



V2 Retail Limited

Empowering the Indian Shopper with Affordable Fashion



Annual Report 2022-23

Contents

1	Corporate overview
6	Our growing stores network
8	Our performance over the years
10	Chairman's message
12	Board of Directors
16	Management discussion and analysis
23	Notice
34	Director's Report
53	Corporate Governance Report
79	Business Responsibility Report

Standalone Financial Statements

87	Independent Auditor's Report
101	Standalone Balance Sheet
102	Statement of Standalone Profit & Loss Account
103	Statement of Standalone Cash Flow Statement
104	Statement of Changes in Equity
105	Notes

Consolidated Financial Statements

146	Independent Auditor's Report
157	Consolidated Balance Sheet
158	Statement of Consolidated Profit & Loss Account
159	Statement of Consolidated Cash Flow Statement
160	Statement of Changes in Consolidated Equity
161	Notes



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.

“Charting a Path to Success: Empowering the Indian Shopper with Affordable Fashion”

As we embark on a new chapter in our journey, to ensure a bright and prosperous future, V2 Retail Limited has undertaken several strategic initiatives to strengthen its market position and drive growth. After a period of consolidation, we are now poised for exponential growth, reinforced by our unwavering commitment to product development, customer satisfaction, technological advancements, and seamless integration. With a focus on becoming the premier value retailer in India, we aim to offer the best fashion at affordable prices, empowering the Indian shopper like never before.

Product Development and Assortment:

At V2 Retail, we thrive on innovation and continuously strive to enhance our product offerings to cater to the evolving needs of our customers. We have invested substantial resources in product development, collaborating with renowned designers and leveraging market insights to curate a diverse range of fashion choices. Our extensive assortment spans across various categories, ensuring that every customer finds something that resonates with their unique style and preferences. From trendy apparel to accessories and more, we leave no stone unturned in providing a comprehensive and affordable fashion experience.

Moreover, we have also invested in an in-house product development team



of 25 dedicated individuals. This team is focused on creating unique and trend-setting designs, a departure from our previous reliance on vendor-provided designs. This shift to in-house design not only allows us to have greater control over our product portfolio, but it also enables us to react swiftly to market trends and consumer preferences.

Customer Satisfaction:

Our customers are at the heart of everything we do, and their satisfaction is our utmost priority. We recognize the power of exceptional customer experiences in building long-lasting relationships and fostering loyalty. To achieve this, we have implemented robust feedback mechanisms, actively listening to our customers' needs and preferences. Armed with this valuable insight, we continuously refine our offerings, tailor our services, and create an environment that delights and surpasses expectations. Through personalized interactions, seamless in-store experiences, and a commitment to unrivaled quality, we endeavor to make every customer feel valued and cherished.

Technological Investments and Integration:

In today's digital age, technology plays a pivotal role in shaping retail experiences. At V2 Retail, we embrace innovation and invest in cutting-edge technologies to stay ahead of the curve. We have made substantial investments to integrate our online and offline channels, creating a seamless omni-channel experience for our customers. This integration empowers shoppers to explore, compare, and makes informed purchase decisions, all from the comfort of their homes or in-store. By leveraging advanced analytics, automation, and artificial intelligence, we strive to deliver personalized recommendations and a frictionless shopping journey, setting new benchmarks in customer convenience.

As part of our strategic growth plan, we have implemented a vertical integration model by establishing two of our own manufacturing units in our subsidiary Company. This significant move is aimed at optimizing costs while enhancing quality control. It positions us to have direct oversight of our supply chain, from fabrication to retail, thus ensuring a seamless process that translates into superior products for our customers.

By vertically integrating our operations and investing in in-house design capabilities, we are building a robust platform for sustained competitive advantage. We believe these strategic changes will not only enhance our brand value but also drive profitability, thus delivering superior returns to our shareholders. We are excited about these developments and look forward to sharing our continued progress in upcoming reports.

