

AVENUE SUPERMARTS LIMITED

TRANSCRIPT OF THE 21st ANNUAL GENERAL MEETING

Day : Tuesday
Date : 17th August, 2021
Time : 11.00 A.M IST TO 12.20 P.M. IST
Venue : Through video-conferencing

CORPORATE PARTICIPANTS:

Directors and Key Managerial Personnel:

Mr. Ramesh Damani

Chairman and Independent Director

Mr. Chandrashekar Bhawe

Independent Director

Ms. Kalpana Unadkat

Independent Director

Mr. Ignatius Navil Noronha

Managing Director and CEO

Mr. Ramakant Baheti

Whole-time Director and Group CFO

Ms. Manjri Chandak

Non-executive Director

Mr. Elvin Machado

Whole-time Director

Mr. Niladri Deb

Chief Financial Officer

Ms. Ashu Gupta

Company Secretary

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Ms. Ashu Gupta - Company Secretary, Avenue Supermarts Ltd:

Dear Shareholders, Good morning and a very warm welcome to our company's 21st Annual General Meeting. I am Ashu Gupta – Company Secretary of Avenue Supermarts Limited. I hope all of you and your loved ones are safe and in good health.

Before we start the proceedings of the meeting, I would like to inform you all that this meeting is being held through video conferencing in accordance with circulars issued by the Ministry of Corporate Affairs and Securities Exchange Board of India, applicable provisions of the Company's Act 2013 and the SEBI regulations. The two-way teleconferencing/WebEx facility is being made available to the shareholders to attend the Annual General Meeting of the company on a first-come, first-served basis. The members attending the meeting through video conferencing shall be counted for the purpose of quorum. Since this AGM is being held through video conferencing, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members is not available for the AGM and hence inspection of Proxy Register is also not applicable.

The company has received requests from few members to speak at this AGM. Accordingly, the floor will be open to the members to ask questions or express their views. It is informed that the company reserves the right to limit the number of speakers depending on the availability of time for the AGM. All the members joining this meeting are by default placed on 'mute' mode to avoid any background noise and to ensure smooth and seamless conduct of the meeting. During the Question-Answer session, the moderator will announce the names of the registered speaker shareholders. Speaker shareholders will thereafter be unmuted by the host of the AGM and will be allowed to express their views or ask questions. Each speaker will be given 3 minutes and the speakers are requested to adhere to this time limit. During the meeting if members face any technical issue, they may call the helpline number of NSDL as mentioned in the notice of the AGM.

Since the AGM is held through video conferencing/other audio-visual means, the resolutions mentioned in the notice convening this AGM have already been put to vote through remote e-voting. And as the facility of e-voting is also available at the AGM, there will be no proposing or seconding of the resolutions. Members who have not yet cast their vote by remote e-voting can exercise their voting rights at the AGM through e-voting by following instructions as mentioned in the notice of the AGM for remote e-voting. The members can vote at the AGM through e-voting from commencement of AGM till 15 minutes after conclusion of this AGM.

I now request our Chairman, Mr. Ramesh Damani, to take over proceedings of the meeting. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Sure. Thank you Ashu, thank you so much. On behalf of the board of directors, I Ramesh Damani, Chairman of your board, welcome you to the 21st Annual General Meeting of Avenue Supermarts Limited. We have the requisite quorum for the meeting present through

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video conferencing. Participation of members through video conferencing has been reckoned as quorum in accordance with the circulars mentioned earlier and as per Section 103 of the Company's Act 2013. The quorum being present, I now call this meeting to order. The statutory registers are available electronically for inspection by the members who are desirous to have an inspection at the AGM. Members seeking to inspect such documents can send the request to investorrelations@dmartindia.com from their registered email address.

Before I begin my address, let me welcome the board members and the management team who have joined us for this meeting. For safety reasons, we are all attending this meeting from different locations. Therefore, as I make the roll call, I request the board members to introduce themselves. Mr. Chandrashekar Bhave.

Mr. Chandrashekar Bhave - Independent Director - Avenue Supermarts Ltd:

I am Chandrashekar Bhave, I am an Independent Director of your company. I am also the Chairman of the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee of the company. I am joining this meeting from Palo Alto, California, USA. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Ms. Kalpana Unadkat.

Ms. Kalpana Unadkat – Independent Director - Avenue Supermarts Ltd:

Thank you. Hi, I am Kalpana Unadkat, an Independent Director of the company. I am attending this meeting from Mumbai. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Our Managing Director & CEO, Ignatius Navil Noronha.

Mr. Ignatius Navil Noronha – MD & CEO, Avenue Supermarts Ltd:

Good morning. I am Ignatius Navil Noronha. I am Managing Director & CEO of your company. I am also Chairman of the Risk Management Committee. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Navil. Mr. Ramakant Baheti.

Mr. Ramakant Baheti – Whole-time Director - Avenue Supermarts Ltd:

I am Ramakant Baheti, Whole-time Director and Group CFO. I am attending this meeting from the corporate office in Thane. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Ramakant ji. Ms. Manjri Chandak.

