metrology Act, 2009 (the "LMA")**

Approvals received: Following are the details of various licenses obtained by our Company under the LMA of the respective cities in which our Company operates stores and maintains Distribution Centres:

Sr. No.	Location	Verification No.	Issuing Authority	Date of Issue	Date of expiry
1.	Karnal	22/2695	Inspector, Legal Metrology, Ambala II	March 21, 2012	April 30, 2013
2.	Ambala	22/2695	Inspector, Legal Metrology, Ambala II	March 21, 2012	April 30, 2013
3.	UT of Chandigarh	0009826	Inspector, Legal Metrology, UT of Chandigarh	February 13, 2012	February 12, 2013
4.	Gurdaspur	621133	Inspector, Legal Metrology, Gurdaspur	August 31, 2012	August 31, 2013
5.	Jalandhar	572458	Inspector, Legal Metrology, Jalandhar	December 22, 2011	December 21, 2012
6.	Moga	402147	Inspector, Legal Metrology, Moga	March 28, 2012	Valid Until Cancelled
7.	Pathankot	681659	Inspector, Legal Metrology, Pathankot	March 27, 2012	March 26, 2013
8.	Bhopal	1834	Inspector, Weights and Measures, Bhopal	May 03, 2012	May 04, 2013
9.	Berasia	55	Authorised Dealer, Berasia	February 21, 2012	-
10.	Ujjain	1451	Inspector, Weights and Measures, Ujjain	June 04, 2012	June 03, 2013
11.	Ajmer	2198	Inspector, Weights and Measures, Ajmer	July 10, 2011	July 9, 2013
12.	Kota	694	Inspector, Weights and Measures, Kota	December 10, 2011	December 10, 2012
13.	Udaipur	302	Inspector, Weights and Measures, Udaipur	December 27, 2011	December 27, 2012
14.	Ahmedabad	99	Inspector, Weights and Measures, Ahmedabad	May 23, 2012	May 22, 2013
15.	Junagarh	J-10510457	Inspector, Legal Metrology, Junagarh	November 14, 2011	November 13, 2012
16.	Mehsana	285	Inspector, Weights and Measures, Mehsana	March 03, 2012	March 02, 2013
17.	Arrah	86635	Inspector, Weights and Measures, Arrah	June 4, 2012	April 2013
18.	Begusarai	121575	Inspector, Weights and Measures, Begusarai	July 19, 2011	July 19, 2012 and July 18, 2013
19.	Bhagalpur	111958	Inspector, Weights and Measures, Bhagalpur	May 8, 2012	April 30, 2013
20.	Motihari	131207	Inspector, Weights and Measures, Motihari	May 15, 2012	June 01, 2013
21.	Lucknow	146783	Inspector, Weights and Measures, Lucknow	April 18, 2012	April 18, 2013
22.	Muradabad	168006	Inspector, Weights and Measures, Muradabad	May 11, 2012	May 11, 2013
23.	Vikash Nagar	012010	Controller, Legal Metrology, Vikash Nagar	September 12, 2011	September 11, 2012

Sr. No.	Location	Verification No.	Issuing Authority	Date of Issue	Date of expiry
24.	Sitapur	37455	Inspector, Weights and Measures, Sitapur	April 10, 2012	April 10, 2013
25.	Jaunpur	872618	Inspector, Weights and Measures, Jaunpur	March 29, 2012	March 29, 2013
26.	Pratapgarh	263507	Inspector, Weights and Measures, Pratapgarh	May 11, 2012	Valid Until Cancelled
27.	Bahraich	36890	Inspector, Weights and Measures, Baharaich	June 07, 2012	June 07, 2013
28.	Deoria	0401311	Inspector, Weights and Measures, Deoria	March 27, 2012	March 27, 2013
29.	Gonda	145244	Inspector, Weights and Measures, Gonda	May 10, 2012	May 9, 2013
30.	Gorakhpur	715	Authorised Dealer, Gorakhpur	November 9, 2011	-
31.	Manglam	0359560	Inspector, Weights and Measures, Gorakhpur	December 09, 2011	December 09, 2012

8. Permission to operate Diesel Generator Set from local/municipal authorities.

Approvals received: Following are the details of various certificates obtained by our Company under municipal laws of the respective cities, to operate DG Set, in which our Company operates its stores:

Sr. No.	Location	Inspection No.	Issuing Authority	Date of Issuance/ Inspection	Validity
1.	Jalandhar	5591	Department of Electrical Safety, Jalandhar	February 21, 2007	Valid until cancelled
2.	Berasia	T/3091/28/245/09	Department of Electrical Safety, Berasia	April 3, 2012	Valid until cancelled
3.	Begusarai	35332	Bihar State Pollution Control Board, Begusarai	May 14, 2012	Valid until cancelled
4.	Aligarh	754	Department of Electrical Safety, Aligarh	July 23, 2011	Valid until cancelled
5.	Lucknow	16378	Department of Electrical Safety, Lucknow	February 4, 2010	Valid until cancelled
6.	Meerut	2938	Department of Electrical Safety, Meerut	February 9, 2010	Valid until cancelled
7.	Muradabad	1187	Department of Electrical Safety, Muradabad	July 12, 2011	Valid until cancelled
8.	Muzaffarnagar	1006	Department of Electrical Safety, Muzaffarnagar	October 6, 2008	Valid until cancelled
9.	Saharanpur	662	Department of Electrical Safety, Saharanpur	October 5, 2009	Valid until cancelled
10.	Jaunpur	982	Department of Electrical Safety, Jaunpur	February 1, 2011	Valid until cancelled
11.	Ghazipur	201	Department of Electrical Safety,	October 14, 2010	Valid until cancelled

Sr. No.	Location	Inspection No.	Issuing Authority	Date of Issuance/ Inspection	Validity
			Varanasi		
12.	Sultanpur	S-114516	Department of Electrical Safety, Sultanpur	May 20, 2010	Valid until cancelled
13.	Basti	1119	Department of Electrical Safety, Basti	September 24, 2010	Valid until cancelled
14.	Gorakhpur	2082	Department of Electrical Safety, Gorakhpur	December 30, 2005	Valid until cancelled
15.	Luxor	1165	Department of Electrical Safety, Luxor	November 2, 2011	Valid until cancelled
16.	Varanasi	0130	Department of Electrical Safety, Varanasi	January 11, 2010	Valid until cancelled
17.	Sitapur	N11H323735	Department of Electrical Safety, Sitapur	June 06, 2012	Valid until cancelled

Approvals pending: Our Company has submitted applications for obtaining certificates with regard to the stores set out below to the respective authorities:

Sr. No.	Location	Application No.	Authority	Date of Application
18.	Karnal	1945	Municipal Authority of Karnal	May 30, 2010
19.	Ambala	388	Municipal Authority of Ambala	March 2, 2012
20.	Moga	1476	Municipal Authority of Moga	March 23, 2012
21.	Pathankot	73	Punjab State Electricity Board	April 20, 2012
22.	Bhopal	10597597	MP State Electricity Board	January 19, 2012
23.	Gaya - 1	28564	Municipal Corporation of Gaya	May 5, 2012
24.	Gaya – 2	34925	Municipal Corporation of Gaya	July 11, 2012
25.	Deoria	G030097	Department of Electrical Safety, Mohaddipur	May 18, 2012
26.	Faizabad	R95	Municipal Corporation of Faizabad	May 11, 2012
27.	Gonda	G010133	Department of Electrical Safety, Gonda	May 15, 2012
28.	Manglam	G030101	Department of Electrical Safety, Gorakhpur	May 21, 2012
29.	Arrah	-	Electricity Department, Patna	July 21, 2012
30.	Renukoot	-	Electricity Department, Sonbhadra	July 21, 2012
31.	Gurdaspur	-	Electricity Department, Patiala	July 21, 2012
32.	Bahraich	-	Electricity Department, Bahraich	July 21, 2012
33.	Chappra	-	Electricity Department, Chappra	July 21, 2012
34.	Pratapgarh	-	Electricity Department, Pratapgarh	July 21, 2012
35.	Azamgarh	-	Electricity Department, Azamgarh	July 21, 2012
36.	Darbhanga	-	Electricity Department, Darbhanga	July 21, 2012
37.	Kanpur	-	Electricity Department, Kanpur	July 21, 2012
38.	Motihari	-	Electricity Department, Motihari	July 21, 2012

Sr. No.	Location	Application No.	Authority	Date of Application
39.	Chandigarh	-	Electricity Department, Chandigarh	July 21, 2012
40.	Shahjahanpur	-	Electricity Department, Shahjahanpur	July 21, 2012
41.	Vikas Nagar	-	Electricity Department, Vikas Nagar	July 21, 2012
42.	Bhagalpur	-	Electricity Department, Bhagalpur	July 21, 2012
43.	Ujjain	-	Electricity Department, Ujjain	July 21, 2012

9. License to trade from the local municipal authorities.

Approvals received: Following are the details of various licenses obtained by our Company under municipal laws of the respective cities in which our Company operates its stores:

Sr. No.	Location	Registration No.	Issuing Authority	Date of Issue	Validity
1.	Begusarai	07/2012-13	Commissioner, Municipal Corporation of Begusarai	May 14, 2012	March 31, 2013
2.	Motihari	658	Designated Officer, Municipal Corporation of Motihari	April 27, 2012	March 31, 2013
3.	Gorakhpur	7927/5	Commissioner, Municipal Corporation of Gorakhpur	May 5, 2012	March, 2014
4.	Manglam	7927/6	Commissioner, Municipal Corporation of Gorakhpur	May 5, 2012	March 2014
5.	Luxor	D47/192	Commissioner, Municipal Corporation of Varanasi	February 7, 2012	March 31, 2013
6.	Varanasi	C21/3A	Commissioner, Municipal Corporation of Varanasi	February 7, 2012	March 31, 2013

Approvals pending: Our Company has submitted applications for obtaining licenses with regard to the stores set out below to the respective concerned authorities:

S. No.	Location	Application No.	Authority	Date of Application
7.	Lajpatnagar	G8-1740735	Municipal Corporation of Delhi	May 18, 2012
8.	Pitampura	G8-1734016	Municipal Corporation of Delhi	May 10, 2012
9.	Shahdara	G8-1761203	Municipal Corporation of Delhi	May 26, 2012
10.	Darbhanga	3101	Municipal Corporation of Darbhanga	April 13, 2012
11.	Gaya - 1	28564	Gaya Municipal Corporation	May 5, 2012
12.	Gaya - 2	34924	Gaya Municipal Corporation	July 11, 2012

10. Certificate of Importer Exporter Code

Our Company's has been issued IEC No. 0509025668 by the Ministry of Commerce and Industry, dated July 7, 2009.

D) INTELLECTUAL PROPERTY RIGHTS

1. Registered Trademarks:

Approvals received: Set forth below are the trademarks that are registered in the name of our Company:

Sr. No.	Trademark	Registration No.	Class	Description of Class	Validity	Status
1.	V-Mart (with device)	1391283	25	Clothing	October 14, 2005 to October 14, 2015	Company has filed Form TM-16 for change in the name of the registered proprietor from Varin Commercial Private Limited to the name of our Company.
2.	Charcoal	1391284	25	Clothing, included in class 25, for sale in the state of Delhi only.	October 14, 2005 to October 14, 2015	Company has filed Form TM-33 for change in the name of the registered proprietor from Varin Commercial Private Limited to the name of our Company.
3.	J. White (White with device)	1391285	25	Clothing	October 14, 2005 to October 14, 2015	Company has filed Form TM-16 for change in the name of the registered proprietor from Varin Commercial Private Limited to the name of our Company.
4.	Catch Her*	1899439	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009 to December 22, 2019.	Company has filed Form TM-16 for change in the name of the registered proprietor from the name of our company secretary to the name of our Company.
5.	Catch Him*	1899440	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009 to December 22, 2019.	Company has filed Form TM-16 for change in the name of the registered proprietor from the name of our company secretary to the name of our Company.
6.	V-Toon*	1899442	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009 to December 22, 2019.	Company has filed Form TM-16 for change in the name of the registered proprietor from the name of our company secretary to the name of our Company.
7.	Holong Bay*	1762010	25	Manufacturing and trading in readymade	December 10, 2008 to	

Sr. No.	Trademark	Registration No.	Class	Description of Class	Validity	Status
				garments.	December 10, 2018	

** As per the website www.ipindiaonline.gov.in. As on July 23, 2012 the said trademarks are registered under the Trade Marks Registry, Government of India, we are yet to receive the certificate of registration from the Trade Mark Registry, Mumbai.*

2. Trademarks pending approval:

Approvals pending: Set forth below are trademarks, for which approval is pending or objection has been raised:

Sr. No.	Trademark	Application No.	Class	Description of Class	Date of Application	Status
1.	V-Mart	2356214	35	Retail of garments, general merchandise, Kirana, fabric, stationary, footwear, leather goods, toys, sports, jewellery, electronics, electricals, bags, utensils, cosmetics.	June 29, 2012	Pending
2.	Aadya	1895324	25	All types of garments, clothing, including boots, shoes and slippers.	December 14, 2009	Objected
3.	Flick	1895325	25	All types of garments, clothing, including boots, shoes and slippers.	December 14, 2009	Objected
4.	Sabse Sasta Sabse Achcha	1895326	35	Advertising; business management; business administration; office functions.	December 14, 2009	Objected
5.	Kirana Bazaar	1895327	42	Retail stores, including providing of food and drink; temporary accommodation; medical, hygienic and beauty care; veterinary and agricultural services, legal services, scientific and industrial research, computer programming; services that cannot be classified in other classes.	December 14, 2009	Objected
6.	Fellows	1895328	25	All types of garments, clothing, including boots, shoes and slippers.	December 14, 2009	Objected
7.	V Mart	1895329	25	All types of garments, clothing, including boots, shoes and slippers.	December 14, 2009	Objected
8.	Apaache	1895330	25	All types of garments,	December	Objected

Sr. No.	Trademark	Application No.	Class	Description of Class	Date of Application	Status
				clothing, including boots, shoes and slippers.	14, 2009	
9.	V Plus (Big Size Clothing)	1899437	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009	Objected
10.	Price Less Fashion	1899438	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009	Objected
11.	Kool	1899441	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009	Objected
12.	Sword	1899443	25	All types of garments, clothing, including boots, shoes and slippers.	December 22, 2009	Objected
13.	Fresh & Clean	2003036	3	Bleaching preparations and other substances for laundry use; cleaning polishing, scouring and abrasive preparations, soaps; perfumery, essential oils, cosmetic hair lotions, dentifrices.	August 3, 2010	Objected

SECTION IX

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on May 21, 2012 subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.

