



Visibility improving

V-Mart is witnessing strong growth momentum in Tier 2/3 markets, with early signs of revival in Tier 1 cities. The company remains focused on strategic expansion, with plans to add 60-65 new stores in FY26.

Outlook:

- Healthy growth signs visible in Tier 2/3 and some recovery in Tier 1
- Organized retail is capturing a larger market share.
- LimeRoad: Focus on reducing losses (~50% decrease in FY26 vs FY25)
- Store count guidance for FY26 of ~60-65 stores (addition of 13-15% of retail area) with focus on opening more stores in South India

Key Financial Highlights:

- Revenue at 7,801 Mn, +17% YoY/-24% QoQ
- Core V-Mart business grew by 19% YoY to Rs 6,556 Mn, Unlimited grew by 11% to Rs 1,164 Mn.
- New business Lime-Road contributed 3% towards overall Revenue at Rs 234 Mn
- EBITDA at Rs 681 Mn, +69% YoY, -60% QoQ
- EBITDA margins at 8.7% vs 6% YoY, 16.7% QoQ
- Exceptional one time gain of Rs 242 Mn on account of reassessment of lease estimates
- Profit of Rs 185 Mn vs loss of 389 Mn last year vs profit of 716 Mn QoQ

Rating	TP (Rs)	Up/Dn (%)
BUY	3,686	15

Market data

Current price	Rs	3,397
Market Cap (Rs.Bn)	(Rs Bn)	67
Market Cap (US\$ Mn)	(US\$ Mn)	796
Face Value	Rs	10
52 Weeks High/Low	Rs	4520 / 2054.4
Average Daily Volume	('000)	79
BSE Code		534976
Bloomberg		VMART

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	44	44
Public	56	56
Total	100	100

Source: BSE

FINANCIAL SUMMARY

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	16,662	24,648	27,856	32,539	38,461	45,459
Adjusted net profit	116	(78)	(968)	206	781	1,153
EPS (Rs)	5.9	(3.9)	(48.9)	10.4	39.5	58.3
P/B (x)	8.1	8.1	9.3	8.5	7.8	6.9
EV/EBITDA (x)	38.0	30.6	38.9	20.3	17.2	14.4
D/E	-	0.2	0.1	0.2	0.2	0.1
RoE (%)	1.4	(0.9)	(13.0)	2.5	8.8	11.5
Dividend yield (%)	0.02	-	-	-	0.06	0.06

Source: Company, Dalal & Broacha Research

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Conference Call Key Takeaways

DEMAND (industry level)

- April was impacted YoY as Eid was shifted to Q4 compared to Q1 last year
- Youth/GenZ contribution has increased which is driving a lot of growth (for V-mart contribution from Youth consumers has gone up to ~32% from 22%)
- Competitive intensity increased value fashion segment

V-Mart Core

- SSG was 7% and SSVG (volume) at 8%
- V-mart Core EBITDA margin at 9.5%
- 12 Stores opened and 3 closed in Q3

UNLIMITED

- SSG was 10% and SSVG (volume) at 11%
- UNLIMITED EBITDA margin at 11%,
- 1 store opened and 1 were closed
- Pre IND-AS margins still not similar to V-mart, but as more stores open up the overall margins will keep improving aided by higher per-sqft sales and lower rentals

LIME ROAD:

- EBITDA loss of 68 Mn for Q4FY25 vs 65 Mn in Q3FY25 vs 121 Mn in Q4FY24
- Will not be breakeven in FY26, losses will continue to reduce. ~50% reduction in losses projected for FY26 vs FY25.
- Lime Road will aid Omni-channel growth for the overall business

OTHER DETAILS:

