



## Growth Story Remains on Track; Maintain BUY

**Est. Vs. Actual for Q1FY26:** Revenue – **MISS** ; EBITDA – **BEAT** ; PAT – **BEAT**

**Changes in Estimates post Q1FY26**

**FY26E/FY27E:** Revenue: 0%/1%; EBITDA: 1%/2%, PAT: 2%/2%

### Recommendation Rationale

- Resilient Performance, amid Mixed Environments:** V-Mart reported ~13% YoY revenue growth, with the core business V-mart, rising 14% and Unlimited growing 12%, supported by increased footfalls and a strong wedding season. However, growth was partially offset by regional disruptions stemming from the Indo-Pak conflict and the early monsoon. SSSG stood at 1%. Gross margin expanded 9 bps YoY to 35.3%, supported by higher full-price sales and inventory liquidation. EBITDA grew 27.5% YoY to Rs 126 Cr, with margin expansion of 166 bps to 14.3%, driven by improved gross margins and a 56% reduction in Lime Road losses.
- Gen Z Fuels V-Mart's Next Growth Chapter:** As per the management, competitive intensity in organised retail continues to rise, with multiple players expanding across key markets. However, this is being offset by the accelerating shift from unorganised to organised retail, which is benefiting all formal players, including V-Mart. The management remains focused on engaging younger demographics through enhanced product variety, a stronger digital presence, and content-driven initiatives, which are expected to serve as key levers for driving future same-store sales growth.

### Sector Outlook: Positive

**Company Outlook & Guidance:** We have increased our FY26/27 EBITDA and PAT estimates as we remain **positive** on the stock.

**Current Valuation:** 15x Mar-27 EV/EBITDA (Earlier valuation: Same )

**Current TP:** Rs 950/share (vs. earlier TP of Rs 3,760/share\*).

(\*TP is not comparable as Vmart has issued Bonus shares in the ratio of 3:1)

**Recommendation:** With an **18% upside** potential from the CMP, we **maintain our BUY** rating on the stock.

### Financial Performance

Revenue grew ~13% YoY, driven by SSSG of 1% YoY and increased footfall. Gross margins improved by 9 bps YoY to 35.3%, supported by stronger full-price sales and liquidation of old inventory. EBITDA margins improved to 14.3%, up 166 bps, led by a 56% reduction in Lime Road losses and strong operating leverage. The company incurred Rs 30 Cr in capex, primarily towards new store openings and refurbishments. Net PAT stood at Rs 34 Cr, up 177% YoY.

**Outlook:** The company is actively pursuing steps to achieve its objectives: 1) Reducing expenses and losses by closing unprofitable Unlimited stores and steering the Lime Road business toward profitability; 2) Strengthening its omnichannel model to regain customers of V-Mart and Unlimited; 3) Focusing on product quality and staying aligned with fashion trends; and 4) Adhering to its store opening target of 65 stores per year. Additionally, demand is expected to recover further, particularly in rural and smaller towns (V-Mart's core customer base), supported by a budget boost, government infrastructure spending, and stable inflation, projected to enhance the company's prospects over the mid-to-long term.

**Valuation & Recommendation:** We remain optimistic about the company and expect Revenue/EBITDA growth of 17%/37% CAGR over FY24-27E. We **maintain our BUY rating on the stock with a revised TP of Rs 950/share**. Our TP implies an upside of 18% from the CMP.

### Key Financials (Standalone)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance (%)
Net Sales	885	13.5	12.6	912	(2.9)
EBITDA	126	85.2	27.5	117	7.4
EBITDA Margin (%)	14.3	552 bps	166 bps	12.9	137 bps
Net Profit	34	(692.6)	176.8	31	9.5
EPS (Rs)	17	81.5	176.8	16	9.5

Source: Company, Axis Research

(CMP as of 25<sup>th</sup> July, 2025)

CMP (Rs)	803
Upside /Downside (%)	18%
High/Low (Rs)	1129/675
Market cap (Cr)	6378
Avg. daily vol. (6m)Shrs '000.	80
No. of shares (Cr)	8

### Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	44.3	44.3	44.2
FII's	17.3	17.5	18.3
MFs / UTI	31.7	32.2	30.8
FUs/ Banks	0.0	0.0	0.0
Others	6.7	6.0	6.7