The shareholders of our Company have authorised the Issue pursuant to a special resolution dated May 22, 2012 under Section 81(1A) of the Companies Act.

The Selling Shareholder has, pursuant to resolutions of its board of directors dated May 23, 2012 authorised the Offer for Sale.

The Selling Shareholder has confirmed that it has held the Equity Shares proposed to be offered and sold in the Issue for more than one year prior to the date of filing of the Draft Red Herring Prospectus and that the Selling Shareholder has not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights.

The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited has given in-principle approval for the Issue on [●] and [●] respectively.

For further details of regulatory approvals for this Issue, see the chapter titled "*Government and Other Approvals*" on page 277 of the Draft Red Herring Prospectus.

Prohibition by SEBI or government authorities

Our Company, Selling Shareholder, our Directors, our Promoters, the Promoter Group, Group Entity or the person(s) in control of our Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which any of the Individual Promoters, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

None of the Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same.

Prohibition by RBI

Our Company, Selling Shareholder, our Directors, our Promoters, the relatives of the Promoters (as defined under the Companies Act) and our Group Entity have not been identified as wilful defaulters by RBI or any other government authorities and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements under Indian GAAP:

- Our Company has net tangible assets of at least ₹ 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;

- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years on a standalone basis. The Company did not have any subsidiaries;
- Our Company has a net worth of at least ₹ 10.00 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Fresh Issue size and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Company;
- Our Company has not changed its name within the last one year.

Our Company's net tangible assets, monetary assets, net profit and net worth derived from our Restated Financial Statements for the last five years are set forth below:

(₹ in million)

Particulars	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net Tangible Assets[1]	120.27	348.87	373.05	437.48	539.40
Monetary Assets [2]	42.91	51.72	47.08	57.08	61.30
Monetary Assets as a % of Net Tangible Assets	35.67	14.82	12.62	13.05	11.36
Net Worth[3]	120.27	350.97	375.35	439.45	542.14
Distributable Profits [4]	49.19	59.65	82.91	142.13	244.82

[1] Net tangible assets are defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.
[2]Monetary assets comprises of cash and bank balances, security deposits, loan to employees, trade receivables and other current/non-current assets.
[3] Net worth is derived from the restated financial statements.
[4] Distributable profits have been defined in terms section 205 of the Companies Act, 1956, as amended, and have been derived based on restated profit for each of the financial years.

Hence our Company is eligible for the Issue under Regulation 26(1) of the SEBI (ICDR) Regulations. Our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund our Company and the Selling Shareholder (in the proportion of number of Equity Shares forming part of Offer for Sale to Equity Shares forming part of the Issue) shall pay interest on the application money at the rate of 15% p.a. for the period of delay.

This Issue is being made for at least 25% of the post-Issue capital pursuant to Rule 19(2)(b)(i) of the SCRR read with Regulation 41(1) of the SEBI (ICDR) Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ANAND RATHI ADVISORS LIMITED

HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, ANAND RATHI ADVISORS LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER ANAND RATHI ADVISORS LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 23, 2012 WHICH READS AS FOLLOWS:

"WE, THE BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATES AND CONFIRMS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE CIVIL AND CRIMINAL DISPUTES, TAX MATTERS AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS ("DRHP") PERTAINING TO THE SAID ISSUE.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER AND SELLING SHAREHOLDER; WE CONFIRM THAT:**

   (a) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

   (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT, BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.- *NOTED FOR COMPLIANCE***

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE**

OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO THE SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.- *NOT APPLICABLE***

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE, THE ISSUER AND SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION. - *NOTED FOR COMPLIANCE***

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - *NOT APPLICABLE* AS THE OFFER SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY BRLM, AS PER FORMAT PRESCRIBED BY SEBI THROUGH CIRCULAR.

The filing of the Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under section 63 or section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Book Running Lead Manager, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana, in terms of Section 56, 60 and 60B of the Companies Act.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

DISCLAIMER STATEMENT OF OUR COMPANY, THE DIRECTORS, THE SELLING SHAREHOLDER AND THE BRLM

Our Company, the Directors and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website www.vmart.co.in would be doing so at his or her own risk**.**

The Selling Shareholder accepts no responsibility for any statement made, other than statements and undertakings made by the Selling Shareholder in the Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being sold by it in the Offer for Sale.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLM with our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, nor its Directors and officers, Selling Shareholder, BRLM, nor any member of the Syndicate are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company, affiliates or associates or third parties, for which they have received, and may in future receive, compensation.

Caution

The BRLM accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Company, the Selling Shareholder and Registrar to the Issue.

All information shall be made available by our Company, the Selling Shareholder and the BRLM to the public and investors at large and no selective or additional information would be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLM and their respective affiliates may engage in transactions with, and perform services for, our Company and its Group Entity or the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and its Group Entity or the Selling Shareholder, for which they have received, and may in the future receive, compensation.

Price Information of Past 3 years Issues handled by Book Running Lead Manager

Past Issued handled by Book Running Lead Manager and summary statement of price information of past issues handled by BRLM

Sr. No.	Issue Name	Issue Size (₹in Mn.)	Issue Price (In ₹)	Listing Date	Opening price on Listing Date (In ₹)	Closing price on Listing Date (In ₹)	%Change in price on listing date (Closing vs. Issue Price)	Benchmark index on Listing date (closing)	Closing price as on 10th calendar day from listing day (In ₹)	Benchmark index as on 10th calendar days from listing day (Closing)	Closing price as on 20th calendar day from listing day (In ₹)	Benchmark index as on 20th calendar days from listing day (Closing)	Closing price as on 30th calendar day from listing day (In ₹)	Benchmark index as on 30th calendar days from listing day (Closing)
1	Euro Multivision Limited	660.00	75	15-Oct-09	70.00	53.20	-29.07%	17,195.20	36.65*	16,740.50	28.75	15,912.13	30.95*	17032.51
2	Pradip Overseas Limited	1,166.00	110	05-Apr-10	120.00	107.15	-2.59%	17,935.68	92.45	17,639.26	86.15*	17,745.28	84.60	17,087.96
3	Intrasoft Technologies Limited	536.50	145	12-Apr-10	140.00	159.35	9.90%	17,853.00	126.85	17,573.99	127.70*	17,386.08	125.35	17195.81
4	Gallantt Ispat Limited	405.00	50	11-Oct-10	48.90	81.60	63.20%	20339.89	52.80	20260.58	52.65*	20355.63	53.10	20875.71
5	C. Mahendra Exports Limited'	1,650.00	110	20-Jan-11	111.00	110.85	0.77%	19,046.54	159.65*	18327.76	167.05	17592.77	207.50*	18438.31
6	Lovable Lingerie Limited	932.75	205	24-Mar-11	261.50	249.20	21.56%	18,350.74	289.65*	19701.73	280.95	19696.86	317.75*	19584.31
7	Aanjaneya Lifecare Limited	1,170.00	234	27-May-11	229.45	311.25	33.01%	18,266.10	376.55	18420.11	365.75	17985.88	390.00*	18412.41

Note
* Were the days from listing falls on Non trading day the next trading day is taken into consideration

Financial Year	Total No. of IPOs	Total Funds Raised (₹ in Mn.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calender day from listing date			Nos. of IPOs trading at premium as on 30th calender day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2009-10	3	2,362.50	-	1	1	-	-	1	1	1	1	-	-	-
2010-11	3	2,987.75	-	-	-	1	1	1	-	-	-	2	-	1
2011-12	1	1,170.00	-	-	-	-	1		-	-	-	1	-	-

Track Record of Past Issues Handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Manager as specified in circular no.CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the websites of the Book Running Lead Manager at http://www.rathi.com/ib/about_ib.aspx.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Delhi, India.

Disclaimer in respect of jurisdiction

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), trusts (registered under Societies Registration Act, 1860, or any other trust law and are authorized under their constitution to hold and invest in equity shares) and to Eligible NRIs, Eligible QFI and FIIs as defined under the Indian Laws. The Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to equity shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions.

Any disputes arising out of this Issue will be subject to the jurisdiction of courts in New Delhi, India only. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been submitted to the SEBI for its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Disclaimer Clause of the Bombay Stock Exchange Limited (BSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the National Stock Exchange of India Limited (NSE)

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at New Delhi, India at the following address:

Securities and Exchange Board of India,
Northern Regional Office,
5th Floor,

Bank of Baroda Building,
16, Sansad Marg,
New Delhi - 110 001

A copy of the Red Herring Prospectus, along with documents to be filed under Section 60B of the Act, and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration to the Registrar of Companies, National Capital Territory of Delhi and Haryana at the following address:

Registrar of Companies

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower,
61, Nehru Place,
New Delhi - 110 019
India

Listing

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Initial listing applications have been made to the BSE and the NSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. BSE shall be the Designated Stock Exchange. In case the permission for listing of the Equity Shares is not granted by any of the above mentioned Stock Exchanges, our Company and the Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it then our Company and every director of our Company who is an officer in default and the Selling Shareholder shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest, at 15% per annum on the application monies as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

Our Company and Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 12 Working Days of Bid/ Issue Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act which is reproduced below:

"Any person who-

(a) ***makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."***

Consents

Consents in writing of our Directors, Selling Shareholder, our Company Secretary and Compliance Officer, the Auditors, the Legal Advisors to the Issue, the Bankers to our Company, the BRLM, the Registrar to the Issue, Advisor to our Company, the Syndicate Members*, the Escrow Collection Banks*, Refunds Bank(s)* and the IPO Grading Agency* to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC and have agreed that such consents have not been withdrawn upto the time of delivery of the Prospectus for registration, is as required under Section 60 and 60B of the Companies Act.

**The aforesaid will be appointed prior to filing of the Red Herring Prospectus with the RoC and their consents as above would be obtained prior to the filing of the Red Herring Prospectus with the RoC.*

Walker Chandiok & Co. Chartered Accountants, our Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Prospectus for registration to the RoC.

Walker Chandiok & Co., Chartered Accountants have given their written consent to the statement of tax benefits accruing to our Company and its members in the form and context in which it appears in the Draft Red Herring Prospectus and will not withdraw such consent upto the time of delivery of the Prospectus for registration with the RoC.

[●], the IPO Grading Agency engaged by us for the purpose of IPO Grading have given their consent as experts, pursuant to their letter dated [●] for inclusion of their report in the form and content in which it will appear in the Red Herring Prospectus, and such consent will not be withdrawn upto the time of delivery of the Prospectus for registration with the Registrar of Companies, National Capital Territory of Delhi and Haryana.

Expert Opinion

Except the statement of tax benefits, report of our Auditors dated July 20, 2012 and the report issued in respect of the IPO grading of this Issue annexed herewith, and except as stated elsewhere in the Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

Expenses of the Issue

Other than listing fees, which will be paid by the Company, all expenses with respect to the Issue will be shared between the Selling Shareholder and the Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be in the Issue.

The expenses of the Issue payable by our Company includes, among others, brokerage, fees payable to the BRLM and Registrar to the Issue, legal fees, stamp duty, printing and distribution expenses and listing fees and other miscellaneous expenses estimated as follows:

(₹ in mn.)

Particulars	Amounts*	As percentage of total expenses	As a percentage of Issue size
Lead management fees (including, underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Advisors	[●]	[●]	[●]
Bankers to the Issue	[●]	[●]	[●]
Others:	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Listing fees	[●]	[●]	[●]
- Fees to SCSBs	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- IPO Grading Fees	[●]	[●]	[●]
- Others	[●]	[●]	[●]
Total estimated Issue expenses	**[●]**	**[●]**	**[●]**

**Would be incorporated post finalisation of Issue Price*

Fees payable to the Book Running Lead Manager

The total fees payable to Anand Rathi Advisors Limited will be as stated in the Issue Agreement dated July 19, 2012 signed and executed between our Company, Selling Shareholder and Anand Rathi Advisors Limited, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

Fees payable to the Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated June 25, 2012 signed and executed between our Company, the Selling Shareholder and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office from 10:00 am to 4:00 pm during the Bid/ Issue Period.

The Registrar to the Issue will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refund orders to unsuccessful applicants.

Underwriting commission, brokerage and selling commission on previous issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous public or rights issues

Our Company has not issued any shares on rights basis, except as disclosed in the chapter titled "*Capital Structure"* beginning on page 50 of the Draft Red Herring Prospectus.

Previous issue of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the chapter titled "*Capital Structure"* beginning on page 50 of the Draft Red Herring Prospectus.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any capital issue since inception

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the Stock Exchanges and has not made any capital issue since incorporation.

Promise vs Performance – Previous Issues of our Company and our Group Entity

Our Company has not made any public issue of Equity Shares since its incorporation. None of our Group Entity has made any public issues in the past.

Performance vis-à-vis Objects

There has been no public issue (including any rights issue to the public) by our Company or Group Entity.

Outstanding debentures or bond issues

As on the date of filing the Draft Red Herring Prospectus, our Company does not have any outstanding debentures and has not made any bond issue.

Outstanding Preference Shares

As on the date of filing the Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The MOU between the Registrar to the Issue and our Company and the Selling Shareholder entered on June 25, 2012 provides for retention of records with the Registrar to this Issue for a period of at least three years to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Bid cum Application Form was submitted by the ASBA Bidders.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Manager and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible. We have also reconstituted Shareholders and Investors Grievance Committee of the Board of Directors *vide* resolution passed as the Board Meeting held on July 02, 2012, to review and redress the shareholders and investors grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer chapter titled "*Our Management*" beginning on page 167 of the Draft Red Herring Prospectus.

Our Company has appointed Yogesh Bhardwaj, Company Secretary as the Compliance Officer for this Issue and he may be contacted for redressal of any complaints at:

Yogesh Bhardwaj
F-11, Udyog Nagar Industrial Area,
Peeragarhi, Rohtak Road,
New Delhi – 110 041
India
Tel: +91 11 4525 4444
Fax: +91 11 4525 4429
Email: compliance@vmart.co.in

Investors can also contact the Registrar to the Issue for redressal of any complaints at the following address:

Karvy Computershare Private Limited
Plot nos.17-24,
Vithal Rao Nagar Madhapur,
Hyderabad – 500 081
India
Tel: +91 40 4465 5000 **Toll Free:** 180 0345 4001
Fax: +91 40 2343 1551
Email: v-mart.ipo@karvy.com
Website: www.karvycomputershare.com
Contact Person: Mr. M Murali Krishna

Changes in the Auditors during last three years and reasons thereof

There have been no changes in our auditors in the last three years.

