



PRICE "LESS" FASHION

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Sub: Press Release on the financial results for the second quarter and half year ended on 30th September, 2020

Sir,

Please find enclosed herewith the press release on the financial results of the Company for the second quarter and half year ended on 30th September, 2020.

We request you to kindly take the above information on record.

Thanking you,

Yours truly,

For V-Mart Retail Ltd.

Megha Tandon
Company Secretary & Compliance Officer

V-MART RETAIL LTD.
CIN-L51909DL2002PLC163727

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V-Mart reports 126% sales growth in Q2 over Q1, FY21 signaling strong recovery momentum; effective cost control measures deliver EBITDA-neutral quarter

New Delhi, Tuesday, 10th Nov, 2020: V-Mart Retail, India's leading value fashion retailer with 271 stores across 19 states, announced its audited financial results for Q2 and H1 ended 30th Sep, 2020. The Company's Board of Directors approved the results in its meeting conducted virtually on 10th Nov, 2020.

In Q2, the Company's total revenue recovered to 56% of last year, while like-to-like (LTL) sales stood at 50% of last year. The recovery was driven primarily by a higher base of store operational days (79%) in Q2, as compared to 34% in the Apr-Jun quarter that witnessed a nationwide lockdown owing to the COVID-19 pandemic. However, even in Q2, the Company lost around one-fifth operational days due to prolonged lockdowns extending into early September in its two largest markets, Uttar Pradesh and Bihar. Moreover, a spurt in COVID-19 cases in tier 3 and 4 towns in the two states in Q2 impacted customer footfalls even when stores were operational.

The quarterly and H1 results presented below have to be viewed in the aforementioned context.

(Rs'Cr)	Q2, FY20	Q2, FY21	Achievement (YoY)	Q1, FY21	Growth (Q2 vs. Q1 '21)	H1, FY20	H1, FY21	Achievement (YoY)
Revenue	314	176	56%	78	126%	767	253	33%
EBITDA	11	0	-	-6	94%	69	-6	-
PAT	-18	-19	-	-34	44%	-0.4	-53	-

Operational Update

The Company reported revenue of Rs. 176 Cr in Q2, increasing 126% sequentially over Q1, when store operations had been shut for most of the quarter due to the pandemic-related lockdown. The sequential rebound in Q2 came despite the delayed onset of the festive season starting with Navratras and Dussehra by almost three weeks into Q3. On the macro front, phase-wise acceleration in unlocking, pent-up consumer demand, and overall resumption of economic activity collectively supported the revival of discretionary consumption in the second quarter.

This is reflected in higher average bill size, ABS (19% up YoY), and units per transaction, UPT (up 24% YoY). Three apparel consumption trends witnessed in Q1 – one, higher summer mix led by Easywear and Loungewear categories; two, increasing consumer preference for Athleisure in day-to-day fashion; and, three, increased contribution from Kidswear segment – continued into Q2 as well, while a slight uplift in the contribution of higher ASP apparel was witnessed during the festive period of Raksha bandhan.

Considering that most of the Company's costs are fixed in nature, YoY cost reduction of 41%, neutral EBITDA and a 44% sequential reduction in PAT (loss) underscore an effective cost control mechanism in place and augur well for cushioning the pandemic's impact on the Company's profitability.

Moreover, by temporarily renegotiating lease agreements with landlords, the Company has managed to generate rental savings of Rs. 19 Cr so far.

Owing to agile and proactive cost control and cash flow management, the Company has managed to maintain a robust cash position, utilizing less than 20% of its approved working capital limits.

Following its ethos of prudence and agility, the Company has proactively implemented efficient inventory management measures. Through a deft mechanism of inter-store transfer, significantly controlled inventory purchases, agile store-level replenishment and a responsive supply chain strategy, the Company has achieved its leanest-ever inventory. This will lead to enhanced freshness of stock in the forthcoming seasons, and ensure higher inventory efficiency. Despite a very healthy inventory situation, the Company conservatively continues to carry provision against any unforeseen disruption due to COVID-19.

Commenting on Q2 performance, Mr. Lalit Agarwal, CMD, said, "With the onset of festive and winter season and a definite bounceback in consumer sentiment, we are maintaining a sharp focus on market and customer dynamics and trends in the current environment, to ensure our supply chain and business response is agile. At a time when resources are even more scarce, our agility will be crucial not only in providing adequate and right merchandize in every store, but also in ensuring better utilization of resources to create customer delight."

Outlook

A sustained recovery in macroeconomic indicators like GST collection, automobile sales (especially tractors), normal monsoons, and higher Kharif crop procurement coming on the back of a rich Rabi harvest, bode well for retail and discretionary spending in the coming months. Also, the prospect of a 'winter' Diwali in mid-Nov, can lead to bundling of festive and winterwear apparel shopping, contributing to a higher ASP and sales.

To cater to the customer aspiration of better fashion at better value, the Company has ensured ample availability of one-of-its-best-ever fashion collection at even more affordable price points this year for both its festive and winter merchandize, including kidswear and ethnic range, mens' and ladies' jackets, sweatshirts, hoodies and cardigans. With festive shopping commencing in October, early indications from customer response to the Company's merchandize have been very promising. Considering the early onset of winter, as indicated by lower-than-usual temperatures in Nov in the Company's key markets of Uttar Pradesh and Bihar, its latest winter fashion merchandize is witnessing robust customer footfalls at stores.

About V-Mart Retail Limited:

Founded in 2002, V-Mart is a retail store chain for the complete family, offering fashion apparel, footwear, home furnishings, general merchandise and kirana. Primarily focusing on Tier II and III cities, V-Mart has 271 stores with an average store size of approximately 8,000 sq. ft. The company follows the concept of 'value retailing', by fulfilling the growing aspiration of the rapidly-expanding middle class for affordable, high-quality fashion. V-Mart stores, in untapped markets, provide customers with an enhanced shopping experience, comprising a vast range of value retail products in a modern ambience and the feel of a large retail mall.

For more information, contact:

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