

## Visibility improving

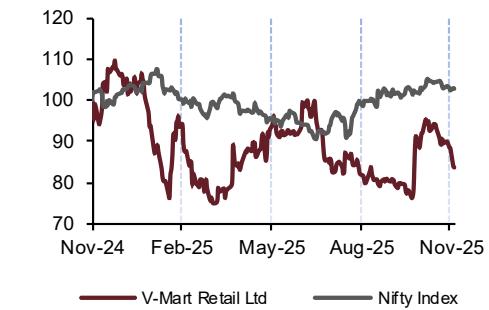
11 November 2025

V-Marts results were in line with expectation with Revenue growth at 22% YoY to Rs 8069mn.

- Same store sales growth for Q2FY26 stood at 11% v/s 15% YoY. Volume basis SSS stood at 6% YoY. ( V-mart @11% as well as Unlimited @ 11%)
- EBIDTA on an overall basis increased by 85% to Rs 715mn, which was aided by lower increase in employee cost ( 13% YoY to Rs 976mn ) and other expenses too as a percentage to sales stood at 12.7% as against 14.7% YoY as LimeRoad losses decreased.
- LimeRoad's loss reduced YoY as well as QoQ basis , on a YoY basis it stood at Rs 34mn a drop of 53% ( Q1FY26 loss was Rs 46mn)
- Overall PAT loss stood at Rs 89mn as against loss of Rs 565mn YoY
- Inventory days improved by 2% YoY to 97 days
- Provision for aged inventory including shrinkage stood at 0.9% as against 1.5% YoY

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>898</b>	<b>16</b>
<b>Market data</b>		
Current price	Rs	775
Market Cap (Rs.Bn)	(Rs Bn)	62
Market Cap (US\$ Mn)	(US\$ Mn)	694
Face Value	Rs	10
52 Weeks High/Low	Rs	1037.74 / 675.01
Average Daily Volume	('000)	958
BSE Code		534976
Bloomberg		VMART
Source: Bloomberg		

## One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	44	44
Public	56	56
<b>Total</b>	<b>100</b>	<b>100</b>

Source: BSE

## Financial Summary

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Net sales	27,856	32,539	36,863	41,693
Adjusted net profit	(968)	458	778	991
EPS (Rs)	(12.2)	5.8	9.8	12.5
P/B (x)	8.2	7.5	6.9	6.2
EV/EBITDA (x)	35.1	18.2	15.6	13.7
D/E	0.1	0.2	0.1	0.1
RoE (%)	(13.0)	5.6	8.8	10.0
Dividend yield (%)	-	-	-	0.26

Source: Company, Dalal &amp; Broacha Research

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## Conference Call Key Takeaways

### Outlook:

- Management conservatively expects mid to high single-digit SSS growth for FY26.
- November would be better than October on account of positive outlook for the winter (as per forecast) and marriage season sales, expect rise in higher priced products.
- Management targets to open 75 stores in FY26 as against 60-65 guided earlier. As on Nov-25 total no of stores stood at 549.
- Inflation is under control, leading to improved consumer confidence and savings.
- Overall Gross margins for the year to remain at similar levels of FY25.
- EBITDA margins on a full year basis would be better on a YoY basis.
- Government focus on consumerism, particularly targeting Bharat consumers, is positively influencing the market.
- Unlimited brand continues to perform strongly with plans for cautious expansion in southern India.
- Ongoing efforts to improve operational efficiency, inventory freshness, and customer experience aimed at sustaining long-term growth.

### Business Environment and Market Sentiment:

- Diwali was satisfactory was expecting 4% to 5% higher growth.
- Unseasonal rains during the festival period disrupted sales in Poja period in the eastern markets.
- Competition remains intense with mixed impact, around 30-35% of stores that witnessed some disruption due to competitor store openings. Style Union is the new competitor in the south.
- GST transition did not impact V-Mart in particular.

### Vmart (Core)

- Revenue +23% YoY, with 11% LFL to Rs 6324mn
- EBIDTA increase by 71% YoY to Rs 605mn (margins stood at 9.1% v/s 6.6% YoY)

### Unlimited

- Revenue +22% YoY with 11% LFL to Rs 1380mn
- EBIDTA increased by 36% YoY to Rs 144mn (margins @ 10.5% v/s 9.4% YoY)
- Expansion focus in southern India, particularly Tamil Nadu; slower growth seen in Telangana and Andhra Pradesh.