- Gross margins overall +140bps on YoY basis on account of lower winter sales which are discounted, higher full price sales of summer apparel and better sales during Holi and Eid. GROSS MARGINS to remain rangebound with very less scope of improvement.
- Employee cost up 45% YoY basis on account of ESOP and ESOP cost reversal in base quarter. ESOP is linked to performance over tenure and currently ~80 people are covered in the scheme. The ESOP scheme is spread over 4 years. ~80Mn to 100Mn ESOP cost would be recurring. Excluding ESOP cost EBITDA margins at 9.4% vs 8.7% (reported)
- Other Expenses down on account of reduced Lime Road related marketing costs, closure of non-profitable stores and improved efficiency.
- Due to reassessment of lease agreements as per IND AS 116, the accounting losses for new stores will be ~50% lower in 1st half of its lease cycle v/s old practise.
- 1,220Mn was spent on capex in FY25. Some capex will be incurred in FY26 for automation in Warehouses.
- Intentional built up of inventory to ~9,870Mn to be ready for summer season and planned openings of stores in Q1. Inventory days at 102
- Liquidation of winter inventory will happen in FY26
- ~70-80% of customers are repeat. Focus is on adding more customers and cross-selling of newer categories.
- GST credit accumulation stands at ~1200Mn

Quarterly Performance Analysis

Particulars (Rs Mns)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Revenue	7,801	6,686	17%	10,267	-24%
Other Income	23	44	-47%	34	-31%
Total	7,824	6,730		10,301	
Total RM Cost	5,219	4,567	14%	6,596	-21%
Gross Profit	2,582	2,119	22%	3,672	-30%
Employee Cost	974	670	45%	953	2%
Other Expenses	926	1,047	-12%	1,005	-8%
Total	7,119	6,284		8,554	
EBIDTA	681	402	69%	1,714	-60%
Depreciation	544	607	-11%	626	
EBIT	161	(161)		1,122	
Interest Cost	174	359		424	
PBT and exceptional item	(13)	(520)		697	
exceptional item	242	-		-	
PBT	229	(520)		697	
Taxes	44	(131)		(19)	
Reported PAT	185	(389)		716	
EPS	9.3	(19.7)		36.2	
as a % to sales					
RM	66.9%	68.3%		64.2%	
Gross profit margins	33.1%	31.7%		35.8%	
Employee Costs	12.5%	10.0%		9.3%	
Other expenses	11.9%	15.7%		9.8%	
EBITDA Margins	8.7%	6.0%		16.7%	
Tax rate (on PBT)	19.1%	25.1%		-2.7%	

Source: Dalal & Broacha Research, Company

Exhibit 1

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Stores	431	437	454	444	448	467	488	497
Net Additions	8	6	17	(10)	4	19	21	9
Retail Space YTD in lacs Sq feet	38	38	40	39	39	40	42	43
Increase	1	1	1	(1)	0	1	2	1
Sales Per Sq Ft Per Mth In Rs as per Presentation	632	502	795	635	711	579	897	653
Sales Per Sq Ft Per Mth * 3 (for Qtr)	1,896	1,506	2,385	1,905	2,133	1,737	2,691	1,959
Growth	1%	-3%	4%	9%	13%	15%	13%	3%
Average Sq Ft per Store	8,747	8,747	8,747	8,694	8,705	8,565	8,607	8,652
SSS Growth YTD			9MFY24	Q4FY24	Q1FY25	H1FY25	Q3FY25	Q4FY25
- Value %	-3%	-13%	1%	6%	11%	15%	10%	8%
- Volume %	3%	6%	6%	5%	11%	7%	10%	8%

