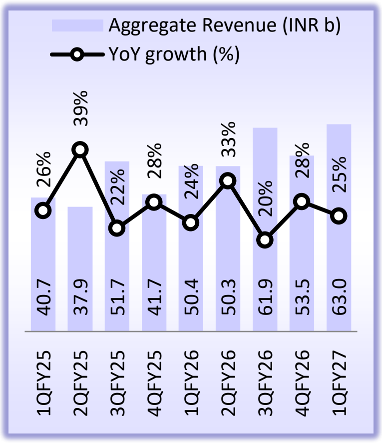
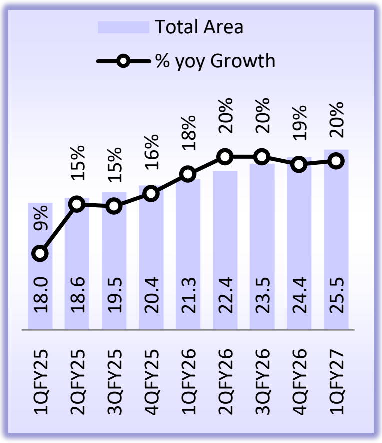
Sector Update | 25 September 2026

Value Fashion Retail

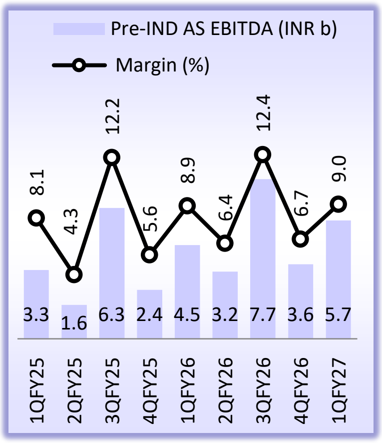
Robust 25% YoY aggregate revenue growth…



…driven by aggressive area additions



Pre-IND AS margin expanded ~10bp YoY to 9.0%, leading to ~26% YoY growth



Value fashion retailers sustain healthy demand momentum

- Value fashion retailers witnessed resilient demand, despite Adhikmaas and inflationary pressures on household budgets. This resilience was driven by continued market share gains from unorganized retail.
- The aggregate revenue of the four listed value fashion retailers grew **~25% YoY** in 1QFY27, supported by **~20% YoY area additions** and **~4.5% YoY productivity improvement.**
- The value fashion retailers stepped up promotional activities during Adhikmaas, which weighed on their gross margins (GM). Aggregate gross margin contracted ~25bp YoY in 1QFY27, with VMM being the outlier (~30bp YoY GM expansion).
- Operating leverage and tighter cost-control measures offset the impact of minimum wage hikes and GM contraction. Aggregate **pre-Ind AS EBITDA rose ~26% YoY** in 1QFY27 with margin expanding ~**10bp to 9.0%**.
- RM and wage inflation, along with a potentially weaker monsoon, remain the key near-term risks. However, value fashion retailers are looking at sourcing efficiencies, mix interventions and calibrated price hikes (largely restricted to higher price points) to offset the higher input costs.
- Despite potential near-term concerns, we remain structurally positive on value fashion retailers**. We reiterate our BUY rating on V-Mart (TP: INR975) and VMM (TP: INR165).**

Demand momentum remains healthy, profitability continues to improve

- Value fashion retailers continued to outperform in 1QFY27**,** with aggregate revenue growth of ~25% YoY**,** supported by ~20% area expansion and healthy SSSG. Despite Adhikmaas and inflationary pressures, demand momentum remained resilient. Customer acquisition and footfall growth remained healthy, reinforcing continued share gains from unorganized retail.
- Aggregate GM contracted 25bp YoY to 30.1%**,** due to higher promotional sales and inventory provisioning. Nevertheless, profitability remained resilient, with better cost control and operating leverage driving ~26% YoY growth in aggregate pre-Ind AS EBITDA and ~10bp margin expansion to 9.0%**.**
- **V-Mart/VMM witnessed EBITDA margin expansion of 75bp/25bp**, while V2 experienced a limited ~35bp margin contraction despite aggressive expansion. BSR continued to face margin pressure, with an **85bp margin contraction**, reflecting continued investment in network expansion.
- RM and wage inflation remain the key near-term risks, as companies are likely to use calibrated price hikes (~4-5% price increases), sourcing efficiencies and mix interventions to offset higher input costs.

Store expansion accelerates; long runway for growth

- **Store expansion accelerated further in 1Q**, with the four listed value retailers adding **~107 net stores in 1QFY27**, taking the store network to **~2,067** and retail area to **~25.5m sqft (+20% YoY)**.
- Expansion remains broad-based, with South India (18 new stores/355 total) emerging as an important growth priority. North (41/754) and East (30/783) account for the bulk of the existing network and FY27TD additions.

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- V2 accounted for more than half of additions, with 56 stores, while VMM/V-Mart/BSR added 24/14/13 stores.
- Store economics remain healthy despite accelerated rollouts, with new stores ramping up faster and newer geographies delivering productivity comparable to that of mature markets.
- **With limited overlap in the current footprint of listed value fashion retailers (~60% of ~800 unique towns have only one of these four value retailers), we believe there is a long runway for continued accelerated store expansion.**

Valuation and view

- Value fashion retailers sustained their outperformance vs. premium and branded apparel retailers. This outperformance was underpinned by structural tailwinds, such as 1) rising aspirations in Tier 2/3/4 cities, 2) an accelerating shift from unorganized to organized channels, 3) deeper private label penetration driving assortment depth, and 4) aggressive network expansion.
- We remain bullish on the growth prospects of value fashion retailers, driven by the massive opportunity from the unorganized-to-organized shift and rising preference for one-stop family shopping in Tier 2 and beyond cities.
- We reiterate our **BUY rating on VMM (TP INR165) and V-Mart (TP INR975)**, given their robust growth outlook (high teens revenue CAGR over FY26-29) and improving profitability (~24-26% FY26-29 pre-IND AS EBITDA CAGR).

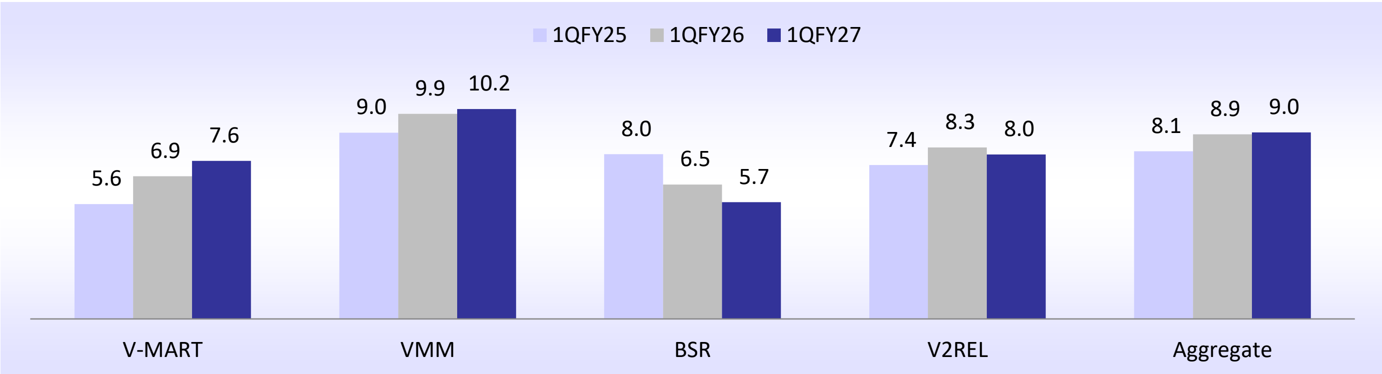
Exhibit 1: Valuation comparison for value fashion retailers