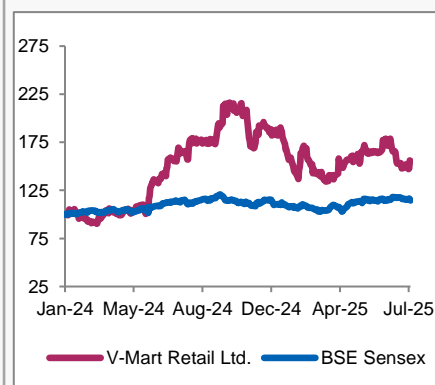
### Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,254	3,836	4,533
EBITDA	377	461	551
Net Profit	46	47	110
EPS (Rs)	23.2	5.9	13.7
PER (x)	73.6	136.8	58.6
EV/EBITDA (x)	6.2	15.2	12.4
RoE (%)	2.0	7.5	6.6

### Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	1%
EBITDA	1%	2%
PAT	2%	2%

### Relative Performance



Source: Ace Equity, Axis Securities

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### Other Concall highlights

- **Expansion Strategy:** In Q1FY26, V-Mart Retail expanded its footprint with net 9 new V-Mart stores and 4 new Unlimited stores, bringing the total count to 510 (421 V-Mart and 89 Unlimited stores). The company further reiterated its target of achieving 65 new store additions in FY26.
- **ASP:** ASPs grew by 1% with 2% growth in V-Mart and a decline of 3% in Unlimited due to the ongoing shift towards more value-led offerings.
- **Inventory:** V-Mart closed the quarter with Rs 18 Cr in inventory (93 days), marking a 5% YoY improvement. While per-store inventory rose slightly, overall health remained strong. Aged inventory provision dropped sharply from 1.7% to 0.7%, driven by liquidation efforts and tech-led enhancements in design, sourcing, quality control, and replenishment—resulting in improved sell-through and reduced leftovers.

### Key Risks to Our Estimates and TP

- Increase in competitive intensity,
- Weakening demand environment.

### Change in Estimates

	Old est.		Revised est.		% Revision	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	3,819	4,495	3,836	4,533	0%	1%
EBITDA	455	538	461	551	1%	2%
PAT	46	107	47	110	2%	2%
*EPS (Rs)	23	54	6	14	-74%	-75%

Source: Company, Axis Securities

(\* - EPS is not comparable as V-Mart has issued Bonus share in the ratio of 3:1)

## Results Review

	Q1FY25	Q4FY25	Axis Est.	Q1FY26	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
<b>Net Sales</b>	<b>786</b>	<b>780</b>	<b>912</b>	<b>885</b>	<b>12.6</b>	<b>13.5</b>	<b>(2.9)</b>
<b>Gross Profit</b>	<b>277</b>	<b>258</b>	<b>305</b>	<b>312</b>	<b>12.9</b>	<b>21.0</b>	<b>2.3</b>
<b>Gross Margin (%)</b>	<b>35.2</b>	<b>33.1</b>	<b>33.5</b>	<b>35.3</b>	<b>9 bps</b>	<b>219 bps</b>	<b>179 bps</b>
Employee Expenses	84	97	92	95	13.0	(2.5)	2.7
Other Expenses	94	93	96	91	(2.6)	(1.5)	(4.5)
<b>EBITDA</b>	<b>99</b>	<b>68</b>	<b>117</b>	<b>126</b>	<b>27.5</b>	<b>85.2</b>	<b>7.4</b>
<b>EBITDA Margin (%)</b>	<b>12.6</b>	<b>8.7</b>	<b>12.9</b>	<b>14.3</b>	<b>166 bps</b>	<b>552 bps</b>	<b>137 bps</b>
Oth. Inc	5	2	2	3	(36.9)	25.8	23.3
Interest	37	17	19	18	(51.3)	4.8	(4.7)
Depreciation				-			
<b>PBT</b>	<b>57</b>	<b>54</b>	<b>60</b>	<b>68</b>	<b>19.6</b>	<b>24.9</b>	<b>13.6</b>
Tax	<b>9</b>	<b>(1)</b>	<b>41</b>	<b>43</b>	<b>360.7</b>	<b>(3,428.7)</b>	<b>5.0</b>
<b>PAT</b>	<b>(3)</b>	<b>4</b>	<b>10</b>	<b>9</b>	<b>(431.2)</b>	<b>113.2</b>	<b>(8.7)</b>
<b>EPS</b>	<b>12</b>	<b>(6)</b>	<b>31</b>	<b>34</b>	<b>176.8</b>	<b>(692.6)</b>	<b>9.5</b>

