

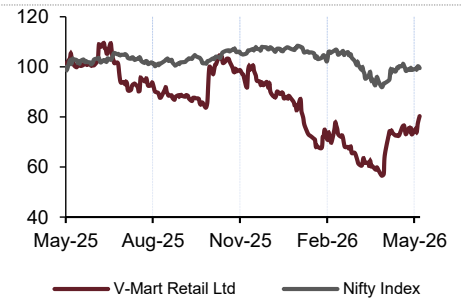
- V-Mart reported strong Q4FY26 performance with Revenue increasing 24% YoY to Rs 9709 mn led by healthy 12% LTL growth, strong traction in Tier-2/Tier-3 markets, festive and marriage season demand, early summer merchandise launch and 5% improvement in apparel ASPs. Unlimited format continued to outperform with 28% revenue growth driven by better throughput and operating leverage.
- EBITDA grew 56% YoY to Rs 1063 mn with EBITDA margins expanding 220 bps YoY to 10.9% led by operating leverage benefits, controlled employee cost growth, lower offline marketing spends, reduction in LimeRoad losses and better inventory management.. Adjusted PAT stood at Rs 105 mn.
- Inventory discipline remained strong with inventory days improving by 3 days on rolling basis while per-store inventory reduced 13% YoY, supporting lower markdowns and better freshness. LimeRoad losses reduced 56% YoY to Rs 30 mn aided by AI-led operational efficiencies while omni-channel metrics improved with higher repeat purchases and loyalty trends.
- Management highlighted that demand trends continue to remain healthy supported by improving per capita income, though urban demand witnessed temporary softness amid macro uncertainties. Margin outlook remains stable despite raw material inflation with the company offsetting cost pressures through sourcing efficiencies, premiumization and mix improvement initiatives.
- During Q4FY26, the company added 29 stores taking total store count to 577 stores (V-Mart: 478; Unlimited: 99).

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>836</b>	<b>23</b>

**Market data**

<b>Current price</b>	Rs	<b>678</b>
Market Cap (Rs.Bn)	(Rs Bn)	54
Market Cap (US\$ Mn)	(US\$ Mn)	571
Face Value	Rs	10
52 Weeks High/Low	Rs	962.47 / 457.9
Average Daily Volume	('000)	760
BSE Code		534976
Bloomberg		VMART
Source: Bloomberg		

**One Year Performance**



Source: Bloomberg

% Shareholding	Mar-26	Dec-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	FY28E
Net sales	27,856	32,539	37,894	43,617	49,103
Adjusted net profit	(969)	190	1,249	1,310	1,511
EPS (Rs)	(12.2)	2.4	15.7	16.5	19.0
P/B (x)	7.0	6.5	5.6	4.9	4.3
EV/EBITDA (x)	31.1	15.9	12.4	11.0	9.9
D/E	0.1	0.2	0.1	0.1	0.0
RoE (%)	(13.0)	2.3	13.1	12.1	12.2
Dividend yield (%)	-	-	-	0.15	0.30

Source: Company, Dalal & Broacha Research

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## Conference Call Key Takeaways

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### **Demand Recovery Sustaining; Rural/Tier-2 Markets Continue to Outperform**

- Management indicated overall consumption trends remain health due to improving per capita income
- Urban demand saw temporary pressure amid war-related uncertainty, while Tier-2/Tier-3 demand remained resilient
- Strong traction during Eid and marriage season supported sales momentum; Holi remained moderate
- Early summer merchandise launch helped the company capitalize on seasonal demand ahead of peers
- Cautiously Optimistic given the inflationary scenario

### **RM Inflation Being Offset Through Mix Improvement & Sourcing Initiatives**

- Every 10% rise in crude leads to ~5% yarn inflation and ~1.5-2% apparel inflation
- Company has secured ~50-60% of demand requirements till Dec'26
- Margin protection underway through premium mix upgrades, kurta-set penetration, lighter fabric innovation and improved vendor negotiations
- Management remains cautious on direct price hikes given core customer monthly income profile of ~₹30,000

### **Consumer Basket Remains Largely Essential & Inflation Sensitive**

- ~60-65% of customer basket remains need-based
- ~70-75% of this basket exposed to inflationary pressures from agri-input, logistics and power costs
- Focus remains on retaining loyal customers instead of aggressive price pass-throughs seen during FY22-23

### **LimeRoad Losses Reduce Sharply; Omni-Channel Economics Improving**

- LimeRoad losses reduced ~56% YoY aided by AI-led operational efficiencies
- Marketplace business now profitable in high single digits
- Omni-channel customers witnessing higher bill sizes, improved repeat purchases and stronger loyalty metrics
- Commission income declined 12%, though it remains fully gross-margin accretive

