

FOCUSSING ON THE NEXT REAL BHARAT

V2 Retail Limited | Annual Report 2019-20



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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically, 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects' believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

FOCUSSING ON THE NEXT REAL BHARAT

There is a significant transformation underway in India's retail sector. Consumers are turning increasingly to omnichannel engagements with retailers. As a result, online modes are beginning to coexist with brick-and-mortar stores in driving off take. Suddenly, it is not offline or online; the new order of the day is offline and online.

V2 Retail is not only well prepared to embrace the new but is also taking the lead in the transformation of the Indian value retailing landscape

V2 Retail has been refining its positioning as the most loved shopping destination for the young Indian family.

We are offering a choice that addresses the aspirational needs of Bharat's consumers.

Our focus continues to accelerate our universe of Private brands.

V2 Retail is shifting the needle from quality products to holistically superior experiences.

V2 Retail is attractively positioned to capitalise on the omni-channel opportunity.

Deliver long-term value to its customers, employees and the society, and reward its shareholders.



We believe in being agile. Our performance is reflection of our agility to embrace the changing trends and as well as innovate at V2 Retail.

<p>Consumers V2 Retail addressed the growing needs of the 'neo middle-class' and 'middle-class' population segments, marked by rising incomes, aspirations and spending. The Company is respected as a price-leader with an average selling price of ₹ 279 and average bill value per customer of ₹ 743.</p>	<p>Sighting the new normal V2 Retail strengthen its Omni-channel capabilities and improved its cost efficiency. The Company had also launched its e-commerce portal V2 Kart (www.v2kart.com) during the lockdown.</p>
<p>Debt Free Most retail companies grew their business through a combination of debt and accruals. V2 Retail retained its Net Cash Positive status and grew its business through net worth alone.</p>	<p>Cost Control We have also initiated a number of measures to keep our fixed cost under control like rental renegotiations, engaging with suppliers, control over variable cost.</p>
<p>Semi-urban and rural Most retail chains focused on developed markets with presence of organised retail. V2 Retail focused on the taking organised retail to the real Bharat - semi-urban and Tier 2 / 3 cities instead</p>	<p>Technology driven Most retail chain invested in technologies as a back end tool for record keeping and storage. V2 Retail leverage technology to deliver superior consumer experience and enabling efficient operation management.</p>
<p>Focus on private label Most retail chains focused on a trading operation – outsourcing and retailing. V2 Retail focused on enhancing the brand recall value by marketing proprietary labels alongside increasing consumer overall shopping experience.</p>	<p>One-stop destination The Company's product range addresses the fashion aspirations of Bharat. The fashion desires of young and the old Bharat, the 'neo middle-class' and 'middle-class' Families.</p>



There has been
one result of our
agile approach:
**Increasing our overall
competitiveness**

Revenue Growth

319.9	701.2
₹cr, revenues in 2015-16	₹cr, revenues in 2019-20

EBIDTA

31.4	76.0
₹cr, EBIDTA in 2015-16	₹cr, EBIDTA in 2019-20

Retail Space

2.62	8.4
Lakh sq ft, retail space in 2015-16	Lakh sq ft, retail space in 2019-20

Stores

22	76
Number of stores in 2015-16	Number of stores in 2019-20

States

8	17
Number of states of presence in 2015-16	Number of states of presence 2019-20



V2 Retail

Focusing on the Bharat consumption opportunity. An opportunity to make fashion accessible to possibly the largest under-consumed population cluster in the world with rapid income growth.

About us	Promoters
V2 Retail is one of the fastest growing retail company in India and enjoys strong brand equity from customers across segments. The company offers a portfolio of products, including apparel and life style products. V2 stands for 'Value and Variety' it sells good quality fashion garments at affordable prices, which suits every individual and household. The Company has a Strong presence in Northern & Eastern India. The Company caters to the neo middle class group of population living in Tier 2 and Tier 3 cities.	<p>The Company is promoted by Mr. Ram Chandra Agarwal, possessing more than 30 years of entrepreneurial experience. He is the pioneer in value retailing and brought this concept in India. He has been the Chairman and the Managing Director of the Company since July 2011.</p> <p>Mr. Akash Agarwal is Whole time Director & CFO of the Company. He has more than 7 years of experience in retail industry.</p>
Stores presence	New initiative
As on March 31, 2020, the Company operates 76 stores spread across 17 states and 71 cities with a total retail area of ~8.4 lac Sq. Ft.	V2 - your favourite Fashion Brand is now ONLINE. We are delighted to announce the launch of our ecommerce portal V2 Kart (www.v2kart.com). Our online store provides our existing and prospective clients with an easier, more intuitive, user friendly shopping and checkout experience.
Business verticals	Positioning
Our product portfolio mix includes Men's Wear – Upper, Lower, Occasion Wear, Winter Wear, Sportswear, Formal, Casual, Ladies Wear – Ethnic wear, Upper, Lower, Occasion Wear, Winter Wear, Sportswear, Kids Wear – Boy, Girls, Infants, Winter Wear and Lifestyle - Lifestyle products like Deodorants, wallets, sunglasses, ladies purse etc.	The Company's business model revolves around making quality product accessible to the large section of society within the acceptable price points. V2 Retail's average product realization of ₹ 279 and average net billing per customer of ₹ 743 in FY2020 were lower than most organized retail brands in India, reinforcing its position as one of the most affordable yet fashionable retail chains of India.