Becoming India's Leading Value Retailer:

Our vision is to be the number one value retailer in India, renowned for offering the best fashion at affordable prices. To achieve this, we have strategically positioned ourselves to tap into the immense potential of the value fashion segment. By catering to a wider customer base and reaching addressable geographies, we are poised to capture a significant market share. Through vertical integration, optimized supply chains, and cost-saving measures, we can deliver unbeatable value to our customers without compromising on quality. Our commitment to affordability, style, and superior customer experiences will propel us towards the pinnacle of success.

Conclusion:

As we forge ahead, we express our gratitude to our esteemed customers for their unwavering support and trust in our brand. We also extend our heartfelt appreciation to our dedicated team whose relentless efforts have brought us to this point of resurgence. With a renewed sense of purpose, V2 Retail is bouncing back with strong growth prospects, poised to shape the future of retail in India. We remain steadfast in our commitment to providing affordable fashion, unparalleled customer satisfaction, and technological innovation. Together, let us embark on this exciting journey towards a brighter and more prosperous tomorrow.

Our ability to defy odds demonstrates our strength. Our performance is reflection of our swiftness to embrace the changing trends and as well as innovate at V2 Retail.

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 ₹ 283 and average bill value per customer of ₹ 797.

Omni Channel 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.

Low Debt Equity Most retail companies grew their business through a combination of debt and accruals. V2 Retail have only working capital facilities and Debt Equity Ratio is 0.19.

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.

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

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.

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.

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.



Our relentless efforts
are designing the
course of our future.