**Sustained LTL Momentum & Strong Execution Driving Profitability**

- Revenue grew 24% YoY with overall LTL growth of 12% (V-Mart: 12%; Unlimited: 9%)
- Marks 10th consecutive quarter of positive LTL growth
- Unlimited format delivered 28% revenue growth and 63% EBITDA growth driven by throughput improvement and operating leverage
- Apparel ASP increased 5% aided by festive mix and lower discounting

**Inventory Discipline & Cost Control Supporting Margin Expansion**

- Inventory days improved by 3 days on rolling basis while per-store inventory reduced 13% YoY
- Better inventory quality expected to reduce markdowns and improve freshness
- Savings driven by lower LimeRoad losses and reduced offline marketing spends

**Strong EBITDA Recovery; Medium-Term PAT Margin Aspirations Intact**

- EBITDA increased 56% YoY to ₹1.1 bn with EBITDA margin expansion of 220 bps to 10.9%
- FY26 PAT increased 6x YoY to ₹1.2 bn with PAT margin at 3.3%
- Management reiterated medium-term PAT margin aspiration of 4-4.5%, in line with pre-COVID levels

**Aggressive Expansion Continues; Balance Sheet Remains Strong**

- Opened 29 stores in Q4FY26 and 92 stores during FY26
- Annual net area addition guidance maintained at 13-15%
- FY26 capex stood at ₹1.6 bn; FY27 capex guided at ₹1.7-1.8 bn with higher technology and AI allocation

**Return Ratios Expected to Improve Further**

- ROCE currently stands at 14.5%
- Management targets medium-term ROCE improvement to 18-20%+

## Quarterly Performance Analysis

Particulars (Rs Mns)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Revenue	9,709	7,801	24%	11,264	-14%
Other Income	47	23	103%	40	19%
<b>Total</b>	<b>9,756</b>	<b>7,824</b>		<b>11,303</b>	
<b>Total RM Cost</b>	<b>6,588</b>	<b>5,219</b>	<b>26%</b>	<b>7,191</b>	<b>-8%</b>
Gross Profit	3,121	2,582	21%	4,073	-23%
Employee Cost	1,005	974	3%	1,018	-1%
Other Expenses	1,053	926	14%	960	10%
<b>Total</b>	<b>8,646</b>	<b>7,119</b>		<b>9,169</b>	
<b>EBIDTA</b>	<b>1,063</b>	<b>681</b>	<b>56%</b>	<b>2,095</b>	<b>-49%</b>
Depreciation	801	544	47%	779	3%
<b>EBIT</b>	<b>309</b>	<b>161</b>		<b>1,356</b>	
Interest Cost	192	174	11%	206	-6%
<b>PBT before exceptional item</b>	<b>116</b>	<b>(13)</b>		<b>1,150</b>	
exceptional item	9	242		(21)	
<b>PBT</b>	<b>125</b>	<b>229</b>		<b>1,129</b>	<b>-89%</b>
Taxes	13	44		249	
<b>PAT (Adj)</b>	<b>105</b>	<b>(13)</b>		<b>886</b>	<b>-88%</b>
<b>EPS</b>	<b>1.4</b>	<b>(0.2)</b>		<b>11.1</b>	
<b>as a % to sales</b>					
RM	67.9%	66.9%		63.8%	
<b>Gross profit margins</b>	<b>32.1%</b>	<b>33.1%</b>		<b>36.2%</b>	
Employee Costs	10.4%	12.5%		9.0%	
Other expenses	10.8%	11.9%		8.5%	
<b>EBITDA Margins</b>	<b>10.9%</b>	<b>8.7%</b>		<b>18.6%</b>	
Tax rate (on PBT)	10.0%	19.1%		22.1%	

Source: Dalal & Broacha Research, Company

### Exhibit 1

Particulars	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
<b>Stores</b>	<b>497</b>	<b>510</b>	<b>533</b>	<b>554</b>	<b>577</b>
<i>Net Additions</i>	9	13	23	21	23
<b>Retail Space YTD in lacs Sq feet</b>	<b>43</b>	<b>44</b>	<b>46</b>	<b>48</b>	<b>50</b>
<i>Increase</i>	1	1.00	2.00	2.00	2.00
<b>Sales Per Sq Ft Per Mth In Rs as per Presentation</b>	<b>653</b>	<b>716</b>	<b>640</b>	<b>843</b>	<b>713</b>

