

V-Mart

## World's best-performing department store is in India

The allure of India's consumer stocks is getting stronger



V-Mart India (AFP)

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Jefferies India joins a growing chorus of bulls on the producers of staples and branded goods.

Its picks in the sector include V-Mart Retail, whose stock-market performance has made the company the world's best-performing department stores chain this year, according to data compiled by Bloomberg.

Shares of V-Mart, which runs medium-sized stores that sell clothes, accessories, footwear and everyday staples, have risen 10-fold since they began trading in February 2013.

While equities have been whipsawed for much of this year, the company's shares are up 47% -- the most among 105 department-store firms globally with a minimum market value of \$200 million (€162 million).

"V-Mart's strong business model in terms of store economics is increasingly being replicated by other players given the limited barriers to entry," Jefferies analysts Tanmay Sharma and Varun Lohchab wrote in the note dated 12 April.

The blistering rally means the current valuation already reflects V-Mart's near-term growth outlook. That's prompted Jefferies to recommend a hold on the stock, which until Wednesday was rated a buy by all nine brokers tracking it.

The shares have a 12-month target price of 1,971 rupees (€24.5), implying a drop of 7% from Thursday's close.

"We need to be cautious on companies with valuations that have significantly outrun fundamentals," the analysts wrote.

Source: Bloomberg

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