



PRICE "LESS" FASHION

Ref. No. CS/S/L-416/2020-21

29th May, 2020

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Dear Sir(s),

Sub: Press Release on the financial results for the fourth quarter and year ended on 31st March, 2020

Please find enclosed herewith press release on the financial results of the Company for the fourth quarter and year ended on 31st March, 2020.

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

Thanking you,
Yours faithfully,
For V-Mart Retail Limited

Megha Tandon
Company Secretary
Encl: As below

V-MART RETAIL LTD.

CIN- L51909DL2002PLC163727

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V-Mart reports 16% revenue growth and 61% increase in EBITDA y-o-y in FY20

New Delhi, Friday, 29th May, 2020: V-Mart Retail, India's leading value fashion retailer that has presence across 19 states and 191 towns, announced its audited financial results for the quarter and full year ended 31st Mar, 2020. The results were approved by the Company's Board of Directors in its first-ever meeting conducted virtually on 29th May, 2020.

FULL YEAR FY20 Rs'Cr	FY19	FY 20 (Comparable)	Growth Comp. YoY	FY 20 (IndAS Adj)	Growth IndAS Adj YoY
Income	1,440	1,667	16%	1,667	16%
EBITDA	133	132	0%	214	61%
PAT	62	80	30%	49	-20%

Quarter 4 FY20 Rs'Cr	Q4 FY19	Q4 FY 20 (Comparable)	Growth Comp. YoY	Q4 FY 20 (IndAS Adj)	Growth IndAS Adj YoY
Income	347	334	-4%	333	-4%
EBITDA	18	7	-63%	28	57%
PAT	- 1	- 0	49%	- 8	-

Performance Summary

The Company reported full-year income of Rs. 1,667 Cr, growing 16% y-o-y, from Rs. 1,440 Cr in the last fiscal. Income for the fourth quarter stood at Rs. 333 Cr, de-growing by 4% y-o-y due to the drastic impact of Covid-19 pandemic on consumer sentiment and footfalls, which witnessed a sharp dip starting just before Holi in March. The Company had a noteworthy performance during most of FY20 and, Q4 in particular saw revenue growth of 29%, LTL growth of 8% and EBITDA growth of 60% till 15th March. However, the second half of March witnessed near-total store shutdown, as mandated by the government to contain Covid-19 infection leading to significant decline in the revenues. Same Store Sales Growth (SSSG) for the full year came in at (-2.3%), down from +3.7% last year.

The full-year EBITDA, suitably adjusted for IndAS-116, was Rs. 214 Cr, up 61% y-o-y. For the quarter, IndAS-adjusted EBITDA stood at Rs. 28 Cr, growing 57% y-o-y. Faced with a constrained operating

environment during the year, the Company maintained a sharp focus on defending margins by improving productivity, cost savings, and efficiency enhancement initiatives. PAT for the year stood at Rs. 49 Cr, registering a drop of 20% y-o-y, as a result of an adverse IndAS adjustment of Rs. 31 Cr.

Marking a new milestone in its retail footprint expansion, the Company opened 55 new stores in FY20 (9 in Q4), its highest-ever tally in a single year, taking the total store count to 266. This surpassed yet another highest-ever achievement of 44 stores added last year, growing the total retail area by 23% y-o-y to 2.2 mn sq ft at FY20-end. While the new store additions focused on penetrating deeper and wider in existing clusters, the Company also ventured into two new states, Arunachal Pradesh and Nagaland, both in the North East.

Commenting on the Company's performance, Mr. Lalit Agarwal, CMD, said, "V-Mart has delivered consistent and profitable growth over the years while sustaining stakeholders in the entire ecosystem. At a time when due to Corona pandemic, the retail sector is facing a threat to its survival, we are going even closer to our customers, vendors, local communities and other stakeholders. As 'Living with less' becomes a necessity in these times of financial hardship, V-Mart is focusing on innovative and newer ways of creating more value for all its stakeholders. We believe this will earn us even more trust and goodwill."

Strategic Update

During the fiscal year, the Company also made significant progress on several strategic initiatives to further enhance its customer, people and product proposition.

