



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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Result Update @ Dalal & Broacha

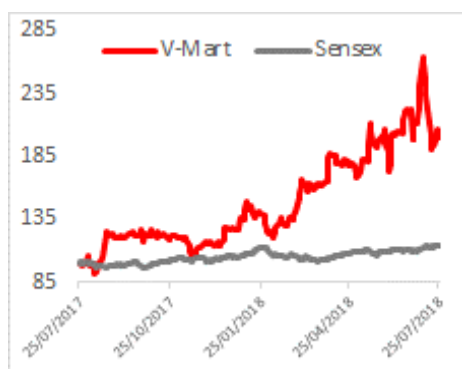
ACCUMULATE

Current Price	2365
52 Week Range	1018/3288

Key Share Data

Market Cap (Rs.bn)	428
Market Cap (US\$ mn)	6414
No of o/s shares (mn)	18.1
Face Value	10.0
Monthly Avg. vol(BSE+NSE) Nos'000	96.14
BSE Code	534976
NSE Code	VMART
Bloomberg	VMART IN

Price performance



% Shareholding	Jun-18	Mar-18
Promoters	54.05	12.73
Institutions	34.58	34.06
Others	11.37	53.21
Total	100.0	100.0

V-mart Retail Ltd Q4FY18 Result were in line with our expectations. Q1FY19 SSS growth 5% (1% Value and 4% Volume) on base of 23% YoY.

V-Mart posted **revenue** growth of 14.6% Y-o-Y to Rs. 3612mn on a higher base of Rs.3151mn. Revenue was affected due to Adhik Maas and Rainfall Deficiency (30-40%) in key states.

Raw Material Cost as % of sales stood at 66.4% vs 68.5%, due to better commercial terms with vendors and early payments to suppliers

Employee Costs as % of sales increased to 7.8% from 7.4% last year

Other Expenses as a % of sales increased to 13.8% from 12.4% last year on account of higher promotional expense from 2% to 2.9% and rental costs (larger than average size stores opened in the current quarter)

EBIDTA increased by 16.5% Y-o-Y to Rs.432mn. EBIDTA margins stood at 12% as against 11.8% Y-o-Y

Interest Cost decreased by 60% to Rs. 1.98mn

Profit Before Tax grew by 15.5% Y-o-y to Rs. 374mn

Tax Rate stood at 33% vs 31% last year

Profit After Tax increased 11.2% to Rs. 248mn

Other KTA's:

-8 stores opened during the quarter (2 in UP ,Bihar, Uttarakhand and 1 in j&K and West Bengal)

-SSG of 1% comes from 142 stores out of the total stores of 179.

-Newer stores opened less than 2 years give a negative SSG.

-Company plans to open 30 stores or more in the entire year

-Stores greater than 3 years: Average SSG of 3-4%

-EBITDA per new store after 1 year stands at ~12-15%

-Per Store Cost Inflation on an overall basis is at 7-10% where in, Rental Costs will on an annual basis will increase by 3-4% / hence 3-4% SSG should offset the same

-Footfalls +11.3% YOY to 89 Lacs

-Number of bills generated +18% Y-o-Y

- Cash: Card Ratio at 75%:25%

-Demand Scenario low demand seen in Orissa, Jharkhand and Bihar (~ 35% of total stores in the 3 states) and good growth in U.P. and Rajasthan (43% of total stores in these 2 states)

-No discounting period this quarter, more promotional spends used on promoting the brand rather than boosting sales through discounts

-Going forward, the company aims to maintain overall SSG of 8-9% for FY19. / Focus on Volume led Growth, Price Variants for Various products will be introduced mainly in Tier 4 towns where major focus by the company is currently being given.

Valuation & Outlook

At CMP of Rs 2365, the stock is trading at 48.8x its FY19e EPS of Rs 48.5 and 39.8x its FY20e EPS of Rs 59.4. We Maintain **Accumulate**.