Source: Company, Axis Securities

## Financials (Standalone)

### Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Net sales</b>	<b>2,786</b>	<b>3,254</b>	<b>3,836</b>	<b>4,533</b>
Growth, %	13.0	16.8	17.9	18.2
Total income	2,786	3,254	3,836	4,533
Raw material expenses	(1,825)	(2,130)	(2,513)	(2,969)
Employee expenses	(287)	(363)	(432)	(541)
Other Operating Expenses	(23,613)	(26,274)	(30,803)	(36,314)
<b>EBITDA (Core)</b>	<b>213</b>	<b>377</b>	<b>461</b>	<b>551</b>
Growth, %	(20.8)	77.0	22.3	19.4
Margin, %	7.6	11.6	12.0	12.1
Depreciation	(222)	(233)	(269)	(272)
<b>EBIT</b>	<b>(9)</b>	<b>144</b>	<b>192</b>	<b>278</b>
Growth, %	(110.2)	(1,687.2)	33.3	44.9
Margin, %	(0.3)	4.4	5.0	6.1
Interest paid	(142)	(136)	(142)	(146)
Other Income	21	12	13	16
<b>Pre-tax profit</b>	<b>(131)</b>	<b>44</b>	<b>64</b>	<b>148</b>
Tax provided	34	2	(17)	(39)
<b>Profit after tax</b>	<b>(97)</b>	<b>46</b>	<b>47</b>	<b>110</b>
Growth, %	1,132.6	(122.3)	117.7	133.3
<b>Net Profit (adjusted)</b>	<b>(10)</b>	<b>5</b>	<b>5</b>	<b>11</b>
Unadj. shares (Cr)	2	2	8	8
Wtdavg shares (Cr)	2	2	8	8

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Cash & bank	27	39	185	389
Marketable securities at cost	5	5	5	5
Debtors	-	-	-	-
Inventory	816	987	1,163	1,375
Other current assets	187	194	194	194
Total current assets	1,035	1,226	1,548	1,964
Investments	-	-	-	-
Gross fixed assets	2,067	1,534	1,664	1,794
Less: Depreciation	(406)	(495)	(764)	(1,037)
Add: Capital WIP	4	4	4	4
Net fixed assets	1,665	1,043	904	761
Non-current assets	59	76	76	76
<b>Total assets</b>	<b>2,845</b>	<b>2,436</b>	<b>2,620</b>	<b>2,892</b>
Current liabilities	8,922	11,681	13,044	14,677
Provisions	-	-	-	-
Total current liabilities	8,922	11,681	13,044	14,677
Non-current liabilities	1,206	458	458	458
Total liabilities	2,098	1,626	1,762	1,926
Paid-up capital	20	20	20	20
Reserves & surplus	727	790	837	947
Shareholders' equity	747	810	857	967
<b>Total equity &amp; liabilities</b>	<b>2,845</b>	<b>2,436</b>	<b>2,620</b>	<b>2,892</b>

Source: Company, Axis Securities

**Cash Flow**

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Pre-tax profit	(131)	44	64	148
Depreciation	222	233	269	272
Chg in working capital	164	84	(40)	(48)
Total tax paid	(1)	(2)	(17)	(39)
<b>Cash flow from operating activities</b>	<b>255</b>	<b>359</b>	<b>276</b>	<b>334</b>
Capital expenditure	(332)	389	(130)	(130)
Other investing activities	-	-	-	-
<b>Cash flow from investing activities</b>	<b>(328)</b>	<b>388</b>	<b>(130)</b>	<b>(130)</b>
Free cash flow	(73)	747	146	204
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
<b>Cash flow from financing activities</b>	<b>80</b>	<b>(732)</b>	<b>0</b>	<b>0</b>
Net change in cash	6	15	146	204