	Mcap	P/E (X)			Pre IND-AS EV/EBITDA(X)			EV/Sales(X)			CAGR (%)
	(INR b)	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28	Pre-INDAS EBITDA
Vishal Mega Mart	523	62.4	49.2	38.7	40.1	31.6	24.7	4.2	3.4	2.8	24.3
V2 Retail	80	53.6	30.5	18.7	30.3	19.4	13.4	2.9	2.0	1.4	51.9
VMART	68	54.3	45.4	30.3	29.0	23.6	17.5	1.8	1.5	1.3	25.6
Baazar Style	30	118.9	50.0	27.0	29.7	22.8	16.6	1.8	1.4	1.1	33.6
Value fashion retailers		**86.6**	**47.7**	**28.7**	**29.4**	**23.2**	**17.1**	**1.8**	**1.5**	**1.2**	**29.6**

Note: Bloomberg estimates for uncovered companies

Source: MOFSL, Company

Exhibit 2: Pre-IND AS EBITDA margins expand further for V-Mart and VMM; moderation continued for BSR



Source: MOFSL, Company

Exhibit 3: Detailed per sqft comparison for the four listed value fashion retailers

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
SPSF									
VMM	779	716	898	709	852	790	944	780	912
V-Mart	675	558	835	612	678	598	799	662	724
V2 Retail	1,057	890	1,230	886	963	919	1,035	794	878
BSR	620	654	793	620	625	806	670	645	643
GM (%)									
VMM	28.2	28.2	29.1	28.3	28.4	28.3	29.1	27.8	28.7
V-Mart	35.2	33.6	35.8	33.1	35.3	33.6	36.2	32.1	34.5
V2 Retail	26.6	24.6	30.8	26.5	29.6	28.2	32.5	30.3	28.6
BSR	32.9	29.6	37.7	33.1	35.9	30.5	38.0	30.2	34.1
GP									
VMM	220	202	261	200	242	223	274	217	261
V-Mart	238	187	299	202	239	201	289	213	250
V2 Retail	281	219	379	235	285	259	336	240	251
BSR	204	194	299	205	224	246	255	195	219
Employee									
VMM	45	45	49	47	46	47	49	47	52
V-Mart	72	73	78	76	73	72	72	69	74
V2 Retail	76	77	77	68	80	75	68	72	71
BSR	52	61	61	58	56	61	58	56	55
Other expenses									
VMM	65	68	68	54	71	72	69	64	76
V-Mart	80	82	82	73	70	76	68	72	69
V2 Retail	69	70	71	64	72	74	75	59	58
BSR	57	81	78	76	72	79	68	72	69
COR (ex-Rentals)									
VMM	110	113	117	101	117	119	119	111	128
V-Mart	153	155	159	149	143	148	140	140	143
V2 Retail	145	147	148	133	152	148	143	132	128
BSR	109	143	139	134	128	141	126	128	124
Reported EBITDA									
VMM	110	89	145	99	125	105	156	106	133
V-Mart	85	33	139	53	97	53	149	72	107
V2 Retail	136	72	231	102	133	111	193	109	123
BSR	94	51	161	72	96	105	128	67	95
Rentals									
VMM	39	38	37	46	40	41	39	40	41
V-Mart	47	48	49	49	50	50	51	50	51
V2 Retail	57	57	57	54	53	53	53	55	53
BSR	45	44	50	51	56	54	58	57	59
CoR including rentals									
VMM	150	151	153	147	157	160	158	151	169
V-Mart	200	203	208	198	192	198	191	191	194
V2 Retail	202	204	205	187	205	201	196	186	181
BSR	154	187	188	184	184	195	184	185	183
Pre-INDAS EBITDA									
VMM	70	51	108	53	85	64	117	66	93
V-Mart	38	(16)	90	5	47	3	98	22	55
V2 Retail	79	15	174	48	80	58	140	54	70
BSR	49	7	111	21	41	50	71	10	36
Pre-INDAS EBITDA margin (%)									
VMM	9.0	7.1	12.0	7.5	9.9	8.1	12.4	8.5	10.2
V-Mart	5.6	(2.8)	10.8	0.8	6.9	0.6	12.2	3.3	7.6
V2 Retail	7.4	1.7	14.1	5.4	8.3	6.3	13.5	6.8	8.0
BSR	8.0	1.0	14.0	3.4	6.5	6.3	10.5	1.5	5.7

Source: MOFSL, Company

Exhibit 4: Cumulative performance of value fashion retail in 1QFY27

P&L (INR m)	1QFY26	4QFY26	1QFY27	YoY%	QoQ%
Revenue	**50,356**	**53,477**	**62,994**	***25.1***	***17.8***
Raw Material cost	35,091	37,865	44,046	*25.5*	*16.3*
Gross Profit	**15,264**	**15,612**	**18,948**	***24.1***	***21.4***
Gross Margin (%)	**30.3**	**29.2**	**30.1**	*-23bp*	*89bp*
Employee Costs	3,524	4,026	4,473	*26.9*	*11.1*
Other Expenses	4,432	4,703	5,308	*19.8*	*12.9*
Total Expenses	**7,956**	**8,729**	**9,782**	***22.9***	***12.1***
EBITDA	**7,308**	**6,883**	**9,167**	***25.4***	***33.2***
EBITDA margin (%)	***14.5***	***12.9***	***14.6***	*4bp*	*168bp*
Rent	2,807	3,299	3,475	*23.8*	*5.3*
Pre-IND AS EBITDA	**4,501**	**3,584**	**5,692**	***26.5***	***58.8***
EBITDA margin (%)	***8.9***	***6.7***	***9.0***	*10bp*	*233bp*
Depreciation and amortization	2,931	3,722	3,851	*31.4*	*3.5*
EBIT	4,377	3,161	5,316	*21.4*	*68.2*
EBIT margin (%)	*8.7*	*5.9*	*8.4*	*-25bp*	*253bp*
Finance Costs	1,057	1,074	1,114	*5.5*	*3.7*
Other income	238	352	403	*69.5*	*14.3*
Exceptional item	8	233	0	*0.0*	*0.0*
Profit before Tax	**3,550**	**2,206**	**4,604**	***29.7***	***108.7***
Tax	886	531	1,103	***24.5***	***107.7***
Tax rate (%)	*25.0*	*24.1*	*24.0*	*-100bp*	*-11bp*
Profit after Tax	**2,664**	**1,675**	**3,501**	***31.4***	***109.0***
Adj. PAT	**2,670**	**1,849**	**3,501**	***31.1***	***89.3***
Operational Metrics					
Stores	1,675	1,960	2,067	*23.4*	*5.5*
Area	21.3	24.4	25.5	*19.9*	*4.5*
Per sqft					
Revenue	806	745	842	*4.5*	*13.1*
Cost of Retailing	172	167	177	*2.9*	*5.8*
EBITDA (pre-IND AS)	72	50	76	*5.6*	*52.4*