Corporate Overview

V2 Retail Limited, incorporated in the year 2001 with an objective of providing merchandise to masses at affordable price.

The Company operates 76 stores spread across 17 states and 71 cities with a total retail area of 8.4 lakh Sq. Ft. as on March 31, 2020

The Company went Public in the year 2007. The brand "Vishal" was sold in the year 2011 due to operational losses. The Company was renamed V2 Retail Limited

V2 Retail is now ONLINE. Launched e-commerce portal V2 Kart (www.v2kart.com)

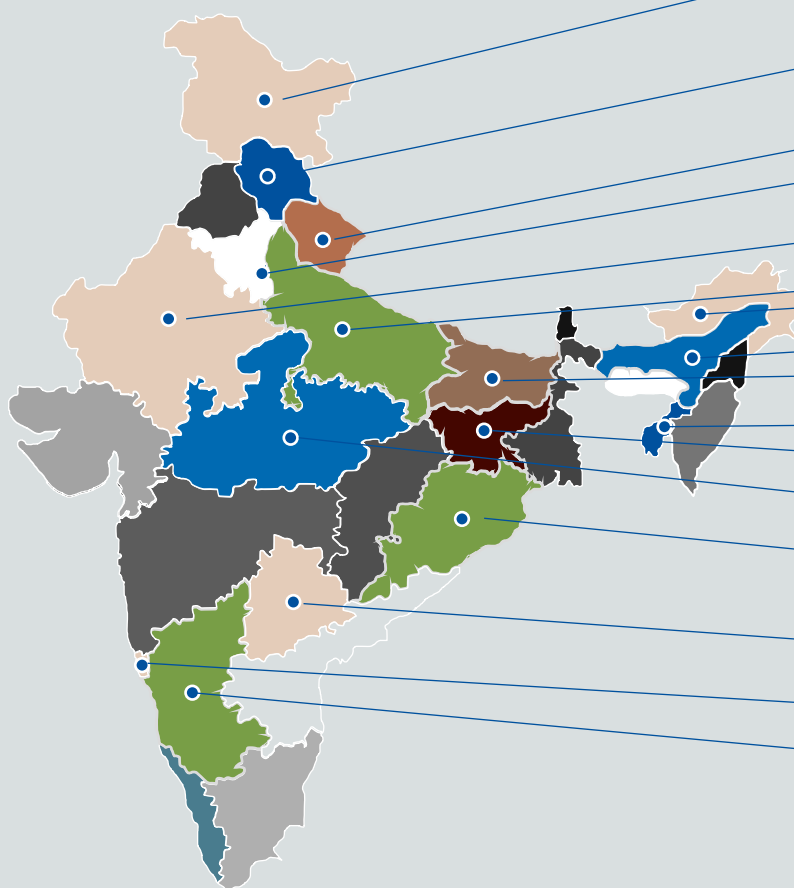
It primarily operates in Tier-II and Tier-III cities, with a chain of "V2 Retail" stores offering apparels and general merchandise, catering to the entire family.

V2 Retail caters to the 'neo middle class' and 'middle class' group of population.

"Never Go Out of Style"