Capitalisation of reserves or profits during the last five years

On February 15, 2008 our Company has issued 4,448,200 Equity Shares as bonus shares to the existing shareholders of our Company in the ratio of 4:1.

On June 15, 2012 our Company has issued 6,606,842 Equity Shares as bonus shares to the existing shareholders of our Company in the ratio of 9:10.

Except for the aforesaid bonus issues, our Company has not capitalized its reserves or profits at any time during the last five years. For details of the same, please refer to the chapter titled "*Capital Structure*" beginning on page 50 of the Draft Red Herring Prospectus.

Revaluation of assets during the last five years

Our Company has not revalued its assets since incorporation.

SECTION X

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Principal terms and conditions of the Issue

The Issue shall be subject to the provisions of the Companies Act, the SCRR, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note (‘CAN’), Listing Agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC, FIPB and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing Equity Shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the chapter titled “*Main Provisions of the Articles of Association of our Company*” on page 358 of the Draft Red Herring Prospectus.

Offer for Sale

The Issue includes an Offer for Sale by Naman Finance and Investment Private Limited, the Selling Shareholder. For further details in relation to the Issue expenses including the Offer for Sale see chapter titled “*Objects of the Issue – Issue related expenses*” on page 78 of the Draft Red Herring Prospectus.

Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the Articles of Association and the Listing Agreements.

Face Value and Price Band

The face value of each Equity Share is ₹ 10 each and the Issue Price is ₹ [●] per Equity Share. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the equity shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the chapter titled "*Main Provisions of the Articles of Association of our Company*" on page 358 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the chapter titled "*Issue Procedure*" on page 319 of the Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in New Delhi, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered Office or to our Company's Registrar and Share Transfer Agents.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue through the Draft Red Herring Prospectus including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company and the Selling Shareholder shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated thereunder.

The requirement for 90% minimum subscription is not applicable to the Offer for Sale. In case of under subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000.

Arrangement for disposal of odd lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of Equity Shares

Except for lock-in as detailed in the chapter titled "*Capital Structure*" beginning on page 50 of the Draft Red Herring Prospectus, and except as provided in our Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting except as provided in the Articles of Association. For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer to the chapter "*Main Provisions of the Articles of Association*" beginning on page 358 of the Draft Red Herring Prospectus.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company, the Selling Shareholder and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, the Selling Shareholder and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Issue of Equity Shares in dematerialized form in the Issue

In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

ISSUE STRUCTURE

Public Issue of 5,746,000* Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million, comprising of a Fresh Issue of 4,011,000 Equity Shares by our Company aggregating to ₹ [●] million, and Offer for Sale of 1,735,000 Equity Shares by Naman Finance and Investment Private Limited, the Selling Shareholder aggregating to ₹ [●] million. The Issue of Equity Shares will constitute 32.00% of the fully diluted post-Issue paid up capital our Company.

*Our Company is considering a Pre-IPO Placement of upto 1,250,000 Equity Shares and aggregating upto ₹ 312.50 million with certain investors. The Pre-IPO Placement is at the discretion of our Company. If undertaken, our Company will complete the issuance of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, subject to the Issue being atleast 25% of the fully diluted post-Issue paid up capital of our Company.

The Issue is being made through the Book Building Process.

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 2,873,000 Equity Shares	Not less than 861,900 Equity Shares shall be available for allocation	Not less than 2,011,100 Equity Shares shall be available for allocation
Percentage of the Issue Size available for allocation	Not more than 50% of Issue Size shall be allocated to QIBs. Upto 30% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. However, not less than 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Issue shall be available for allocation Non-Institutional Bidders	Not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders
Basis of Allocation / Allotment if respective category is oversubscribed	Proportionate as follows: (a) upto 861,900 Equity Shares for allocation to Anchor Investor on a discretionary basis, out of which one third shall be available for allocation to domestic Mutual Funds only; and (b) 100,555 Equity Shares, constituting 5% of the Net QIB portion, shall be available for allocation on a proportionate basis to Mutual Funds;	Proportionate	Proportionate

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	(c) 1,910,545 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (b) above		
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.
Allotment Lot	[●] Equity Shares in multiples of one Equity Share thereafter.	[●] Equity Shares in multiples of one Equity Share thereafter.	[●] Equity Shares in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, venture capital fund registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by Government of India, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts,	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, societies trusts, sub accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Eligible QFIs.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value.

Particulars	Qualified Institutional Bidders	Non-Institutional Bidders	Retail Individual Bidders
	India.		
Terms of Payment	Entire Amount shall be payable at the time of submission of the Bid cum Application Form to SCSB or to the Syndicate ASBA Member	Entire Amount shall be payable at the time of submission of the Bid cum Application Form to SCSB or to the Syndicate ASBA Member.	Entire Amount shall be payable at the time of submission of (1) Bid-cum-Application Form to the member of Syndicate or (2) submission of the Bid cum Application Form to SCSB or to the Syndicate ASBA Member
Margin Amount	Full Bid amount on bidding	Full Bid amount on bidding	Full Bid amount on bidding.

* *Subject to valid Bids being received at or above the Issue Price. The Issue is being made under sub-regulation (1) of Regulation 26 of the SEBI (ICDR) Regulations and through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"). Our Company and the Selling Shareholder in consultation with the BRLM may consider participation by Anchor Investors in the Issue for upto 30% of the QIB Portion in accordance with the applicable SEBI (ICDR) Regulations ("Anchor Investor Portion"), out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the remaining Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. Further not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over inter-se from any of the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price.*

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event, our Company and the Selling Shareholder would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two Working Days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification.

If our Company and the Selling Shareholder withdraws the Issue after the closure of bidding and our Company and the Selling Shareholder, thereafter determines that it will proceed with an initial public offering of its Equity Shares, our Company and the Selling Shareholder shall be required to file a fresh Draft Red Herring Prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that QIBs (other than Anchor Investors) and Non- Institutional Bidders are mandatorily required to utilize the ASBA facility to participate in the Issue. Retail Individual Bidders can participate in the Issue, and submit their Bids either through submitting a Bid cum Application Form to the Syndicate Member or through submitting a Bid cum Application Form to a SCSB or a Syndicate Member (in Specified Cities only). ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid cum Application Form.

Our Company, the Selling Shareholder, the BRLM and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Draft Red Herring Prospectus and the Prospectus.

Further, pursuant to SEBI Circular dated September 27, 2011 and bearing No. CIR/CFD/DIL/4/2011, the Bid cum Application Form has been standardized *i.e.*, there is a single application form for ASBA and Non- ASBA Bidders, with effect from November 1, 2011.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. Out of the Net QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, not less than 15% of the Issue would be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received from them at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

In accordance with the SEBI (ICDR) Regulations, all Bidders can participate in this Issue through the ASBA process by providing details of their respective bank accounts in which the corresponding bid amounts will be blocked by SCSBs.

Any Bidder (other than Anchor Investors) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts/ bank account held by third party (subject to conditions set forth herein below) in which the corresponding Bid amounts will be blocked by SCCBs. Non-retail investors are mandatorily required to make use of ASBA facility. All ASBA Bidders can submit their Bids through the Syndicate ASBA Members (at Specified Cities). The Syndicate Members and Sub Syndicate Members may procure the Bid cum Application Form from investors in the SEBI notified Specified Cities and can submit the same to the Syndicate ASBA Branches. The Syndicate ASBA Members are required to upload the bid and other relevant details of the Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to SCSBs at the Syndicate ASBA Branches.

In case of eligible QIBs bidding through the Syndicate ASBA, the Book Running Lead Managers and their affiliate members of the Syndicate, may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only.

Bidders can Bid at any price within the Price Band. The Price Band for the Issue and the Bid Lot will be decided by our Company and the Selling Shareholder, in consultation with the Book Running Lead Manager, and advertised in all editions of [●] (a widely circulated English national daily newspaper) and all editions of [●] (a widely circulated Hindi national newspaper (which is also a regional newspaper)) at least two Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Number and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. Bidders are required to ensure that the PAN provided in the Bid cum Application Form is exactly the same as the PAN of the person in whose name the relevant beneficiary account is held. If the beneficiary account is held in joint names, the Bid cum Application Form should contain the name and PAN of the person whose name appears first in the beneficiary account and signature of only this person would be required in the Bid cum Application Form. This Bidder would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Bid cum Application Form.

Bid cum Application Form

Please note that there is a single Bid cum Application Form for ASBA Bidders (submitted to the SCSBs or through Syndicate ASBA) as well as non-ASBA Bidders.

The mode and manner of Bidding is illustrated in the following chart.

Category of bidder	**Mode of Bidding**	**To whom the Bid cum Application Form has to be submitted**
Retail Individual Bidders	Either (i) ASBA or (ii) non-ASBA	In case of ASBA Bidder: (i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Specified Cities; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained. In case of non-ASBA Bidder, to the members of the Syndicate at the Bidding Centres as stated in the Bid cum Application Form.
Non-Institutional Bidders and QIBs (excluding Anchor Investors)	ASBA (*Kindly note that ASBA is mandatory and no other mode of Bidding is permitted*)	(i) If using physical Bid cum Application Form: (a) to the members of the Syndicate only at Specified Cities; **or** (b) to the Designated Branches of the SCSBs where the SCSB account is maintained; **or** (ii) If using electronic Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained.
Anchor Investors	Non- ASBA	To the BRLM

The prescribed colour of the Bid Cum Application Form for the various categories is as follows:

Category	*Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA as well as non-ASBA Bidders)*	White
Eligible NRIs, Eligible QFIs, FIIs (ASBA as well as non-ASBA Bidders)*	Blue
Anchor Investors**	White

** Bid cum Application forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLM and the SCSBs.*

** *Bid cum Application forms for Anchor Investors shall be made available at the office of the BRLM.*

All Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate Member only. ASBA Bidders are required to submit their Bids, only through the SCSBs, authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form, except for the ASBA Bids submitted in the Specified Cities. In the case of Specified Cities, the ASBA Bids may either be submitted with the Designated Branches or with the Syndicate Member. Bidders other than ASBA Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders bidding through the Syndicate Members should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities. ASBA Bidders should also ensure that Bid cum Application Form submitted to the Syndicate Members in the Specified Cities will not be accepted if SCSB, where the ASBA Account is maintained, as specified in the Bid cum Application Form, has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html). ASBA Bidders bidding directly through the SCSB should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

On filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. upon completion and submission of the Bid cum Application Form to a member of the Syndicate or the SCSBs, the Bidder or the ASBA Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA Bidder.

ASBA Bidders shall submit a Bid cum Application Form to the SCSBs authorising blocking of funds that are available in the bank account specified in the Bid cum Application Form. Please note that QIBs (other than Anchor Investors) and Non Institutional Bidders can participate in the Issue only through the ASBA process. Only QIBs can participate in the Anchor Investor Portion and QIBs applying under the Anchor Investor portion cannot submit their Bids through the ASBA process.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);

2. HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: “XYZ Hindu Undivided Family through the Karta XYZ”, where XYZ is the name of the *Karta*. Bids by HUFs would be considered at par with those received from individuals;

3. Limited Liability Partnerships, Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;

4. Mutual Funds registered with SEBI;

5. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and SEBI (ICDR) Regulations, as applicable);

6. Venture capital funds registered with SEBI;

7. Eligible QFIs;

8. FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;

9. State Industrial Development Corporations;

10. Insurance companies registered with the Insurance Regulatory and Development Authority;

11. Provident funds with a minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;

12. Pension funds with a minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;

13. National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;

14. Insurance funds set up and managed by army, navy or air force of the Union of India;

15. Insurance funds set up and managed by the Department of Posts, India;

16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;

17. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;

18. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares; and

19. Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.

As per the existing regulations, OCBs are not eligible to participate in this Issue, except with the specific permission of RBI**.**

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares will be offered and sold only outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Participation by associates and affiliates of BRLM and other Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the Net QIB Portion and Non-Institutional

Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on account of their clients.

The BRLM and any persons related to the BRLM, the Promoter and the Promoter Group are not permitted to apply in this Issue under the Anchor Investor Portion.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 100,555 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in this Issue.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

Eligible NRIs applicants should note that only such Bid cum Application Form that are accompanied by payment in free foreign exchange shall be considered. Eligible NRIs should use the Bid cum Application Form which is blue in colour. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts should use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The holding of equity shares of a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company. This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its board of directors followed by passing of a special resolution to that effect by its shareholders. However, the aggregate foreign investment under both FDI and portfolio investment scheme should be within the sector cap of the industry. As FDI is not permitted for multi brand retail, the FII investment limit in multi brand retail companies cannot be increased above 24%, as permitted under the portfolio investment scheme.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI (ICDR) Regulations, for this Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against underlying securities held by it that are listed or proposed to be listed on any recognised stock exchange in India) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

Bids by Eligible QFIs

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depositary participants ("DP") in equity shares of Indian companies which are offered to the public in India in accordance with SEBI (ICDR) Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap. However, as FDI is not permitted for multi brand retail, the individual and aggregate investment limits of Eligible QFI cannot be increased above 5% and 10% of the paid up capital, respectively.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Bids by SEBI registered Venture Capital Funds

The SEBI (Venture Capital) Regulations, 1996 *inter alia* prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI should not exceed 25% of its corpus. However, venture capital funds may invest not more than 33.33% of its investible funds in various prescribed instruments, including in initial public offers.

Pursuant to the SEBI (ICDR) Regulations, the shareholding of SEBI registered VCF held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the Draft Red Herring Prospectus with SEBI.