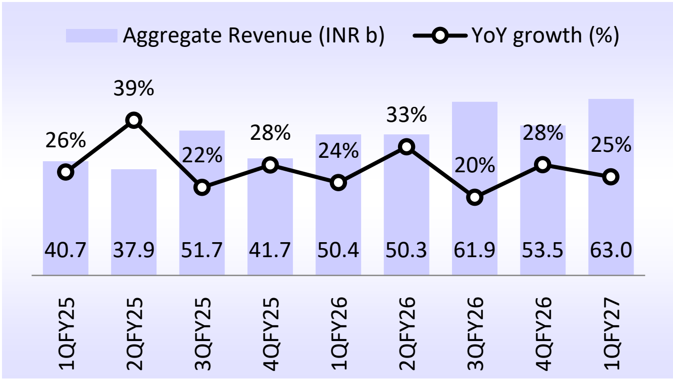
Source: MOFSL, Company

Exhibit 5: Value fashion retail industry's performance over the last nine quarters

P&L (INR m)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	1Q27
Revenue	**40,732**	**37,881**	**51,652**	**41,719**	**50,356**	**50,287**	**61,924**	**53,477**	**62,994**
YoY Growth (%)	***26***	***39***	***22***	***28***	***24***	***33***	***20***	***28***	***25***
Raw Material cost	28,624	26,933	35,485	29,473	35,091	35,525	42,396	37,865	44,046
Gross Profit	**12,108**	**10,947**	**16,168**	**12,245**	**15,264**	**14,762**	**19,528**	**15,612**	**18,948**
Margin (%)	***29.7***	***28.9***	***31.3***	***29.4***	***30.3***	***29.4***	***31.5***	***29.2***	***30.1***
Employee Costs	2,869	3,010	3,349	3,353	3,524	3,717	3,953	4,026	4,473
Other Expenses	3,640	3,976	4,113	3,668	4,432	4,839	4,798	4,703	5,308
Total Expenses	**6,509**	**6,986**	**7,462**	**7,021**	**7,956**	**8,556**	**8,751**	**8,729**	**9,782**
EBITDA	**5,599**	**3,961**	**8,706**	**5,224**	**7,308**	**6,206**	**10,777**	**6,883**	**9,167**
Margin (%)	***13.7***	***10.5***	***16.9***	***12.5***	***14.5***	***12.3***	***17.4***	***12.9***	***14.6***
Pre-IND AS EBITDA	**3,309**	**1,632**	**6,292**	**2,355**	**4,501**	**3,224**	**7,669**	**3,584**	**5,692**
Margin (%)	***8.1***	***4.3***	***12.2***	***5.6***	***8.9***	***6.4***	***12.4***	***6.7***	***9.0***
Depreciation	2,362	2,441	2,560	2,816	2,931	3,200	3,374	3,722	3,851
EBIT	3,237	1,520	6,146	2,408	4,377	3,006	7,403	3,161	5,316
EBIT margin (%)	*7.9*	*4.0*	*11.9*	*5.8*	*8.7*	*6.0*	*12.0*	*5.9*	*8.4*
Finance Costs	990	1,038	1,087	1,093	1,057	1,037	1,038	1,074	1,114
Other income	167	196	247	240	238	285	351	352	403
Exceptional item	108	-	-	(242)	8	(553)	(182)	233	-
Profit before Tax	**2,306**	**678**	**5,306**	**1,797**	**3,550**	**2,806**	**6,898**	**2,206**	**4,604**
Tax	529	318	1,150	458	886	685	1,739	531	1,103
Tax rate (%)	*23.0*	*47.0*	*21.7*	*25.5*	*25.0*	*24.4*	*25.2*	*24.1*	*24.0*
Profit after Tax	**1,777**	**360**	**4,156**	**1,339**	**2,664**	**2,122**	**5,159**	**1,675**	**3,501**
Adjusted PAT	**1,857**	**360**	**4,156**	**1,158**	**2,670**	**1,708**	**5,023**	**1,849**	**3,501**
Operational Metrics									
Stores	1,367	1,435	1,515	1,596	1,675	1,784	1,871	1,960	2,067
Area (m sqft)	18.0	18.6	19.5	20.4	21.3	22.4	23.5	24.4	25.5
Per sqft (INR)									
Revenue	764	690	903	697	806	767	899	745	842
Cost of Retailing	165	170	173	165	172	176	172	167	177
EBITDA (pre-IND AS)	62	30	110	39	72	49	111	50	76

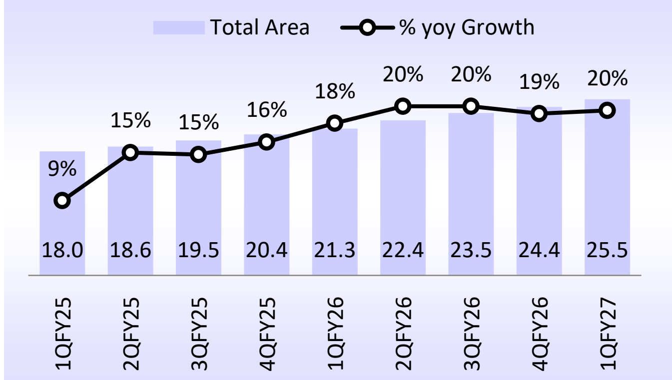
**Note: YoY growth rates do not include VMM till 3QFY25 and BSR till 1QFY25* *Source: MOFSL, Company*

