

## Growth Story Remains on Track; Maintain BUY

Est. Vs. Actual for Q2FY26: Revenue – **INLINE**; EBITDA – **BEAT**; PAT – **MISS**

Changes in Estimates post Q2FY26

FY26E/FY27E: Revenue: -1%/-3%; EBITDA: -3%/-7%, PAT: -3%/-8%

### Recommendation Rationale

- Resilient Performance:** V-Mart reported 22% YoY revenue growth, and SSSG stood at 11% for both V-Mart and Unlimited stores. However, the quarter was impacted due to the temporary GST transitory, along with unseasonal rains in core Puja markets. Gross margin expanded 3 bps YoY to 33.6%, supported by planned liquidation and better realisation at the end of seasonal sales. EBITDA grew 85.2% YoY to Rs 72 Cr, with margin expansion of 302 bps to 8.9%, driven by improved gross margins and a 53% reduction in Lime Road losses.
- Expansion Strategy:** V-Mart continued its aggressive retail expansion in Q2FY26, adding 17 new V-Mart stores and 6 Unlimited outlets, taking the total store base to 533 (438 V-Mart and 95 Unlimited). The pace remained strong post-quarter, with 16 additional stores opened by mid-Q3, raising the tally to 549 stores. Backed by steady execution and healthy traction across markets, management has marginally revised its full-year target upward, now guiding for around 75 new store additions in FY26.

**Sector Outlook:** **Positive**

**Company Outlook & Guidance:** We have cut our FY26/27 estimates; however, we remain **positive** on the stock.

**Current Valuation:** 14x Sep'27E EV/EBITDA (Earlier Valuation: 15x Mar'27E EV/EBITDA)

**Current TP:** Rs 900/share (Earlier TP: Rs 950/share).

**Recommendation:** With a **16% upside** potential from the CMP, we **maintain our BUY** rating on the stock.

## Financial Performance

Revenue grew 22.1% YoY, driven by SSSG of 11% YoY and increased footfall. Gross margins improved by 3 bps YoY to 33.6%, supported by stronger full-price sales and liquidation of old inventory. EBITDA margins improved to 8.9%, up 302 bps, led by a 53% reduction in Lime Road losses and strong operating leverage. The company incurred Rs 30 Cr in capex, primarily towards new store openings and refurbishments. It incurred a net loss of Rs 9 Cr.

**Outlook:** The company is actively pursuing steps to achieve its objectives: 1) Reducing expenses and losses by closing unprofitable Unlimited stores and steering the Lime Road business toward profitability; 2) Strengthening its omnichannel model to regain customers of V-Mart and Unlimited; and 3) Focusing on product quality and staying aligned with fashion trends. Additionally, the new GST 2.0 rollout will help in demand improvement, particularly in rural and smaller towns (V-Mart's core customer base), supported by a budget boost, government infrastructure spending, and stable inflation, projected to enhance the company's prospects over the mid-to-long term.

**Valuation & Recommendation:** We remain optimistic about the company and expect revenue/EBITDA growth of 17%/17% CAGR over FY25-28E. We **maintain our BUY rating on the stock with a revised TP of Rs 900/share**, which implies an upside of 16% from the CMP.

## Key Financials (Standalone)

(Rs Cr)	Q2FY26	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	807	(8.9)	22.1	807	(0.0)
EBITDA	72	(43.3)	85.2	61	17.8
EBITDA Margin (%)	8.9	-539 bps	302 bps	7.5	134 bps
Net Profit	(9)	(126.4)	(84.3)	(17)	(49.3)
EPS (Rs)	(4)	(126.4)	(84.3)	(9)	(49.3)

Source: Company, Axis Research

(CMP as of 11<sup>th</sup> November, 2025)

CMP (Rs)	774
Upside /Downside (%)	16%
High/Low (Rs)	1037/675
Market cap (Cr)	6,150
Avg. daily vol. (6m)Shrs	224
No. of shares (Cr)	8

## Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	44.3	44.2	44.2
FIIs	17.5	18.3	17.5
MFs / UTI	32.2	30.8	31.0
FUs/ Banks	0.0	0.0	0.0
Others	6.0	6.7	7.4