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Ms. Manjri Chandak – Non-Executive Director - Avenue Supermarts Ltd:

Good morning. I am Manjri Chandak. I am the Non-Executive Director of your company. I am also the Chairman of Stakeholder Relationship Committee. I am attending this meeting from Mumbai.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Manjri. And lastly, Mr. Elvin Machado.

Mr. Elvin Machado – Whole-time Director - Avenue Supermarts Ltd:

Good morning everyone. I am Elvin Machado. I am the Whole-time Director of your company and I am attending this meeting from the Thane corporate office.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Elvin. Mr. Niladri Deb, Chief Financial Officer of the company, has also joined this meeting from head office of the company in Thane. The respective Chairman of the Audit Committee, Nomination and Remuneration Committee and the Stakeholder Relationship Committee are present at the AGM. We also have with us Mr. Sudhir Soni, Partner S R B C & CO LLP, Statutory Auditors of the company and Mr. Himanshu Kamdar, Partner M/s Rathi & Associates, Secretarial Auditors and Scrutinisers for e-voting, attending this meeting through video conferencing.

Let me just take this opportunity to say a few words as Chairman.

Dear Shareholders, it gives me immense pleasure to welcome you to the 21st Annual General Meeting of Avenue Supermarts Limited. I sincerely hope that all of you and your dear ones are safe and healthy. When I spoke to you last year, the world was witnessing the vagaries of the COVID-19 pandemic. The concerted efforts of government authorities and the medical fraternity the world over have now equipped us to better handle the situation. We are hopeful that the national vaccination program should help us tide over this crisis.

The Indian economy is inherently resilient, and while the short term uncertainties continue, our long term growth drivers remain intact.

Let me briefly review the company's performance. This was a challenging year for the company, as physical movement of consumers, employees and others were restricted owing to the lockdowns during the early stages of the pandemic. Even as this unfolded, we were quick to respond and extend help for the safety of our employees and customers as a key priority by following all safety guidelines as advised by authorities from time to time. We also temporarily commenced servicing our customers through new channels of delivery to provide them with essential goods through home delivery using Dmart Ready online app and Dmart on Wheels for large housing complexes. Our construction activity was severely impacted during the first half of the year. However, towards the latter part of the year, activity picked up and we were gradually able to open all our stores for customers with due safety precautions. We saw our retail footprint grow to take our cumulative store count to

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234 at the end of FY2020-21. We witnessed some of the restrictions of last year as the second wave of infections hit the country. The enforcements at local levels were much stricter during the second wave. The continued impact of the pandemic on our business and financials will depend on the severity of the infections and the rollout of the vaccination program for all our citizens. In these testing times, our collective opinion as a board and as an organisation has been to put the health and the safety of our customers and employees first. Also, regarding our CSR activities, it continues to be directed towards primary education and municipal schools. From an environmental standpoint, we continue to obtain green building certifications for our buildings. We also continue to further invest in renewable energy and sewage treatment plants. As I conclude, I would like to thank all our shareholders who continue to believe in Dmart and what it stands for. I would also like to extend my heartfelt gratitude to all employees for their relentless focus, commitment and dedication to help serve our customers in their hour of need. I am hopeful that the concerted efforts of the government authorities, the medical fraternity, will help us tide this phase and usher us into the next phase of India's growth story. Thank you all very much.

I conclude my speech with this and we will now carry on with the business of the meeting. The notice convening the 21st AGM along with the Annual Report for the financial year ended 31st March 2021 consisting of financial statements including the Board's Report and Auditor's Report have been sent only to members whose email ids are registered with the Company or the registrar and share transfer agents or the Depository participants through electronic means. The notice has also been posted on the website of the company. With your permission, I will take the notice of the AGM as read. Thank you.

The company has presented the standalone and the consolidated financial statements of the company for the financial year 31st March 2021 as per the requirements under the Company's Act 2013. The Auditor's Report on the standalone and the consolidated financial statements does not have any qualification, observation or comment on financial transactions or matters which have any adverse effect on the functioning of the company. With your permission, I shall also take the Auditor's Report as read.

I now invite the shareholders to express their views or ask questions pertaining to the performance of the company during the year under review or any other resolution placed for approval of members. The shareholders are requested to be brief and avoid repetition. Shareholders are also requested to express views and raise queries pertaining specifically to the Annual Report for the financial year 2020-21 and the business matters for today's meeting. Questions sent by shareholders on the email id of the company provided in the notice of the meeting, will be answered during the meeting. As regards any personal grievances or queries if any, shareholders are requested to write directly to the Company Secretary or the Registrar and transfer agents to enable prompt and appropriate response. Now I shall invite the shareholders who have registered themselves as speakers, to express their views and ask questions or give suggestions. May I ask the moderator to announce the names of the speakers who have registered themselves?

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Moderator:

Sure Sir, thank you so much. We will now request our first speaker shareholder Mrs. Lekha Satish Shah. Your audio has been unmuted. Yes ma'am.

Mrs. Lekha Satish Shah – Shareholder:

Hello, can you hear me Sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes.