Exhibit 6: Robust 25% YoY aggregate revenue growth…



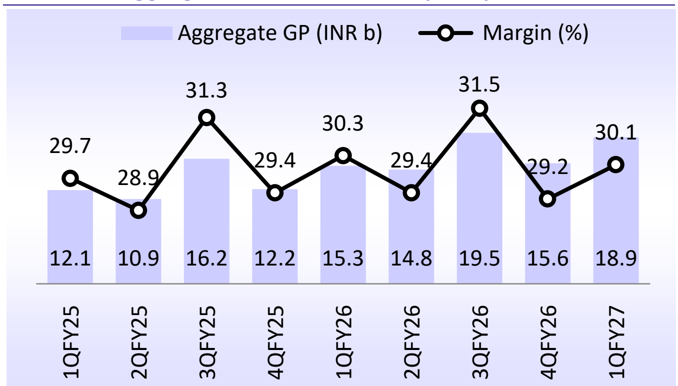
Source: MOFSL, Company

Exhibit 7: …driven by aggressive area additions



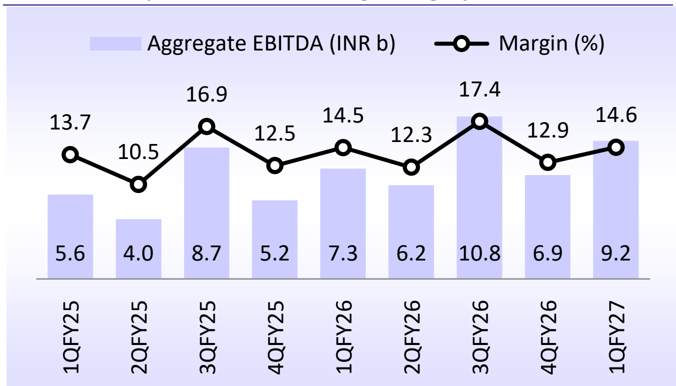
Source: MOFSL, Company

Exhibit 8: Aggregate GM contracted by 25bp YoY



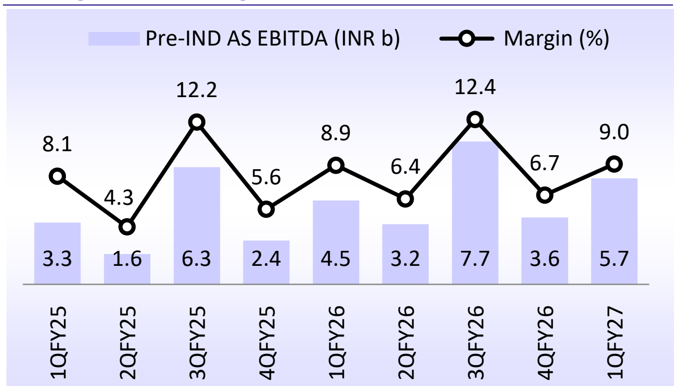
Source: MOFSL, Company

Exhibit 9: Reported EBITDA margin largely stable YoY



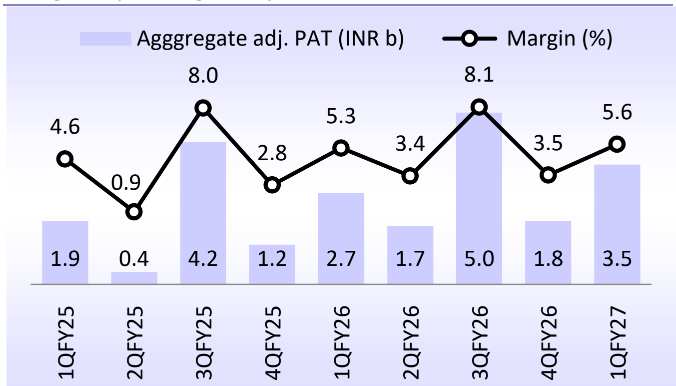
Source: MOFSL, Company

Exhibit 10: Pre-IND AS margin expanded ~10bp YoY to 9.0%, leading to ~26% YoY growth



Source: MOFSL, Company

Exhibit 11: Aggregate adjusted PAT grew ~31% YoY with margin expanding ~25bp YoY



Source: MOFSL, Company

Aggressive store expansion continues, led by favorable demand outlook

Value fashion retailers maintained an aggressive expansion pace in 1QFY27, with the four listed players adding **107 net stores (+23% YoY)**, taking the combined network to **2,067 stores** and retail area to **~25.5m sqft (+20% YoY)**. Expansion remains broad-based, with V2 continuing to accelerate its store rollouts.

- **VMM:** Added **24 stores in 1QFY27**, (opened 27 and closed 3), taking the network to **819 stores across 559 cities**. The small-store format is gaining traction, with three additions during the quarter, taking the total to 16 operational stores. Management remains confident about continued network expansion, particularly in South India, while the small-format stores offer a potential ~3,000-store opportunity to be tapped once large-format expansion opportunities are exhausted.
- **V2 Retail:** Added **56 net stores in 1QFY27**, taking the network to **381 stores**, with the company surpassing 400 stores as of Aug'26. New stores are generating monthly SPSF of ~**INR740**, or ~65-70% of its mature-store productivity of INR1,100. The company remains on track for **~200 store additions in FY27**, supported by internal accruals and working-capital release.
- **V-Mart:** Core format added **12 net stores in 1QFY27**, taking the network to **490 stores**, while **Unlimited** added 2 stores to reach 101. Unlimited continues to outperform the core format, with **13% SSSG and 33% revenue growth**. Management is looking to accelerate expansion in Southern markets, as the format gains traction.
- **BSR:** Added **13 net stores in 1QFY27**, taking the network to **276 stores**. Expansion remains focused on increasing network density and leveraging improving productivity across the existing store base, with the company continuing to scale its footprint following the capital infusion.

Exhibit 12: Store footprint across geographies; South and West emerging as the key growth drivers for value retailers

Store Count	V-MART	VMM	BSR	V2REL	Industry
North	270	311	39	134	754
East	182	204	231	166	783
South	95	222	5	33	355
West	44	82	1	48	175
Total	**591**	**819**	**276**	**381**	**2,067**

Net Additions in FY27TD	V-MART	VMM	BSR	V2REL	Aggregate
North	10	8	6	17	41
East	1	5	6	18	30
South	2	9	-	7	18
West	1	2	1	14	18
Total	**14**	**24**	**13**	**56**	**107**

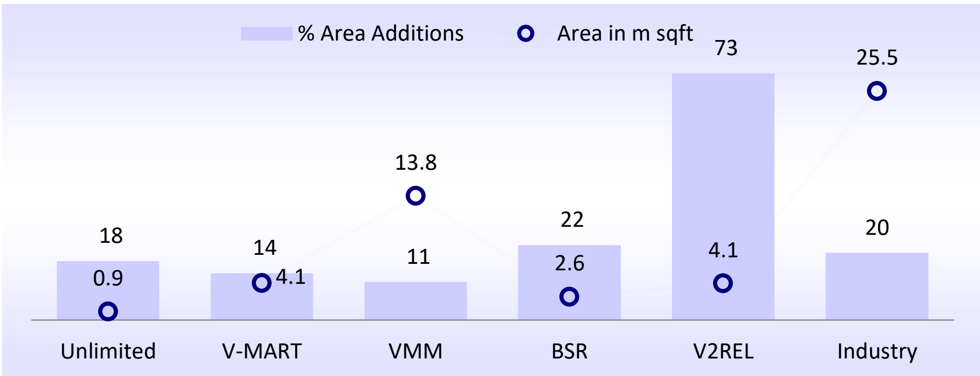
Source: MOFSL, Company

Exhibit 13: Current state-wise footprint of the four listed value fashion retailers

State Wise	Stores as of 1QFY27				Additions YTD				Total
	VMM	VMART	BSR	V2REL	VMM	V-MART	BSR	V2REL	
Uttar Pradesh	137	183	39	62	5	7	6	8	26
Bihar	32	82	37	54		-	3	5	8
Tamil Nadu	1	39				1			1
Jharkhand	20	33	16	22				1	1
Rajasthan	26	33		9	1				1
Karnataka	94	20		21	1	1		1	3
West Bengal	36	25	101	23	1	1	3	8	13
Telangana	50	18		3	1			2	3
Uttarakhand	21	22		10		2			2
Madhya Pradesh	44	17	1	27			1	4	5
Assam	47	14	37	26	1		(1)	2	2
Orissa	35	15	36	34	1		1	2	4
Gujarat	6	18		10		1		8	9
Andhra Pradesh	48	12	5	9	1			4	5
Jammu & Kashmir	10	11		9				1	1
Delhi	33	9		12		1			1
Tripura	3	7	3	1	1				1
Maharashtra	6	6		3	1				1
Haryana	33	5		8	2			3	5
Kerala	29	4			6				6
Punjab	36	5		21				5	5
Arunachal Pradesh	8	2	1	3					-
Manipur	8	2		2	1				1
Meghalaya	4	2		1					-
Chandigarh		1							-
Chhattisgarh	22	3		5	1			2	3
Himachal Pradesh	15	1		3					-
Puducherry		2							-
Daman									-
Goa	4			3					-
Mizoram	1								-
Nagaland	6								-
Sikkim	4								-
Aggregate	**819**	**591**	**276**	**381**	**24**	**14**	**13**	**56**	**107**