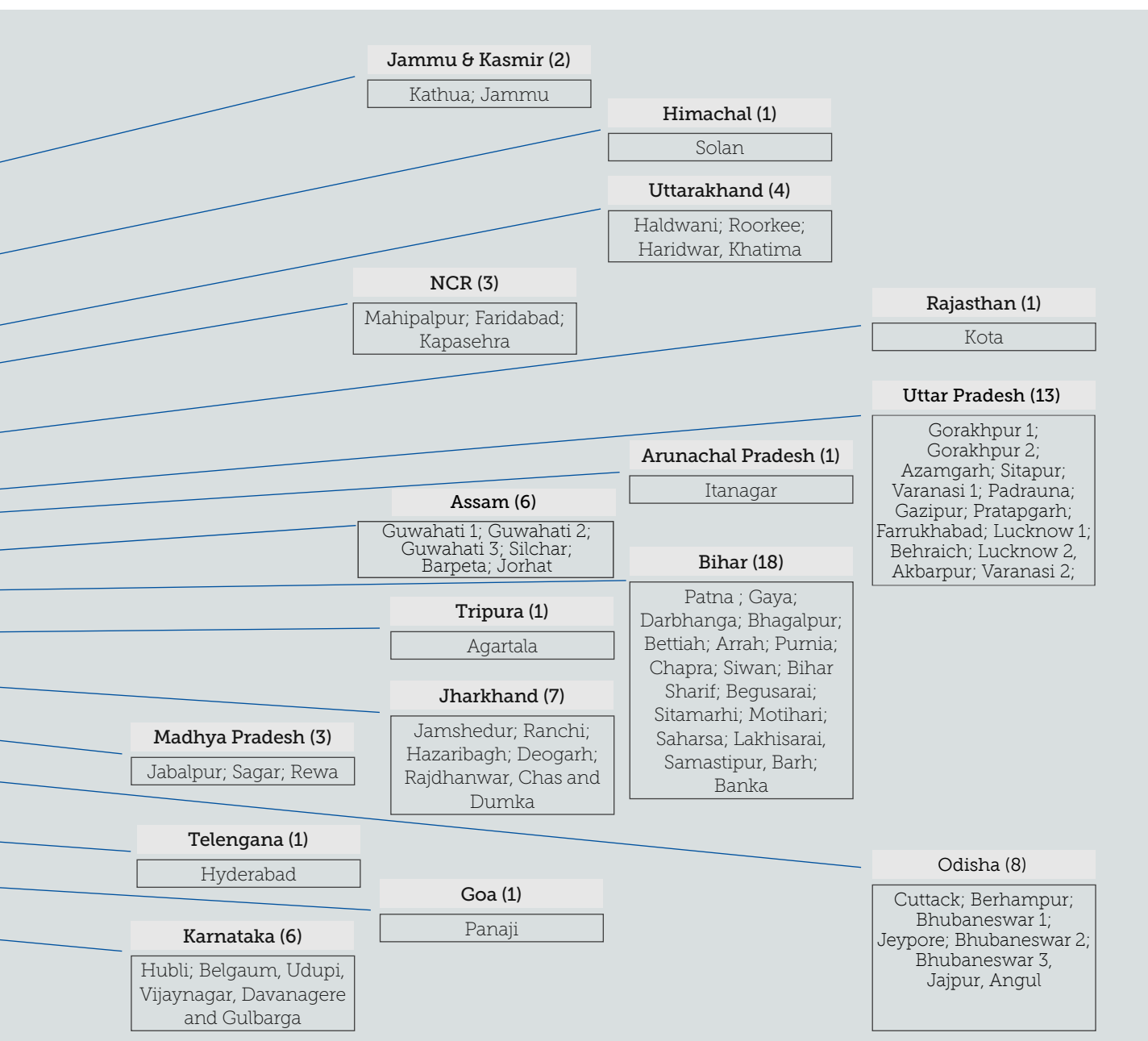
V2 Retail.

Our growing stores network



This is how we have grown across the years

2001 The Company was incorporated in 2001 as Vishal Retail Limited.	2007 The Company went to public and raised ₹110 crore.	2008 Turnover reached ₹1,000 crore.	2011 Brand Vishal was sold due to operational losses. The name of the Company was changed from Vishal Retail Limited to V2 Retail Limited.	2012 First store was opened in Jamshedpur following restructuring.
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**2014**

Number of stores increased to 16, covering more than 2 lakh square feet in retail space.

2016

Total number of store increased to 22. Retail space coverage crossed 2.60 lakh square feet.

2017

The total number of stores increased to 37. Aggregate retail space coverage crossed 4.60 lakh square feet.

2018

The Company attracted investment of ₹76 crore from India 2020 Fund II Limited. The total number of stores increased to 49. Retail space coverage crossed 5.56 lakh square feet. Turnover crossed ₹500 crore.

2020

Stores increased to 76. Company launched many marketing campaigns including "The Big Winter Sale, Happy Saraswati Puja, Maha Dhamaka Offer, Holi fashion Wali, Shubh Lagan, Special Diwali Offer, Big Republic Sale/ etc. Retail space coverage crossed 8.4 lakh sq. ft. Turnover crossed ₹ 700 crore.

Our performance over the years

Stores (Number)

FY2015-16	22
FY2016-17	37
FY2017-18	49
FY2018-19	77
FY2019-20	76

A year of consolidation and stabilisation, the Company opened 4 new stores and closed 5 stores during the year.

Retail Space (lakh sq. ft.)

FY2015-16	2.62
FY2016-17	4.62
FY2017-18	5.56
FY2018-19	9.06
FY2019-20	8.40

Maximising the per square space utilisation, the Company has moderated the retail space during the year.

Inventory (days of sale)

FY2015-16	124
FY2016-17	89
FY2017-18	105
FY2018-19	132
FY2019-20	102

Aiming towards maximising the inventory churn and making available the latest merchandise, the Company has been able to reduce the inventory and endeavour to further reduce number of days of inventory.

Sales per sq. ft. (₹ per month)

FY2015-16	1255
FY2016-17	1107
FY2017-18	942
FY2018-19	792
FY2019-20	672

A year that started with diminishing consumer sentiments was further strained by the pandemic towards the end of year leading to moderation in sales per sq.ft.

Rent per sq. ft. (₹ per month)

FY2015-16	47
FY2016-17	53
FY2017-18	44
FY2018-19	43
FY2019-20	45

The Company was able to manage the Rentals, which is one of the major fixed cost within the range.

Same stores sales growth (SSG)(%)

FY2015-16	6
FY2016-17	2
FY2017-18	(4)
FY2018-19	(5)
FY2019-20	(8)

The Company reported a de-growth of 8% in SSG owing to overall slowdown in economic activity throughout the year coupled with lock down imposed in the month of March 2020.