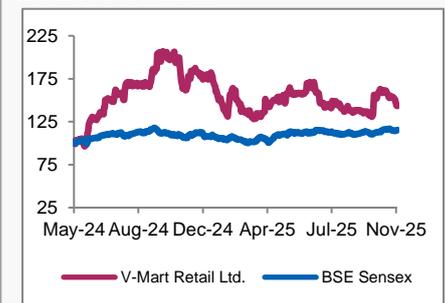
## Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,254	3,791	4,419
EBITDA	377	446	515
Net Profit	46	45	101
EPS (Rs)	23.2	5.7	12.7
PER (x)	70.9	136.4	61.2
EV/EBITDA (x)	6.0	15.2	12.8
RoE (%)	1.9	7.2	6.5

## Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	-1%	-3%
EBITDA	-3%	-7%
PAT	-3%	-8%

## Relative Performance



Source: Ace Equity, Axis Securities

## Results Gallery

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

[Q2FY25](#)

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### Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Weakening demand environment.

### Change in Estimates

	Old est.		Revised Est.		% Revision	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	3,836	4,533	3,791	4,419	-1%	-3%
EBITDA	461	551	446	515	-3%	-7%
PAT	47	110	45	101	-3%	-8%
*EPS (Rs)	6	14	6	13	-5%	-10%

Source: Company, Axis Securities

(\*EPS is not comparable as V-Mart has issued Bonus shares in the ratio of 3:1)

**Results Review**

	Q2FY25	Q1FY26	Axis Est.	Q2FY26	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
<b>Net Sales</b>	<b>661</b>	<b>885</b>	<b>807</b>	<b>807</b>	<b>22.1</b>	<b>(8.9)</b>	<b>(0.0)</b>
<b>Gross Profit</b>	<b>222</b>	<b>312</b>	<b>258</b>	<b>271</b>	<b>22.2</b>	<b>(13.1)</b>	<b>5.1</b>
<b>Gross Margin (%)</b>	<b>33.6</b>	<b>35.3</b>	<b>32.0</b>	<b>33.6</b>	<b>3 bps</b>	<b>-166 bps</b>	<b>163 bps</b>
Employee Expenses	87	95	99	98	12.8	2.8	(1.0)
Other Expenses	97	91	99	102	5.5	12.1	3.4
<b>EBITDA</b>	<b>39</b>	<b>126</b>	<b>61</b>	<b>72</b>	<b>85.2</b>	<b>(43.3)</b>	<b>17.8</b>
<b>EBITDA Margin (%)</b>	<b>5.8</b>	<b>14.3</b>	<b>7.5</b>	<b>8.9</b>	<b>302 bps</b>	<b>-539 bps</b>	<b>134 bps</b>
Oth. Inc	2	3	3	3	93.8	17.1	14.8
Interest	39	18	18	17	(55.4)	(4.3)	(5.3)
Depreciation				-			
<b>PBT</b>	<b>59</b>	<b>68</b>	<b>69</b>	<b>71</b>	<b>20.0</b>	<b>4.7</b>	<b>3.6</b>
Tax	<b>(58)</b>	<b>43</b>	<b>(23)</b>	<b>(14)</b>	<b>(76.5)</b>	<b>(131.7)</b>	<b>(41.6)</b>
<b>PAT</b>	<b>(1)</b>	<b>9</b>	<b>(6)</b>	<b>(5)</b>	<b>220.3</b>	<b>(150.7)</b>	<b>(18.6)</b>
<b>EPS</b>	<b>(57)</b>	<b>34</b>	<b>(17)</b>	<b>(9)</b>	<b>(84.3)</b>	<b>(126.4)</b>	<b>(49.3)</b>