Bids under the Anchor Investor Portion

Our Company and the Selling Shareholder may, in consultation with the BRLM, consider participation by Anchor Investors on a discretionary basis in the Issue for upto 861,900 Equity Shares in accordance with the applicable SEBI (ICDR) Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

a. Anchor Investors shall be QIBs as defined in Regulation 2(1) (zd) of the SEBI (ICDR) Regulations excluding FVCIs, multilateral and bilateral development financial institutions. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the Net QIB Portion;

b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount shall be atleast ₹ 100 million and in multiples of [●] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

c. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.

d. Allocation to Anchor Investors shall be on a discretionary basis and subject to the following:

(i) maximum of two Anchor Investors shall be allocated upto ₹ 100 million;

(ii) minimum of two and maximum of 15 Anchor Investors shall be allocated above ₹ 100 million and upto ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor;

(iii) minimum of five and maximum of 25 Anchor Investors shall be allocated above ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor;

e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one Working Day prior to the Bid / Issue Opening Date). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

f. Our Company and the Selling Shareholder shall, in consultation with the BRLM, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.

g. Allocation to Anchor Investors shall be completed on the day of bidding itself by the Anchor Investors.

h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM, before opening of Bidding on the Bid/ Issue Opening Date.

i. Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.

j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

k. Neither the BRLM, nor any person related to the BRLM, our Promoters, members of our Promoter Group or Group Entity, shall participate in the Anchor Investor Portion.

l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.

m. The instruments for payment into the Escrow Account should be drawn in favour of:

- In case of Resident Anchor Investors: "**Escrow Account - V-Mart IPO – Anchor Investor - R";**

- In case of Non-Resident Anchor Investor: **" Escrow Account - V-Mart IPO – Anchor Investor - NR"**

Bids made by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid, without assigning any reason thereof.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, the Company reserves the right to reject any Bid without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder, the Directors, the officers of our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Maximum and Minimum Bid Size

For Retail Individual Bidders: The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. Where the Bid Amount is over ₹ 200,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders: The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of the Bid. QIBs are not allowed to withdraw their Bids after [●], i.e., the QIB Bid / Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion and, applications by Bidders who are not eligible for allocation in the Non-Institutional Portion shall be rejected. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-off Price.

For Bidders in the Anchor Investor Portion: Only QIBs can participate in the Anchor Investor Portion. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is for ₹ 100 million or more and in multiples of [•] Equity Shares thereafter. The Anchor Investor Bidding Issue Period shall be one Working Day prior to the Bid / Issue Opening date. Bids by Anchor Investors under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids. A Bid in the Anchor Investor portion cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period and are required to pay the entire Bid amount at the time of submission of the Bid. If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the Anchor Investor Issue Price.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent queries to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described in the chapter "*Issue Procedure - Payment of Refund*" beginning on page 351 of the Draft Red Herring Prospectus.

Information for Bidders

1. Our Company and the BRLM jointly will declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi (which is also a regional newspaper)) each with wide circulation. This advertisement shall be in the prescribed format.

2. Our Company shall announce the Price Band at least two Working Days before the Bid Opening Date in all editions of [●] (a widely circulated English national daily newspaper) and all editions of [●] (a widely circulated Hindi national daily newspaper (which is also a regional newspaper)). This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band.

3. Our Company will file the Red Herring Prospectus with the RoC at least three days prior to the Bid/ Issue Opening Date.

4. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The BRLM or Registrar to the Issue will inform to SCSBs that the abridged prospectus is made available on its website.

5. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by atleast additional three Working Days, subject to the total Bidding Period not exceeding ten Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi (which is also a regional newspaper)) and one regional newspaper, each with wide circulation in the place where our registered Office is situated and also by indicating the change on the website of the BRLM, at the terminals of the members of the Syndicate and SCSBs. The Anchor Investor Bid / Issue Period shall be one day prior to the Bid / Issue Opening date.

6. Any eligible Bidder who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from the members of the Syndicate or the SCSBs.

7. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid. Bidders (other than Anchor Investors) who wish to use ASBA process should approach the Designated Branch of the SCSBs to register their Bids under the ASBA process or submit their Bid with the Syndicate ASBA Members.

8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders (other than Anchor Investors) applying through the ASBA process also have an option to submit the Bid cum Application Form in electronic form.

9. Bid cum Application Forms submitted by Bidders whose beneficiary account is inactive shall be rejected.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid cum Application Form is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified, excluding Bid submitted on behalf of the Central Government or the State Government or officials appointed by a court and Bidders resident in the state of Sikkim, who, may be exempted from specifying their PAN for transacting in the securities market,

shall be "suspended credit" and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

Method and Process of Bidding

a. Our Company and the Selling Shareholder in consultation with the BRLM, shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper and one Hindi national daily newspaper (which is also a regional newspaper), each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company and the Selling Shareholder in consultation with the BRLM, including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.

b. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily and one Hindi national newspaper (which is also a regional newspaper), each with wide circulation. and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi (which is also a regional newspaper)) with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate.

c. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

d. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".

e. Except in relation to Bids received from the Anchor Investors, the members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction registration slip, (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.

f. The BRLM shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one Working Day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and in the Net QIB Portion shall not be considered as multiple Bids.

g. During the Bid/ Issue Period, Retail Bidders, who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or Syndicate ASBA Members to register their Bids.

h. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in the chapter "*Issue Procedure - Payment Instructions*" on page 341 of the Draft Red Herring Prospectus.

i. Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. When the Bidder submits a Bid to Syndicate ASBA Member, the member shall bid the application on the terminals of the Stock Exchanges and then forward it to the Syndicate ASBA Branches for blocking the Bid Amount.

j. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

k. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

l. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Information specific to ASBA Bidders

1. ASBA Bidders who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Designated Branches. ASBA Bidders can also obtain a copy of the Abridged Prospectus and/or the Bid cum Application Form in electronic form on the websites of the SCSBs.

2. The Bids should be submitted to the SCSBs or Syndicate Member on the prescribed Bid cum Application Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

3. The SCSBs or Syndicate ASBA Members shall accept Bids only during the Bid/Issue Period and only from ASBA Bidders.

4. The Bid cum Application Form shall bear the stamp of the SCSBs and/or the Designated Branch or Syndicate ASBA Members, if not, the same shall be rejected.

Please note that QIBs and Non-Institutional Bidders shall mandatorily submit their Bids through the ASBA process.

Bids at Different Price Levels and Revision of Bids

The Bidders can Bid at any price within the Price Band, in multiples of [•]. The Price Band and the minimum Bid Lot Size for the Issue shall be decided by our Company and the Selling Shareholder, in consultation with the BRLM and advertised in two daily newspapers (one in English and one in Hindi (which is also a regional newspaper), each with wide circulation) at least two Working Days prior to the Bid/ Issue Opening Date.

1. In accordance with SEBI (ICDR) Regulations, our Company and the Selling Shareholder, in consultation with the BRLM and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares.

The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

2. Our Company and the Selling Shareholder in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

3. Our Company and the Selling Shareholder, in consultation with the BRLM can finalise the Anchor Investor Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Anchor Investors.

4. Bidders can bid at any price within the Price Band. Bidders have to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding ₹ 200,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

5. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band, (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

7. In case of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account(s) or unblocked by the SCSBs, as applicable.

8. Our Company and the Selling Shareholder, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.

9. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Investments by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in equity shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks.

IN ACCORDANCE WITH THE SEBI (ICDR) REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALISED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Escrow Mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please refer to chapter titled "*Issue Procedure – Payment Instructions*" on page 341 of the Draft Red Herring Prospectus.

Electronic Registration of Bids

(a) The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/ Issue Closing Date.

(c) The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not uploaded will not be considered for allocation.

(d) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.

(e) At the time of registering each Bid (other than ASBA Bidders), the members of the Syndicate shall enter the following details of the Bidder in the on-line system:

- Name of the Bidder(s): Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque Amount;
- Cheque Number;
- Bid cum Application Form number;
- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidders into the electronic bidding system:

- Name of the Bidder(s);
- Bid cum Application Form Number;
- PAN (of First Bidder if more than one Bidder);
- Investor Category and Sub-Category;
- DP ID and client identification number;
- Quantity;
- Price; and
- Bank Account Number

With respect to ASBA Bidders, submitted to the members of Syndicate at the Specified Cities, at the time of registering each Bid, the members of Syndicate shall enter the following details in the on-line system:

- Name of the Bidder(s);
- Bid cum Application Form Number;
- PAN (of First Bidder if more than one Bidder);
- Investor Category and Sub-Category;
- DP ID and client identification number;
- Client identification number of the demat account of the bidder;
- Number of Equity Shares bid for; and
- Bid Price

(f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to request and obtain the TRS from the respective member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Braches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLM or the Syndicate Member or our Company or our Selling Shareholder.

(g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(h) It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and/or any other requirements by our Company, and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliances with the relevant statutory authorities and/or any other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company and the Selling Shareholder, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

(j) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of BSE and NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/ Issue Period.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB or the Syndicate ASBA Member through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

(h) Our Company and the Selling Shareholder in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.

(i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

(j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(k) The members of the Syndicate may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.

Price Discovery and Allocation

After the Bid/ Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with our Company and the Selling Shareholder. Our Company and the Selling Shareholder, in consultation with the BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

(a) Not more than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs subject to valid Bids being received at or above the Issue Price. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds.

(b) Not less than 15% and not less than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.

(c) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories or a combination of categories, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 100,555 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, under-subscription, if any, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

(d) Allocation to Anchor Investors shall be at the discretion of our Company and the Selling Shareholder in consultation with the BRLM, subject to compliance with the SEBI (ICDR) Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

(e) Allocation to Eligible NRIs or Eligible QFIs or FIIs registered with SEBI, applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.

(f) Our Company and the Selling Shareholder reserves the right to cancel the Issue at any time after the Bid/ Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid/ Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.

(g) In terms of the SEBI (ICDR) Regulations, QIB Bidders bidding in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date. Further the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/ Issue Period.

(h) If the Issue Price is higher than the Anchor Investor Allocation Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Allocation Price, the difference shall not be payable to the Anchor Investors.

(i) The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the Selling Shareholder, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, our Company and the BRLM will update and file the updated Red Herring Prospectus with RoC, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

Filing with the RoC

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a Pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one English language national daily newspaper and one in Hindi language national daily newspaper (which is also a regional newspaper), each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after filing of the Prospectus with the RoC in an English national daily newspaper and in a Hindi national daily newspaper (which is also a regional newspaper), each with wide circulation. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.

(b) The Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder.

(d) The Issuance of Allotment Advice is subject to "Notice to Anchor Investors: Allotment Reconciliation and Revised CANs" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company, Selling Shareholder and the BRLM, select Anchor Investors may be sent a CAN, within two Working Days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. The revised CAN will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respects along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within twelve Working Days of the Bid/Issue Closing Date

2. As per Section 68B of the Companies Act, and as per SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

General Instructions

Do's:

a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws;
b) Read all the instructions carefully and complete the Bid cum Application Form;
c) Ensure that the Bidder's depository account is valid and active;
d) Ensure that the details about the Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;
e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the BRLM or Syndicate Members or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account;
f) With respect to ASBA Bids ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
g) Ensure that you have requested for and receive a TRS for all your Bid options;
h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid cum Application Form to the respective Designated Branch of the SCSB;
i) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
j) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted though the SCSBs;
k) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
l) Ensure that the Bid is within the Price Band;
m) Ensure that signature and thump impression other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

n) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
o) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
p) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
q) In the event you are a QIB or a Non-Institutional Investor, ensure that you have applied only through the ASBA process.
r) Please ensure that in the event a Bid cum Application form is submitted to a Syndicate ASBA Member and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at the bidding centre as notified by SEBI. Presently such facility is available at the Specified Cities.

Don'ts:

a) Do not Bid for lower than the minimum Bid size;
b) Do not Bid/ revise Bid price to less than the Floor Price or higher than the Cap Price;
c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
d) Do not provide your GIR number instead of your PAN.
e) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
f) Do not Bid *via* any mode other than ASBA (for QIBs and Non-Institutional Bidders);
g) Do not Bid at Cut-off price (for QIBs and Non-Institutional Bidders);
h) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
i) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
j) Do not pay the Bid amount in cash, by money order, by postal order, or by stockinvest;
k) Do not submit the Bid without the full Bid Amount.
l) Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
m) Do not submit more than five Bid cum Application Forms per bank account;
n) Do not Bid for allotment of Equity Shares in physical form.
o) Do not Bid if you are an OCB, except with the specific permission of RBI;
p) Do not submit the Bid cum Application Forms to Escrow Collection Bank(s);
q) Do not submit a Bid if not competent to enter into a contract under the Indian Contract Act, 1872, as amended;
r) Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or their relevant constitutional documents or otherwise; and
s) Do not submit a Bid that does not comply with the securities laws of your respective jurisdictions;

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from any of the members of the Syndicate or from our Registered Office. **Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate

and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

(c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct and legible.

(d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of ₹ 200,000.

(e) For Non-institutional and QIB Bidders, bidding under the Net QIB Portion, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds ₹ 200,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

(f) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 100 million and in multiples of [●] Equity Shares thereafter.

(g) In single name or in joint names (not more than three and in the same order as their Depository Participant details).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(i) Based on the category of the Bidder, the Bid must comply with the maximum and minimum Bid size, as described in "*Maximum and Minimum Bid Size*" on page 326 of the Draft Red Herring Prospectus.

(j) Bids through ASBA must be:
   a. made in single name.
   b. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and in the Bid cum Application Form.

(k) If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Bid cum Application Form.

(l) For ASBA Bidders, SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. For details regarding mode of Bidding and manner of submission of the Bid cum Application Form, please see the Chapter titled, "*Issue Procedure - Bid cum Application Form*" on page 320 of the Draft Red Herring Prospectus.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of the Permanent Account Number of the Sole/ First Bidder, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS/ NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM, or the Registrar to the Issue or Escrow Collection Banks or the SCSBs or our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form, as the case may be.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders may note that in case the DP ID, Client ID and PAN mentioned in the Bid cum Application Form, as the case may be and entered into the electronic bidding system of the stock exchanges by the members of the Syndicate or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Bid cum Application Form, as the case may be, is liable to be rejected and our Company, the Selling Shareholder and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorize the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/ Allocation Advice/ CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole/first Bidder, the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, QFIs, Mutual Funds, insurance companies and provident funds and pension funds with a minimum corpus of ₹ 250 million (subject to applicable law), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
(b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
(c) With respect to Bids made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million., a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

Bids by Non-Residents including Eligible NRIs, Eligible QFIs and FIIs registered with SEBI on a repatriation basis.

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant Details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs or Eligible QFIs but not in the names of minors, OCBs, firms or partnerships, or their nominees. Bids by Eligible NRIs for a Bid Amount of upto ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue, except with the specific permission of RBI.

There is no reservation for Eligible NRIs, Eligible QFIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the "**IRDA Investment Regulations**"), are broadly set forth below:

(b) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(c) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and

(d) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPS).

Bids by provident funds/ pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof.