## Exhibit 2

SSS Growth YTD	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
- Value %	8%	1%	11%	0%	12%
- Volume %	8%	1%	6%	2%	10%
<b>Sales Mix</b>	<b>Q4FY25</b>	<b>Q1FY26</b>	<b>Q2FY26</b>	<b>Q3FY26</b>	<b>Q4FY26</b>
Apparels (%)	78	80	77	80	79
Non Apparels (%)	11	10	11	10	10
Kirana (%)	11	10	12	10	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>FootFall (lacs)</b>	<b>180</b>	<b>200</b>	<b>190</b>	<b>250</b>	<b>260</b>
<b>Conversion Rate</b>	<b>45.0%</b>	<b>48.0%</b>	<b>47.0%</b>	<b>42.0%</b>	<b>NA</b>
<b>Shrinkage</b>	<b>1.1%</b>	<b>0.7%</b>	<b>0.9%</b>	<b>0.6%</b>	<b>NA</b>
<b>Average Selling Price (Rs)</b>	<b>Q4FY25</b>	<b>Q1FY26</b>	<b>Q2FY26</b>	<b>Q3FY26</b>	<b>Q4FY26</b>
Total (Rs)	228	218	214	267	229
Total Vmart	213	201	196	249	213
Total Unlimited	401	396	383	429	389
Apparels (Rs.)	343	326	347	422	360
Apparels Vmart	328	309	331	412	347
Apparels Unlimited	433	434	427	477	429
<b>Transaction size (Rs)</b>	<b>FY25</b>	<b>Q1FY26</b>	<b>H1FY26</b>	<b>9MFY26</b>	<b>FY26</b>
Vmart	1,045	1,004	981	1,028	1033
Unlimited	977	932	910	956	965
	1,746	1,716	1,643	1,685	1658
<b>Store Count YTD</b>	<b>497</b>	<b>510</b>	<b>533</b>	<b>554</b>	<b>577</b>
<b>Tier 1</b>	<b>110</b>	<b>112</b>	<b>122</b>	<b>125</b>	<b>133</b>
<b>Tier 2</b>	<b>56</b>	<b>59</b>	<b>63</b>	<b>70</b>	<b>74</b>
<b>Tier 3</b>	<b>269</b>	<b>277</b>	<b>286</b>	<b>295</b>	<b>304</b>
<b>Tier 4</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>64</b>	<b>66</b>
<b>Store allocation</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Tier 1 %</b>	<b>22%</b>	<b>22%</b>	<b>23%</b>	<b>23%</b>	<b>23%</b>
<b>Tier 2 %</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>
<b>Tier 3 %</b>	<b>54%</b>	<b>54%</b>	<b>54%</b>	<b>53%</b>	<b>53%</b>
<b>Tier 4 %</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>

Source: Dalal &amp; Broacha Research, Company

## Valuation & Outlook

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V-Mart's operating performance continues to improve led by sustained double-digit LTL growth, improving store productivity, tighter inventory control and sharp reduction in LimeRoad losses. Healthy traction across Tier-2/Tier-3 markets, improving merchandise mix and continued operating leverage benefits are expected to support earnings growth and margin expansion over the medium term. The stock is currently trading at 11x FY27E EV/EBITDA and 10x FY28E EV/EBITDA. **We assign a target multiple of 12x EV/EBITDA (post IND AS-116) to arrive at a target price of Rs 836. Maintain BUY.**

## Financials

P&L (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	27,856	32,539	37,894	43,617	49,103
Cost of sales	(25,726)	(28,768)	(32,759)	(37,869)	(42,623)
<b>Operating Profit</b>	<b>2,130</b>	<b>3,771</b>	<b>5,135</b>	<b>5,748</b>	<b>6,479</b>
Depreciation	(2,221)	(2,330)	(2,971)	(3,419)	(3,980)
PBIT	(91)	1,441	2,164	2,329	2,500
Other income	210	121	150	159	271
Interest	(1,424)	(1,365)	(755)	(740)	(757)
Profit before tax	(1,305)	198	1,559	1,747	2,014
Exceptional and Extra Or	-	242	(12)	-	-
PBT ( Post Extra Ordinary)	(1,305)	439	1,547	1,747	2,014
Provision for tax	337	18	(308)	(437)	(504)
<b>Reported PAT</b>	<b>(969)</b>	<b>458</b>	<b>1,239</b>	<b>1,310</b>	<b>1,511</b>
MI	-	-	-	-	-
<b>Adjusted PAT</b>	<b>(969)</b>	<b>190</b>	<b>1,249</b>	<b>1,310</b>	<b>1,511</b>