Mrs. Lekha Satish Shah – Shareholder:

Thank you sir, respected Chairman Sir Ramesh ji, Board of directors and my fellow members, Good morning to all of you. I am Lekha Shah from Mumbai. First of all, I am very thankful to our Company Secretary Ms. Gupta ji for extending very good investor services and also sending me the AGM notice by email well in time in such difficult situations which is full of knowledge with facts and figures in place. Sir, I am confident that with your vision and determination, you will lead our company to greater heights. And also I pray to God that our company should progress more and more under you and your team Sir. Sir, blessings and well wishes of the customers of Dmart are always showered on you since they are very blessed with the price that our company offers the customers. Sir, I pray to God that He always showers his blessings upon you. Ramesh ji, I am happy to see all the good deeds you have done during this tough time. Sir, I would like to ask only few questions. My first question is, how is our company operating? Are they working from office or from home? My second question is, how many of our employees were affected by COVID-19? My third question is, Are all our company employees vaccinated against COVID-19? Sir, I would like to say I strongly propose all the resolutions for today's meeting and my best wishes are always with this company and its prosperity. Thank you Ramesh ji.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Ma'am.

Moderator:

We would like to now request our next speaker Mr. Yusuf Rangwala. Please come up. Your audio has been unmuted

Mr. Yusuf Rangwala – Shareholder:

Good morning Sir. Can you hear my voice perfectly Sir? I am very happy Ramesh Damani Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes, we can hear you.

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Mr. Yusuf Rangwala – Shareholder:

.... [No audio] our Company Secretary Ashu Gupta madam for giving us [No audio]. Sir I will directly come to the point. Sir this year no dividend. When was the last dividend given? [No audio]. How our shares have grown! Sir, you gave us shares @Rs. 300 and today we have become rich because of your shares. Sir I have a humble request. Why don't you split your shares of Re. 1? If you do a split, then many small shareholders will be able to join. And one more thing. Since you have not given dividend, with that our foreign reputation, mutual funds, LIC, all these people will get scared of you. Your name is enough Sir. Dmart is all over India. Sir, I live in Agripada and there is a Dmart store right in front of me in Agripada. And you have so many stores in Agripada and all over India. Sir, I had visited your store in Kanjurmarg. There's a discount in that store, no doubt. But if you purchase good worth Rs. 1,000, can you give us 10% discount Sir? This will help our company accordingly. I am asking for a discount coupon Sir if possible. Ramesh sir, think about this point. This would help our company and also help us. Only 10% would do sir. You could send us the discount coupon on the mobile or on the... Sir, this is our 21st year. We are missing you Ramesh sir. I have this desire in my heart to meet you Sir. By the grace of God, we should be able to meet in 2022. I am very happy with the service of Ms. Pramila from our share agent Linkintime. I am very happy that Link is our agent and please keep them as your agent in the future too. They are very friendly. You said that you got your staff vaccinated for COVID-19. That just goes to show how much you care for your staff. I fully support all your resolutions. There is nothing more to add. I wish... one more thing. Sir what business did we do on independent [No audio]... our company and I pray to God shower his blessing on it in future. Hope to meet you next year in 2022 and hope to receive a good dividend then too. Thank you very much. I wish you for all festivals Sir. God bless you. I have nothing more to add.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you Yusuf ji.

Moderator:

Thank you so much Sir for a lot of appreciation. Can we have our next speaker Mrs. Hutokshi Sam Patel?

Mrs. H. S. Patel – Shareholder:

Hello.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yeah, go ahead.

Mrs. H. S. Patel – Shareholder:

Very good morning to all of you. Respected Chairman, eminent board of directors. Mr. Ramesh Damani sir, excellent job by Mr. Ignatius Noronha and Elvin Machado, the ladies on the board, our Mr. Baheti, the Group CFO and Mr. Niladri Deb, the CFO. Good financials you