### Lime Road

- LimeRoad Net Merchandise value stood at Rs 192mn a drop of 32% YoY and commission income stood at Rs 66mn as against Rs 104mn YoY.
- LimeRoad's loss reduced YoY as well as QoQ basis , on a YoY basis it stood at Rs 34mn a drop of 53% ( Q1FY26 loss was Rs 46mn
- Continue to focus on reducing the losses in LimeRoad
- Focus is largely on the Omni orders and shifted a lot of Omni orders and store led only orders into prepaid orders, which has also given a lot of benefits in terms of the return rate

### New Initiatives and Product Segments

- Introduction of cosmetics and artificial jewelry in about 20-25 stores, contributing around 1.5-2% of sales in pilot stores.
- Plans to expand beauty and jewelry offerings to 50% of stores by year-end, with adjustments based on pilot feedback and supply chain capabilities.

### Financials

- Early Diwali impacted product mix with more summer-related and basic products sold, leading to lower ASP's.
- Gross Margins: Remained flat @ 33.6% despite 37% decrease in commission revenue from the LimeRoad marketplace. In conclusion due to better than planned liquidation or better realizations on the end of season sales offline business margins improved. However for full year YoY gross margins should remain flat.
- Inventory management improved with fresher inventory and reduced days of inventory by two days YoY. QoQ inventory increased by Rs 2.2bn for festive season.
- Capex for Q2FY26 stood at Rs 300mn mainly towards new stores and old store refurbishment
- Stores opened in the last year are delivering better growth as well as EBIDTA
- Design to Shelf days stood at 70 days want to reduce it further. Design team is ~ 20-23 people and still expanding ( average age ~ 29 years)
- Private label sales stood at 67%.
- Free Cash Flow YTD stood at Rs 270mn as against Rs negative 630mn YoY

## Quarterly Performance Analysis

Particulars (Rs Mns)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Revenue	8,069	6,610	22%	8,852	-9%
Other Income	34	18	94%	29	17%
<b>Total</b>	<b>8,103</b>	<b>6,627</b>		<b>8,882</b>	
<b>Total RM Cost</b>	<b>5,355</b>	<b>4,389</b>	22%	<b>5,729</b>	-7%
Gross Profit	2,714	2,221	22%	3,124	-13%
Employee Cost	976	865	13%	950	3%
Other Expenses	1,022	969	5%	912	12%
<b>Total</b>	<b>7,354</b>	<b>6,224</b>		<b>7,590</b>	
<b>EBIDTA</b>	<b>715</b>	<b>386</b>	85%	<b>1,262</b>	-43%
Depreciation	711	592	20%	679	5%
<b>EBIT</b>	<b>38</b>	<b>(189)</b>		<b>612</b>	
Interest Cost	175	391	-55%	182	-4%
<b>PBT and exceptional item</b>	<b>(136)</b>	<b>(580)</b>		<b>430</b>	
exceptional item	-	-		-	
<b>PBT</b>	<b>(136)</b>	<b>(580)</b>	-77%	<b>430</b>	-132%
Taxes	(47)	(15)		93	
<b>Reported PAT</b>	<b>(89)</b>	<b>(565)</b>	-84%	<b>336</b>	-126%
EPS	(1.1)	(7.1)		4.2	
<b>as a % to sales</b>					
RM	66.4%	66.4%		64.7%	
<b>Gross profit margins</b>	<b>33.6%</b>	<b>33.6%</b>		<b>35.3%</b>	
Employee Costs	12.1%	13.1%		10.7%	
Other expenses	12.7%	14.7%		10.3%	
<b>EBITDA Margins</b>	<b>8.9%</b>	<b>5.8%</b>		<b>14.3%</b>	
Tax rate (on PBT)	34.8%	2.6%		21.7%	

Source: Dalal & Broacha Research, Company

### Exhibit 1

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>Stores</b>	<b>467</b>	<b>488</b>	<b>497</b>	<b>510</b>	<b>533</b>
<i>Net Additions</i>	<i>19</i>	<i>21</i>	<i>9</i>	<i>13</i>	<i>23</i>
<b>Retail Space YTD in lacs Sq feet</b>	<b>40</b>	<b>42</b>	<b>43</b>	<b>44</b>	<b>46</b>
<i>Increase</i>	<i>1</i>	<i>2</i>	<i>1</i>	<i>1.00</i>	<i>2.00</i>
<b>Sales Per Sq Ft Per Mth In Rs as per Presentation</b>	<b>579</b>	<b>897</b>	<b>653</b>	<b>716</b>	<b>640</b>