Source: MOFSL, Company

Exhibit 14: Aggregate area grew ~20% YoY in 1QFY27, led by V2R (73%) and BSR (22%)



Source: MOFSL, Company

Exhibit 15: Store expansion remains aggressive, driven by robust demand outlook for value fashion retailers

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Store Count									
V-MART	370	384	403	412	421	438	458	478	490
Unlimited	78	83	85	85	89	95	96	99	101
VMM	626	645	668	696	717	742	771	795	819
BSR	166	184	199	214	232	250	252	263	276
V2REL	127	139	160	189	216	259	294	325	381
Aggregate	**1,367**	**1,435**	**1,515**	**1,596**	**1,675**	**1,784**	**1,871**	**1,960**	**2,067**
Net Additions QoQ									
V-MART	5	14	19	9	9	17	20	20	12
Unlimited	(1)	5	2	-	4	6	1	3	2
VMM	15	19	23	28	21	25	29	24	24
BSR	4	18	15	15	18	18	2	11	13
V2REL	10	12	21	29	27	43	35	31	56
Aggregate	**33.0**	**68**	**80**	**81**	**79**	**109**	**87**	**89**	**107**
Area (in m sq.ft)									
V-MART	3.1	3.2	3.4	3.5	3.6	3.7	3.9	4.0	4.1
Unlimited	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9
VMM	11.2	11.5	11.8	12.2	12.4	12.8	13.2	13.5	13.8
BSR	1.5	1.7	1.8	1.9	2.1	2.3	2.4	2.5	2.6
V2REL	1.4	1.5	1.7	2.0	2.3	2.8	3.2	3.5	4.1
Aggregate	**18.0**	**18.6**	**19.5**	**20.4**	**21.3**	**22.4**	**23.5**	**24.4**	**25.5**
YoY Area growth (%)									
V-MART	3.3	6.7	9.7	12.9	16.1	15.6	14.7	15.4	13.9
Unlimited	-	-	-	5.3	-	12.5	12.5	17.5	17.5
VMM	-		11.3	10.5	10.7	11.1	11.4	10.6	11.3
BSR	-	25.6	28.8	31.1	40.7	37.1	31.3	28.1	22.3
V2REL	23.4	34.7	51.1	61.6	72.2	88.5	85.4	72.7	73.3
Aggregate	**7.3**	**11.5**	**14.6**	**16.1**	**18.3**	**20.4**	**20.4**	**19.5**	**19.9**
Avg Store Size (sqft)									
V-MART	8,378	8,333	8,437	8,495	8,551	8,447	8,515	8,452	8,367
Unlimited	10,256	9,639	9,412	9,412	8,989	9,474	9,375	9,495	9,307
VMM	17,891	17,812	17,665	17,474	17,294	17,197	17,056	16,918	16,850
BSR	9,036	9,076	8,995	8,977	9,095	9,156	9,325	9,354	9,348
V2REL	10,740	10,662	10,763	10,725	10,875	10,788	10,861	10,769	10,682
Aggregate	**13,141**	**12,990**	**12,879**	**12,788**	**12,692**	**12,580**	**12,556**	**12,444**	**12,332**

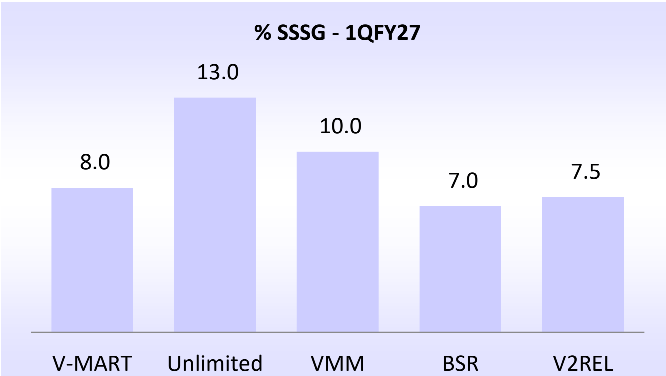
Source: Company, MOFSL

Demand trends resilient despite Adhikmaas and inflationary pressures

Aggregate revenue for the four listed value fashion retailers **grew ~25% YoY in 1QFY27** (vs ~26% YoY in FY26), led by ~20% YoY area growth and 5% growth in SPSF (vs. ~6.5% YoY growth in FY26). Despite inflationary pressures and Adhikmaas, demand remained resilient, with organized value fashion retailers continuing to benefit from rising penetration in smaller towns and continued market share gains.

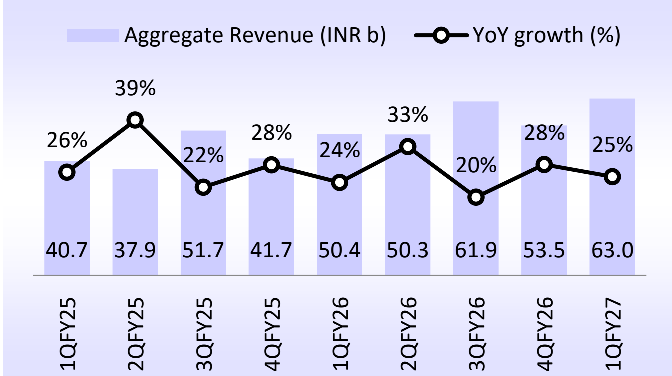
- **Vishal Mega Mart *(VMM)*** reported 19% YoY revenue growth (vs. ~20% YoY in FY26), driven by 10% SSSG and ~11% YoY area additions. SSSG was supported by new customer additions (~7-8%) and higher spending by existing customers (~3%), while premium price points continued to outperform, with **13.9% SSSG**.
- **V2 Retail *(V2REL)*** delivered 58% YoY revenue growth (vs. ~63% YoY in FY26), supported by **7.5% SSSG**, ~73% YoY area growth, and 56% volume growth. Mature-store productivity stood at **~INR1,070/sqft/month**. Newer stores are delivering ~2.3% higher SSSG, with first-year customer repeat rates rising from 40% to ~55% over the past three years.
- **V-Mart** reported 21% YoY revenue growth (vs. ~17% YoY in FY26), driven by **8% SSSG** and 16% YoY store additions. Unlimited continued its outperformance with ~33% YoY revenue growth (vs. ~18% YoY in FY26), driven by **13% SSSG** and ~14% YoY store additions**.** Newer Unlimited stores are gaining traction faster, with stores opened over the past 1-2 years delivering materially higher SPSF than legacy stores.
- **Baazar Style Retail *(BSR)*** reported 29% YoY revenue growth, (vs. ~37% YoY in FY26) supported by **7% SSSG** and ~22% area growth. Growth was led by newer markets (up 49% YoY and contributing 22% of revenue), while the mature markets (up 24% YoY) continued to deliver healthy SSSG, supporting expansion without a meaningful drag on productivity.