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have given us in the Annual Report. Our most favourite Madam Ashu Gupta, there are no words to describe her. She's a very very good, efficient Company Secretary. She is humble and very helpful. Sir, it is a long time as a Company Secretary. Her position has to be elevated now. Anyway, I congratulate all in one, especially all those who have come during the crucial COVID times and worked in the company and have given us excellent results. Your 1st quarter results are just excellent. Your revenue from operations is touching 3,833 crores. Congratulations for opening 22 new stores. Sir, I also congratulate you for what I just read yesterday, that Avenue Supermarts has bypassed L&T and Axis Bank also. I congratulate the company for that. Damani saab, excellent job, very good, we are very happy. I am happy as a shareholder for this. Your market cap is touching almost 2.36 trillion. Sir, on page 5 you have given a wonderful update for the geographical spread. What are the plans to enter the North and North-east territories, could you please throw light on it? Sir, you have no joint ventures and no associates, you have only subsidiaries, 5 subsidiaries. Sir, 1-2 subsidiaries are not faring well. If you can shut it, it would be better; still more progressive. Your CSR activities have been quite good. I would like to know one thing sir. This time it is 29.71 crores. Last year some pending amount of 4.94 is unspent. What are the reasons for this 'unspent' for a person like you sir? I don't think... because, I see your CSR activities as absolutely and very fine; from education, children, women, very good activities. Sir your permanent employees also I have seen that... on page 21... just a minute... 10,175 are your permanent employees today and hired is 36,869. Sir, we are going more for hired. What are the benefits of having more hired employees than permanent? Of course, we don't have to pay them all their requisites and perquisites; that's of course there, but are there any other? Hired people don't do a responsible job, that's my opinion. Anyway, you are the best judge. Sir, today the share price quoting is 3,621. You are not paying dividend and your financials state that the results are just excellent. The 1st quarter results have also been excellent. Sir, your cash balance is always on the upward move. Your bank balance has gone very high. This extra cash which you have in hand, sir what are you going to do about it? i.e. from 99 crores you have 43.58 crores. Sorry, that is unsecured... sorry sorry! One minute I'll just tell you... 165. Yes, your cash and bank balance. Bank balance has become exorbitant. From 2 crores it has gone up to 1,254 crores. Sir, how is the company going to utilise this cash balance... bank balance? And, the cash balance has also increased from 105 to 191. Sir, you are not giving dividend to the shareholders. Your share price is increasing in leaps and bounds. You'll are getting ESOPs also. You have even asked for QIP of 2 crores. Sir, think of the few shareholders that we have in the market. Sir, we are also waiting to increase our portfolio of Dmart. Please help us to increase our shares of Dmart. If you can break the share price, if you can split the share price, it would be easy for us to purchase. Because, if we are spending even 5... 15,000-18,000 will go only on 5 shares. What about shares of other companies? It should be a diversified portfolio. Sir, in that case the share price is too high. I request the management, especially Mr. Baheti sir, you are the CFO and Finance is the main person everywhere whether it is the country government, whether it is the Finance House Minister or whether it is the Finance Company Minister. Mr. Baheti Sir, please. I even request Mr. Ignatius Noronha Sir who is giving a nice smile on his face... I can see from here. Of course, you are not seeing me, so I get this opportunity to see you'll. Anyway, please do consider the splitting of shares. I'm very interested. We put our hard

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earned money in this. And Damani sir, you have been doing an excellent job, your board and employees have been doing an excellent job! I have one little more request. Sir a humble request. When you put up the balance sheets and Profit and Loss statements, you have these notes, numbered notes. Please also give the page numbers along with the notes, if possible. Please, just a request! And also, our government... Finance... has forbidden us to give MGT-9. But it is not a hard and strict rule that you should not give. If possible, you'll can give; but it is not compulsory to give. But if the finance people... I request them that if they put MGT-9 in the Annual Report, it would be very convenient for the shareholders to find out further details. Just a humble request for this too. Sir, I would like to draw your attention to one thing. Your inventory level is very high. From 1,947 it has gone up to 2,248 crores; quite high! Some sort of control... If you're able to explain to me... some sort of control is definitely essential. You store it, keep it for some time and then sell those goods. Better than that, we should keep inventory as per the requirement, if possible; you'll are the best judge. In the item Non-concurrent asset, it has gone up from 3,122... it has come down. From 3,122 it is 1,109. Long term deposits with bank in noncurrent financial assets. What are those deposits? If some light can be thrown by the management, it would be good. Nothing else to add. I congratulate the management, the employees and I wish them good luck that even in the hard COVID times they have made it a point... we have witnessed the vagaries of the COVID pandemic. But the inherent will of humanity to adapt and survive will always remain. I wish all the employees good luck and all the very best. Thank you very much, and please do keep in mind the split of the shares. Dividend, if you have not given is okay, we don't mind it. It can be utilised further for the company. But please split the shares or give something like bonus shares. There is no bonus history in your... The safes of Dmart are just filling up. Show us some love to. We're not saying give us free, we will also buy, but atleast do something for us also. Instead of buying it from the market, you can give it at less price for the shareholders. Something should be done. Bonus shares you give us. In the history of Dmart you have not given. In these COVID times it is very essential. As one of the previous shareholders stated, give us some gift coupons. Each and every company is issuing us gift coupons. I don't know why you are... Are you so stingy Mr. Damani not to give us gift coupons? We do require it in these COVID times. You have made this such a big company from such humble beginnings that I would say L&T and Axis Bank are left behind. I think you will even leave Amazon behind. Mr.Noronha, Machado and all your directors have done a wonderful job for you Mr. Damani Sir. Wonderful people! All your employees are very hard working. The ladies on the board are also excellent. Thank you very much for giving me this opportunity and please help us. Thank you.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you.

Moderator:

Thank you so much ma'am. Next can we have with us Mrs. Prakashini Shenoy.

Mrs. Prakashini Shenoy – Shareholder:

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Yeah. I am Prakashini Shenoy from Mumbai. Can you hear me sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes we can. Go ahead.