Source: Company, Axis Securities

## Financials (Standalone)

### Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
<b>Net sales</b>	<b>3,254</b>	<b>3,791</b>	<b>4,419</b>	<b>5,147</b>
Growth, %	16.8	16.5	16.6	16.5
Total income	3,254	3,791	4,419	5,147
Raw material expenses	(2,130)	(2,483)	(2,894)	(3,371)
Employee expenses	(363)	(440)	(545)	(671)
Other Operating Expenses	(26,274)	(30,526)	(35,598)	(41,392)
<b>EBITDA (Core)</b>	<b>377</b>	<b>446</b>	<b>515</b>	<b>604</b>
Growth, %	77.0	18.3	15.4	17.2
Margin, %	11.6	11.8	11.7	11.7
Depreciation	(233)	(258)	(251)	(269)
<b>EBIT</b>	<b>144</b>	<b>189</b>	<b>264</b>	<b>335</b>
Growth, %	(1,687.2)	30.9	40.1	26.7
Margin, %	4.4	5.0	6.0	6.5
Interest paid	(136)	(141)	(143)	(146)
Other Income	12	13	16	19
<b>Pre-tax profit</b>	<b>44</b>	<b>61</b>	<b>137</b>	<b>208</b>
Tax provided	2	(16)	(36)	(54)
<b>Profit after tax</b>	<b>46</b>	<b>45</b>	<b>101</b>	<b>154</b>
Growth, %	(122.3)	110.4	122.9	51.9
<b>Net Profit (adjusted)</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>15</b>
Unadj. shares (Cr)	2	8	8	8
Wtdavg shares (Cr)	2	8	8	8

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Cash & bank	39	175	354	597
Marketable securities at cost	5	5	5	5
Debtors	-	-	-	-
Inventory	987	1,150	1,340	1,561
Other current assets	194	194	194	194
Total current assets	1,226	1,525	1,894	2,357
Investments	-	-	-	-
Gross fixed assets	1,534	1,664	1,794	1,924
Less: Depreciation	(495)	(753)	(1,004)	(1,273)
Add: Capital WIP	4	4	4	4
Net fixed assets	1,043	915	794	655
Non-current assets	76	76	76	76
<b>Total assets</b>	<b>2,436</b>	<b>2,607</b>	<b>2,856</b>	<b>3,180</b>
Current liabilities	11,681	12,939	14,409	16,115
Provisions	-	-	-	-
Total current liabilities	11,681	12,939	14,409	16,115
Non-current liabilities	458	458	458	458
Total liabilities	1,626	1,752	1,899	2,069
Paid-up capital	20	20	20	20
Reserves & surplus	790	836	937	1,091
Shareholders' equity	810	856	957	1,111
<b>Total equity &amp; liabilities</b>	<b>2,436</b>	<b>2,607</b>	<b>2,856</b>	<b>3,180</b>

Source: Company, Axis Securities

**Cash Flow**
**(Rs Cr)**

Y/E March	FY25	FY26E	FY27E	FY28E
Pre-tax profit	44	61	137	208
Depreciation	233	258	251	269
Chg in working capital	84	(37)	(43)	(50)
Total tax paid	(2)	(16)	(36)	(54)
<b>Cash flow from operating activities</b>	<b>359</b>	<b>266</b>	<b>309</b>	<b>372</b>
Capital expenditure	389	(130)	(130)	(130)
Other investing activities	-	-	-	-
<b>Cash flow from investing activities</b>	<b>388</b>	<b>(130)</b>	<b>(130)</b>	<b>(130)</b>
Free cash flow	747	136	179	242
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
<b>Cash flow from financing activities</b>	<b>(732)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net change in cash	15	136	179	242

