V-Mart Retail Ltd

DALAL & BROACHA
STOCK BROKING PVT. LTD.
Equity Research Desk

Q1FY27 Result Update | Retail

23 Jan 2026

Visibility improving

V-Mart Retail | Q1 FY27: Strong growth with robust customer traction and improving operating efficiency

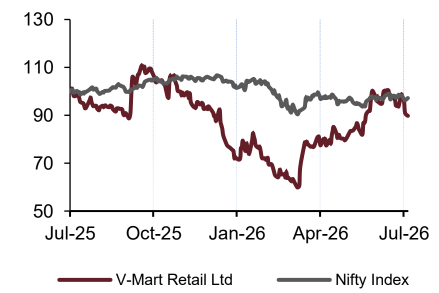
- V-Mart delivered a strong Q1 FY27, with **revenue growing 23% YoY to Rs 10,888 mn**, supported by **9% value SSSG** and strong customer traction. **Footfall grew 39% YoY and memo growth 18%**, while **sales per sq. ft. increased 7% YoY**, indicating healthy improvement in store productivity.
- **EBITDA grew 27% YoY to Rs 1,606 mn**, ahead of revenue growth, resulting in **50 bps YoY expansion in EBITDA margin to 14.8%**, despite an **80 bps contraction in gross margin to 34.5%**. PAT grew **40% YoY to Rs 472 mn**, reflecting strong operating leverage.
- Inventory efficiency continued to improve, with **inventory days declining to 86 days from 93 days YoY**, while per-store inventory declined **5% YoY**. The company added **15 stores and closed 1 underperforming store**, taking the total store count to **591 stores** across 28 states and UTs, covering ~**5.0 mn sq. ft.**
- *Overall, a strong quarter characterised by robust customer traction, healthy SSSG, improving store productivity and inventory efficiency. The 15% YoY SPSF growth in Tier 4 markets further highlights the significant growth runway in smaller markets.*

Rating	TP (Rs)	Up/Dn (%)
BUY	**880**	**23**

Market data		
Current price	**Rs**	**715**
Market Cap (Rs.Bn)	(Rs Bn)	57
Market Cap (US$ Mn)	(US$ Mn)	589
Face Value	Rs	10
52 Weeks High/Low	Rs	888 / 457.9
Average Daily Volume	('000)	1,157
BSE Code		534976
Bloomberg		VMART

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Jun-26**	**Mar-26**
Promoters	44	44
Public	56	56
Total	**100**	**100**

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net sales	27,856	32,539	37,894	45,026	51,630
Adjusted net profit	(969)	190	1,249	1,411	1,749
EPS (Rs)	(12.2)	2.4	15.7	17.7	22.0
P/E (x)	(58.6)	299.6	45.6	40.4	32.6
EV/EBITDA (x)	33.0	17.0	13.2	11.3	9.8
D/E	0.1	0.2	0.1	0.1	0.0
RoE (%)	(13.0)	2.3	13.1	12.9	13.8
Dividend yield (%)	-	-	-	0.14	0.28

Source: Company, Dalal & Broacha Research

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Conference Call Key Takeaways

Q2 FY27 likely to face temporary demand and margin pressure due to festive calendar shift

- Q2 is seasonally a smaller quarter, with Durga Puja shifting 19 days into Q3, likely impacting Q2 sales and margins YoY.
- Management views this as a timing-related impact, not a demand weakness.
- The impact is expected to be recovered in Q3, supporting healthy festive-to-festive growth.

Strong, broad-based growth; 11th consecutive quarter of SSSG

- Revenue grew 23% YoY, with overall SSSG of 9%; V-Mart delivered 8% and Unlimited 13%.
- This marked the 11th consecutive quarter of positive SSSG, reflecting sustained improvement in merchandising and execution.
- Despite a delayed summer and shorter wedding season, footfalls grew 39% YoY and memo count 18%.
- Apparel ASP increased 2% YoY, supported by better product mix and customer acceptance.
- Conversion has declined amid greater competition and wider customer choice, but management remains comfortable given strong memo growth.
- Higher transaction values were supported by improved product mix and higher units per transaction.

SSSG outlook remains positive; 3–4% growth sufficient to offset inflation

- Management expects mid-to-high single-digit SSSG in FY27, with an objective to improve over FY26.
- Historically, 3–4% SSSG has been sufficient to offset normal inflationary pressures, providing scope for operating leverage at higher growth levels.

