



# Research Report

## V-Mart Retail Limited



Prepared By-

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# About

V - Mart Retail Limited is chain Retail small size hypermarket. In 2002 Lalit Agarwal founded this company. Previously it was incorporated as Varin Commercial Private Limited in West Bengal India. The main involved in value retailing of apparel with a minor presence in non - apparels ( footwear, toys, home textile, and appliances, etc. ) Most of the stores are located in tier - II, III and IV cities of India.

## Key Business

- **V-Mart Aspire -:** This format caters to the young generation and the focus is to provide GEN X latest trends in fashion.
- **V-Mart Plus -:** These stores cater to all age group and serve the basic needs of customers and provide contemporary fashion as well.
- **V-Mart Corporate -:** These stores are targeted at customers from the age group 22 - 25 years and serve their contemporary fashion needs. The merchandies in these stories is specifically for office - going individuals, this line has been internally termed by the company as Gold Line Fashion.
- **V-Mart Values -:** These store cater to all age group formate on basic needs keeping in mind th economic status of the region where the store is situated.

## Synopsis of Financials

- The Net Sales of the Company increased by 48% to Rs. 2,46,484 lakhs in the financial year 2022-23 as against Rs. 1,66,618 lakhs in F.Y. 2021-22.
- The Company has posted Operating Profits (EBITDA) for FY 2022-23 of ₹ 26,891 lakhs (FY 2021- 22 of ₹ 20,433 lakhs) and PAT/Loss for FY 2022-23 of ₹ (785) lakhs (FY 2021-22 of ₹ 1,164 lakhs).

Source: Company Annual Report

## Stock data (as 6th February 2024)

Nifty Price	: 21919.10
52 week High (in Rs.)	: 2,682
52 week Low (in Rs.)	: 1,591
Market Cap. (in Crore)	: 4,210
NSE Code	: <u>VMART</u>

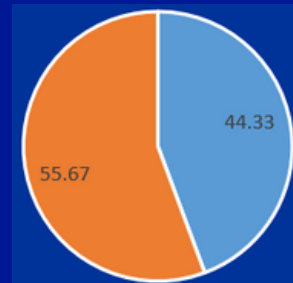
## Stock data



-NIFTY50

- V-Mart Retail Limited

## Shareholding Pattern (June 2023)



-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	2,465	1,666	1,075
Sales Growth %	47.93%	54.93%	-35.29%
Expenses	2,196	1,462	944
Operating Profit	269	204	131
OPM %	11%	12%	12%
Profit after tax	-7.85	11.64	-6.19
EPS in Rs	-3.97	5.89	-3.15

# Quarterly Results



Particular	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
Sales	459	588	506	777	594	679	549
Expenses	408	499	453	673	571	626	549
Operating Profit	50	89	54	104	23	52	1
OPM %	11%	15%	11%	13%	4%	8%	0%
Other Income	3	4	3	1	8	2	2
Interest	24	25	28	31	34	33	36
Depreciation	38	40	44	47	48	50	53
Profit before tax	-8	28	-16	26	-52	-29	-86
Tax %	67%	27%	28%	24%	28%	24%	26%
Net Profit	-3	20	-11	20	-37	-22	-64

Source: Screener

## Key Ratios

Key ratios	FY 2022-23	FY 2021-22
Inventory Sales Days	114	110
EBITDA Margin (%)	10.9	12.26
PAT Margin (%)	-0.3	0.70
RoCE (EBIT/Average capital employed) (%)	4.9	5.0
Debt Equity Ratio (including lease liability)	1.57	1.06
Inventory Turnover Ratio (COGS)	2.08	1.99
Return on Assets (%)	-0.29	0.55
Return on Equity (%)	-0.92	1.39
Current Ratio	1.37	2.27

Source: Annual Report

# Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Equity Capital	20	20	20
Reserves	829	830	806
Borrowings	1,332	902	568
Other Liabilities	562	348	234
Total Liabilities	2,743	2,099	1,627
Fixed Assets	1,445	1,111	697
CWIP	109	6	2
Investments	9	125	319
Other Assets	1,179	857	609
Total Assets	2,743	2,099	1,627

# Synopsis Quater Results

## Con-Call Nov 23: Key Highlights

### 1. Improvement in macro Indian economics:

- Consumers are coming back to shop.
- Good monsoon has contributed to overall macro Indian economics becoming better.

### 2. Strategic changes implemented:

- Changes in buying process, vendor selection process, and cost structure.
- Focus on improving customer experience and delivering value.

### 3. Product updates and expansion:

- Winter range and new festival range expected to bring good results.
- Opening of new stores in multiple destinations, including South India.
- Integration of V-Mart Retail with LimeRoad progressing well, resulting in growth in net merchandise value and commission revenues.

### 4. Focus on profitability and growth:

- LimeRoad business working towards profitability and reducing cash burn.
- Aims to create a sustainable and scalable omnichannel experience for customers.
- Focus on delivering value to customers and attracting new customers.
- Confidence in strategy and potential of organized retail market in India.
- LimeRoad focused on optimizing customer acquisition costs and achieving profitability.
- Aims to grow LimeRoad business by targeting fashion-forward and value-conscious segments.