Payment Instructions

The ASBA Bidders shall specify the ASBA Account number in the Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in Bid cum Application Form. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within 12 Working Days of the Bid Closing Date. The Bid Amount shall remain blocked in the ASBA Account until transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Escrow Mechanism for Retail individual Bidders other than ASBA Bidders

Our Company, the Selling Shareholder, the Syndicate Members and the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their Bid and/ or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the Selling Shareholder, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Selling Shareholder, the Syndicate Members, the Registrar to the Issue and the BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

Pursuant to SEBI circular bearing no. CIR/CFD/DIL/1/2011 dated April 29, 2011, (i) Non-Institutional Bidders and QIB Bidders are required to mandatorily apply through ASBA, and (ii) the Syndicate ASBA Members may procure the Bid cum Application Form from investors from the Specified Cities, as notified by SEBI and can submit the same to the Syndicate ASBA Branches of the SCSB. Syndicate ASBA Members are required to upload the bid and other relevant details of the Bid cum Application Form in the electronic bidding system provided by the Stock Exchanges and forward the same to the SCSBs.

Payment into Escrow Account for Retail Individual Bidders other than ASBA Bidders:

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Retail Individual Bidders, not Bidding through the ASBA facility would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. All Retail Individual Bidders, not Bidding through the ASBA facility shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made

favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.

2. Anchor Investors would be required to pay the Bid Amount at the time of submission of the application form through RTGS mechanism. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

3. The payment instruments for payment into the Escrow Account should be drawn in favor of:

   (a) In case of Resident Retail Bidders: **"Escrow Account – V-Mart- IPO - R";**
   (b) In case of Non Resident Retail Bidders: **"Escrow Account – V-Mart - IPO - NR";**

4. In case of Bids by Eligible Retail individual NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.

5. In case of Bids by Eligible Retail individual NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account 'SPNR' along with documentary evidence in support of the remittance. Payment should be accompanied by bank certificate confirming that the amount has been released by debiting to Special Non Resident Rupee Account 'SPNR'.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.

8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

9. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.

10. No later than twelve Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stock invest/ money orders/ postal orders will not be accepted.

11. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Payment by cash / money order

Payment through cash/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the Bid cum Application Form or the Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Please ensure that in the event an Bid cum Application form is submitted a Syndicate ASBA Member and the payment is proposed to be made through the ASBA process, the SCSB with whom the payment is to be blocked has a branch at the bidding centre as notified by SEBI. Presently such facility is available at the Specified Cities.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments/ refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ('First Bidder'). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

After submitting a bid using a Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges or submitted to a Syndicate ASBA Member, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another Bid cum Application Form, to either the same or another Designated Branch of the SCSB. Submission of a second Bid in such manner will be deemed a multiple Bid and would be rejected. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Build Up of the Book and Revision of Bids" below.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid cum Application Forms with respect to any single ASBA Account.

Duplicate copies of Bid cum Application Forms with the same PAN downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

- The Bids will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds registered with SEBI and such Bids in respect of more than one scheme will not be treated as multiple Bids provided that the Bids clearly indicates the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and in Net QIB Portion will not be considered as multiple Bids.

Permanent Account Number ("PAN")

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **Any Bid cum Application Form without the PAN is liable to be rejected, except for Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Bid/ Issue Period by submitting a request for the same to the SCSBs/ Syndicate ASBA Member who shall do the requisite, including deletion of details of the withdrawn Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case an ASBA Bidder (other than a QIB bidding through an Bid cum Application Form) wishes to withdraw the Bid after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the "Basis of Allotment"

Right to Reject Bids

In case of QIB Bidders, bidding under the Net QIB Portion, our Company and the Selling Shareholder, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ ECS/ NECS/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus. Bids submitted by QIBs or Non Institutional Bidders who do not utilise the ASBA facility shall be rejected.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Bids by persons prohibited from buying, selling or dealing in securities directly or indirectly by SEBI or any other regulatory authority shall be rejected by the Registrar to the Issue in consultation with the BRLM, our Company and the Selling Shareholder.

Grounds for Technical Rejections

Bidders are advised to note that Bids may be liable to be rejected among others on the following technical grounds:

1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

2) In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However, all limited liability partnership can apply in its own name;

3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors (except through their natural/legal guardian), insane persons;

4) Age of the First Bidder not given;

5) PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

6) Bids for lower number of Equity Shares than specified for that category of investors;

7) Bids at a price less than the Floor Price;

8) Bids at a price more than the Cap Price;

9) Submission of more than five Bid cum Application forms per bank account;

10) Submission of Bids by Anchor Investors through ASBA process

11) Bids at Cut-off price by Non-Institutional and QIB Bidders;

12) Bids for number of Equity Shares which are not in multiples of [●];

13) Category not ticked;

14) Multiple bids as defined in the Draft Red Herring Prospectus;

15) In case of Bid under power of attorney or by limited companies, corporate, trust etc., wherein relevant documents are not submitted;

16) Bids accompanied by Stock invest/ money order/ postal order/ cash;

17) Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

18) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;

19) Bid cum Application Form does not have the stamp of the SCSB, except for Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the Bid Cum Application Forms shall bear an unique application number;

20) Bids by QIBs duly submitted through ASBA, but not intimated to the BRLM/ Syndicate Members;

21) Bid cum Application Form does not have Bidder's depository account details;

22) In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;

23) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;

24) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

25) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

26) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);

27) Bids by U.S. person other than in reliance with Regulation S under the Securities Act;

28) Bids by any person outside India if not in compliance with applicable foreign and Indian laws;

29) Bids not uploaded on the terminals of the Stock Exchanges;

30) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

31) Bids by OCBs , except with the specific permission of RBI;

32) Bids by FVCI's, bilateral and multilateral and bilateral development financial institutions;

33) In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;

34) ASBA Applications made by using duplicate copy of Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two Bid cum Application Forms bearing the same unique identification number);

35) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms.

36) Bids by NRIs not disclosing their residential status;

37) Application through cheques/ demand drafts by QIBs and Non-Institutional Investors;

38) Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, and approvals;

39) Inactive beneficiary account; and

40) Bids by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority.

Basis of Allotment or Allocation

For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 2,011,100 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the aggregate demand in this category is greater than 2,011,100 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 861,900 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than 861,900 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

For Qualified Institutional Bidders in the Net QIB Portion

1. Bids received from the QIB Bidders bidding in the Net QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The Net QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. Allotment shall be undertaken in the following manner:

   (a) In the first instance, allocation to Mutual Funds for upto 5% of the Net QIB Portion shall be determined as follows:

   - In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for upto 5% of the Net QIB Portion.

   - In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

   - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs bidding in the Net QIB portion shall be determined as follows:

- Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the Net QIB Portion.

- Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

The aggregate Allotment available for allocation to QIB Bidders bidding in the Net QIB Portion shall not be more than 2,011,100 Equity Shares.

Method of proportionate Basis of Allotment in the Issue

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a. Bidders will be categorised according to the number of Equity Shares applied for;

b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

c. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d. In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

   i. Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and

   ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e. If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

g. Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company and the Selling Shareholder, in consultation with the BRLM.

Illustration of Allotment to QIBs and Mutual Funds ("MF") in the Net QIB Portion

A. Issue Details

Sr. No.	Particulars	Issue details *(in mn. Equity Shares)*
1.	Issue size	2,000
2.	Allocation to QIB (50%)	1,000
3.	Anchor Investor Portion	300
4.	Portion available to QIBs other than Anchor Investors ((2) minus (3))	700
	Of which:	
	a. Allocation to MF (5%)	35
	b. Balance for all QIBs including MFs	665
5.	No. of QIB applicants	10 applicants
6.	No. of shares applied for	5,000

B. Details of QIB Bids in the Net QIB Portion

Sr. No.	Type of QIB bidders#	No. of Equity Shares bid for *(in mn. Equity Shares)*
1.	A1	500
2.	A2	200
3.	A3	1,300
4.	A4	500
5.	A5	500
6.	MF1	400
7.	MF2	400
8.	MF3	800
9.	MF4	200
10.	MF5	200
	Total	**5,000**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

Type of QIB bidders	Equity Shares bid for (in mn.)	Allocation of 35 mn. Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 mn. Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	500	0	67.0	0
A2	200	0	26.8	0
A3	1,300	0	174.1	0
A4	500	0	67.0	0
A5	500	0	67.0	0
MF1	400	7	52.6	59.6
MF2	400	7	52.6	59.6
MF3	800	14	105.3	119.3
MF4	200	3.5	26.3	29.8
MF5	200	3.5	26.3	29.8
	5,000	**35**	**665.0**	**298.2**

Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the chapter "*Issue Structure*" beginning on page 316 of the Draft Red Herring Prospectus.

2. Out of 700 million Equity Shares allocated to QIBs, 35 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 2,000 million Equity Shares in QIB category.

3. The balance 665 million Equity Shares (i.e. 700-35 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who have applied for 5,000 million Equity Shares (including five MF applicants who applied for 2,000 million Equity Shares).

4. The figures in the fourth column entitled "Allocation of balance 665 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (i.e. in column II) X 665 / 4965.

   - For Mutual Funds (MF1 to MF5) = ((No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)) X 665 / 4965.

   - The numerator and denominator for arriving at allocation of 700 million Equity Shares to the 10 QIBs are reduced by 35 mn. Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

a. a tripartite agreement dated July 05, 2012 with NSDL, our Company and Registrar to the Issue; and
b. a tripartite agreement dated June 27, 2012 with CDSL, our Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with their Depository Participant.

(g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of our Company would be only in dematerialized form only for all investors.

(i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. ***Direct Credit*** – Applicants having bank accounts with the Refund Bank(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company.

2. ***ECS/ NECS*** – Payment of refund would be done through ECS / NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

3. ***RTGS*** – Applicants having a bank account at any of the centres where such facility is available and whose refund amount is equal or more than ₹ 200,000, has the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS /NECS. Charges, if any, levied by the Refund Bank (s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. ***NEFT*** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched for value upto ₹ 1,500 through Speed Post/ Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within twelve days of the Bid/ Issue Closing Date.

Disposal of Applications and Application Monies

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within twelve Working Days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS/ NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within twelve Working Days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within twelve Working Days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve Working Days of the Bid/ Issue Closing Date. The Selling Shareholder undertakes to provide such reasonable support and extend reasonable co-operation as may be requested by our Company to the extent such support and cooperation is required from such party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Bid/ Issue Closing Date;

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder‘s Bank Account shall be made within twelve Working Days from the Bid/ Issue Closing Date.

Our Company and the Selling Shareholder shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 Working Days from the Bid Closing Date.

Letters of Allotment or Refund Orders or instructions to the SCSBs

We shall give credit to the beneficiary account with Depository Participants within 12 Working Days from the Bid/ Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through ECS / NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, if any, of value upto ₹ 1,500, and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Bid/ Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 days of the Bid/ Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/ Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days from the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/ instruction to SCSBs by the Registrar to the Issue

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 12 Working Days of the Bid / Issue Closing Date. Our Company and the Selling Shareholder (in the proportion of number of Equity Shares forming part of Offer for Sale to Equity Shares forming part of the Issue) further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 Working Days from the Bid/ Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within twelve Working Days of the Bid/Issue Closing Date, as the case may be.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay-orders or demand drafts at other centres will be payable by the Bidders.

Undertaking by our Company

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;

2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12 Working days of the Bid/ Issue Closing Date;

3. that the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;

4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working days of the Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. that the instruction for electronic credit of Equity Shares/ refund orders/ intimation about the refund to non-resident Indians shall be completed within the specified time;

6. that no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

7. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

Our Company shall not have recourse to the gross proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes and/or certify to the following:

- The Equity Shares being sold pursuant to the Offer for Sale have been held for a period of more than one year prior to the filing of the Draft Red Herring Prospectus with the SEBI, and are fully paid up and are in dematerialized form.

- The Equity Shares being sold are free and clear from any pre-emptive rights, liens, mortgages, trusts, charges, pledges or any other encumbrances or transfer restrictions.

- The Selling Shareholder shall refund the Company, in the manner as agreed with the Company, for any expenses incurred by the Company on its behalf with regard to refunds to unsuccessful Bidders or dispatch of allotment advice by registered post or speed post;

- The Selling Shareholder shall provide reasonable support and extend reasonable co-operation as may be required by the Company for sending refunds through electronic transfer of fund, suitable communication to the Bidders within the statutory period. The Selling Shareholder shall reimburse the Company in the manner as agreed with the Company for any expenses incurred by on our behalf by the Company with regard to sending such communication;

- The Equity Shares under the Offer for Sale are and shall be free of any transfer restrictions for the purposes of the Issue;

- The Selling Shareholder is the legal and beneficial holders and has full title to the Equity Shares being offered by them in the Offer for Sale.

- The Selling Shareholder shall not have recourse to the proceeds from the Equity Shares offered by them in the Offer for Sale, until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two Working Days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company and the Selling Shareholder withdraws the Issue after the closure of bidding, our Company and the Selling Shareholder shall be required to file a fresh draft red herring prospectus with SEBI. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Utilization of the Issue proceeds

The Board of Directors of our Company certifies that:

(a) all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

(b) details of all monies utilized out of this Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

(c) Details of all unutilized monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

(d) Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

(e) Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

(f) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and Trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received

(g) The Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

Subscription by Non Resident Indian and Foreign Institutional Investors (NRIs/FIIs)

Under the extant Consolidated FDI Policy, FDI in Indian companies carrying on business in Indian retail and trading sector is prohibited, except in the case of "Single Brand Product" retailing. FDI upto 100% is allowed through the government route in retail trade of "Single Brand Products" subject to certain terms and conditions.

However, FDI in the Multi Brand Retail Sector is currently prohibited under both, automatic route and the approval route.

FIIs are permitted to invest in this Issue only under the "portfolio investment scheme" as set out in Schedule 2 of the FEMA Regulations. Further, NRI's are permitted to invest in this Issue only under the "portfolio investment scheme" as set out in Schedule 3 and Schedule 4 of the FEMA Regulations.

Investment by Foreign Institutional Investors

Foreign institutional investors ("**FII**") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under Foreign Exchange Management Act, 2000. FIIs must also comply with the provisions of the SEBI FII Regulations. The initial registration and the RBI's general permission together enable a registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions on FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs/sub-accounts of FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company.

The holding of equity shares of a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company. This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its board of directors followed by passing of a special resolution to that effect by its shareholders. However, the aggregate foreign investment under both FDI and portfolio investment scheme should be within the sector cap of the industry. As FDI is not permitted for multi brand retail, the FII investment limit in multi brand retail companies cannot be increased above 24 per cent, as permitted under the portfolio investment scheme.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION XI

DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of our Company.

Pursuant to the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

PART - A

The Authorised capital of our Company is ₹ 200,000,000 divided into 20,000,000 Equity Shares of ₹ 10 each.