Mrs. Prakashini Shenoy – Shareholder:

I am Mrs.Prakashini Shenoy from Mumbai. Respected Hon. Chairman Ramesh Damani ji, other dignitaries on the board and my fellow shareholders, Good morning to all of you. I received the soft copy of the Annual Report well in time through email which is colourful, transparent and contains all the information as per the corporate governance. I thank Ashu Gupta – Company Secretary along with Ankit Agarwal. I should not forget to thank them once again for giving me the link for today’s meeting without which I wouldn’t be in a position to speak. Sir, we are living in days where everything is unpredictable, including our existence. In such circumstances, running a company like Dmart is not a small thing. I salute you sir!

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you.

Mrs. Prakashini Shenoy – Shareholder:

I am very excited that the company has done excellent work in the field of CSR activities. Sir, I have a few questions. What is the effect of COVID-19 on our company and what are its challenges? No. 2, what are the learnings from the lockdown and how is the company implementing these learnings? No. 3, Were the staff paid full salary during the lockdown? Next question, are we having any idea of opening any branch? If yes, where? I wish the company good luck for a bright future and pray to God that the profit of the company shall reach the peak in due course. Sir, I support all the resolutions put forth in today’s meeting. Thank you Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you so much.

Moderator:

Going ahead with the next speaker shareholder, we have Mr. Arjun Vadher.

Mr. Arjun Vadher – Shareholder:

Good morning sir. Can you hear me Sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes.

Mr. Arjun Vadher – Shareholder:

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Thank you Sir for giving me an opportunity to speak here. I will directly come to the point. You need to update on your website the names of the cities in which new Dmart stores would be opening so that people keep getting updated about that. Second point is that why Dmart is not able to make deliveries of products in the two big cities of Gujarat like Rajkot and Surat. Thank you, Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you.

Moderator:

Thank you so much, Mr. Arjun. Next on the list we have Mr. Dinesh Bhatia. Mr. Dinesh hasn't joined the meeting yet, so with your permission can we go ahead with the next speaker.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes please.

Moderator:

Next we have with us Mr. Arvind Waikar. Mr. Arvind Waikar.

Mr. Arvind Waikar – Shareholder:

Yes, yes. As I told you my name is Arvind Waikar, I am attending this virtual meeting from my Ahmedabad residence. I understand that financial year'21 was very challenging due to physical movement restriction not only on main but also on machines and material. DMart ready application was good initiative by your e-commerce team. Also hearty congratulation for getting CRISIL rating of AA+. I really appreciate your energy efficient solution of installing 9.5 megawatt worth [No audio]. Green building concept is also good. So these are some very good aspects which what DMart has done. And I really appreciate the initiative taken by DMart on such things. Now for my understanding I request you to kindly clarify the following doubts I have in my mind. What is the other income of Rs. 208.9 crore in FY21 that is first question. Second why did operating profit decline to 6.58% from earlier year profit of 7.46%. And how will you improve it now. 4th question, sorry 3rd question, why reduction in return on net worth to 9.94% from 16.14%, and how will you improve it now. See we appreciate that no dividend is acceptable to us, but the earnings per share must grow significantly on year on year basis, how much growth can we expect in FY22 in profit this time. 5th question, based on my limited exposure and understanding I feel that the e-commerce, actually online retail business, especially Big Basket deli for their deli products, vegetables and fruits, similarly Jio Mart for grocery, dry fruits, etc, at least in Ahmedabad are more aggressive, user friendly and faster in service. I am sorry I am trying to criticize, in the sense we feel that this is my perception I feel that these companies are doing better possibly than DMart, and I being a shareholder I would like to know how can we improve DMart online business. See the customers have become now habitual of using this online

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service and they want to have free home delivery and possibly it may continue. So I would like to know, Mr. Damani, from you how can we improve our online business further, and make it more better than Big Basket or Jio Mart, etc. Thank you so much, Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you very much, Mr. Arvind.

Moderator:

Next we have with us Mr. Ravikumar Naredi. I would also like to request all the speaker shareholders to please turn on the video if possible.

Mr. Ravikumar Naredi – Shareholder:

Respected Chairman, my Guru Shri Rameshji, MD Mr. Navil, honourable Board of directors, employees of the company and fellow shareholders. Hope everyone is safe and healthy as DMart makes everyone wealthy. I am attending this AGM from my Bhilwara office. Sir, I am a shareholder since IPO and visit DMart stores in Bhilwara regularly, and endorse your business model, it is fantastic. Now point in next three years from where we get growth, either physical store more or online sales model more. Whenever any goods we do not find in any store and give our inquiry in register maintained there, we never receive any feedback from stores that the goods have come, we need to improve service. At last I am paying respect to Shri Radhakishan Damani who has built a fantastic business, I am requesting to him that he must write a book on investment with his learning experience, it will be a great help to our new generation, and I make similar request to Rameshji Damani Sir also. Thank you very much, sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you very much, Raviji.

Moderator:

Next we have Mr. Rajamohan V. Mr. Rajamohan, you have been unmuted, we would also request you to please turn on your video.