Note: As on date stock is under ASM

Financials (Rs. Mn)

Year	Op Income	% Growth	EBIDTA	OPM%	PAT	% Growth	EPS	PE (x)	ROE%	ROCE%
FY17	10,017.3	23.8%	825.8	8.2%	395.2	48.1%	21.9	108.1	14.6	19.8
FY18E	12,223.7	22.0%	1,327.9	10.9%	777.1	96.6%	42.9	55.1	22.4	31.6
FY19E	14,435.6	18.1%	1,510.6	10.5%	877.9	13.0%	48.5	48.8	20.4	28.9
FY20E	17,047.7	18.1%	1,812.4	10.6%	1,074.3	22.4%	59.4	39.8	20.2	28.1



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Particulars	Q1FY18	Q1FY19	FY17	FY18
Revenue from Operations	3151.27	3612.01	10017.25	12223.73
<i>Growth</i>		14.6%		22.0%
Other Income	11.07	8.9	41.409	41.409
Total	3162.34	3620.94	10058.66	12265.14
<i>Growth</i>		14.5%		21.9%
Expenses				
cost of materials consumed				0
Purchase of stock in trade	1818.06	2271.35	7675.171	8682.044
Changes in inventories of stock in trade	339.45	126.12	-647.484	-379.36
COGS	2157.51	2397.47	7027.687	8302.684
<i>% of sales</i>	68.5%	66.4%	70.2%	67.9%
<i>Growth</i>		11.1%		18.1%
Employee Benefit Expense	230.61	282.62	782.795	983.902
<i>% of sales</i>	7.3%	7.8%	7.8%	8.0%
<i>Growth</i>		22.6%		25.7%
Other Expenses	392.06	499.74	1359.185	1609.274
<i>% of sales</i>	12.4%	13.8%	13.6%	13.2%
<i>Growth</i>		27.5%		18.4%
Total	2780.18	3179.83	9169.667	10895.86
<i>% of sales</i>	88.2%	88.0%	91.5%	89.1%
<i>Growth</i>		14.4%		18.8%
EBITDA excluding other income	371.09	432.18	847.583	1327.866
EBITDA MARGINS	11.8%	12.0%	8.5%	10.9%
<i>Growth</i>		16.5%		56.7%
EBITDA including other income	382.16	441.11	888.992	1369.275
<i>% of sales</i>	12.1%	12.2%	8.8%	11.2%
<i>Growth</i>		15.4%		54.0%
Depreciation	53.82	65.5	185.532	229.304
<i>Growth</i>		21.7%		23.6%
EBIT	328.34	375.62	703.46	1139.971
Finance costs	4.95	1.98	35.242	15.285
<i>Growth</i>		-60.0%		-56.6%
PBT	323.39	373.64	668.218	1124.686
<i>% of sales</i>	10%	10%	7%	9%
<i>Growth</i>		15.5%		68.3%
prior period income/(expense) (net)	0	0	0	0
PBT	323.39	373.64	668.218	1124.686
Tax Expense				0
Current tax	116.69	133.82	234.23	362.563
Deferred tax	-16.86	-8.83	-5.044	-14.934
Total	99.83	124.99	229.186	347.629
Tax Rate		33%		31%
PAT	223.56	248.65	439.03	777.06
NPM	7.1%	6.9%		
<i>Growth</i>		11.2%		
Extraordinary item	0.00	0.00	0.00	0
Other Comprehensive Income	0.45	0.48	1.626	2.872
Total Comprehensive Income	224.01	249.13	440.66	779.93
Equity	180.97	180.97	180.67	180.97
Face Value	10	10	10	10
Number of Shares	18.097	18.097	18.07	18.10
Basic EPS Calculated	12.35	13.74	24.30	42.94
Dilluted EPS	12.32	13.74	21.8758	42.93749