## Exhibit 2

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>SSS Growth YTD</b>	<b>Q2FY25</b>	<b>Q3FY25</b>	<b>Q4FY25</b>	<b>Q1FY26</b>	<b>Q2FY26</b>
- Value %	15%	10%	8%	1%	11%
- Volume %	7%	10%	8%	1%	6%
<b>Sales Mix</b>	<b>Q2FY25</b>	<b>Q3FY25</b>	<b>Q4FY25</b>	<b>Q1FY26</b>	<b>Q2FY26</b>
Apparels (%)	76	80	78	80	77
Non Apparels (%)	11	10	11	10	11
Kirana (%)	13	10	11	10	12
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>FootFall (lacs)</b>	<b>170</b>	<b>220</b>	<b>180</b>	<b>200</b>	<b>190</b>
<b>Conversion Rate</b>	<b>45.0%</b>	<b>43.0%</b>	<b>45.0%</b>	<b>48.0%</b>	<b>47.0%</b>
<b>Shrinkage</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>0.7%</b>	<b>0.9%</b>
<b>Average Selling Price (Rs)</b>	<b>Q2FY25</b>	<b>Q3FY25</b>	<b>Q4FY25</b>	<b>Q1FY26</b>	<b>Q2FY26</b>
Total (Rs)	207	271	228	218	214
Total Vmart	188	253	213	201	196
Total Unlimited	412	457	401	396	383
Apparels (Rs.)	330	414	343	326	347
Apparels Vmart	309	401	328	309	331
Apparels Unlimited	439	493	433	434	427
<b>Transaction size (Rs)</b>	<b>H1FY25</b>	<b>9MFY25</b>	<b>FY25</b>	<b>Q1FY26</b>	<b>H1FY26</b>
	1,001	1,058	1,045	1,004	981
Vmart	923	981	977	932	910
Unlimited	1,730	1,797	1,746	1,716	1,643
<b>Store Count YTD</b>	<b>467</b>	<b>488</b>	<b>497</b>	<b>510</b>	<b>533</b>
<b>Tier 1</b>	107	110	110	112	122
<b>Tier 2</b>	55	55	56	59	63
<b>Tier 3</b>	248	263	269	277	286
<b>Tier 4</b>	57	60	62	62	62
<b>Store allocation</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Tier 1 %</b>	23%	23%	22%	22%	23%
<b>Tier 2 %</b>	12%	11%	11%	12%	12%
<b>Tier 3 %</b>	53%	54%	54%	54%	54%
<b>Tier 4 %</b>	12%	12%	12%	12%	12%

Source: Dalal &amp; Broacha Research, Company

## Valuation & Outlook

Vmart's management maintained a constructive outlook, projecting mid- single-digit same-store sales growth for FY26, further margin improvement, and stronger wedding and winter related demand.

The revised guidance of 75 new store openings (up from 60–65 earlier), along with continued focus on cost efficiency, product diversification, and strengthening the omnichannel model, are aimed at supporting steady growth and operational profitability amid declining losses from LimeRoad.

**We maintain a BUY with a target price of Rs 898 (16x FY27E EV/EBITDA), backed by robust brand performance, improving operating metrics, and disciplined inventory management.**

## Financials

P&L (Rs mn)	FY24	FY25	FY26E	FY27E
Net Sales	27,856	32,539	36,863	41,693
Cost of sales	(25,726)	(28,768)	(32,416)	(36,577)
<b>Operating Profit</b>	<b>2,130</b>	<b>3,771</b>	<b>4,447</b>	<b>5,116</b>
Depreciation	(2,221)	(2,330)	(2,824)	(3,172)
PBIT	(91)	1,441	1,623	1,943
Other income	210	121	136	177
Interest	(1,424)	(1,365)	(721)	(799)
Profit before tax	(1,305)	198	1,038	1,321
Exceptional and Extra Or	-	242	-	-
PBT ( Post Extra Ordinary)	(1,305)	440	1,038	1,321
Provision for tax	(337)	18	(259)	(330)
<b>Reported PAT</b>	<b>(968)</b>	<b>458</b>	<b>778</b>	<b>991</b>
MI	-	-	-	-
<b>Adjusted PAT</b>	<b>(968)</b>	<b>458</b>	<b>778</b>	<b>991</b>