Mr. Rajamohan V. – Shareholder:

Thank you for the opportunity, and congratulations on a resilient performance in a very challenging year. I had several questions, the first one was coming to e-commerce, Avenue e-commerce, in a period when e-commerce is becoming more and more mainstream, it has contributed to more than 3.3% of the company revenues in FY21. Though it is on a small base and a very abnormal year, its revenues have doubled and losses also seem to be under some optical control. Are you gaining more confidence in this model with the control you have been able to exhibit in maintaining your losses at double the revenues. Are you more confident about profitability in this platform, and if you could by when. The next question was under this changed scenario and increasing entry of big competition in the e-commerce

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space is there a more accelerated shift into this space that we could drive, could you give some broad subjective idea about what kind of revenues could one expect e-commerce to contribute say over the next 5 years or 10 years, could it be a material part of the overall DMart revenues, could it probably contribute to say in excess of 20-25% of the DMart revenues over the long term I am asking 5 to 10 years. Then would definitely like to know about your strategic approach in evolving partnerships on the e-commerce thing again either with global technology giants or Indian food aggregators from a long term or is it still going to be organic through Avenue e-commerce in the foreseeable future. Next is on the store additions, targeted annually, some indication of any calibrated scale-up in your store additions post everything returning back to normalcy post the Covid thing scenario. So historically you have been calibratedly increasing your store counts. So do you have any objective numbers on this on an annualized basis, you would move to the next scale up of 30 to 40 stores a year or 40 to 50 stores a year, especially after you gaining and understanding of a broader geography of India as well as its demographic characteristics. Next is understanding the new stores size dynamics, and consequently understanding annual square feet expansion. Historically you have increased your annual square foot area expansion in a calibrated fashion till about FY19 before the pandemic year. But then in FY20 you scaled up significantly from about 1 million a year annual increase, you increased it by 2 million square foot space, retail space, can we pencil in that your annual space expansion would be in this 2 million range or it would still get further accelerated and ramped up higher. Do you still maintain the stance that the Indian organized retail market being highly underpenetrated is not worrying your medium term forecast, especially in a more competitive market with more larger players in play. Do you feel the cluster approach is more profitable than competition especially large scale players like Reliance, Flipkart and Amazon. Next is, are the stores in new localities exhibiting similar profitability trajectory as old stores after their settling gestation period. Then the next is overall operating leverage guidance, this is an important thing which I wanted to understand. In stable state do we still have scope for operating leverage in the current competitive environment, so from a normal basis of about 8 to 9% which we reached prior to the pandemic, is touching double digit operating margins a real possibility in the immediate future. Thank you for entertaining so many questions of mine. And wish you have a healthy year ahead.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you, Sir.

Moderator:

Next we have with us Mr. Rakesh Kumar Singh. Can we have you with audio video turned on please? Rakesh sir, do we have you with us?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

I guess he is not there.

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Moderator:

Sir, can we go ahead with the next speaker?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes please.

Moderator:

Next we have with us Mr. Ashish Shankar Bansal.

Mr. Ashish Bansal – Shareholder:

Good afternoon Directors, thanks for joining us in today's meeting. I request you to please fix the timing of the milk, sometimes it is coming 8 o'clock, and sometimes it is coming 9 o'clock, please fix the timing of the milk [No audio]. I have to go twice to the shop and take the milk. And how many speakers are there, at least give them some small coupons not gift them with bonus/split, but you can give them coupon only for the shareholders who are giving speech who are attending the AGM, only 15-20 people are there at the AGM, thank you so much.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you, Ashish.

Moderator:

Next we have our joint shareholders Mrs. P. Shyamsundari and Mr. P. Jaichand.

[... audio dropping]

Mr. Abhishek J. – Shareholder:

Can you hear me, Sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes I can.

Moderator:

Abhishek Sir, can you go ahead with the question please.

Mr. Abhishek J. – Shareholder:

Am I audible now, sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes you are, go ahead.

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Mr. Abhishek J. – Shareholder:

Hello.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Yes go ahead, Abhishekji.

Mr. Abhishek J. – Shareholder:

Yes, sir, my name is Abhishek, I will go ahead with my questions, sir.

[... audio unclear]

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Abhishek, will you speak a bit slowly we cannot hear you.

[... audio unclear]

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Abhishek, we cannot, a bit slowly, Abhishek, a bit slowly.

Moderator:

Abhishek Sir, you will have to slow down a bit. I mean the internet connectivity is not that great on your end, I am very sorry to interrupt. But you will have to pace yourself a little slow so that there is a little better audibility.

Mr. Abhishek J. – Shareholder:

Do you want me to send my questions on email, or what do you want me to do, Sir?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Speak a bit slowly. The questions are coming too fast so we can't hear it.

Mr. Abhishek J. – Shareholder:

But you are also not audible, Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Moderator, can we take his questions on email and answer them.

Moderator:

Sir, we can either have him send his questions on the email or he can type his questions on the chat box that is also possible.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

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Yeah, ask him whichever he wants to do, we can then move onto the next person.

Moderator:

Abhishek Sir, you can send your questions through the email or you can put it down in the chat so that it reaches to sir.

Mr. Ignatius Navil Noronha – MD and CEO, Avenue Supermarts Ltd:

Chairman Sir, can I?

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Sure.

Mr. Ignatius Navil Noronha – MD and CEO, Avenue Supermarts Ltd:

Sir, we already have his questions, I have already noted them down, he had written to us earlier.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

We have your questions so let's move on.