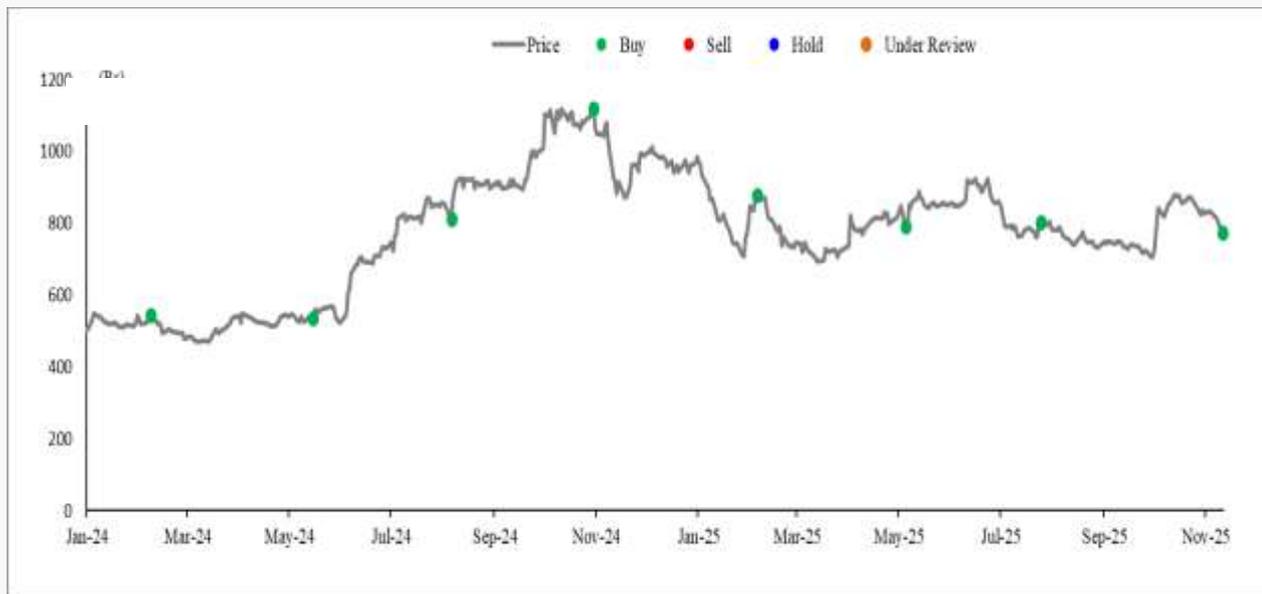
Source: Company, Axis Securities

**Ratio Analysis**
**(%)**

Y/E March	FY25	FY26E	FY27E	FY28E
<b>Per Share data</b>				
EPS (Rs)	23.2	5.7	12.7	19.2
Growth, %	(122.3)	(48.0)	122.9	51.9
FDEPS (Rs)	10.9	5.7	12.7	19.2
CFPS (Rs)	111.5	31.6	36.6	44.2
DPS (Rs)	-	-	-	-
<b>Return ratios</b>				
Return on assets (%)	6.9	7.4	8.9	9.9
Return on equity (%)	2.7	5.3	10.6	13.8
Return on capital employed (%)	11.3	14.4	17.9	20.1
<b>Turnover ratios</b>				
Asset turnover (x)	1.9	2.8	3.5	4.4
Sales/Total assets (x)	1.2	1.5	1.6	1.7
Sales/Net FA (x)	2.4	3.9	5.2	7.1
Working capital/Sales (x)	0.0	0.0	0.0	0.0
Receivable days	-	-	-	-
Inventory days	110.7	110.7	110.7	110.7
Payable days	96.7	96.9	96.8	96.8
Working capital days	1.5	4.8	7.7	10.2
<b>Liquidity ratios</b>				
Current ratio (x)	1.0	1.2	1.3	1.5
Quick ratio (x)	0.2	0.3	0.4	0.5
Interest cover (x)	1.1	1.3	1.8	2.3
Total debt/Equity (%)	0.8	0.7	0.7	0.6
<b>Valuation</b>				
PER (x)	70.9	136.4	61.2	40.3
PEG (x) YoY growth	(0.6)	(2.8)	0.5	0.8
Price/Book (x)	1.9	7.2	6.5	5.6
EV/Net sales (x)	0.7	1.8	1.5	1.2
EV/EBITDA (x)	6.0	15.2	12.8	10.6
EV/EBIT (x)	15.7	36.0	25.1	19.0

Source: Company, Axis Securities

## V-Mart Retail Price Chart and Recommendation History



Date	Reco	TP	Research
09-Feb-24	BUY	613	Result Update
16-May-24	BUY	600	Result Update
07-Aug-24	BUY	913	Result Update
31-Oct-24	BUY	1,250	Result Update
06-Feb-25	BUY	1,093	Result Update
06-May-25	BUY	940	Result Update
28-Jul-25	BUY	950	Result Update
12-Nov-25	BUY	900	Result Update

Source: Axis Securities

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
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