Balance Sheet	FY24	FY25	FY26	FY27E	FY27E
Equity capital	198	198	795	795	795
Reserves	7,272	7,904	8,716	10,027	11,537
<b>Net worth</b>	<b>7,470</b>	<b>8,102</b>	<b>9,511</b>	<b>10,821</b>	<b>12,332</b>
<b>Non Current Liabilities</b>	12,061	4,580	6,328	8,238	9,303
<b>Current Liabilities</b>	8,922	11,681	11,960	14,272	15,513
<b>CAPITAL EMPLOYED</b>	<b>28,453</b>	<b>24,362</b>	<b>27,799</b>	<b>33,332</b>	<b>37,148</b>
	27,814	23,535	26,898	32,342	36,058
<b>Non Current Assets</b>	17,466	11,277	14,501	15,924	17,411
Fixed Assets	16,646	10,428	13,742	15,165	16,652
Non Current Investments	-	-	-	-	-
Deferred Tax Asset	<b>821</b>	<b>849</b>	<b>759</b>	<b>759</b>	<b>759</b>
Long Term Loans and Adv	-	-	-	-	-
Other NON Current Asset	639	827	901	991	1,090
<b>Current Assets</b>	10,348	12,258	12,398	16,417	18,648
<b>Current investments</b>	47	51	184	184	184
Inventories	8,161	9,868	9,875	11,950	13,453
Trade Receivables	-	-	-	-	-
<b>Cash and Bank Balances</b>	<b>272</b>	<b>394</b>	<b>195</b>	<b>1,838</b>	<b>2,219</b>
Short Term Loans and Adv	2	3	2	2	2
Other Current Assets	1,866	1,942	2,142	2,444	2,790
<b>CAPITAL DEPLOYED</b>	<b>28,453</b>	<b>24,362</b>	<b>27,799</b>	<b>33,332</b>	<b>37,148</b>

Cash Flow St. (Rs. mn)	FY24	FY25	FY26	FY27E	FY28E
Net Profit	(969)	458	1,239	1,310	1,511
Add: Dep. & Amort.	2,221	2,330	2,971	3,419	3,980
<b>Cash profits</b>	<b>1,253</b>	<b>2,788</b>	<b>4,210</b>	<b>4,730</b>	<b>5,490</b>
<b>(Inc)/Dec in</b>					
-Sundry debtors	-	-	-	-	-
-Inventories	546	(1,708)	(7)	(2,075)	(1,503)
-Loans/advances	2	(1)	1	-	-
'-Current Liab and Provisor	1,452	1,365	277	1,567	1,006
'- Other Non Current Assets	(134)	(265)	(273)	(393)	(445)
Change in working capital	1,866	(608)	(2)	(900)	(942)
<b>CF from Oper. activities</b>	<b>3,119</b>	<b>2,179</b>	<b>4,208</b>	<b>3,830</b>	<b>4,548</b>
<b>CF from Inv. activities</b>	<b>(2,308)</b>	<b>(2,593)</b>	<b>(4,177)</b>	<b>(1,887)</b>	<b>(3,967)</b>
<b>CF from Fin. activities</b>	<b>(720)</b>	<b>536</b>	<b>(230)</b>	<b>(300)</b>	<b>(200)</b>
<b>Cash generated/(utilised)</b>	<b>92</b>	<b>122</b>	<b>(199)</b>	<b>1,642</b>	<b>381</b>
Cash at start of the year	181	272	394	195	1,838
Cash at end of the year	272	394	195	1,838	2,219

Ratios	FY24	FY25	FY26	FY27E	FY28E
OPM	7.6	11.6	13.6	13.2	13.2
NPM	(3.5)	0.6	3.3	3.0	3.1
Tax rate	(25.8)	9.2	(19.7)	(25.0)	(25.0)
<b>Growth Ratios (%)</b>					
Net Sales	13.0	16.8	16.5	15.1	12.6
Operating Profit	(20.8)	77.0	36.2	11.9	12.7
PBIT	(110.2)	(1,686.2)	50.1	7.6	7.3
PAT	1,141.4	(119.6)	558.9	4.9	15.3
<b>Per Share (Rs.)</b>					
Net Earnings (EPS)	-12.2	2.4	15.7	16.5	19.0
Cash Earnings (CPS)	15.8	31.8	53.1	59.5	69.1
Dividend	-	-	-	1.0	2.0
Book Value	94.4	102.3	119.7	136.2	155.2
Free Cash Flow	10.3	(5.2)	0.4	24.4	7.3
<b>Valuation Ratios</b>					
<b>P/E(x)</b>	<b>(54.3)</b>	<b>277.8</b>	<b>42.3</b>	<b>40.3</b>	<b>35.0</b>
P/B(x)	7.0	6.5	5.6	4.9	4.3
EV/EBIDTA(x)	31.1	15.9	12.4	11.0	9.9
Div. Yield(%)	-	-	-	0.2	0.3
<b>FCF Yield(%)</b>	<b>1.5</b>	<b>(0.8)</b>	<b>0.1</b>	<b>3.7</b>	<b>1.1</b>
<b>Return Ratios (%)</b>					
ROE	(13.0)	2.3	13.1	12.1	12.2
ROCE	(1.1)	14.7	20.6	20.2	19.5

Source: Dalal &amp; Broacha Research, Company

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