Moderator:

Next person on the list is Mr. Kirti Shah, Mr. Kirti Shah. I don't find him on the list yet, he has probably not joined.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Okay, next person.

Moderator:

He was last on the list, so we would like to check if Mr. Dinesh who was previously announced has joined or not, he is not here yet.

And we would also like to check if Mr. Rakesh Kumar has got his connection fixed. Mr. Rakesh is also not here. I believe we are all good to go ahead with the answers.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you so much. May I request our MD and CEO, Mr. Navil Noronha sir to respond to the questions raised by the speaker shareholders and the email and chat questions that have been received. Navil, the mic is yours.

Mr. Ignatius Navil Noronha – MD & CEO, Avenue Supermarts Ltd:

Thank you so much, Sir.

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So I will just take it one by one. First question was from Ms. Lekha Shah, as to how is the company functioning - work from home versus physical attendance. All our stores need employees working in the store. Depending on the government regulation and rules we ensure that appropriate number of employees report to work and serve our customers to the best of their ability. As far as corporate office is concerned, we have taken all the necessary precautions as per the protocols defined by the government from time to time for each state and followed those protocols 100%. More than 95% of our employees are vaccinated and this will be a continuous process. We will keep paying attention to this for the longest possible time. We continue to have reasonable level of attrition at the front end. Every new employee that joins, we have very clear protocols to ensure that people are vaccinated especially the front end employees who are attending to customers.

Then the next question was from Mr. Rangwala, a question on dividend and share split which is something that the board of directors will review from time to time, and whatever is best for the benefit of the business and the shareholders, they will decide accordingly.

Then Ms. Patel asked what the growth plan is for North and North East. We still don't have anything specific for North East, but we are already in the North. We are in Punjab, we are in Rajasthan, we are in Ghaziabad, we are slowly trying to attain a foothold there and our constant disclosures quarter on quarter basis will give you information on how we are doing there. On unspent CSR amount for the year 2021 - against a targeted spend of INR 34.65cr, we spent INR 35.6cr, so we spent more. The unspent CSR amount referred was for the preceding year and that was because of certain projects which were not completed and hence they were carried forward to the next year. Again Ms. Patel said that there is cash on the balance sheet, the cash on the balance sheet, one of the key reasons for that is because of QIP, and this money is being used for future addition of the stores as per the object clause of the QIP. Inventory has gone high is what Ms. Patel has mentioned, but it has gone high only to the extent of the number of stores we added, otherwise our inventory is perfectly all right. We pay a lot of attention in ensuring our inventories are well within control and our view is that it is perfectly all right, there is nothing to worry about.

Then Ms. Prakashini asked about any salary reduction that we have done - we have not done any salary reductions for any employee across the company. As far as Covid is concerned how we've handled, we have written a lot about how we have handled it and I would once again appreciate the excellent commitment, hard work and courage that each and every employee demonstrated to ensure that basic need products were available for our customers. It is good to have a very young work force at the front end and to that extent the impact of Covid on our employees was significantly lesser so that is one data point I would like to share, and I think considering the way the pandemic raged across the year, the impact on our business was not that severe. And we are reasonably confident that our business will come back.

Then Mr. Arjun asked about Baroda and Surat and why we are not doing e-commerce delivery. We are slowly trying to expand our coverage on e-commerce and you will see us launching in some of these cities.

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Then Mr. Arvind Waikar asked us questions on why operating profit is lower or why there is reduction in return on net worth, why EPS is lower, all of these are linked to the pandemic. Our performance was not in line with what it would have been had there been no Covid. Because of reduced top line sales, reduced sales of high margin products, we had a deteriorating performance this year. But we are reasonably confident that once the pandemic settles down we will get back to the usual ways of doing business.

Then Mr. Rajamohan had a question on how confident we are on e-commerce? We are relatively more confident than we were earlier, but it is a relatively better feeling. We are a very risk averse organization so to that extent we will be very careful in our investments and in our progress on the e-commerce business. How soon will it be profitable or how confident are we on profitability? We are not sure about what profitability could be in the near term, but our first objective is to ensure that we minimize the losses for this business. E-commerce is a high scale business; you need to get reasonable scale before you think about profitability. So that's our view.

On store projections, we don't give store projections. This year we have given projections because of Covid, because the previous year was not very good because construction activity was shut for a significant period of time. Only for this year we have given a projection of 37 stores, but otherwise beyond that we do not give projections and we do not give projections because it is extremely difficult to estimate the number of stores that would open because of the way we acquire real estate and build our stores. We do not look at how much additional million square feet we will add. We do not do it like that; we only look at how many stores we add every year. So this is responding to the question about million square feet addition, we really don't look at it that way.

Is online penetration worrisome, of course, it is worrisome, but worrisome in a particular context. How big is that market going to be, if there is an opportunity there, yes, we will play there. Is that affecting our business? We don't think so; it is not affecting our business. We are a very efficient retailer; we believe that efficient retailers don't get impacted by e-commerce. So if there is a threat of e-commerce then we will also do e-commerce, but we will do it in our own way and we will try our best to compete in that marketplace. But we would request you to look at e-commerce separately and the brick and mortar business of DMart separately. DMart brick and mortar business will have its own course and will build its business in its own time and we are very confident about that business. At the same time we will also put additional attention on the ecommerce business.