Acknowledging that its customers are becoming more aspirational and fashion-aware, the Company is focusing on an integrated go-to-market approach, through better synchronization and more real-time collaboration between buying, merchandizing, planning and supply chain, and visual merchandizing functions. This has enabled the Company to improve key internal metrics pertaining to on-time product availability, better sell throughs, faster replenishment, more attractive VM and product display and an overall enhanced customer experience.

On the people front, the retail zonal structure that was introduced in Q1, to enhance inventory efficiency, and people and space productivity, has started yielding results. Further, a more robust goal-setting and performance management framework introduced last year is driving the alignment between individual efforts and organizational objectives. In Dec 2019, the Company achieved the Great Place to Work (GPtW) certification, which is indicative of its thriving work culture and high employee trust.

Keeping product at the core of its value proposition, the company is focusing on faster mind-to-market and more trendy collections e.g. its range of streetwear, denim jackets, sweat shirts, hoodies and ladies dresses, to meet the fashion aspirations of youth and young families. Also, with a steady growth in its private label contribution, which now nears 70%, the Company is undertaking product and vendor development programs to enhance product quality, design and fashion quotient across its men's, women's and kidswear portfolios.

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 266 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 Covid Impact and Update, refer attached SEBI update on Covid, attached

For more information, contact:

Anand Agarwal (CFO)

Email: ir_vmart@vmartretail.com

COVID-19 Impact and Update

Founded in 2002, V-Mart Retail Limited is a value fashion pioneer focusing on tier 2/3/4 towns in India, with a network of 266 stores across 19 states and 191 towns. During FY20, V-Mart maintained its stable performance, and in particular Q4, propelled by the late onset of winters saw revenue growth of 29%, LTL growth of 8% and EBITDA growth of 60% until 15th March, when the Covid-19 pandemic heightened, resulting into store closures and business disruption.

Since March 2020, the entire country has been severely affected by the pandemic, leading to lockdowns, restrictions in movements, fear among customers and consequently deferment of non-essentials shopping. Starting from 22nd March and until early May, stores remained closed for operations. During this time, our centralized warehouse in Haryana maintained a minimal level of operations during the lockdown, to support the very few functional stores selling essentials and the Company's CSR activities. The company's front-line store teams distributed food supplies to thousands of stranded migrants, slum dwellers and other needy segments daily. The company has also taken proactive steps to ensure the safety of our customers and employees – hygiene and social distancing SOPs formulated and implemented at stores and workplaces, early implementation of company-wide work-from-home measures, and person-level daily 'roll call' and health monitoring of its 7000+ employees.

1. Impact on Business

The store closures resulting from back-to-back lockdowns have adversely affected our business operations and led to significant decline in revenues, which was otherwise growing at 29% over last year till mid- March. This impacted gross margins and EBITDA disproportionately, as large part of our business expenses are fixed costs.

2. Ability to maintain operations

The Company was cash positive as of March year-end and has sufficient working capital arrangements to meet its operational requirements on a sustained basis. The Company had recently got its credit rating re-assessed as AA- (pronounced ICRA AA minus Long Term), and A1+ for short term, and also increased its sanctioned limits by Rs. 80 Cr in Feb 2020, over and above the existing Rs. 150 Cr, all of which were completely un-utilised as of 31st March 2020.

The Company has been paying all its statutory dues and other commitments on a timely basis. Acting as per the ethos of the organization to safeguard the interest of all stakeholders, the company has not laid off any employee and ensured continuous partnership with all the stakeholders. The company's large vendor base is also being supported with payments at regular intervals.

3. Schedule for restarting operations

Subject to the relaxations provided in lockdown in the respective states/districts, we have started re-opening our stores. As on date, we have permission to re-open over 70% of our stores, with a limited number of employees and adequate safety procedures & practices, as prescribed by the MHA. Depending on the zoning, few re-opened stores have been allowed

to serve customers only for essential goods while most others have been permitted to sell apparel also.

We are currently opening approx. 140 stores daily out of the 185 for which permissions are available, owing to rotational opening arrangements, limited operational hours, local restrictions and partial permissions. We are witnessing roughly 40% of normal footfalls in the opened stores for the relative operational hours.