Title of the Article	Article Number and contents
Share Capital	3. The authorised share capital of the Company shall be as per paragraph 5 of the Memorandum of Association of the Company with power to increase or reduce the share capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, or such other rights, privileges or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges of conditions in such manner as may be provided by the regulations of the Company and consolidate, sub-divide the shares and issue shares of higher or lower denomination. Further, the Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97of the Act.
New Capital same as existing capital	5. Except so far as otherwise provided by the conditions of issue or by These Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
Non Voting Shares	6. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Title of the Article	Article Number and contents
Redeemable Preference Shares	7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Voting rights of preference shares	8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
Provisions to apply on issue of Redeemable Preference Shares	9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed. (d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, out of profits which would otherwise have been available for dividend, there shall be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of the issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	10. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any security premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	11. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	12. Subject to the provisions of Section 94 and other applicable provisions

Title of the Article	Article Number and contents
	of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
Modification of rights	13. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted. The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.
Restriction on allotment and return of allotment	14. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Further issue of shares	15. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then: (a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date; (b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined; (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right; (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such

Title of the Article	Article Number and contents
	manner as they think most beneficial to the Company. (2) Notwithstanding anything contained in sub-clause (1), the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever, (a) If a Special Resolution to that effect is passed by the Company in General Meeting; or (b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company. (3) Nothing in sub-clause (c) of (l) hereof shall be deemed; (a) To extend the time within which the offer should be accepted; or (b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation. (4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company; (i) To convert such debentures or loans into Shares in the Company; or (ii) To subscribe for Shares in the Company PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term: (a) Either it has been approved by the Central Government before the issue of the debentures or the raising of the loans is in conformity with the Rules, if any, made by that government in this behalf; and (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in the General Meeting before the issue of the loans.
Shares at the disposal of the Directors	16. (1) Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital

Title of the Article	Article Number and contents	
		of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
	(2)	Subject to the provisions of section 81(1A) of the Act, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI (ICDR) Regulations**”), provision of these articles and such other rules, procedures, Regulations and Guidelines as may be applicable, any preferential issue of equity shares/warrants/fully convertible debentures/partially convertible debentures or any other financial instruments by the company which would be converted into or exchanged with equity shares at a later date shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times either at par or at a premium and for such consideration as the Board thinks fit.
	16A	
Power to offer Shares/options to acquire Shares	(i)	Without prejudice to the generality of the powers of the Board under Article 16 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force.
	(ii)	In addition to the powers of the Board under Article 16A(i), the Board may also allot the Shares referred to in Article 16A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company’s employees including by way of options, as referred to in Article 16A(i) in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit.
	(iii)	The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 16A(i) and (ii) above.
	17.	
Application of premium received on Shares	(1)	where the Company issues Shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these Shares shall be transferred to an account, to be called "the security premium account" and the provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in this Article, apply as if the security premium account were paid up share capital of the Company.

Title of the Article	Article Number and contents
	(2) The security premium account may, notwithstanding anything in clause (I) thereof be applied by the Company: (a) In paying up unissued Shares of the Company, to be issued to the Members of the Company as fully paid bonus; (b) In writing off the preliminary expenses of the Company; (c) In writing off the expenses of or the commission paid or discount allowed or any issue of Shares or debentures of the Company ; or (d) In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.
Power also to Company in General Meeting to issue Shares	18. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
Power of General Meeting to authorize Board to offer Shares/Options to employees	18A Without prejudice to the generality of the powers of the General Meeting under Article 18 or in any other Article of these Articles, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose. In addition to the powers contained in Article 18A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
Shares at a discount	19. The Company may issue at a discount Shares in the Company of a class already issued, if the following conditions are fulfilled, namely: (a) The issue of the Shares at discount is authorised by resolution passed by the Company in the General Meeting and sanctioned by the Company Law Board;

Title of the Article	Article Number and contents
	(b) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the Shares are to be issued; and (c) The Shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow.
Installments of Shares to be duly paid	20. If by the conditions of any allotment of any Shares the whole or any part of the amount or issued price thereof shall, be payable by installments, every such installment shall when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these Articles as to payment of interest and expenses forfeiture and like and all the other relevant provisions of the Articles shall apply as if such installments were a call duly made notified as hereby provided.
The Board may issue Shares as fully paid-up	21. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	22. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.
Deposit and call etc., to be debt payable	23. The money, if any, which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	24. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	25.(A) Definitions **Beneficial Owner** "Beneficial Owner" means a person whose name is

Title of the Article	Article Number and contents
	recorded as such with a Depository. **SEBI** "SEBI" means the Securities and Exchange Board of India as established under section 3 of Securities and Exchange Board of India Act, 1992. **Bye-Laws** "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; **Depositories Act** "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; **Depository** "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; **Record** "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; **Regulations** "Regulations" mean the regulations made by SEBI; **Security/ Securities** "Security" means such security/ securities as may be specified by SEBI.
Dematerialisation of securities	25.(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.
Options to receive security certificates or hold securities with depository	25.(C) Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	25.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	25.(E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial

Title of the Article	Article Number and contents
	Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Option to opt out in respect of any security	25.(H) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Share certificate	26. (a) Every Member or allotee of Shares is entitled, without payment, to receive one certificate for all the Shares of the same class registered in his name. (b) Any two or more joint allottees or holders of Shares shall, for the purpose of this Article, be treated as a single Member and the certificate of any Share which may be the subject of joint ownership may be delivered to any one of such joint owners, on behalf of all of them. (c) The Board may, from time to time, subject to the provisions of the Act and these Articles sub-divide/consolidate Share Certificates.
Limitation of time for issue of certificates	26A. Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one or several joint holders shall be a sufficient delivery to all such holder.
Renewal of share certificates	27. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.
Issue of new certificate in place of one defaced, lost or destroyed	28.

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	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf. The provision of this Article shall *mutatis mutandis* apply to Debentures of the Company.
The first name joint holder deemed sole holder	29. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
Company not bound to recognize any interest in Shares other than of registered holder	35. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.
Trust recognised	36. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them. (b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid)

Title of the Article	Article Number and contents
	or in the name of any firm or partnership.
Funds of Company not to be applied in purchase of Shares of the Company	38. No funds of the Company shall except as provided by Section 77 of the Act, be employed in the purchase of its own Shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly, whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any Share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

Title of the Article	Article Number and contents
Commission may be paid	39. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.
Brokerage	40. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.
Commission to be included in the annual return	41. Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Title of the Article	Article Number and contents
Interest out of capital	42. Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

DEBENTURES

Title of the Article	Article Number and contents
Debentures with voting rights not to be issued	43. (a) The Company shall not issue any debentures carrying voting rights at

Title of the Article	Article Number and contents
	any Meeting of the Company whether generally or in respect of particular classes of business.
	(b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
	(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
	(d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.
	(e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.
	(f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed, ready for delivery the certificate of all debenture-stock allotted or transferred.
	(g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.
	(h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

Title of the Article	Article Number and contents
Directors may make calls	44. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
Notice of call when to be given	45. Not less than fourteen days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
Call deemed to have been made	46. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

Title of the Article	Article Number and contents
Directors may extend time	47. The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time to all or any of the Members, the Board of Directors may deem fairly entitled to such extension but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
Amount payable at fixed time or by installments to be treated as calls	48. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
When interest on call or installment payable	49. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Evidence in action by Company against share holder	50. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	51. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become

Title of the Article	Article Number and contents
	presently payable. The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

LIEN

Title of the Article	Article Number and contents
Partial payment not to preclude forfeiture	52. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company's lien on Shares/ Debentures	53. The Company shall have first and paramount lien upon all Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/ Debentures wholly or in part exempt from the provisions of this Article. Further, the fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;
As to enforcing lien by sale	54. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:- (a) Unless a sum in respect of which the lien exists is presently payable; or (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.
Application of proceeds of sale	55. (a) The net proceeds of any such sale shall be received by the

Title of the Article	Article Number and contents
	Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of the Article	Article Number and contents
If money payable on Shares not paid notice to be given	56. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	57. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	58. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	59. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	60. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
Forfeited Shares to be the property of the Company and may be sold etc.	61. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Title of the Article	Article Number and contents
Member still liable for money owning at the time of forfeiture and interest	62. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	63. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul Forfeiture	64. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	65 (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allotee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.
Provisions of these articles as to forfeiture to apply in case of non-payment of any sum.	66. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Title of the Article	Article Number and contents
Cancellation of shares certificates in respect of forfeited Shares	67. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and be of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	68. The declaration as mentioned in Article 65(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	69. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	70. The Directors may subject to the provisions of the Act, accept surrender of any share from any Member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Title of the Article	Article Number and contents
No transfers to minors etc.	71. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Instrument of transfer	72. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Further, a common transfer form shall be used.
Application for Transfer	73. (a) An application for registration of a transfer of the Shares in the Company may be either by the transferor or the transferee. (b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice (c) For the purposes of clause (b) above notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address, given in the

Title of the Article	Article Number and contents
	instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
Execution of transfer	74. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.
Transfer by legal representatives	75. A transfer of Share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member be as valid as if he had been a Member at the time of the execution of the instrument of transfer.
Register of Members etc when closed	76. The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
Directors may refuse to register transfer	77. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on partly paid up Shares.
Death of one or more joint holders of Shares	78. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Titles of Shares of deceased Member	79. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be

Title of the Article	Article Number and contents
	bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.
Notice of application when to be given	80. Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	81. Subject to the provisions of the Act and Article 78 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either register himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	82. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
Person entitled may receive dividend without being registered as a Member	83. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
No fee on transfer or transmissions	84. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar document.
Transfer to be presented with evidence of title	85. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board may, from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Title of the Article	Article Number and contents
Company not liable for disregard of a notice prohibiting registration of transfer	86. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of the Article	Article Number and contents
Power to issue share warrants	87. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
Deposit of share warrants	88. (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant. (b) Not more than one person shall be recognized as depositor of the Share warrant. (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.
Privileges and disabilities of the holders of share warrant	89. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the

Title of the Article	Article Number and contents
	warrant, and he shall be a Member of the Company.
Issue of new share warrant coupons	90. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of the Article	Article Number and contents
Share may be converted into stock	91. The Company may, by Ordinary Resolution: (a) Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.
Transfer of stock	92. The several holders of such stock may transfer their respective interest or any part thereof in the same manner and subject to the same regulations under which the stock arose right before the conversion, or have been transferred, or as near thereto as circumstances admit. PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.
Right of stock holders	93. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.
Regulation applicable to stock and share warrant	94. Such of the regulations of the Company as are applicable to the paid up Shares shall apply to stock and the words "Share" and "Share holder" in these regulations shall include "stock" and "stock holder" respectively.

BORROWING POWERS

Title of the Article	Article Number and contents
Power to borrow	95. Subject to the provisions of Sections 58A, 292 & 293(1)(d) of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or

Title of the Article	Article Number and contents
	effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	96. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Bonds, Debentures, etc. to be subject to control of Directors	97. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Terms of issue of Debentures	98. Any Debentures, Debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise; However, Debentures with the right of conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
Mortgage of uncalled capital	99. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of the Article	Article Number and contents
Statutory meeting	100. The statutory meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business and the provisions related to the Statutory Report shall be complied with.
Annual General Meeting	101. (a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. (b) An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next.

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	(c) Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. (d) Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. (e) The company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. (f) Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. (g) At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. (h) The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
Report statement and registers to be laid before the Annual General Meeting	102. The Company shall in every Annual General Meeting in addition to any other Report or Statement lay on the table the Director's Report and audited statement of accounts, Auditor's Report (if not already incorporated in the audited statement of accounts), the Proxy Register with proxies and the Register of Director's Shareholdings, which Registers shall remain open and accessible during the continuance of the Meeting.
Extra-Ordinary General Meeting	103. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.
Requisitionists' meeting	104. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:- (a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting. (b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

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(2) The number of Members necessary for a requisition under clause (1) hereof shall be:

(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) The case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution

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		for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.
Extra-Ordinary General Meeting by Board and by requisition	105.	
	(a)	The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of the Company.
	(b)	If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors as prescribed by these Articles and the Continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid-up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
Contents of requisition, and number of requisitionists required and the conduct of Meeting	106.	
	(1)	In case of requisition the following provisions shall have effect: (a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company; (b) The requisition may consist of several documents in like form each signed by one or more requisitionists; (c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter. (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled. (e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called: (i) By the requisitionists themselves; or (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (I) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

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	(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them: (a) shall be called in the same manner, as nearly as possible, called by the Board; but (b) shall not be held after the expiration of three months from the date of deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period. (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them. (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due to the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
Length of notice of Meeting	107. (1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing. (2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto: (i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and (ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting. PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.
Contents and manner of service of notice	108 (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat. (2) Subject to the provisions of the Act notice of every General Meeting shall be given; (a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act; (b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a

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	prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for, the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company. PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company. (3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.
Special and ordinary business and explanatory statement	109. (1) (a) In the case of an Annual General Meeting all business to be transacted at the Meeting shall be deemed special, with the exception of business relating to (i) the consideration of the accounts, balance sheet the reports of the Board of Directors and Auditors; (ii) the declaration of dividend; (iii) the appointment of Directors in the place of those retiring; and (iv) the appointment of, and the fixing of the remuneration of the Auditors, and (b) In the case of any other meeting, all business shall be deemed special. (2) Where any items of business to be transacted at the Meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item, of business, including in particular the nature of the concern or interest, if any, therein of every Director. PROVIDED THAT, where any such item of special business at the Meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up-share capital of the other company. (3) Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

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Omission to give notice not to invalidate proceedings	110. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.
Notice of business to be given	111. No General Meeting, Annual or Extra-Ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Quorum	112. Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite is present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.
If quorum not present when Meeting to be dissolved and when to be adjourned	113. If within half an hour of the time appointed for holding a Meeting of the Company, a quorum is not present, the Meeting, if called by or upon the requisition of the Members, shall stand dissolved and in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjournment meeting also, a quorum is not present within half an hour from the time appointed for holding the Meeting, the Members present shall be the quorum and may transact the business for which the Meeting was called.
Resolution passed at adjourned Meeting	114. Where a resolution is passed at an adjourned Meeting of the Company, the resolution for all purposes is treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
Chairman of General Meeting.	115. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default of their doing so or if no Directors is present and willing to take the Chair, the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.
Act for resolution sufficiently done or passed by Ordinary Resolution unless otherwise required.	115(A) Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently done so or passed if effected by an Ordinary Resolution unless either the Act or the Articles specifically require such act to be done or resolution to be passed by a Special Resolution.