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P&L (Rs mn)	FY16	FY17	FY18	FY19E	FY20E	Cash Flow St. (Rs. mn)	FY16	FY17	FY18	FY19E	FY20E
Net Sales	8,092.6	10,017.3	12,223.7	14,435.6	17,047.7	Net Profit	276.3	395.2	777.1	877.9	1,074.3
Cost of sales	(7,474.2)	(9,191.5)	(10,895.9)	(12,925.0)	(15,235.3)	Add: Dep. & Amort.	190.1	220.2	229.3	268.3	313.9
Operating Profit	618.3	825.8	1,327.9	1,510.6	1,812.4	Cash profits	466.5	615.4	1,006.4	1,146.2	1,388.2
Depreciation	(190.1)	(220.2)	(229.3)	(268.3)	(313.9)	(Inc)/Dec in					
PBIT	428.2	605.6	1,098.6	1,242.3	1,498.5	-Sundry debtors	-	-	-	-	-
Other income	11.7	30.9	41.4	45.3	73.7	-Inventories	(212.2)	(647.5)	(379.4)	(555.7)	(656.3)
Interest	(31.2)	(35.2)	(15.3)	(15.3)	(15.3)	-Loans/advances	(40.5)	43.8	(6.6)	(24.2)	(28.0)
Profit before tax	408.8	601.2	1,124.7	1,272.3	1,556.9	Current Liab and Provisions	317.0	676.6	89.1	369.2	432.0
Exceptional and Extra Ordinary	14.4	-	-	-	-	Other Non Current Assets	(0.3)	0.7	(102.4)	(10.3)	(11.3)
PBT (Post Extra Ordinary)	423.1	601.2	1,124.7	1,272.3	1,556.9	Change in working capital	63.9	73.6	(399.3)	(221.0)	(263.6)
Provision for tax	(146.8)	(206.0)	(347.6)	(394.4)	(482.6)	CF from Oper. activities	530.4	689.0	607.1	925.2	1,124.6
Reported PAT	276.3	395.2	777.1	877.9	1,074.3	CF from Inv. activities	(434.4)	(760.9)	(61.3)	(532.7)	(489.9)
MI	-	-	-	-	-	CF from Fin. activities	(86.7)	58.3	(379.0)	(52.7)	(53.7)
Adjusted PAT	266.9	395.2	777.1	877.9	1,074.3	Cash generated/(utilised)	9.2	(13.6)	166.7	339.8	581.0
						Cash at start of the year	33.6	42.8	29.2	195.9	535.7
						Cash at end of the year	42.8	29.2	195.9	535.7	1,116.7
Balance Sheet	FY16	FY17	FY18	FY19E	FY20E	Ratios	FY16	FY17	FY18	FY19E	FY20E
Equity capital	180.7	180.7	181.0	181.0	181.0	OPM	7.6	8.2	10.9	10.5	10.6
Reserves	2,126.5	2,522.7	3,293.4	4,118.7	5,139.2	NPM	3.3	3.9	6.3	6.1	6.3
Net worth	2,307.2	2,703.4	3,474.4	4,299.7	5,320.2	Tax rate	(35.9)	(34.3)	(30.9)	(31.0)	(31.0)
Non Current Liabilities	105.2	153.6	84.0	91.8	101.1	Growth Ratios (%)					
Current Liabilities	1,419.6	2,133.4	1,940.7	2,302.0	2,724.6	Net Sales	12.4	23.8	22.0	18.1	18.1
CAPITAL EMPLOYED	3,832.0	4,990.3	5,499.0	6,693.4	8,146.0	Operating Profit	(2.9)	33.5	60.8	13.8	20.0
Non Current Assets	1,467.4	1,616.3	1,710.0	1,871.4	2,059.8	PBIT	(27.6)	41.4	81.4	13.1	20.6
Fixed Assets	1,126.5	1,314.7	1,482.6	1,633.2	1,809.2	PAT	(30.8)	48.1	96.6	13.0	22.4
Non Current Investments	130.3	57.6	63.4	63.4	63.4	Per Share (Rs.)					
Deferred Tax Asset	42.2	70.4	92.0	92.0	92.0	Net Earnings (EPS)	14.8	21.9	42.9	48.5	59.4
Long Term Loans and Advances	168.4	173.5	72.0	82.7	95.2	Cash Earnings (CPS)	25.3	34.1	55.6	63.3	76.7
Other NON Current Assets	1.0	0.3	102.7	113.0	124.3	Dividend	-	1.3	1.3	2.0	2.4
Current Assets	2,363.6	3,373.8	3,686.4	4,709.1	5,961.9	Book Value	127.7	149.6	192.0	237.6	294.0
Current investments	193.4	618.6	276.9	390.7	390.7	Free Cash Flow	5.3	(4.0)	30.2	21.7	35.1
Inventories	2,044.3	2,691.8	3,071.1	3,626.8	4,283.1	Valuation Ratios					
Trade Receivables	-	-	-	-	-	P/E(x)	160.1	108.1	55.1	48.8	39.8
Cash and Bank Balances	42.8	29.2	195.9	535.7	1,116.7	P/B(x)	18.5	15.8	12.3	10.0	8.0
Short Term Loans and Advances	82.3	34.1	0.8	-	-	EV/EBIDTA(x)	69.5	52.1	32.1	28.0	23.0
Other Current Assets	1.0	0.1	141.7	155.9	171.5	Div. Yield(%)	-	0.1	0.1	0.1	0.1
CAPITAL DEPLOYED	3,832.0	4,990.3	5,499.0	6,693.4	8,146.0	FCF Yield(%)	0.2	(0.2)	1.3	0.9	1.5
						Return Ratios (%)					
						ROE	11.6	14.6	22.4	20.4	20.2
						ROCE	16.6	19.8	31.6	28.9	28.1



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