Exhibit 16: SSSG remained strong in 1QFY27 despite Adhikmaas and inflationary pressures



Source: Company, MOFSL

Exhibit 17: Aggregate revenue grew 25% YoY in 1QFY27 (vs. ~26% YoY in FY26)



Source: Company, MOFSL

Exhibit 18: Revenue growth remained healthy, driven by footprint additions and SSSG recovery

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Revenue (INR m)									
Core V-Mart	6,500	5,371	8,634	6,556	7,407	6,624	9,450	8,163	8,992
Unlimited	1,245	1,134	1,528	1,164	1,383	1,380	1,752	1,487	1,842
VMM	25,963	24,362	31,359	25,479	31,403	29,815	36,704	31,141	37,270
BSR	2,758	3,109	4,116	3,454	3,778	5,317	4,665	4,657	4,864
V2REL	4,150	3,800	5,909	4,985	6,322	7,086	9,292	7,970	9,972
Aggregate	**40,732**	**37,881**	**51,652**	**41,719**	**50,356**	**50,287**	**61,924**	**53,477**	**62,994**
YoY revenue growth (%)									
Core V-Mart	19.8	27.0	18.6	19.5	14.0	23.3	9.5	24.5	21.4
Unlimited	4.9	8.3	6.2	11.2	11.1	21.7	14.7	27.7	33.2
VMM	-	-	19.5	23.2	21.0	22.4	17.0	22.2	18.7
BSR	21.1	65.0	23.5	54.5	37.0	71.0	13.3	34.8	28.7
V2REL	57.4	64.3	58.1	68.4	52.3	86.5	57.2	59.9	57.7
Aggregate	**26.3**	**39.5**	**22.4**	**28.1**	**23.6**	**32.7**	**19.9**	**28.2**	**25.1**
SSSG (%)									
V-MART	12.0	14.0	10.0	7.0	1.0	11.0	-	12.0	8.0
Unlimited	8.0	11.0	11.0	10.0	1.0	11.0	2.0	9.0	13.0
VMM	11.6	12.6	10.8	13.7	11.4	12.8	7.5	13.2	10.0
BSR	5.0	41.0	(3.0)	20.0	(3.0)	22.0	(14.0)	8.0	7.0
V2REL	37.0	34.0	25.0	24.0	5.0	23.4	2.0	7.7	7.5
Calculated monthly SPSF (INR)									
V-MART	699	568	872	633	695	605	829	685	736
Unlimited	532	473	637	485	576	541	649	539	653
VMM	779	716	898	709	852	790	944	780	912
BSR	620	654	793	620	625	806	670	645	643
V2REL	1,057	890	1,230	886	963	919	1,035	794	878
Aggregate	**764**	**690**	**903**	**697**	**806**	**767**	**899**	**745**	**842**
SPSF - YoY growth (%)									
V-MART	13.7	21.0	9.6	7.4	(0.5)	6.4	(5.0)	8.2	5.9
Unlimited	10.3	8.3	6.2	8.4	8.3	14.5	1.9	11.1	13.4
VMM	-	-	8.2	11.0	9.3	10.4	5.2	10.1	7.0
BSR	-	36.9	(2.9)	18.9	0.8	23.2	(15.5)	4.0	3.0
V2REL	31.6	27.3	10.5	7.5	(8.9)	3.2	(15.9)	(10.4)	(8.8)
Aggregate			**8.3**	**11.1**	**5.5**	**11.2**	**(0.4)**	**6.9**	**4.5**

Source: Company, MOFSL

Volume-led growth; SPSF trends remain mixed on rapid store expansion

Aggregate monthly SPSF grew **~4.5% YoY to INR842 in 1QFY27** (vs. 6.5% YoY to INR804 in FY26), with volume-led demand offsetting the dilution from accelerated store additions. ATV has seen a modest uptick across retailers, which coupled with healthy footfalls, supported underlying growth.

- **V2 Retail:** Calculated monthly SPSF declined **9% YoY to INR878** (vs. 3% YoY decline in FY26), reflecting the higher share of new stores, which operate at ~25-30% lower productivity than mature stores. ASP increased **2% YoY to INR308** (**FY26: +10% YoY**), driven by a better mix. RM-led price inflation of 4-5% is expected to be passed on to consumers, with the impact reflected from 3QFY27.
- **V-Mart:** Core V-Mart SPSF increased **6% YoY to INR736** (vs. ~2% YoY growth in FY26)**,** led by volume growth, while ASP rose **2%**. Unlimited SPSF surged **13% YoY to INR653** (vs. ~6% YoY in FY26), despite 1% decline in ASP, highlighting strong volume-driven growth.
- **BSR:** Monthly SPSF grew ~3% YoY to **INR643** (vs. 6% YoY growth in FY26) despite ~22% YoY area expansion, indicating that rapid network addition continues to dilute reported productivity. **ATV grew 4% YoY**.
- **VMM:** Monthly SPSF increased **7% YoY to INR912** (vs. ~9% YoY in FY26). Growth was led by customer acquisition and higher spending by existing customers, as premium price points delivered **13.9% SSSG** (vs. 10% blended SSSG).

Exhibit 19: Operating metrics across value fashion retailers

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
ASP									
V-MART	322	330	414	343	326	347	422	360	332
Core V-Mart	304	309	401	328	309	331	412	347	314
Unlimited	445	439	493	433	434	427	477	429	428
V2REL	260	269	343	308	303	315	363	321	308
% YoY Growth									
V-MART	(6.7)	4.1	(1.4)	(2.3)	1.2	5.2	1.9	5.0	1.8
Core V-Mart	(5.0)	6.2	(0.2)	(2.7)	1.6	7.1	2.7	5.8	1.6
Unlimited	(8.2)	(0.5)	(4.5)	(1.1)	(2.5)	(2.7)	(3.2)	(0.9)	(1.4)
V2REL	1.2	15.0	17.9	17.6	16.5	17.1	5.8	4.2	1.7
ATV									
Core V-Mart	961	881	1,074	965	932	887	1,034	992	955
Unlimited	1,816	1,644	1,912	1,594	1,716	1,576	1,756	1,581	1,715
BSR	949	997	1,031	997	900	1,005	992	991	933
V2REL	824	791	924	877	901	899	964	925	941
% YoY Growth									
Core V-Mart	0.9	5.0	(3.5)	(1.6)	(3.0)	0.7	(3.7)	2.8	2.5
Unlimited	(15.1)	(6.9)	(10.1)	(1.6)	(5.5)	(4.2)	(8.2)	(0.8)	(0.1)
BSR	(5.7)	4.8	(9.2)	(4.0)	(5.2)	0.8	(3.8)	(0.6)	3.7
V2REL	2.1	11.3	8.1	10.3	9.3	13.7	4.3	5.5	4.4
Bills/store ('000)									
V-MART	17.0	15.0	18.7	15.7	17.5	16.2	18.7	16.4	18.0
BSR	17.7	17.8	20.8	16.8	18.8	22.0	18.7	18.2	19.3
V2REL	41.3	36.1	42.8	32.6	34.7	33.2	34.9	27.8	30.0
% YoY Growth									
V-MART	4.6	7.7	6.8	3.1	2.9	7.7	0.1	4.0	3.1
BSR	-	27.7	5.5	22.8	6.2	23.2	(10.1)	8.8	2.8
V2REL	30.8	15.5	2.8	(2.0)	(16.1)	(8.1)	(18.5)	(14.5)	(13.4)