Raw material inflation: tactical price increases with focus on protecting customer value

- The blended raw material basket is seeing approximately 10% inflation, across cotton, polyester yarn, crude-linked inputs, chemicals and dyes.
- Mitigation levers include vendor efficiencies, product/fabric mix changes and yarn optimisation.
- Management is adopting a measured pricing approach to protect consumption; overall ASP increases are expected within 3–5%, including mix benefits.
- Approximately 2–2.5% price increases could come through from inflation.
- Management is willing to absorb a limited ~50–75 bps margin impact, if required.
- Gross margin risk is viewed as manageable; supply-chain availability and timely procurement remain the larger risks amid volatile input costs.

Gross margin pressure, but strong operating leverage

- Gross margin declined 80 bps YoY to 34.5%, primarily due to mix changes and aged inventory provisioning.
- Management clarified that the pressure was not due to higher discounting.
- The focus remains on growing absolute gross profit and protecting customer value, rather than maximising gross margin percentage.
- Total expenses grew 15% YoY versus 23% revenue growth, generating ~150 bps operating leverage.
- Consequently, reported EBITDA margin expanded 50 bps to 14.8%.

Employee costs: near-term wage pressure, with productivity expected to offset the impact

- Minimum wage increases are creating near-term pressure; approximately two months of the impact was reflected in Q1.
- Karnataka wage revisions remain under stay and have not yet been implemented; vendor exposure to Karnataka is <5%.
- Management is focused on improving employee productivity and sales absorption to ensure employee costs remain stable as a percentage of sales.

Inventory efficiency continues to improve

- Inventory days improved 8% YoY to 86 days from 93 days.
- Inventory per store declined 5% YoY to ~Rs 15 mn.
- Better merchandise assortment and supply-chain efficiency are driving the improvement.
- Further improvement in inventory productivity could support lower working capital intensity.

LimeRoad continues to move towards profitability

- NMV grew 18% YoY, while losses declined 39% YoY and 7% QoQ.
- This is the first time in eight quarters that LimeRoad has delivered strong NMV growth alongside lower EBITDA losses.
- The business is now at a relatively small and manageable loss level, indicating continued progress towards profitability.

Unlimited emerging as a key growth driver

- Revenue grew 33% YoY, while EBITDA grew 40% YoY.
- Sales per sq. ft. increased 18% YoY to Rs 710.
- New stores opened over the past 1–2 years are delivering materially better productivity than legacy acquired stores.
- Management expects to increase the pace of Unlimited expansion in Southern markets, while maintaining focus on profitable store economics.
- As legacy store inefficiencies reduce, Unlimited EBITDA margins are expected to increasingly converge with the core V-Mart business.

Strong profitability and cash generation

- Pre-Ind AS EBITDA grew 36% YoY to Rs 830 mn, with margins expanding to 7.6% from 6.9%.
- Reported EBITDA grew 27% YoY to Rs 1,610 mn, with margins at 14.8%.
- PBT grew 39% YoY, while PAT increased 41% YoY to Rs 470 mn.
- The business generated positive cash flow of Rs 760 mn during the quarter.

Debt-free balance sheet with minimal bank utilisation

- V-Mart continues to maintain an asset-light, debt-free balance sheet.
- Long-term debt remains zero, while bank limit utilisation is near zero.
- Strong cash generation and improving inventory turns provide financial flexibility to fund expansion internally.

Store expansion remains disciplined

- Added 15 stores and closed 1 underperforming store, taking the network to 591 stores across 335 cities and ~5.1 mn sq. ft.
- FY27 expansion guidance remains unchanged at 90+ stores.
- Expansion remains focused on rent discipline, space productivity and profitability, rather than store additions at the expense of returns.

Quarterly Performance Analysis

Particulars (Rs Mns)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Revenue	10,888	8,852	23%	9,709	12%
Other Income	27	29	-10%	47	-44%
Total	**10,915**	**8,882**		9,756	
Total RM Cost	**7,136**	**5,729**	25%	**6,588**	8%
Gross Profit	**3,752**	**3,124**	20%	**3,121**	20%
Employee Cost	1,112	950	17%	1,005	11%
Other Expenses	1,033	912	13%	1,053	-2%
Total	**9,282**	**7,590**		**8,646**	
EBIDTA	**1,606**	**1,262**	27%	**1,063**	51%
Depreciation	840	679	24%	801	5%
EBIT	**793**	**612**		**309**	
Interest Cost	198	182	9%	192	3%
PBT before exceptional item	**595**	**430**		**116**	
exceptional item	-	-		9	
PBT	**595**	**430**		**125**	375%
Taxes	123	93		13	
PAT (Adj)	**472**	**336**	40%	**105**	352%
EPS	**5.9**	**4.2**		**1.4**	
as a % to sales					
RM	65.5%	64.7%		67.9%	
Gross profit margins	**34.5%**	**35.3%**		**32.1%**	
Employee Costs	10.2%	10.7%		10.4%	
Other expenses	9.5%	10.3%		10.8%	
EBITDA Margins	**14.8%**	**14.3%**		**10.9%**	
Tax rate (on PBT)	20.7%	21.7%		10.0%	