Exhibit 2

Particulars	Q1 FY24	Q2FY24	Q3FY24	Q4FY24	Q1 FY25	Q2FY25	Q3FY25	Q4FY25
Segment Contribution								
-Fashion (%)	89	86	91	89	90	87	90	89
-Kirana (%)	11	14	9	11	10	13	10	11
Total	100	100	100	100	100	100	100	100
Sales Mix								
Apparels (%)	79	76	82	79	81	76	80	78
Non Apparels (%)	10	10	9	10	9	11	10	11
Kirana (%)	11	14	9	11	10	13	10	11
Total	100	100	100	100	100	100	100	100
FootFall (lacs)	130	110	150	140	180	170	220	180
Conversion Rate	56%	55.00%	52.00%	49.00%	47.00%	45.00%	43%	0.45
Shrinkage	1.3%	0.70%	NA		1.70%	1.50%	1.40%	1.10%
Average Selling Price (Rs)	Q1 FY24	H1FY24	9MFY24	Q4FY24	Q1 FY25	Q2FY25	9MFY25	Q4FY25
Total (Rs)	219	209	233	232	220	214	234	228
Total Vmart	197	187	211	215	202	195	216	213
Total Unlimited	451	434	451	409	421	416	431	401
Apparels (Rs.)	345	326	361	351	322	325	357	343
Apparels Vmart	320	301	338	337	304	305	339	328
Apparels Unlimited	485	459	480	438	445	442	461	433
Transaction size (Rs)	977	1,057	1,073	1,065	1,036	1,001	1,058	1,045
Vmart	881	899	980	980	961	923	981	977
Unlimited	1,997	1,947	2,014	1,911	1,816	1,730	1,797	1,746
Store Count YTD	431	437	454	444	448	467	488	497
Tier 1	109	109	108	104	104	107	110	110
Tier 2	52	53	55	53	53	55	55	56
Tier 3	217	220	234	233	237	248	263	269
Tier 4	53	55	57	54	54	57	60	62
Store allocation	100%	100%	100%	100%	100%	100%	100%	100%
Tier 1 %	25%	25%	24%	23%	23%	23%	23%	22%
Tier 2 %	12%	12%	12%	12%	12%	12%	11%	11%
Tier 3 %	50%	50%	52%	52%	53%	53%	54%	54%
Tier 4 %	12%	13%	13%	12%	12%	12%	12%	12%

Source: Dalal & Broacha Research, Company

Valuation & Outlook

V-Mart is witnessing strong growth momentum in Tier 2/3 markets, with early signs of revival in Tier 1 cities. The company remains focused on strategic expansion, with plans to add 60–65 new stores in FY26. On the demand front, April was muted due to a shift in Eid timing, but the growing contribution from Youth/Gen Z consumers (rising to ~32% from 22%) is positive. However the scope of margin expansion is solely dependent on better throughput and reduction in losses of Limeroad, with inventory a key monitorable.

We arrive at a target price of 3,686 (15x EV/EBITDA) by rolling forward our estimated to FY27.

We recommend a BUY call on the company.

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	16,662	24,648	27,856	32,539	38,461	45,459
Cost of sales	(14,618)	(21,959)	(25,726)	(28,768)	(33,961)	(40,047)
Operating Profit	2,043	2,689	2,130	3,771	4,500	5,413
Depreciation	(1,307)	(1,800)	(2,221)	(2,330)	(2,641)	(2,953)
PBIT	736	889	(91)	1,441	1,858	2,460
Other income	140	150	210	121	136	150
Interest	(772)	(1,169)	(1,424)	(1,365)	(953)	(1,072)
Profit before tax	104	(130)	(1,305)	198	1,041	1,538
Exceptional and Extra Or	-	-	-	242	-	-
PBT (Post Extra Ordinary	104	(130)	(1,305)	440	1,041	1,538
Provision for tax	12	52	(337)	18	(260)	(384)
Reported PAT	116	(78)	(1,643)	458	781	1,153
MI	-	-	-	-	-	-
Adjusted PAT	116	(78)	(968)	206	781	1,153