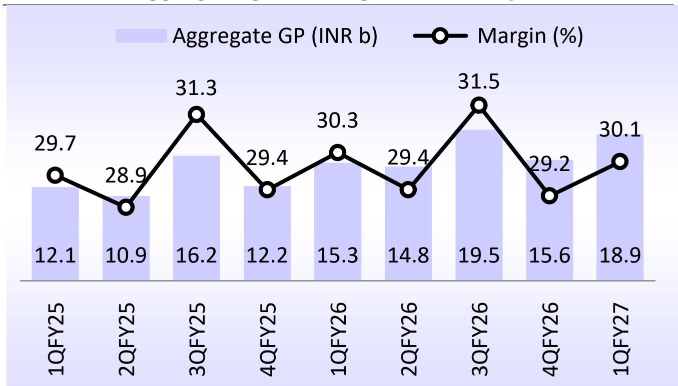
Source: Company, MOFSL

Operating leverage drives ~26% YoY growth in aggregate pre-IND AS EBITDA

Aggregate gross margin contracted ~25bp YoY in 1QFY27, due to higher promotional spending to support sales during Adhikmaas. VMM was the outlier with ~30bp YoY gross margin expansion, while other three listed value fashion retailers witnessed ~80-180bp YoY margin contraction. Despite the ~25bp contraction in aggregated gross margin, the aggregate pre-Ind AS EBITDA grew ~26% YoY in 1QFY27, with margin expanding ~10bp YoY to 9.0%. Healthy SSSG, higher store productivity and continued operating leverage supported profitability, with VMM and V-Mart delivering margin expansion while V2 and BSR witnessed margin contraction due to accelerated store expansion. **RM inflation remains a key near-term risk**, companies are likely to use selective increases (4-5%), sourcing efficiencies and mix interventions.

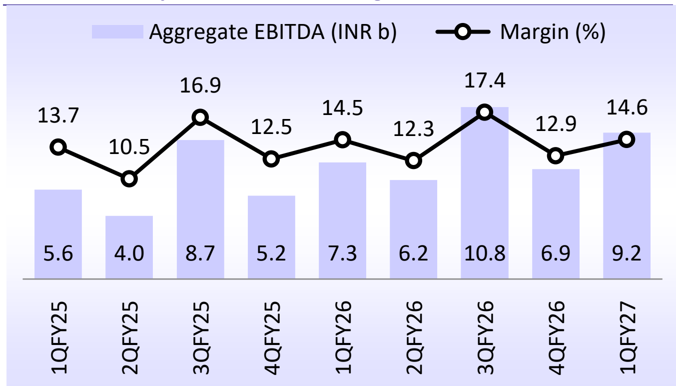
- **VMM**: Gross margin **expanded 30bp YoY to 28.7%**, driven by lower promotional intensity and cost efficiencies. Pre-Ind AS EBITDA margin expanded **~25bp to 10.2%**, aided by operating leverage. Minimum-wage increases across multiple states drove a structural increase in employee costs. Price increases have largely been restricted to higher price points, thereby protecting opening- and mid-price points and the value proposition.
- **V-Mart:** Gross margin dipped **85bp YoY to 34.5%**, mainly due to higher inventory provisioning (up 60bp YoY) and higher promotional-led sales during Adhikmaas. Despite this, pre-Ind AS EBITDA margin expanded **75bp to 7.6%**, led by strong SSSG, operating leverage and a lower drag from LimeRoad. Rising input costs are being addressed through sourcing, product interventions and calibrated pricing actions.
- **V2 Retail:** Gross margin **dipped 105bp YoY to 28.6%**, due to higher discounts during Adhikmaas. Despite rapid store expansion and weaker gross margin, pre-IND AS EBITDA margin remained resilient at **8.0% (-35bp YoY)**. With price hikes and better operating leverage, the company aims to maintain gross margins in the 28-30% range.
- **BSR:** Gross margin **declined 180bp YoY to 34.1%**, leading to an **85bp contraction in pre-IND AS EBITDA margin to 5.7%**, as rapid network expansion and higher operating costs continued to weigh on profitability.

Exhibit 20: Aggregate gross margin down 25bp YoY



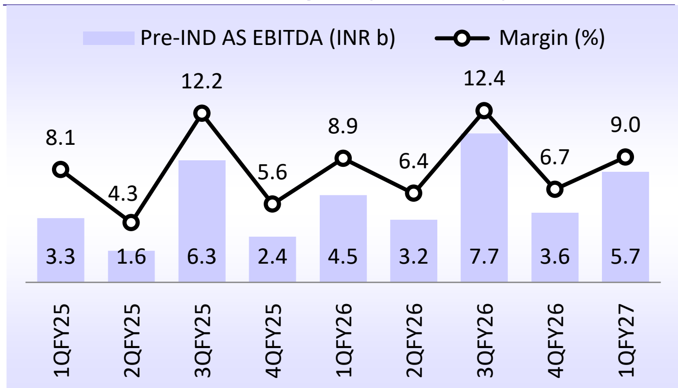
Source: MOFSL, Company

Exhibit 21: Reported EBITDA margin remained stable YoY



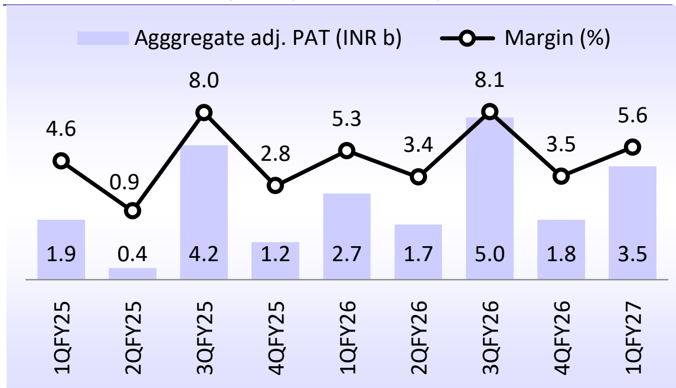
Source: MOFSL, Company

Exhibit 22: Pre-IND AS margin expanded 10bp YoY to 9.0%



Source: MOFSL, Company

Exhibit 23: PAT margin expanded ~25bp YoY in 1QFY27



Source: MOFSL, Company

Exhibit 24: Gross margins for most value fashion retailers contracted due to higher promotional-led sales in 1QFY27

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Gross Margin (%)									
V-MART	35.2	33.6	35.8	33.1	35.3	33.6	36.2	32.1	34.5
VMM	28.2	28.2	29.1	28.3	28.4	28.3	29.1	27.8	28.7
BSR	32.9	29.6	37.7	33.1	35.9	30.5	38.0	30.2	34.1
V2REL	26.6	24.6	30.8	26.5	29.6	28.2	32.5	30.3	28.6
Aggregate	**29.7**	**28.9**	**31.3**	**29.4**	**30.3**	**29.4**	**31.5**	**29.2**	**30.1**
Change in bp									
V-MART	(57)	(101)	25	140	9	3	40	(95)	(83)
VMM			55	182	15	7	(4)	(42)	30
BSR	21	48	55	66	299	85	27	(294)	(179)
V2REL	(136)	(111)	106	97	303	361	168	384	(103)
Aggregate			**50**	**151**	**59**	**46**	**23**	**(16)**	**(23)**