Source: Dalal & Broacha Research, Company

Exhibit 1

Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Stores	**510**	**533**	**554**	**577**	**591**
Net Additions	*13*	*23*	*21*	*23*	*14*
Retail Space YTD in lacs Sq feet	44	46	48	50	51
Increase	*1.00*	*2.00*	*2.00*	*2.00*	*1.00*
Sales Per Sq Ft Per Mth In Rs as per Presentation	**716**	**640**	**843**	**713**	**768**

Exhibit 2

SSS Growth YTD	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
- Value %	1%	11%	0%	12%	9%
- Volume %	1%	6%	2%	10%	6%
Sales Mix	**Q1FY26**	**Q2FY26**	**Q3FY26**	**Q4FY26**	**Q1FY27**
Apparels (%)	80	77	80	79	81
Non Apparels (%)	10	11	10	10	9
Kirana (%)	10	12	10	11	10
Total	100	100	100	100	100
FootFall (lacs)	200	190	250	260	280
Average Selling Price (Rs)	**Q1FY26**	**Q2FY26**	**Q3FY26**	**Q4FY26**	**Q1FY27**
Total (Rs)	218	214	267	229	223
Total Vmart	201	196	249	213	204
Total Unlimited	396	383	429	389	393
Apparels (Rs.)	326	347	422	360	332
Apparels Vmart	309	331	412	347	314
Apparels Unlimited	434	427	477	429	428
	Q1FY26	**H1FY26**	**9MFY26**	**FY26**	**Q1FY27**
Transaction size (Rs)	1,004	981	1,028	1033	1033
Vmart	932	910	956	965	955
Unlimited	1,716	1,643	1,685	1658	1715
Store Count YTD	**510**	**533**	**554**	**577**	**591**
Tier 1	112	122	125	133	135
Tier 2	59	63	70	74	80
Tier 3	277	286	295	304	308
Tier 4	62	62	64	66	68
Store allocation	**100%**	**100%**	**100%**	**100%**	**100%**
Tier 1 %	22%	23%	23%	23%	23%
Tier 2 %	12%	12%	13%	13%	14%
Tier 3 %	54%	54%	53%	53%	52%
Tier 4 %	12%	12%	12%	11%	12%

Source: Dalal & Broacha Research, Company

Valuation & Outlook

At the current market price of **Rs 717**, V-Mart trades at 40**x FY27E EPS of Rs 17.7** and **33x FY28E EPS of Rs 22.0**. Following a strong Q1 FY27 performance and encouraging management commentary, we believe the company is entering a phase of **sustained growth, improving productivity and increasing operating leverage**.

The combination of **11 consecutive quarters of positive SSSG, mid-to-high single-digit SSSG outlook, strong customer traction, improving inventory turns, robust cash generation and the accelerating Unlimited business** provides confidence in the company's medium-term earnings trajectory. The debt-free balance sheet further supports continued store expansion without balance-sheet leverage.

We shift our valuation methodology from **EV/EBITDA to P/E** and assign a **40x FY28E P/E multiple** to our FY28E EPS of **Rs 22**, arriving at a **target price of Rs 880**. This implies an upside of approximately **23%** from the current market price.

With strong operating momentum and multiple structural growth levers intact, we maintain our BUY rating on V-Mart.

Financials

P&L (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	27,856	32,539	37,894	45,026	51,630
Cost of sales	(25,726)	(28,768)	(32,759)	(39,018)	(44,609)
Operating Profit	**2,130**	**3,771**	**5,135**	**6,007**	**7,021**
Depreciation	(2,221)	(2,330)	(2,971)	(3,449)	(4,086)
PBIT	(91)	1,441	2,164	2,558	2,935
Other income	210	121	150	149	234
Interest	(1,424)	(1,365)	(755)	(826)	(831)
Profit before tax	(1,305)	198	1,559	1,881	2,338
Exceptional and Extra Or	-	242	(12)	-	-
PBT (Post Extra Ordinary	(1,305)	439	1,547	1,881	2,338
Provision for tax	337	18	(308)	(470)	(589)
Reported PAT	**(969)**	**458**	**1,239**	**1,411**	**1,749**
MI	-	-	-	-	-
Adjusted PAT	**(969)**	**190**	**1,249**	**1,411**	**1,749**