Revenue Growth

748.4	838.9
₹cr, revenues in 2018-19	₹cr, revenues in 2022-23

EBIDTA

46.9	78.8
₹cr, in 2018-19	₹cr, in 2022-23

Retail Space

9.06	10.83
Lakh sqft, retail space in 2018-19	Lakh sqft, retail space in 2022-23

Stores

77	102
Number of stores in 2017-18	Number of stores in 2022-23



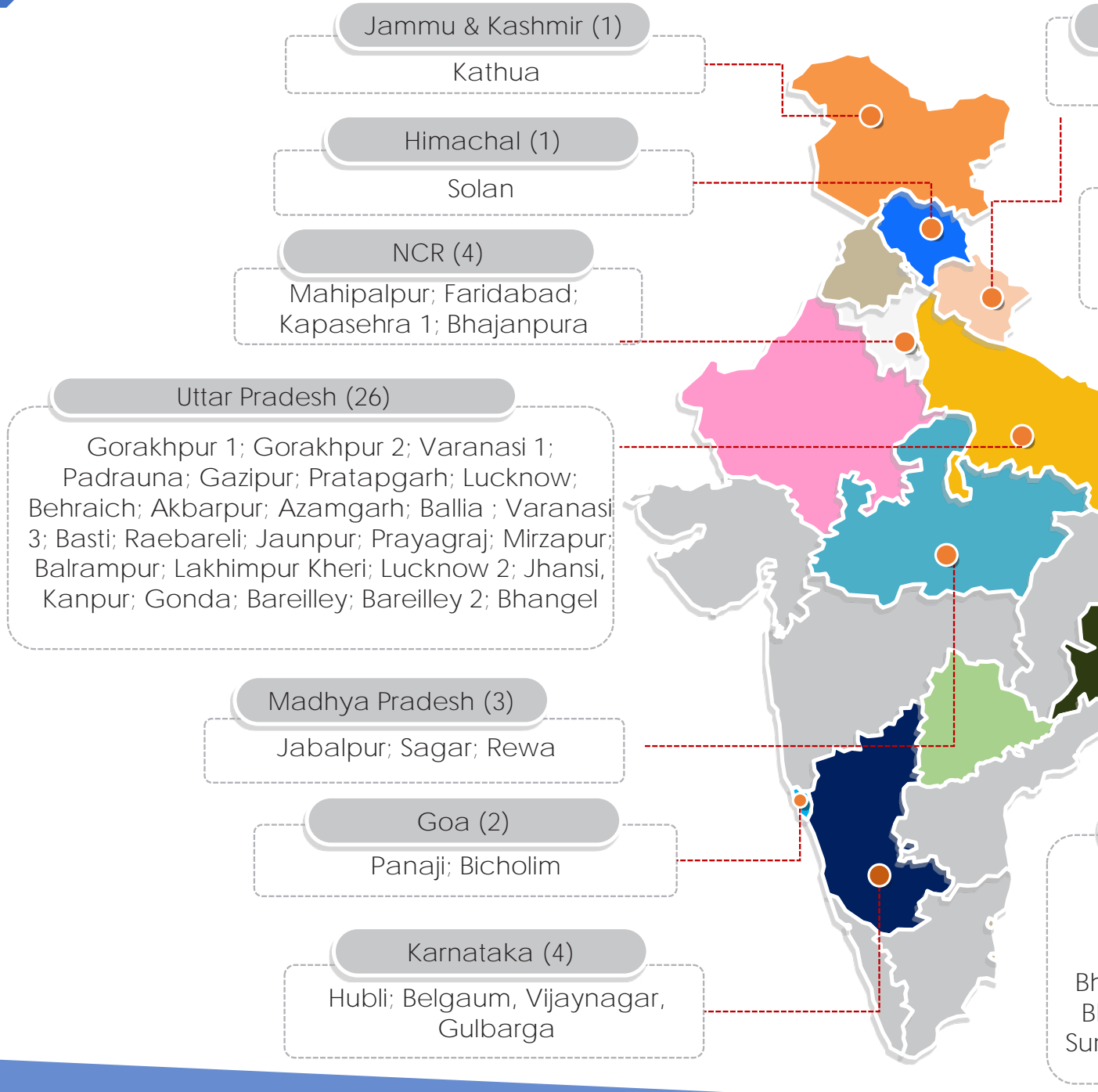
V2 Retail

Meeting the demands of an ever evolving industry, we are consistently aligning ourselves with new-age requirements, identifying market trends and imbibing advanced technology to thrive and prosper. With a renewed vigour, we are now poised to resiliently tide above crisis and steer the organization in a new direction to become better than before.

