

### About the Company

V2 Retail Ltd., incorporated in 2001, is a prominent player in India's value fashion segment, serving the rising demand for affordable apparel and accessories. The company has expanded its presence primarily across Tier 2 and Tier 3 cities, where organized retail penetration remains relatively low. Through a combination of cost-efficient operations and calibrated store expansion, V2 Retail has built a strong and loyal customer base. Its consistent focus on delivering trendy yet economical fashion offerings continues to support its growth trajectory in an increasingly competitive retail environment.

### Investment Rationale

- **Strong Expansion Momentum:** V2 Retail has maintained a consistent pace of store expansion over the past three years, with growth gaining further momentum in FY25. As per Q4FY25 pre-quarter update store count stood at 189 stores added 72 new stores in FY25 on net basis. Looking ahead, the company plans to open 90-100 new stores in FY26, with a continued focus on Tier 2, 3, and 4 cities, where rising demand for value fashion offers substantial growth potential.
- **Streamlining Product Strategy:** V2 Retail has revamped its product planning and pricing strategy by prioritising pre-season procurement to improve inventory management and reduce overstock risks. The company has eliminated premium price points in key categories such as men's denim and t-shirts, reinforcing its focus on affordability. This approach is aimed at enhancing its value proposition and strengthening its appeal among budget-conscious consumers in its core markets.
- **Impressive SSSG performance:** V2 Retail reported strong same-store sales growth of 24% in Q4FY25 and 29% in FY25, underscoring its effective execution in offering trend-driven, quality merchandise. This performance has been supported by strategic initiatives such as an optimised product mix, enhanced inventory efficiency, and increased reliance on planned ordering. The company also reported sales per square foot of Rs 1,017 in FY25 vs Rs 854 in FY24 (Rs 494 in FY22) driven primarily by improved space utilisation and SKU rationalisation.
- **Outlook:** The company is positioning itself as a prominent pan-India retail player, driven by aggressive store expansion and steady improvement in same-store sales growth (SSSG) over the coming quarters. Management remains confident of achieving a 50% revenue growth over the next 3–4 years, supported by robust internal initiatives and a positive demand environment for value fashion. This is expected to translate into margin expansion and enhanced store-level efficiency. Given the successful turnaround and strong growth visibility, we forecast Revenue and EBITDA to grow at a CAGR of 45% and 103%, respectively, over FY24–FY27E, with EBITDA margins likely to sustain in the 14–16% range in the near term.

### Valuation & Analyst recommendation

- Considering the company's promising growth outlook, **we recommend a BUY on the stock with a potential upside of 10% from the CMP.**

### Financial Summary

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY24	1,165	148	28	8.0	226	12.6	10.6
FY25E	1,747	243	73	21.0	86	21.5	18.3
FY26E	2,533	396	139	40.0	45	28.6	24.5
FY27E	3,547	569	231	67.0	27	29.0	29.2

Source: Axis Securities; CMP as on 22<sup>nd</sup> April, 2025

Duration: 3-6 Months

CMP (Rs)	1,831
Target Price (Rs)	2,014
Upside (%)	10%

### | Why V2 Retail

- ✓ **Well-placed in Value Retail Space**
- ✓ **Aggressive in its Store Expansion**
- ✓ **Impressive SSSG/PSF Performance**
- ✓ **A Trend-focused Apparel Player**

### | Key risks

- ✓ **Threat from Online Players**
- ✓ **Lower Disposable Income**
- ✓ **Rising Competitive Intensity**

### MARKET DATA

No. of Shares	3 Cr
Market Cap	6378 Cr
52-week High / Low	2095/ 421
BSE Code	532867
NSE Code	V2RETAIL

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## | OBJECTIVE



Axis Punch is designed to generate solid return in short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

## | Axis PUNCH is strong research based idea based on



**Events Based:** Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

**Strategic Insights:** Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

**Informed Decisions:** Make well-informed investment decisions backed by the expertise of our dedicated research team.

**Medium-term Horizon:** Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

## | Why to choose Axis PUNCH



These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rational and risks are clearly highlighted in stock ideas.

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