Balance Sheet	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	197	198	198	198	198	198
Reserves	8,299	8,292	7,272	7,904	8,685	9,838
Net worth	8,496	8,490	7,470	8,102	8,882	10,036
Non Current Liabilites	8,538	11,203	12,061	4,580	5,170	5,762
Current Liabilites	3,961	7,733	8,922	11,681	13,435	15,253
CAPITAL EMPLOYED	20,995	27,425	28,453	24,362	27,488	31,050
	20,581	26,655	27,814	23,535	26,536	29,956
Non Current Assets	11,598	16,078	17,466	11,277	12,207	13,075
Fixed Assets	11,174	15,547	16,646	10,429	11,358	12,227
Non Current Investments	38	-	-	-	-	-
Deferred Tax Asset	386	531	821	849	849	849
Long Term Loans and Adv.	-	-	-	-	-	-
Other NON Current Asset	414	770	639	827	952	1,094
Current Assets	8,983	10,577	10,348	12,258	14,329	16,881
Current investments	1,211	85	47	51	51	51
Inventories	6,682	8,706	8,161	9,868	11,591	13,326
Trade Receivables	-	-	-	-	-	-
Cash and Bank Balances	350	181	272	394	451	933
Short Term Loans and Adv	5	4	2	3	3	3
Other Current Assets	735	1,601	1,866	1,942	2,233	2,568

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Profit	116	(78)	(1,643)	458	781	1,153
Add: Dep. & Amort.	1,307	1,800	2,221	2,330	2,641	2,953
Cash profits	1,423	1,721	579	2,788	3,422	4,106
(Inc)/Dec in						
-Sundry debtors	-	-	-	-	-	-
-Inventories	(2,399)	(2,024)	546	(1,708)	(1,723)	(1,735)
-Loans/advances	124	1	2	(1)	-	-
'-Current Liab and Provisior	1,142	2,142	1,452	1,365	1,521	1,586
'- Other Non Current Assets	0	(1,222)	(134)	(265)	(415)	(478)
Change in working capital	(1,134)	(1,104)	1,866	(608)	(617)	(627)
CF from Oper. activities	290	618	2,445	2,179	2,805	3,479
CF from Inv. activities	(208)	(2,194)	(2,308)	(2,549)	(2,791)	(2,998)
CF from Fin. activities	(6)	1,406	(46)	536	-	-
Cash generated/(utilised)	76	(170)	92	166	13	481
Cash at start of the year	275	350	181	272	394	451
Cash at end of the year	350	181	272	394	451	933

Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	12.3	10.9	7.6	11.6	11.7	11.9
NPM	0.7	(0.3)	(3.4)	0.6	2.0	2.5
Tax rate	11.9	(39.7)	25.8	9.2	(25.0)	(25.0)
Growth Ratios (%)						
Net Sales	54.9	47.9	13.0	16.8	18.2	18.2
Operating Profit	55.7	31.6	(20.8)	77.0	19.3	20.3
PBIT	160.7	20.8	(110.2)	(1,686.3)	28.9	32.4
PAT	(287.7)	(167.0)	1,140.3	(121.3)	279.1	47.7
Per Share (Rs.)						
Net Earnings (EPS)	5.9	-3.9	-48.9	10.4	39.5	58.3
Cash Earnings (CPS)	72.1	87.1	63.4	128.2	173.0	207.6
Dividend	0.8	-	-	-	2.0	2.0
Book Value	430.2	429.4	377.6	409.6	449.1	507.4
Free Cash Flow	4.1	(79.7)	6.9	(18.7)	0.7	24.3
Valuation Ratios						
P/E(x)	593.1	(885.8)	(71.4)	335.8	88.6	60.0
P/B(x)	8.1	8.1	9.3	8.5	7.8	6.9
EV/EBIDTA(x)	38.0	30.6	38.9	20.3	17.2	14.4
Div. Yield(%)	0.0	-	-	-	0.1	0.1
FCF Yield(%)	0.1	(2.3)	0.2	(0.5)	0.0	0.7
Return Ratios (%)						
ROE	1.4	(0.9)	(13.0)	2.5	8.8	11.5
ROCE	8.7	8.9	(1.1)	14.7	17.9	21.3

Source: Dalal & Broacha Research, Company

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