### 5. Margin trajectory and growth plans:

- Expects margin trajectory to stabilize and align with strategy.
- Focus on improving supply chain and inventory management.
- Mostly fresh inventory in stores, with some leftover from last year's winter season.
- Targeting sustainable and scalable growth in both online and offline channels.
- Aims for higher sales and profitability in the second half of the year.

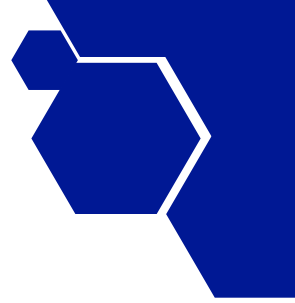
### 6. Advertising and future efficiency:

- Expects advertising spend as a percentage of sales to decrease as efficiency improves.

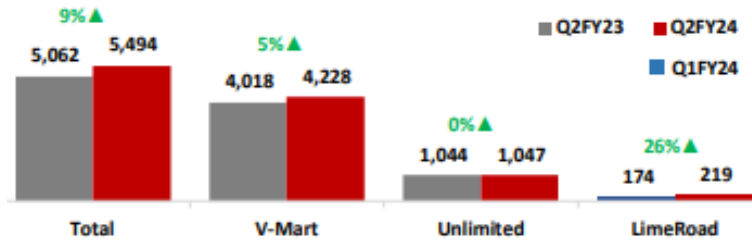
### 7. Management's confidence and well wishes:

- Wishes everyone a happy Diwali.
- Expresses confidence in strategy and ability to deliver results.

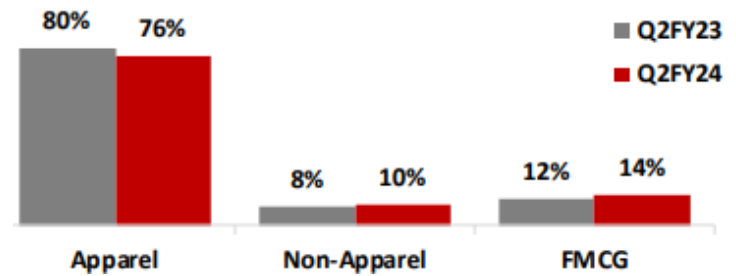
# Revenue Highlights



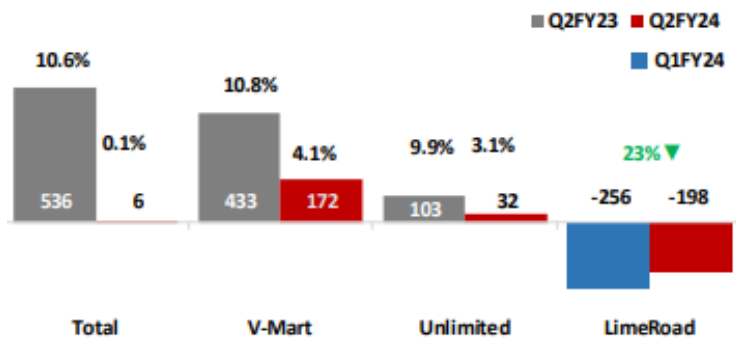
## Revenue (₹ Millions)



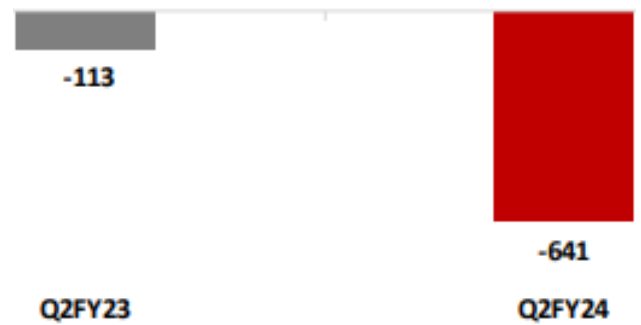
## Revenue Mix (%)