Source: Company, Axis Securities

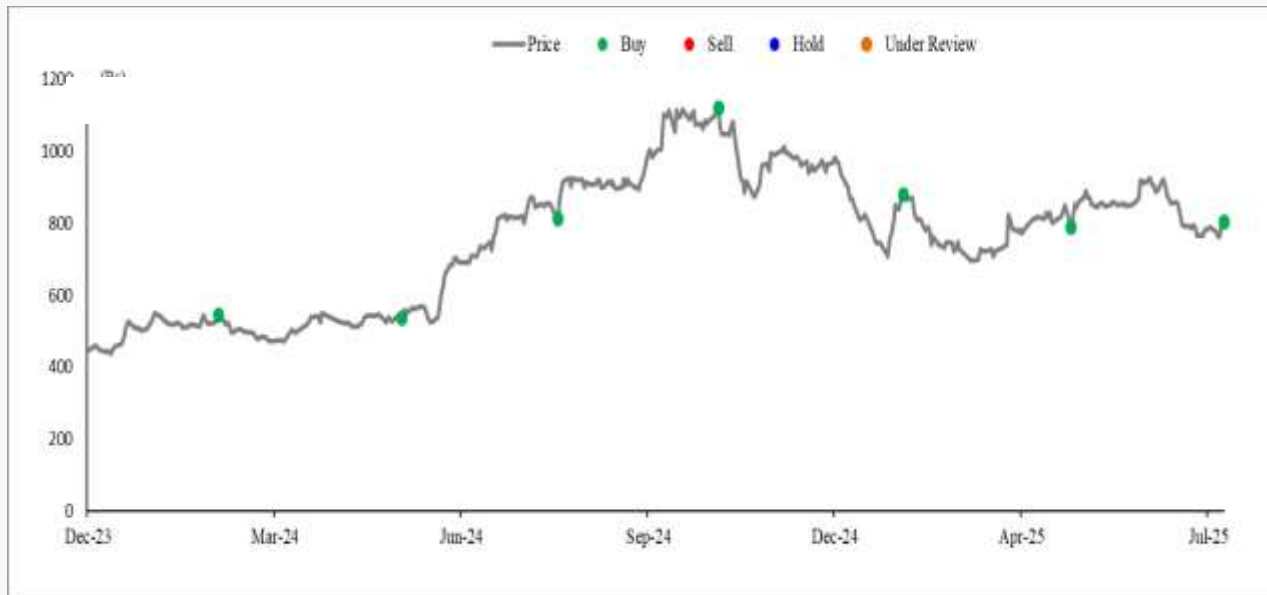
**Ratio Analysis**

(%)

Y/E March	FY24	FY25	FY26E	FY27E
<b>Per Share data</b>				
EPS (INR)	(48.9)	23.2	5.9	13.7
Growth, %	1,132.6	(122.3)	(46.2)	133.3
FDEPS (INR)	(48.9)	10.9	5.9	13.7
CFPS (INR)	122.1	111.5	32.8	39.7
DPS (INR)	-	-	-	-
<b>Return ratios</b>				
Return on assets (%)	1.6	6.9	7.5	9.3
Return on equity (%)	(13.0)	2.7	5.5	11.3
Return on capital employed (%)	2.3	11.3	14.6	18.6
<b>Turnover ratios</b>				
Asset turnover (x)	1.4	1.9	2.9	3.7
Sales/Total assets (x)	1.0	1.2	1.5	1.6
Sales/Net FA (x)	1.7	2.4	3.9	5.4
Working capital/Sales (x)	0.0	0.0	0.0	0.0
Receivable days	-	-	-	-
Inventory days	106.9	110.7	110.7	110.7
Payable days	89.9	96.7	97.2	97.3
Working capital days	14.5	1.5	5.1	8.2
<b>Liquidity ratios</b>				
Current ratio (x)	1.2	1.0	1.2	1.3
Quick ratio (x)	0.2	0.2	0.3	0.4
Interest cover (x)	(0.1)	1.1	1.4	1.9
Total debt/Equity (%)	1.7	0.8	0.7	0.7
<b>Valuation</b>				
PER (x)	(16.4)	73.6	136.8	58.6
PEG (x) - y-o-y growth	(0.0)	(0.6)	(3.0)	0.4
Price/Book (x)	2.1	2.0	7.5	6.6
EV/Net sales (x)	1.1	0.7	1.8	1.5
EV/EBITDA (x)	13.8	6.2	15.2	12.4
EV/EBIT (x)	(324.6)	16.1	36.5	24.5

Source: Company, Axis Securities

## V-Mart Retail Price Chart and Recommendation History



Date	Reco	TP	Research
09-Feb-24	BUY	613	Result Update
16-May-24	BUY	600	Result Update
07-Aug-24	BUY	913	Result Update
31-Oct-24	BUY	1,250	Result Update
06-Feb-25	BUY	1,093	Result Update
06-May-25	BUY	940	Result Update
28-Jul-25	BUY	950	Result Update

Source: Axis Securities

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HOLD	Between 10% and -10%
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UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.