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Business confined to election of Chairman whilst the Chair is vacant	116. No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
Chairman may adjourn Meeting	117. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place. (b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place. (c) When a Meeting is adjourned for thirty days or more, notice of the adjourned Meeting shall be given as in the case of an original Meeting. (d) Save as aforesaid, it shall not be necessary to give any notice of adjournment of or of the business to be transacted at any adjourned Meeting.
How questions are decided at Meetings	118. Every question submitted to a General Meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.
Chairman's declaration of result of voting on show of hands	119. A declaration by the Chairman of the Meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company's General Meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.
Demand of poll	120. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
Time of taking poll	121. A poll demanded on the question of adjournment or election of the Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the Meeting may direct and the result of the poll shall be deemed to be the decision of the Meeting on the resolution on which the poll was taken.
Chairman's casting vote	122. In the case of equality of votes, the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Title of the Article	Article Number and contents
Appointment of scrutineers	123. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
Demand for poll not to prevent transaction of other business	124. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.
Special notice	125. Where by any provision contained in the Act or in these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served on the day of the Meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members, notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by those presents not less than seven days before the Meeting.

DIRECTORS

Title of the Article	Article Number and contents
Number of Directors	144. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.
First Directors	144A. The First Directors of the Company:- 1. Mr. Lalit Agarwal 2. Mr. Madan Gopal Agarwal
Debenture Directors	146. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.

Title of the Article	Article Number and contents
Nominee Director or Corporation Director	147. a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any Finance Corporation or Credit Corporation or to any Financing company or body, (which corporation or body is hereinafter in this Article referred to as "the corporation") out of any loans granted or to be granted by them to the Company or so long as the corporation continues to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove from such office any persons so appointed and to appoint any person or persons in his/ their places. b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company. c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation. Provided also that in the event of the Nominee Director(s) being appointed as Whole-time Director(s); such Nominee Director/s shall exercise such

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	power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Special Director	148. The Company shall subject to the provisions of the Act, be entitled to agree with any person, firm or corporations that he or it shall have the right to appoint him or its nominee or nominees on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. Such nominee and their successors in office appointed under this Article shall be called "Special Director" of the Company. The Special Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meeting and meetings of the committee of which the Special Director/s is/are members/s as also the minutes of such meetings. Such Special Directors shall not be required to hold any qualification shares nor be liable to retire by rotation. The Special Directors appointed hereof shall be entitled to hold office until requested to retire by the Person, firm or corporation which may have appointed him/them and not will be liable to retire by rotation. As and when the Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the Person, firm corporation who are appointed such Director may appoint any other Director in his place. A Special Director may, at any time, by notice in writing to the Company resign his office. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same obligations as other Director of the Company may be.
Limit on number of retaining Directors	149. The provisions of Articles 146, 147, 148 and 149 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 147 shall not exceed in the aggregate one third of the total number of Directors for the time being in office.
Directors may fill in vacancies	151. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	152. Subject to the provisions of Section 260 of the Act, and any other applicable provisions, the Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

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Qualification shares	153. A Director need not hold any qualification shares.
Directors' sitting fees	154. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Disqualification of the Director	162. A person shall not be capable of being appointed Director of the Company if:- (a) he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force; (b) he is an undischarged insolvent; (c) he has applied to be adjudged an insolvent and his application is pending; (d) he has been convicted by a Court of any offence involving moral turpitude sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed form the date of expiry of the sentence; (e) he has not paid any call in respect of Shares of the Company held by him whether alone or jointly with others and six months have lapsed from the last day fixed for the payment of the call; or (f) an order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that Section.
Vacation of office by Directors	163. The office of Director shall become vacant if:- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudged an insolvent; or (c) he is adjudged an insolvent; or (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than six months; or (e) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a notification in the Official Gazette removes the disqualification incurred by such failure; or (f) absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or (g) he(whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director), accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (h) he being in any way directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to

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	disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or (j) he is removed by an Ordinary Resolution of the Company before the expiry of his period of notice; or (k) if by notice in writing to the Company, he resigns his office, or (l) having been appointed as a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
Vacation of office by Directors (contd.)	164. Notwithstanding anything contained in sub-clauses (c), (d) and (i) of Article 162hereof, the disqualification referred to in these clauses shall not take effect: (a) for thirty days from the date of the adjudication, sentence or order; (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.
Removal of Directors	165. (a) The Company may subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by Ordinary Resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office. (b) Special Notice as provided by these Articles or Section 190 of the Act; shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the Meeting at which he is removed. (c) On receipt of notice of a resolution to remove a Director under this Article; the Company shall forthwith send a copy; thereof to the Director concerned and the Director (whether or not he is a Member of a Company) shall be entitled to be heard on the resolution at the Meeting. (d) where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are, received by it too late for it to do so: (i) in the notice of the resolution given to the Members of the Company state the fact of the representations having been made, and (ii) send a copy of the representations to every Member of the Company to whom notice of the Meeting is sent(before or after the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late\ or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the Meeting; provided that copies of the representation need not

Title of the Article	Article Number and contents
	be sent or read out at the Meeting if on the application, either of the Company or of any other person who claims to be aggrieved by the Court is satisfied that the rights concerned by this sub-clause are being abused to secure needless publicity for defamatory matter. (e) A vacancy created by the removal of the Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, in pursuance of Article 153 or Section 262 of the Act be filled by the appointment of another Director in his place by the Meeting at which he is removed, provided special notice of the intended appointment has been given under Article 163 hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. (f) If the vacancy is not filled under sub-clause(e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 153 or Section 162 of the Act, and all the provisions of that Article and Section shall apply accordingly (g) A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors. (h) Nothing contained in this Article shall be taken:- (i) as depriving a person removed hereunder of any compensation of damages payable to him in respect of the termination of his appointment as Director, or (ii) as derogating from any power to remove a Director which may exist apart from this Article.
Interested Directors not to participate or vote in Board's proceedings	166. No Director shall as a Director take part in the discussion of or vote on any contract arrangement or proceedings entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or voting, and if he does vote, his vote shall be void. Provided however, that nothing herein contained shall apply to:- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely; (i) in his being: (a) a director of such company; and (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as director by the company, or (ii) in his being a member holding not more than two percent of its paid-up share capital.
Director may be director of companies promoted by the Company	167. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except insofar as Section 309(6) or Section 314 of the Act may be applicable.

ROTATION AND APPOINTMENT OF DIRECTORS

Title of the Article	Article Number and contents
Rotation of Directors	169. Not less than two third of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement by rotation and (b) save as otherwise expressly provided in the Articles be appointed by the Company in General Meeting.
Retirement of Directors	170. Subject to the provisions of Articles 148 and 150, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.
Retiring Directors	171. Subject to the provisions of Section 256 of the Act and Articles 146 to 153, at every Annual General Meeting of the Company, one-third or such of the Directors for the time being as are liable to retire by rotation; or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors if any, subject to Article 184, shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.
Appointment of Technical or Executive Directors	172. a) The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director or Executive Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. b) Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
Ascertainment of Directors retiring by rotation and filling of vacancies	173. Subject to Section 256 of the Act, the Directors retiring by rotation under these Articles of Association at every Annual General Meeting shall be those, who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves be determined by the lot.
Eligibility for re-election	174. A retiring Director shall be eligible for re-election and shall act as a Director throughout and till the conclusion of the Meeting at which he retires.
Company to fill vacancies	175. Subject to Sections 258, 259 and 294 of the Act, the Company at the General Meeting, at which a Director retires in manner aforesaid, may fill up the vacancy by appointing the retiring Director or some other person thereto.

Title of the Article	Article Number and contents
Provision in default of appointment	176. (a) If the place of retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (b) If at the adjourned Meeting also, the place of the retiring Director is not filled up and the Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless: (i) at that Meeting or the previous Meeting a resolution for the re-appointment of such Director has been put to the Meeting and lost. (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed. (iii) he is not qualified or is disqualified for appointment (iv) a resolution, whether Special or Ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act, or (v) the provision of the sub-section (2) of section 263 of the Act is applicable to the case.
Company may increase or reduce the number of Directors or remove any Director	177. Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter qualifications.
Appointment of Directors to be voted individually	178. (a) No motion, at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the Meeting without any vote being given against it. (b) A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided where a resolution so moved has passed no provisions or the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply. (c) For the purposes of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

MANAGING DIRECTOR

Title of the Article	Article Number and contents
Powers to appoint Managing Director	182. (1) Subject to the provisions of the Act, the Board may from time to time appoint one or more of their body to the office of Managing Directors for such period and on such terms it may think fit and subject to the terms of any agreement entered into with him which may revoke such appointment; in making such appointment(s), the Board shall ensure compliance with the requirements of law and seek and obtain such approvals as are prescribed by the Act. (2) Subject to the provisions of the Act and these Articles, the Managing Directors or Managing Director shall not while he or they

Title of the Article	Article Number and contents
	continue to hold that office be subject to retirement by rotation but he or they shall subject to the provisions of any contract between him and them and the Company, be subject to same provisions as to resignation and removal as the other Directors of the Company and he or they shall *ipso facto* and immediately cease to be Managing Director or Managing Directors if he or they cease to hold the office of the Director for any cause.
Powers of Managing Director	185. The Director may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.
	186. The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.
	187. Receipts signed by the Managing Director for any moneys, goods or property received in the usual course of business of the Company or for any money, goods, or property lent to or belonging to the Company shall be an official discharge on behalf of and against the Company for the money, funds or property which in such receipts shall be acknowledged to be received and the persons paying such moneys shall not be bound to see to the application or be answerable for any misapplication thereof. The Managing Director shall also have the power to sign and accept and endorse cheques on behalf of the Company.
	188. The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
	189. Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.
Appointment and powers of Manager	189A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and

Title of the Article	Article Number and contents
	with such restrictions as they think expedient.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	203. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking; (b) remit, or give time for the repayment of, any debit due by a Director, (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body; (i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e)

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	(ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.
Certain powers to be exercised by the Board only at Meetings	204. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board; (a) the power to make calls, on shareholders in respect of money unpaid on their Shares, (b) the power to issue Debentures, (c) the power to borrow moneys otherwise than on Debentures, (d) the power to invest the funds of the Company, and (e) the power to make loans Provided that the Board may, by resolution passed at a Meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company, the powers specified in sub-clause (c) (d) and (e) to the extent specified below: (2) Every resolution delegating the power referred to in sub-clause (1) (c) above shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate. (3) Every resolution delegating the power referred to in sub-clause (1) (d) above shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegate. (4) Every resolution delegating the power referred to in sub-clause (1) (e)above shall specify the total amount upto which loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.
Certain powers of the Board	205. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say: (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. (3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be

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	advised to be reasonably satisfactory. (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. (6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed. (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees. (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon. (9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies. (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company. (11) Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon. (13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose. (14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a

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	commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.
	(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
	(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
	(17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of

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	the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause.
	(18) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager.
	(19) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments.
	(20) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation.
	(21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.
	(22) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
	(23) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
	(24) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India.

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	(25) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
	(26) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper, all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
	(27) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
	(28) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
	(29) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.
	(30) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.
	(31) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
	(32) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.
	(33) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.
	(34) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of the Article	Article Number and contents
Division of profits	212.

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	(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares; (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	213. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	214. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	215. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	216. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.
Capital paid-up in advance to carry interest, not the right to earn dividend	217. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	218. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	219. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	220. A transfer of Shares shall not pass the right to any dividend declared therein

Title of the Article	Article Number and contents
	before the registration of the transfer.
Dividend to joint holders	221. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	222. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	223. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	224. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at their discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
Dividend to be paid within time required by law.	225. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation of any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unpaid or unclaimed dividend	226. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, to any shareholder entitled to the payment of dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days, to a special account to be opened by the Company in

Title of the Article	Article Number and contents
	that behalf in any scheduled bank and to be called "V-Mart Retail Limited. _____ *(year)* Unpaid Dividend Account". Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.
Set-off of calls against dividends	227. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	228. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	229. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or (c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b) (3) A security premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid up bonus shares.
Board to give effect	230. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.

Title of the Article	Article Number and contents
Fractional certificates	231. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall; (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and (b) Generally do all acts and things required to give effect thereto. (2) The Board shall have full power: (a) to make such provision by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions, also (b) to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereof of the respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares. (3) Any agreement made under such authority shall be effective and binding on all such Members. (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new Shares and fractional certificates as they think fit.

ACCOUNTS

Title of the Article	Article Number and contents
Statements of accounts to be furnished to General Meeting	234. The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a profit and loss account for the financial year of the Company and a balance sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the Meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.
Accounts to be audited	236. Once at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the profit and loss Account and the balance sheet ascertained by one or more Auditor or Auditors.

REGISTERS AND DOCUMENTS

Title of the Article	Article Number and contents
Registers and documents to be maintained by the Company	243. The Company shall keep and maintain registers, books and documents required by the Act or these Articles, including the following:

Title of the Article	Article Number and contents
	(a) Register of investments made by the Company but not held in its own name, as required by Section 49(7) of the Act (b) Register of mortgages and charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act. (c) Register and index of Members and debenture holders as required by Sections 150, 151 and 152 of the Act. (d) Foreign register, if so thought fit, as required by Section 157 of the Act (e) Register of contracts, with companies and firms in which Directors are interested as required by Section 301 of the Act. (f) Register of Directors and Secretaries etc. as required by Section 303 of the Act. (g) Register as to holdings by Directors of Shares and/or Debentures in the Company as required by Section 307 of the Act. (h) Register of investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act. (i) Copies of annual returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act. (j) Register of loans, guarantees, or securities given to the other companies under the same management as required by Section 370 of the Act.
Inspection of Registers	244. The registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of General Meetings shall be open to inspection and extracts may be taken there-from and copies thereof may be required by any Member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company provided for in clause (c) thereof. Copies of entries in the registers mentioned in the foregoing article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

Title of the Article	Article Number and Contents
Distribution of assets	245. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in the proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the Shares held by them respectively, and if in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
Distribution in specie or kind	246. (a) If the Company shall be wound up, whether voluntarily or otherwise,

Title of the Article	Article Number and Contents
	the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit. (b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act. (c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly.
Right of shareholders in case of sale	247. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any Shares or other consideration receivable by the liquidator be distributed against the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.
Directors and others right to indemnity	248. Subject to the provisions of Section 201 of the Act, every Director of officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
Director, officer not responsible for acts of others	249. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired

Title of the Article	Article Number and Contents
	by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECRECY CLAUSE

Title of the Article	Article Number and Contents
Secrecy Clause	250. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
No Member to enter the premises of the Company without permission	251. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, would be inexpedient in the interest of the Company to disclose.