Balance Sheet	FY24	FY25	FY26E	FY27E
Equity capital	198	198	794	794
Reserves	7,272	7,904	8,086	9,077
<b>Net worth</b>	<b>7,470</b>	<b>8,102</b>	<b>8,880</b>	<b>9,871</b>
<b>Non Current Liabilities</b>	12,061	4,580	5,634	6,306
<b>Current Liabilities</b>	8,922	11,681	13,077	14,378
<b>CAPITAL EMPLOYED</b>	<b>28,453</b>	<b>24,362</b>	<b>27,591</b>	<b>30,555</b>
	27,814	23,535	26,716	29,548
<b>Non Current Assets</b>	17,466	11,277	12,982	13,776
Fixed Assets	16,646	10,429	12,149	12,943
Non Current Investments	-	-	-	-
Deferred Tax Asset	<b>821</b>	<b>849</b>	<b>833</b>	<b>833</b>
Long Term Loans and Adv	-	-	-	-
Other NON Current Asset	639	827	875	1,006
<b>Current Assets</b>	10,348	12,258	13,734	15,773
<b>Current investments</b>	47	51	52	52
Inventories	8,161	9,868	10,604	11,994
Trade Receivables	-	-	-	-
<b>Cash and Bank Balances</b>	<b>272</b>	<b>394</b>	<b>898</b>	<b>1,221</b>
Short Term Loans and Ad\	2	3	3	3
Other Current Assets	1,866	1,942	2,177	2,503
<b>CAPITAL DEPLOYED</b>	<b>28,453</b>	<b>24,362</b>	<b>27,591</b>	<b>30,555</b>

Cash Flow St. (Rs. mn)	FY24	FY25	FY26E	FY27E
Net Profit	(968)	458	778	991
Add: Dep. & Amort.	2,221	2,330	2,824	3,172
<b>Cash profits</b>	<b>1,253</b>	<b>2,788</b>	<b>3,602</b>	<b>4,163</b>
<b>(Inc)/Dec in</b>				
-Sundry debtors	-	-	-	-
-Inventories	546	(1,708)	(736)	(1,389)
-Loans/advances	2	(1)	-	-
'-Current Liab and Provisions	1,452	1,365	1,339	1,134
'- Other Non Current Assets	(134)	(265)	(282)	(458)
Change in working capital	1,866	(608)	320	(713)
<b>CF from Oper. activities</b>	<b>3,120</b>	<b>2,179</b>	<b>3,923</b>	<b>3,450</b>
<b>CF from Inv. activities</b>	<b>(2,308)</b>	<b>(2,592)</b>	<b>(2,957)</b>	<b>(3,127)</b>
<b>CF from Fin. activities</b>	<b>(46)</b>	<b>536</b>	<b>(463)</b>	-
<b>Cash generated/(utilised)</b>	<b>767</b>	<b>122</b>	<b>503</b>	<b>323</b>
Cash at start of the year	181	272	394	898
Cash at end of the year	272	394	898	1,221

Ratios	FY24	FY25	FY26E	FY27E
OPM	7.6	11.6	12.1	12.3
NPM	(3.4)	1.4	2.1	2.4
Tax rate	25.8	9.2	(25.0)	(25.0)
<b>Growth Ratios (%)</b>				
Net Sales	13.0	16.8	13.3	13.1
Operating Profit	(20.8)	77.0	17.9	15.0
PBIT	(110.2)	(1,686.3)	12.6	19.7
PAT	1,140.3	(147.3)	70.1	27.3
<b>Per Share (Rs.)</b>				
Net Earnings (EPS)	-12.2	5.8	9.8	12.5
Cash Earnings (CPS)	15.8	35.2	45.4	52.4
Dividend	-	-	-	2.0
Book Value	94.4	102.4	111.8	124.3
Free Cash Flow	10.3	(5.2)	12.2	4.1
<b>Valuation Ratios</b>				
P/E(x)	(63.1)	133.5	78.8	61.9
P/B(x)	8.2	7.5	6.9	6.2
EV/EBIDTA(x)	35.1	18.2	15.6	13.7
Div. Yield(%)	-	-	-	0.3
<b>FCF Yield(%)</b>	<b>1.3</b>	<b>(0.7)</b>	<b>1.6</b>	<b>0.5</b>
<b>Return Ratios (%)</b>				
ROE	(13.0)	5.6	8.8	10.0
ROCE	(1.1)	14.7	16.4	17.9

Source: Dalal & Broacha Research, Company

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