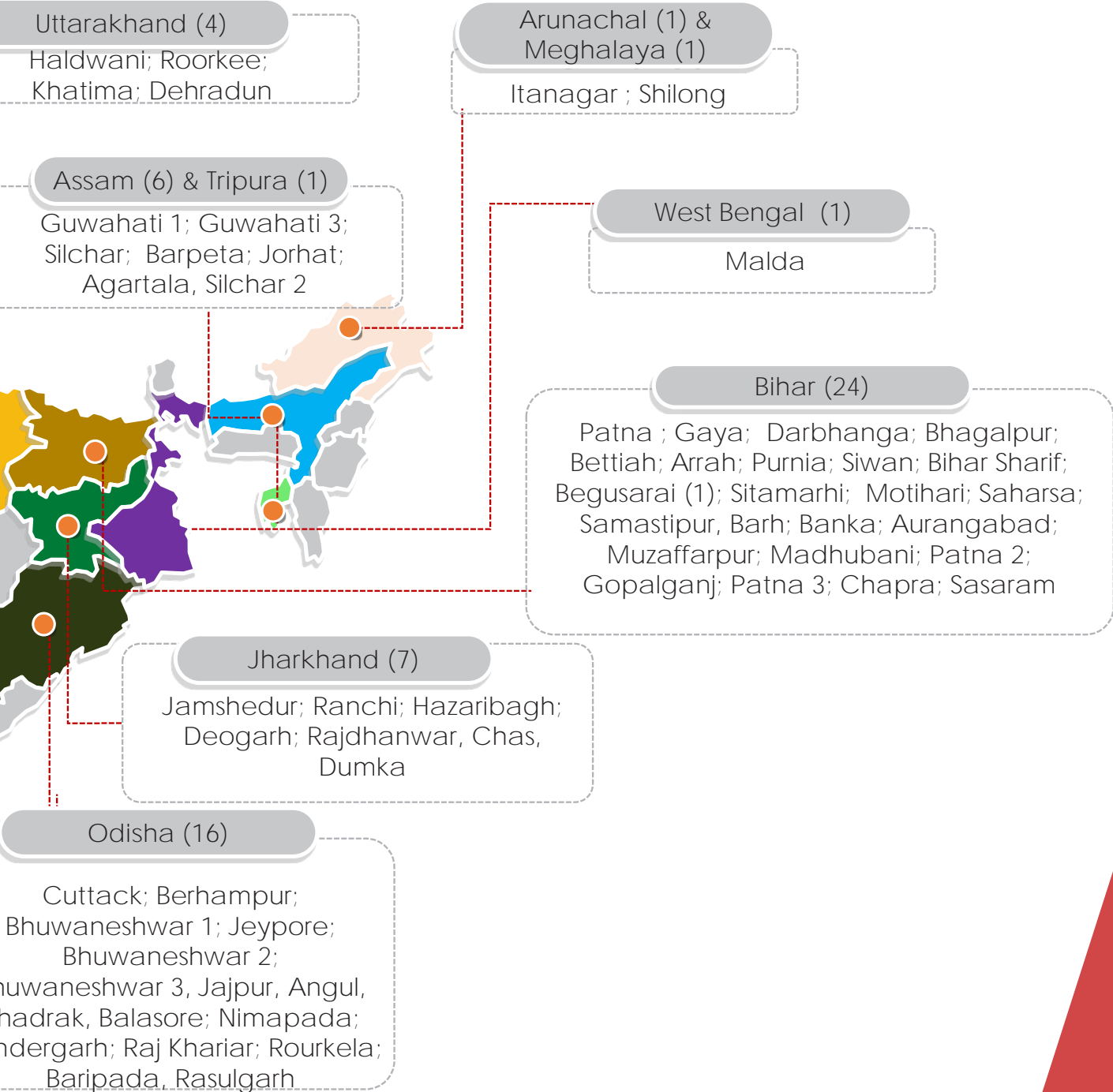
About us	Promoters
V2 Retail is one of the fastest growing retail company in India and enjoys strong brand equity from customers across segments. The company offers a portfolio of products, including apparel and life style products. V2 stands for 'Value and Variety' it sells good quality fashion garments 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.	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. Mrs. Uma Agarwal & Mr. Akash Agarwal are the Whole-time Directors of the Company.
Stores presence	
As on March 31, 2023, the Company operates 102 stores spread across 17 states and more than 89 cities with a total retail area of ~10.83 lac Sq. Ft.	
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 ₹ 283 and average net billing per customer of ₹ 797 in FY2023 were lower than most organized retail brands in India, reinforcing its position as one of the most affordable yet fashionable retail chains of India.

Our Brands





Presence



Our performance

Stores (Number)

FY2018-19	77
FY2019-20	76
FY2020-21	95
FY2021-22	101
FY2022-23	102

Despite challenging environment, the Company opened 12 new stores and closed 11 stores during the year.

Retail Space (lakh sq. ft.)

FY2018-19	9.06
FY2019-20	8.40
FY2020-21	9.96
FY2021-22	10.59
FY2022-23	10.83

Company is able to increase the retail space amid challenges in a tough year for the Industry.

Rent per sq. ft. (₹ per month)

FY2018-19	43
FY2019-20	45
FY2020-21	38
FY2021-22	40
FY2022-23	50

During the year, the rentals were at higher than pre-covid level.

Inventory (days of sale)

FY2018-19	132
FY2019-20	102
FY2020-21	180
FY2021-22	155
FY2022-23	107

The Inventory Holding days decreased substantially during the year. The Company is committed to bring down the Inventory at 90 days of sale.

Sales per sq. ft. (₹ per month)

FY2018-19	792
FY2019-20	672
FY2020-21	507
FY2021-22	494
FY2022-23	651

Same stores sales growth (SSG)(%)

FY2018-19	(5)
FY2019-20	(8)
FY2020-21	(31)
FY2021-22	7
FY2022-23	31

The Company reported a growth of 31% in SSG during the year.