Balance Sheet	FY24	FY25	FY26	FY27E	FY28E
Equity capital	198	198	795	796	796
Reserves	7,272	7,904	8,716	10,127	11,876
Net worth	**7,470**	**8,102**	**9,511**	**10,922**	**12,671**
Non Current Liabilites	12,061	4,580	6,328	8,309	9,545
Current Liabilites	8,922	11,681	11,960	14,562	16,029
CAPITAL EMPLOYED	**28,453**	**24,362**	**27,799**	**33,794**	**38,244**
	27,814	23,535	26,898	32,803	37,155
Non Current Assets	17,466	11,277	14,501	16,075	17,905
Fixed Assets	16,646	10,428	13,742	15,316	17,146
Non Current Investments	-	-	-	-	-
Deferred Tax Asset	**821**	**849**	**759**	**759**	**759**
Long Term Loans and Adv	-	-	-	-	-
Other NON Current Asset	639	827	901	991	1,090
Current Assets	10,348	12,258	12,398	16,728	19,250
Current investments	47	51	184	184	184
Inventories	8,161	9,868	9,875	12,336	14,145
Trade Receivables	-	-	-	-	-
Cash and Bank Balances	**272**	**394**	**195**	**1,762**	**2,129**
Short Term Loans and Adv	2	3	2	2	2
Other Current Assets	1,866	1,942	2,142	2,444	2,790
CAPITAL DEPLOYED	**28,453**	**24,362**	**27,799**	**33,794**	**38,244**

Cash Flow St. (Rs. mn)	FY24	FY25	FY26	FY27E	FY28E
Net Profit	(969)	458	1,239	1,411	1,749
Add: Dep. & Amort.	2,221	2,330	2,971	3,449	4,086
Cash profits	**1,253**	**2,788**	**4,210**	**4,860**	**5,834**
(Inc)/Dec in					
-Sundry debtors	-	-	-	-	-
-Inventories	546	(1,708)	(7)	(2,461)	(1,809)
-Loans/advances	2	(1)	1	-	-
'-Current Liab and Provisior	1,452	1,365	277	1,826	1,157
'- Other Non Current Assets	(134)	(265)	(273)	(393)	(445)
Change in working capital	1,866	(608)	(2)	(1,027)	(1,097)
CF from Oper. activities	**3,119**	**2,179**	**4,208**	**3,833**	**4,737**
CF from Inv. activities	**(2,308)**	**(2,593)**	**(4,177)**	**(1,967)**	**(4,170)**
CF from Fin. activities	**(720)**	**536**	**(230)**	**(299)**	**(200)**
Cash generated/(utilised)	**92**	**122**	**(199)**	**1,567**	**367**
Cash at start of the year	181	272	394	195	1,762
Cash at end of the year	272	394	195	1,762	2,129

Ratios	FY24	FY25	FY26	FY27E	FY28E
OPM	7.6	11.6	13.6	13.3	13.6
NPM	(3.5)	0.6	3.3	3.1	3.4
Tax rate	(25.8)	9.2	(19.7)	(25.0)	(25.2)
Growth Ratios (%)					
Net Sales	13.0	16.8	16.5	18.8	14.7
Operating Profit	(20.8)	77.0	36.2	17.0	16.9
PBIT	(110.2)	(1,686.2)	50.1	18.2	14.7
PAT	1,141.4	(119.6)	558.9	12.9	24.0
Per Share (Rs.)					
Net Earnings (EPS)	-12.2	2.4	15.7	17.7	22.0
Cash Earnings (CPS)	15.8	31.8	53.1	61.1	73.3
Dividend	-	-	-	1.0	2.0
Book Value	94.4	102.3	119.7	137.3	159.3
Free Cash Flow	10.3	(5.2)	0.4	23.5	7.1
Valuation Ratios					
P/E(x)	**(58.6)**	**299.6**	**45.6**	**40.4**	**32.6**
P/B(x)	7.6	7.0	6.0	5.2	4.5
EV/EBIDTA(x)	33.0	17.0	13.2	11.3	9.8
Div. Yield(%)	-	-	-	0.1	0.3
FCF Yield(%)	**1.4**	**(0.7)**	**0.1**	**3.3**	**1.0**
Return Ratios (%)					
ROE	(13.0)	2.3	13.1	12.9	13.8
ROCE	(1.1)	14.7	20.6	22.0	22.3

Source: Dalal & Broacha Research, Company

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