## EBITDA (₹ Millions , % to Revenue)

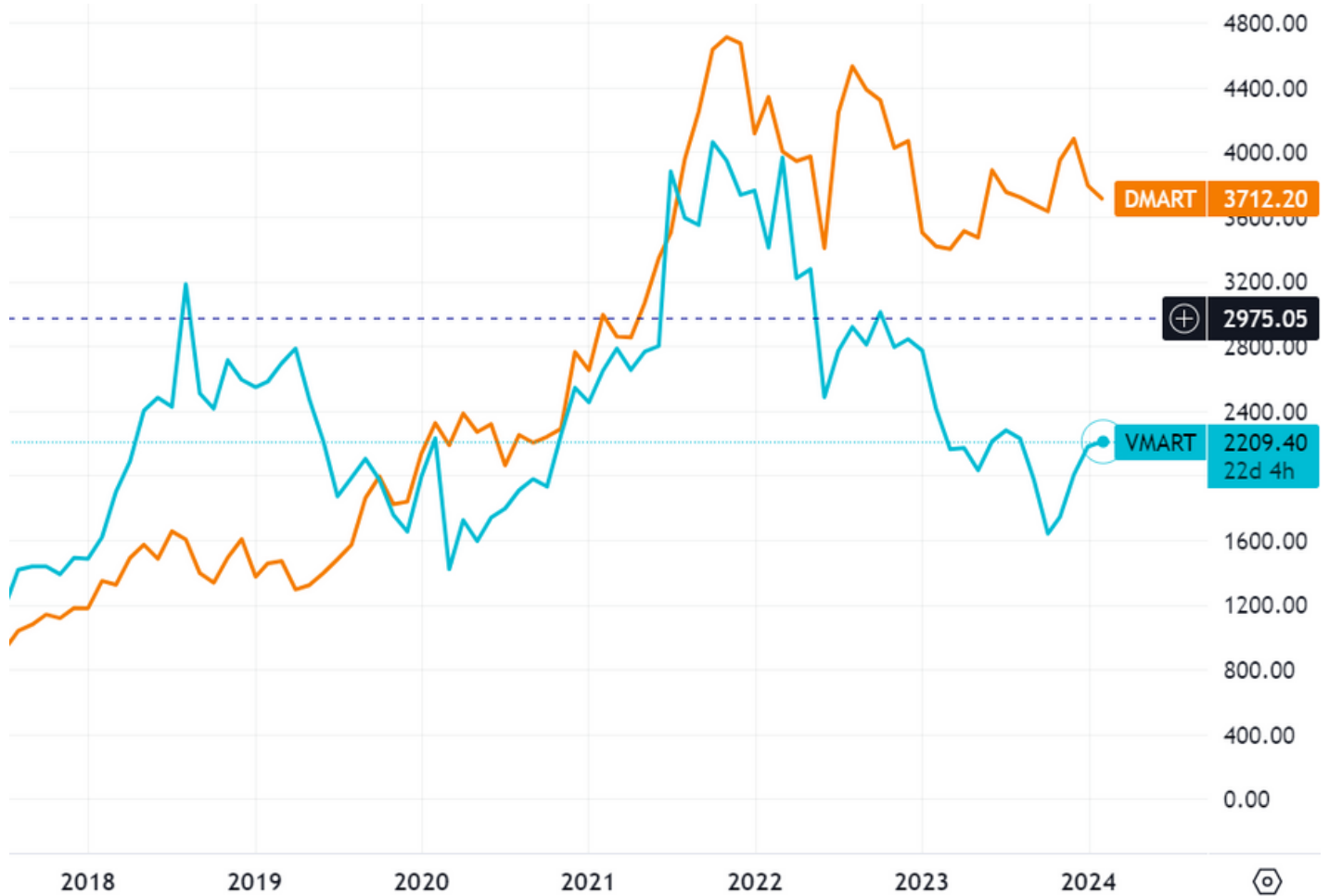


## PAT (₹ Millions)



# Peer Comparison

## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Avenue Super.</a>	3726.00	99.64	242463.17	0.00	690.41	17.09	13572.47	17.32	20.10
2.	<a href="#">Trent</a>	3037.50	181.09	107979.35	0.07	228.06	188.90	2982.42	52.73	11.50
3.	<a href="#">Vedant Fashions</a>	960.00	57.32	23311.81	0.94	157.71	4.90	474.46	7.48	39.17
4.	<a href="#">Redtape</a>	641.00	52.16	8858.70	0.00	60.82	14.11	617.57	29.31	44.79
5.	<a href="#">Electronics Mart</a>	218.95	54.11	8424.08	0.00	37.38	54.91	1313.21	6.96	12.00
6.	<a href="#">Medplus Health</a>	671.85	137.11	8031.08	0.00	13.71	2.47	1441.47	21.10	5.47
7.	<a href="#">Ethos Ltd</a>	2607.25	86.85	6087.74	0.00	18.44	36.49	234.19	31.77	17.43
8.	<a href="#">V-Mart Retail</a>	2128.95		4210.36	0.00	-64.12	-466.93	549.43	8.55	5.17

Source: Screener

# Final Outlook

**VMART: BUY | LTP: 2,207**

Considering the notable surge in public holdings, substantial growth in total assets, an expanding company market share, increasing revenue by 47%, and the current stock being traded at 39.6% discount compared to its 52-week high, I recommend considering a Buy of the stock.

- **Robust sales growth:** Over the past year, V-Mart's revenue has increased by 47.93%, indicating a high sales growth in the store. This implies that the business is increasing its market share and reach.
- **Profitability has increased recently for the corporation as well;** over the past year, net profit has increased by -167.43%. It's crucial to remember that this is still unfavorable.
- **Good balance sheet:** With minimal debt, V-Mart has a sound balance sheet. This provides the business with the financial freedom to fund expansion plans.
- **Poor return on equity (ROE):** V-Mart has not produced a satisfactory return on its shareholders' equity over the last three years, as seen by its negative ROE.
- **High valuation:** Compared to the industry average, the company now trades at a price-to-earnings (P/E) ratio of about 43. This could indicate that the stock is overpriced.
- **Competitive landscape:** V-Mart confronts competition from well-established firms like Reliance Retail and Aditya Birla Fashion & Retail in the fiercely competitive Indian retail market.