PART – B

Terms capitalized and not defined in Part – B of these Articles of Association shall have the same meaning as ascribed to them in the shareholders' agreement dated July 02, 2008 and amended by way of amendment agreements dated July 15, 2008, July 29, 2008, February 01, 2011, June 29, 2012 and July 2, 2012 (collectively the "**Shareholders' Agreement**") between Mr. Lalit Agarwal (on his behalf and on behalf of the other promoters, hereinafter collectively referred to as the "Promoters"), Naman Finance & Investment Private Limited and the Company.

Title of Article	Article Number and Contents
Anti Dilution	1. In the event of fresh offering of Shares and /or warrants by the Company, the Company shall offer and the Promoters shall cause the Company to offer such number of Shares and/or warrants to the Investor so that the Investor continues to hold equivalent percentage of issued and paid up equity share capital of the Company which the Investors held prior to the fresh offering and that all shares held by the Investor shall remain free and clear of all liens, restrictions, security interests and other adverse claims. Such issue and/ or transfer of such Shares shall take place in accordance with the terms and conditions of the Share Subscription Agreement entered into between the parties on this date. It is clarified that the Investor shall be offered further shares pursuant to the above, at the same terms and price as offered to third party investor.
Right to nominate Director	2. The Investor shall continue to have the right to nominate only 2 (two) director on the Board of Directors of the Company (the "**Investor Director"**). Subject to the applicable law in force, the terms of appointment of such Investor Director shall be in accordance with the Shareholder's Agreement. For the avoidance of doubt, it is hereby clarified that the Investor Director shall cease to be a Director of the Company upon consummation of the IPO.
Vacation of office of Director	3. The Parties hereto agree that in case an Investor Director vacates his office owing to death, resignation, permanent disability etc. or is otherwise removed from his office prior to the completion of his term, the Investor has the right to nominate another person as his replacement.
Affirmative Vote Items	4. The resolutions at any meeting of the Board shall be adopted by a majority of the members of the Board present and voting. Notwithstanding the foregoing, the Parties agree that no action shall be taken or resolution be passed by the Board except with the affirmative vote of the Director nominated by the Investor unless consent in respect of specific items has been given in writing by the Investor prior to the meeting or such consent is waived in writing by the Investor relating to the matters hereof mentioned: a. Any proposal to commence or carry out any new business activity b. Signing of new agreements in respect of Joint Ventures/ alliances/ mergers / amalgamation/ acquisition with third parties. c. Commencement of any new business or any diversification from the core business of the Company mentioned hereinabove or setting up a new branch (in case of deviation from the approved business plan) d. Buying or renting any real estate or property (in case of deviation from the approved business plan) e. selling, transferring, leasing, divesting or otherwise disposing of material part of the property or other assets of the Company or the subsidiary (or any interest in them) which is of the value greater that Rs 10 lakhs) or business undertakings (applicable from the date of execution of the agreement)

Title of Article	Article Number and Contents
	f. any capital expenditure over Rs 15 lakhs (Rupees Fifteen lakhs Only) unless it has already been discussed and agreed by Investor as part of the planning and budgeting exercise at the beginning of the financial year
	g. any loan or advances issued to any Director or shareholder or employee or any establishment which has the beneficial interest to the Director/Shareholder
	h. Appointment/ Dismissal of Director/ Company Secretary/ CFO/CEO or such person known by any other title
	i. Appointment of any employee with annual remuneration in excess of Rs 20,00,000/- (Rupees Twenty Lakhs Only) per annum.
	j. Terms and modalities of remuneration of Directors/ Promoters holding any position in the Company.
	k. Change in geographical location of registered/ regional/ corporate offices of the Company.
	l. Any amendment to the Memorandum and/or Article of Association of the Company or any change or modification in the rights of the shareholders.
	m. Issue of new Shares or debentures, preference shares, bonds, including bonus shares, right shares or any new class of instruments
	n. Any increase or decrease in share capital of the company;
	o. Any proposal to reorganise the capital of the company substantially including proposals for merger, amalgamation, winding up of the company or for the listing of any class of shares or debentures or any other form of reorganisation;
	p. Any proposal to dispose of in any manner, assets in excess of Rs. 20,00,000 (Rupees Twenty Lakhs Only);
	q. Raising of additional debts in the form of loans, debentures, bonds or other instruments whether convertible into equity shares or nor or issue of additional shares of the Company.
	r. Any resolution to approve the annual accounts of the company;
	s. Any proposal to include additional members on the Board (other than nominees of the Parties);
	t. Changing the financial year of the Company;
	u. Granting of any Power of Attorney or delegating the powers of the Board to any committee.
	v. Setting up and incorporation of subsidiaries of the Company and allotment of shares of the said subsidiaries or any agreement in respect thereof and on all similar matters as set out in this Article 4, pertaining to such subsidiaries;
	w. The voluntary liquidation of any of the subsidiaries of the Company or the suspension or cessation of their business;
	x. Lending or extending credit or giving any guarantee or indemnity to secure the liabilities or obligations of third parties, outside the ordinary course of business;

Title of Article	Article Number and Contents
	y. Any resolution recommending the distribution of profit or declaration of dividend on any class of Shares to the Company in general meeting. z. Submission, approval or revision of the annual planning and budgeting exercise before the start of the next financial year. aa. Any related party transaction; bb. Any other matters as may be agreed upon by the Parties.
	5. The Parties shall make the Board place before the shareholders meeting, a recommendation in respect of a matter specified in Article 4 above, to the extent such matter is required by the Act or the clauses of the Shareholders' Agreement to be reserved to, or decided upon by the shareholders of the Company.
	6. The Parties shall use their voting and other rights as shareholders of the Company so as to effectuate the recommendations made by the Board in terms of Article 5 above.
	7. Except as provided in the Shareholders' Agreement, the general meetings of members of the Company shall be convened and governed in accordance with the Memorandum and Articles of Association and the Act.
Drag Along Right	8. The Investor shall have the right to sell or otherwise transfer all Investor Shares (and attendant interest) held in the Company to the extent necessary for the Investor to divest the Investor's stake in the Company to any third party/parties. The Investor shall have the right to require the Promoters to sell its shareholding in full or in part along with the shareholding of the Investor to the proposed buyer at a price and consideration not less or favorable than the offer price and on terms that are not less favorable than the terms relating to the purchase by the third party/parties of the Shares of the Investor. In this respect, prior to the consummation of any such sale or transfer, Investor shall deliver to the Promoters such documents and other information as the Promoters may require in respect of any such proposed sale. The rights of the Investor under this clause shall be exercised only in the event of Company's failure to complete the IPO.
Tag Along Right	9. (a) In the event the Promoter transfers/sells any rights in their shareholding in favor of a third party, the Investor shall have a right, but not an obligation, to proportionately participate in such transfer / sale on the same terms as offered to the Promoters ("**Tag Along Rights**"). (b) Notwithstanding anything to the contrary in this Article 9 (a), the Investor shall send a tag along notice (the "**Tag Along Notice**") to the Promoters requiring the Promoters to ensure that the proposed third party purchaser of the Shares held by the Promoters purchases any Equity Shares offered by the Investor at the same price and on the same terms as the Promoters' Shares. (c) In the event that the proposed third party purchaser is unwilling or unable to acquire all of the Promoters' Shares and the Investor's Shares mentioned in the Tag Along Notice, upon such terms then the Promoters may elect either to cancel the proposed transfer or to allocate the maximum number of Equity Shares of the Company which the proposed third party purchaser is willing to purchase among the Shares offered and the shares mentioned in the Tag Along Notice pro-rata in the ratio of equity shareholding in the Company at such time of the Investor and the Promoters and to complete such transfer on such terms.

Title of Article	Article Number and Contents
	(d) Notwithstanding anything to the contrary in this Agreement, the Promoters shall not be entitled to sell or transfer any of the Promoters' Shares to any proposed purchaser / transferee unless the proposed purchaser / transferee simultaneously purchases and pays for the required number of Equity Shares mentioned in the Tag Along Notice in accordance with the provisions of this Article 9 (b).
Process for Right of first refusal	10. (a) In the event the Investor desires to sell all or any of the Investor Shares , the Investor shall offer (the "Offer") to sell such Shares to the Promoters.. The Investor shall send a notice of the Offer (the "Sale Notice") to the Promoters irrevocably offering to sell the Shares, to the Promoters. (b) The Sale Notice shall clearly stipulate among other things, the number of the shares that the Investor desires to sell, the price and the terms and conditions at which it wishes to sell such shares (the "Offer Price"), and details of any willing third party buyer, if any. (c) Within thirty (30) Business Days of the Sale Notice (the "Offer Period"), the Promoters may accept the Offer contained in the Sale Notice by making the payment by way of demand draft equivalent to the Offer Price. (d) If the Promoter does not accept the Offer in accordance with the provisions of Clause (c) above or fails to purchase the shares offered to it for any reason whatsoever, the rights of the Promoter, subject to the terms provided in this Article 10, to purchase shares shall cease and the Investor may sell such Shares to any person or persons or any third party identified by the Investor for a price and on terms as may be decided by the Investor. (e) All Sale Notices or any other notices given under this Clause shall be given concurrently to the Company.
Non Applicability of this Part – B	11. Notwithstanding anything contained in these Articles, the Articles in Part – B of these Articles shall cease to apply upon the Company filing the Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana.

SECTION XII

OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, National Capital Territory of Delhi and Haryana for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 am to 4.00 pm on Working Days from the date of the Draft Red Herring Prospectus until the Bid / Issue Closing Date.

Material Contracts

1. Issue Agreement between our Company, the Selling Shareholder and the BRLM dated July 19, 2012.

2. Memorandum of Understanding executed between our Company, the Selling Shareholder and the Registrar to the Issue dated June 25, 2012.

3. Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLM, Escrow Collection Bank(s) and the Registrar to the Issue.

4. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLM and the Syndicate Members.

5. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the BRLM and the Syndicate Members.

Material Documents

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including Certificates of Incorporation of our Company dated July 24, 2002, July 11, 2006 and July 11, 2008.

2. Certified true copy of the resolution of the Board of Directors authorising the Issue dated May 21, 2012.

3. Certified true copy of the shareholder’s resolution dated May 22, 2012 authorising the Issue.

4. Certified true copy of the Selling Shareholder’s board resolution dated May 23, 2012 approving the Offer for Sale.

5. Consent from Selling Shareholder in relation to the Offer for Sale.

6. Certified true copy of the shareholders resolution dated May 22, 2012, for re-appointment of Lalit Agarwal as our Managing Director.

7. Certified true copy of shareholders resolution dated May 22, 2012, for re-appointment of Hemant Agarwal as our Whole Time Director.

8. Certified true copy of the shareholders resolution dated May 22, 2012, for re-appointment of Madan Agarwal as our Whole Time Director.

9. Employment agreement dated May 30, 2012 between our Company and the Managing Director, Lalit Agarwal.

10. Employment agreement dated May 30, 2012 between our Company and the Whole Time Director, Hemant Agarwal.

11. Employment agreement dated May 30, 2012 between our Company and the Whole Time Director, Madan Agarwal.

12. Scheme of Amalgamation between Sambhav Promoters Private Limited and our Company dated February 26, 2007.

13. Share Subscription Agreement and Shareholders Agreements executed between our Company, Selling Shareholder and Signing Shareholders dated July 02, 2008, as amended from time to time.

14. Auditors Report issued by our Statutory Auditor, Walker, Chandiok & Co., Chartered Accountants, dated July 20, 2012 in connection with the restated financial statements of our Company as at and for the years ended March 31, 2008, 2009, 2010, 2011, 2012, as included in the Draft Red Herring Prospectus.

15. Statement of Tax Benefits report dated July 20, 2012 issued by our Statutory Auditor, Walker, Chandiok & Co., Chartered Accountants.

16. Consent of the Auditors for inclusion of their Auditors report on restated financial statements of our Company as at and for the years ended March 31, 2008, 2009, 2010, 2011, 2012 in the form and in the context in which they appear in the Draft Red Herring Prospectus.

17. Consents of all Directors, Company Secretary and Compliance Officer, Auditor, BRLM, Legal Advisor to the Issue, Bankers to the Company, Registrar to the Issue, to include their names in the Draft Red Herring Prospectus to act in their respective capacities.

18. Report of the IPO grading agency [●], furnishing the rationale for its grading, to be disclosed in the Red Herring Prospectus.

19. Consent of the IPO grading agency, [●], for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the red Herring Prospectus.

20. In-principle listing approvals dated [●] and [●] from the BSE and the NSE respectively.

21. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated July 05, 2012.

22. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated June 27, 2012.

23. Due diligence certificate dated July 23, 2012 to SEBI from the BRLM.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

SECTION XIII

DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956, SEBI (ICDR) Regulations and guidelines issued by the Government of India and other regulations issued by Securities and Exchange Board of India, as applicable, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules and regulations issued thereunder. We further certify that all the disclosures and statements in the Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF V-MART RETAIL LIMITED

Name & Designation	Signature
Mr. Lalit Agarwal *Chairman and Managing Director*	
Mr. Hemant Agarwal *Whole Time Director*	
Mr. Madan Agarwal *Whole Time Director*	
Mr. Aakash Moondhra *Independent Director*	
Mr. Krishan Kumar Gupta *Independent Director*	
Mr. Kamal Gupta *Independent Director*	

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Deepak Sharma

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Yogesh Bhardwaj

Date: July 23, 2012

Place: New Delhi

DECLARATION BY NAMAN FINANCE AND INVESTMENT PRIVATE LIMITED (THE "SELLING SHAREHOLDER")

The Selling Shareholder, hereby declares that all statements made in the Draft Red Herring Prospectus are true and correct, provided however, that the Selling Shareholder assumes no responsibility for any of the statements by the Company in the Draft Red Herring Prospectus, save and except statements made by the Selling Shareholder in relation to itself and the Equity Shares offered and sold in the Offer for Sale.

SIGNED ON BEHALF OF NAMAN FINANCE AND INVESTMENT PRIVATE LIMITED

Name: Gopi Krishna Tulsian

Designation: Director

Date: July 23, 2012

Place: Mumbai