As far as the question on new stores versus old stores - performance and operating metrics, obviously the older the store they perform better, they give better ROIC, newer stores do not perform that well. As long as you manage the mix well, additional incremental store is a smaller subset of the overall store base. I think we are okay, and that has been the trajectory for the last 5 to 7 years.

Then the questions of Mr. Abhishek and Ms. Sundari, other than whatever I answered, another question was what are the innovations and what is the cost cutting that we do. It will take probably the whole day to talk about this. Retail is on one side a lot about

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innovation, we constantly introduce new products, we constantly observe what consumers want, so it is a continuous churn and that's innovation for us. At the same time we would not call it cost cutting, we would call it as cost optimization. But retail is also a business where you constantly look for small opportunities to optimize your cost so that you can deliver the products to the consumer in the most efficient way. So there is no two ideas, three ideas, there are hundreds and thousands of ideas that people constantly work on both sides whether it is innovation or cost cutting and it is a basic culture of the firm, everybody believes in that, everybody does their own bit.

There was also one question on contingent liabilities; there is no significant contingent liability for the company. It is only to the extent of approximately INR 11.3 crores which is in relation to some direct and indirect taxes.

How many stores are owned and how many are leased? Approximately 87% of our properties are owned, rest are all leased.

And the last question is - again this was a written question, Mr. Rakesh Singh was not available, he could not speak, but he had written a question to us. We take your feedback on improving the range in garments and general merchandize, he had that specific view. And he also had a question on why there are losses in e-commerce. E-commerce always starts with losses, especially in our kind of business, but we are working on it and we will try and ensure that we minimize it as much as possible.

And there is one more question by Ms. Meena Maheshwari on why no e-commerce in Jaipur, etc. Like we said we will start with the top cities, big cities and as we get more and more confident about the business and we are able to control our losses, we will look at going to more cities. We will observe what we are doing in the current city and basis that we may think about going to other cities.

There is only more question but I would also take this opportunity to ask Niladri, our CFO to respond to that, there was one question on other income that Mr. Abhishek had in his written questions, so I would ask him to respond to him, what is the breakup of the other income that we have, some INR 200 crores or INR 170 crores that he has mentioned. With that I am done with my responses, Ramesh sir. Back to you, Sir.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you, Navil, and I think it is a good time for the board to place its appreciation for the work done by you and your team, we thank you. I think a lot of success of DMart that the shareholders talked about rests on the shoulders of Navil and his team, so thank you, Navil for a great job.

So does Mr. Niladri have to answer the question or is he done?

Mr. Ignatius Navil Noronha – MD and CEO, Avenue Supermarts Ltd:

Sir, Niladri has to answer one question.

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Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Okay, Mr. Niladri over to you.

Mr. Niladri Deb - CFO, Avenue Supermarts Ltd:

So the question from Mr. Waikar was about the other income split. The other income split is given on page 118 of the annual report. So broadly in 2021 we had other income of INR 209 crores out of which INR 178 crores was coming from interest on fixed deposits with the banks and INR 16 crores was from rent and amenities income, and an exchange gain of about INR 7.7 crores. These were the broad heads of the other income component in the current financial year 2021.

Mr. Ramesh Damani - Chairman, Avenue Supermarts Ltd:

Thank you, Niladri.

With the conclusion of the Q&A, I now wish to draw the attention of all members participating in the AGM; the e-voting platform provided by NSDL will remain open for the next 15 minutes after the conclusion of the AGM, for voting on the agenda items as set out in the notice of the AGM. Mr. Himanshu Kamdar, Scrutinizer will submit his report to the company on the votes cast through remote e-voting conducted prior to the AGM and remote e-voting at this AGM. The combined results of the e-voting along with the scrutinizer's report will be declared and uploaded on the company's website www.dmartindia.com immediately on receipt of the scrutinizer's report which will be within 48 hours from the conclusion of this meeting.

As the Chairman of your company I would also like to take this opportunity to thank the fellow board members for their support, Mr. Bhave joins us all the way from Palo Alto which is somewhere past midnight there I am sure, thank you, Mr. Bhave, for joining us. I would also like to thank the Promoter group, Mr. R.K. Damani for all his support and vision which has helped the board and the staff of this company. And I finally I would like to thank all the members for their participation at the AGM and continued support of the company.

I hereby declare the proceedings of Avenue Supermarts Limited's 21st Annual General Meeting closed. I authorize Ms. Ashu Gupta to conduct voting procedures and conclude the meeting. With your consent, I and the other board members would request your leave now.

Thank you so much, guys.

Ms. Ashu Gupta – Company Secretary, Avenue Supermarts Limited:

Dear Members,

The eligible and willing members have been given adequate time to cast their vote at the meeting. This concludes the e-voting process of the AGM.

Thank You.