4. Steps taken to ensure smooth functioning

Despite our offices remaining completely closed during Lockdown 1-3, we managed to keep our back-office teams operational through effective work-from-home arrangements. The company has ensured that all its employees are adequately covered under health insurance, including protection against Covid. We have invested significant resources in building & ensuring physical, mental and emotional wellbeing by conducting a series of fitness, counselling, management and knowledge sessions digitally. Comprehensive training was imparted to our retail, managerial and leadership staff in areas of functional expertise, leadership and augmenting the safety norms for making V-Mart a safe place to work and shop.

5. Details of impact of Covid-19 on the Company

5.1 Capital and Financial Resources: We have good visibility of having adequate resources to sustain the Covid-19 related impact in the interim period and we do not perceive any adverse impact to sustain our operations as of now.

5.2 Profitability: Due to the facts mentioned above, our revenues have been lower by 3% for the fourth quarter of FY 20, versus last year. While the company has worked significantly on mitigating the fixed cost pressures, but owing to the reduced revenues in the last few months the profitability situation may remain challenging till the time the situation normalises.

5.3 Liquidity: We have focused on cash conservation, cost reductions, discharging operational expenses and ensuring optimum availability of working capital. We are responsibly leveraging the working capital arrangements with banks to maintain liquidity and safeguard the interest of all stakeholders. The Company is in good financial health and has adequate liquidity to meet its obligations.

5.4 Ability to Service Debt and other financing arrangements: The Company did not have any debt obligations as of 31st March 2020.

5.5 Assets: After assessing the impact of the Covid-19 related developments and given the measures being pursued to safeguard & mitigate related risks, we do not see significant risk to the recoverability of our tangible assets, inventories and other current assets.

5.6 Internal Financial Reporting and Control: We have effective internal financial reporting and controls in place. The centralised ERP system for recording and monitoring the business & financial transactions was effectively leveraged along with work from home framework to render continuous support to operations and monitor the concerned areas.

5.7 Supply Chain: We have successfully partnered with our vendors through webinars, talks and other support mechanisms to collaboratively deal with the challenges posed by Covid-19. Understanding the economic severity of this crisis, we have developed an

equitable commercial arrangement with our vendors and landlords to combat the challenging environment. We believe that the wider ecosystem, including our partners in the value chain, are reasonably equipped to revive and scale up the operations in the near term.

5.8 Demand for Products: We envisage that, even after lockdown restrictions are eased, short term reduction in purchasing power, and deferment of discretionary expenses may lead to weak demand, taking a few months to adjust and fully recover. The company is also looking at introducing newer products which are suitable for the current environment, including fashion masks, accessories and wellness products.

6. Estimation of the future impact of CoVID-19

As lockdown measures were gradually eased in May, our operations have started opening up, as per safety norms and protocols advised by MHA and local administration.

Our view regarding the future is as follows:

1. While the extent to which the pandemic will further affect operations depends upon its severity, lockdowns and restrictions and recovery of consumer sentiments and household income; we are optimistic of partial recovery after the first quarter of FY21.
2. Though the lockdown has been eased, the restoration of the normalcy of business will depend on the pace of economic revival and mitigation of health concerns. It would be premature to perceive the forthcoming impact on consumer behavior.
3. We believe that once the lockdown is lifted and the economy starts lifting back to normalcy, consumers' pent-up aspirations will come to the fore with less focus on experimentation and leaning towards the stores they trust with greater emphasis on value-led purchases.
4. With reaffirmed credit rankings, the company has proactively taken adequate liquidity measures to ensure the availability of financial resources for sustaining the impermanent phase of sub-normal operations.
5. We are exploring innovative prospects amid the COVID challenge to converge, collaborate and harness available opportunities including expanding the FMCG offerings across larger number of stores and also increasing the width of the essentials product portfolio.
6. The company is evaluating swapping some of its historically bottom performing stores with new attractive locations which may become available in the current environment.
7. To drive significant cost reductions and cash preservation, our focus will be around optimising resources, store network, operating costs and exploring innovative models.
8. We are focused on sustaining the growth journey in our strong markets, leveraging the unprecedented digital penetration and scaling up Omnichannel operations by introducing new offerings and expanding our footprints across e-commerce marketplaces.