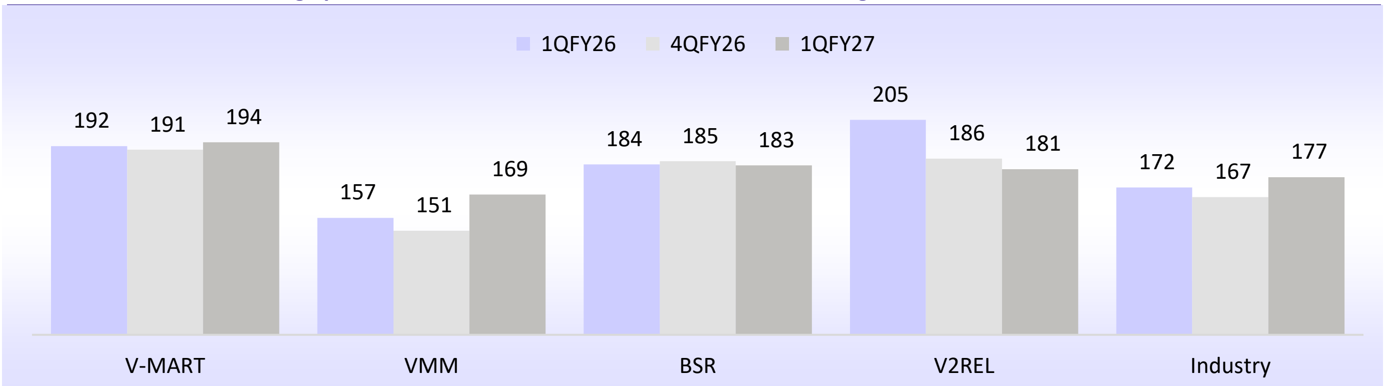
Source: Company, MOFSL

Exhibit 25: Cost of retailing rose due to hikes in minimum wages, but still remains under control for most value fashion retailers

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Cost of Retailing (incl rentals, INR/sqft)									
V-MART	200	203	208	198	192	198	191	191	194
VMM	150	151	153	147	157	160	158	151	169
BSR	154	187	188	184	184	195	184	185	183
V2REL	202	204	205	187	205	201	196	186	181
Industry	**165**	**170**	**173**	**165**	**172**	**176**	**172**	**167**	**177**
Rentals (INR/sqft)									
V-MART	47.4	48.2	49.2	51.3	49.8	49.6	51.0	50.3	51.5
VMM	39.4	38.3	36.6	46.4	40.0	40.9	38.8	40.2	40.5
BSR	45.0	44.4	49.7	50.7	55.6	54.3	57.7	57.1	58.8
V2REL	57.3	57.1	56.8	53.8	52.9	53.2	53.2	54.5	52.9

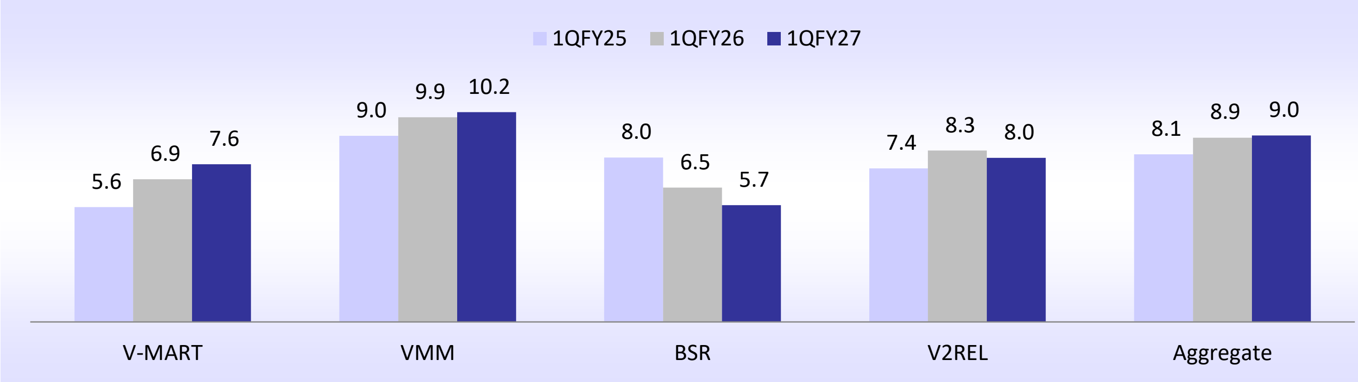
Source: Company, MOFSL

Exhibit 26: Cost of retailing spikes for VMM and remains within a narrow range for other value fashion retailers



Source: MOFSL, Company

Exhibit 27: Pre-IND AS EBITDA margins expand further for V-Mart and VMM; moderation continues for BSR



Source: MOFSL, Company

Exhibit 28: Profitability improvement continues

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Pre-IND AS EBITDA (INR m)									
V-MART	437	(184)	1,108	62	612	44	1,376	325	832
VMM	2,343	1,721	3,772	1,905	3,118	2,403	4,542	2,646	3,790
BSR	220	32	575	117	246	333	492	70	275
V2REL	309	64	836	270	525	444	1,259	544	794
Aggregate	**3,309**	**1,632**	**6,292**	**2,355**	**4,501**	**3,224**	**7,669**	**3,584**	**5,692**
YoY Growth (%)									
V-MART	1,162	63	64	154	40	124	24	421	36
VMM	-	-	27	59	33	40	20	39	22
BSR	22	(140)	0	139	12	941	(14)	(40)	12
V2REL	122	220	103	157	70	594	51	101	51
Aggregate	**833**	**38**	**36**	**90**	**36**	**98**	**22**	**52**	**26**
Pre-IND AS EBITDA margin (%)									
V-MART	5.6	(2.8)	10.8	0.8	6.9	0.6	12.2	3.3	7.6
VMM	9.0	7.1	12.0	7.5	9.9	8.1	12.4	8.5	10.2
BSR	8.0	1.0	14.0	3.4	6.5	6.3	10.5	1.5	5.7
V2REL	7.4	1.7	14.1	5.4	8.3	6.3	13.5	6.8	8.0
Aggregate	**8.1**	**4.3**	**12.2**	**5.6**	**8.9**	**6.4**	**12.4**	**6.7**	**9.0**
Change in bp									
V-MART	505	628	320	253	135	334	142	255	73
VMM		706	68	167	90	100	35	102	24
BSR		528	(323)	120	(147)	523	(342)	(188)	(86)
V2REL	217	82	312	187	86	458	(60)	141	(34)
Aggregate			**119.2**	**183.8**	**81.4**	**210**	**20**	**106**	**10**
Adj PAT (INR m)									
V-MART	121	(565)	716	4	336	(89)	896	106	472
VMM	1,501	1,040	2,627	1,151	2,061	1,523	3,129	1,679	2,588
BSR	76	(90)	304	(64)	26	101	200	(102)	22
V2REL	159	(25)	509	67	247	172	798	166	419
Aggregate	**1,857**	**360**	**4,156**	**1,158**	**2,670**	**1,708**	**5,023**	**1,849**	**3,501**
YoY Growth (%)									
V-MART	(155)	(12)	154	(101)	177	(84)	25	2,445	41
VMM	-	-	28	88	37	46	19	46	26
BSR	38	(42)	(21)	(2)	(65)	213	(34)	59	(15)
V2REL	223	(56)	111	72	55	786	57	149	70
Aggregate			**40**	**489**	**44**	**375**	**21**	**60**	**31**

Source: Company, MOFSL

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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