Retail

Value Fashion Retail

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EXTEL POLL 2026

Ranked 3rd and 4th in the Onshore Broker and Local Broker categories, respectively

Festive shift drives moderation in profitability and cashflow generation; festive demand key monitorable

- The underlying demand trends for value fashion retailers remained healthy in 2Q. However, the reported financials were adversely impacted by the shift in Pujo to 3QFY27 (vs. 2QFY26), given their higher salience to East India.
- Early festive trends remain mixed, with V2 guiding for flattish SSSG for festive and V-Mart indicating positive though weaker than expected festive.
- Aggregate revenue growth for the four listed value fashion retailers moderated to **~14% YoY** in 2Q (vs. 25% YoY in 1H), largely due to the festive shift. The growth was primarily volume-led, supported by **~19% YoY area** growth.
- Aggregate GM expanded 10bp YoY to 29.5%, largely driven by sharp margin expansion for V2. Excluding V2, gross margin contracted ~40bp largely due to the shift in festive rather than RM inflationary pressure, in our view.
- Aggregate pre-Ind AS EBITDA declined 11% YoY, with margins contracting ~140bp to 5.0%, due to the operating deleverage, minimum wage inflation, additional ESOP costs (for VMM), and costs from store expansion. V-Mart was the only value fashion retailer to witness YoY margin expansion in 2Q, while BSR saw the sharpest decline (-965bp) due to its higher concentration in East India.
- RM inflation, minimum wage hikes, and deficient rainfall pose near-term risks. Vendor negotiations and selective 5-10% price hikes should protect margins; however, demand trends amid inflationary pressure on household budgets remain the key monitorable.
- Despite potential near-term concerns, we remain structurally positive on the value fashion retailers**. Reiterate our BUY ratings on V-Mart (TP: INR1,010) and VMM (TP: INR125).**

Underlying demand momentum continues; festive shift hurts reported growth and margin in 2Q

- The aggregate revenue growth for the four listed value fashion retailers moderated to ~14% YoY in 2QFY27 (vs. ~25% YoY in 1Q), largely driven by the shift in Pujo to 3QFY27. The growth was primarily volume-led, supported by ~19% YoY area additions.
- However, underlying demand trends remain healthy with adjusted SSSG of ~9-11% for VMM/V-Mart. Market share gains from unorganized retail continued, with VMM's growth driven largely by new customer additions and V-Mart's footfall rising 36% YoY.
- Aggregate gross margin expanded ~10bp YoY to 29.5%, entirely driven by V2's lower discounting, partly reflecting bill-buster timing. Excluding V2, gross margin for the other three retailers contracted ~40bp YoY. However, we would attribute the margin contraction primarily to the shift in festive calendar, rather than pressures from RM inflation.
- Aggregate pre-Ind AS EBITDA declined ~11% YoY, with margins contracting ~140bp YoY to 5%, due to operating deleverage, weaker product mix (both due to festive shift), minimum wage inflation, additional ESOP costs (for VMM), and new-store expenses.

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- V-Mart was the lone value fashion retailer to report pre-IND AS EBITDA margin expansion (up ~5bp YoY) in 2Q, aided by reduction in LimeRoad losses. Pre-IND AS EBITDA margin contracted ~90bp/~40bp YoY for VMM/V2 and sharper ~965bp YoY for BSR, due to its higher salience to East India.
- Pre-festive working capital build-up and faster vendor payments (to mitigate RM inflation) led to weaker cash generation, with **aggregate Pre-IND AS OCF declining 58% YoY** (compared to ~11% YoY dip in aggregate pre-IND AS EBITDA). Weak OCF generation, coupled with accelerated store expansion capex (up ~17% YoY), led to **aggregate FCF outflow of INR1.6b (vs. INR2.7b inflow YoY).**
- VMM was the only value fashion retailer to generate FCF, with its FCF improving to INR5.2b (vs. INR3.5b YoY), driven by delayed festive stocking.
- We expect cashflow generation to improve in 2H, driven by festive sales. However, rising net debt at V2 (INR5.2b) and BSR (INR5b) could constrain the store expansion and remains a key monitorable.

Store expansion continues at rapid pace; long runway for growth

- Store expansion continued at rapid pace, with 100 net additions in 2QFY27 (vs. 107 in 1Q), taking the combined network to 2,167 stores (up 21% YoY) and ~26.6m sqft (+19% YoY).
- V2 (46) continues to lead in net store additions, followed by VMM (25) and V-Mart (22). V-Mart and VMM have reiterated their guidance of ~90-100 store additions for FY27. However, V2 could see moderation in the pace of store additions (vs. 100+ net additions in 1H).
- Expansion remains broad-based, with South and West contributing ~40% of FY27'YTD additions despite accounting for only ~27% of the network, signaling expansion beyond core markets.
- V-Mart's newer stores, particularly Unlimited, is outperforming mature stores, opening South India (Tamil Nadu in particular) as the key growth market. VMM's pilots in western markets (Gujarat and Kerala) is witnessing encouraging early traction.
- **Limited overlap in the current footprint of listed value fashion retailers (~60% of ~800 unique towns have a presence of just one of these four retailers), provides a long runway for accelerated store expansion to continue.**

Valuation and view

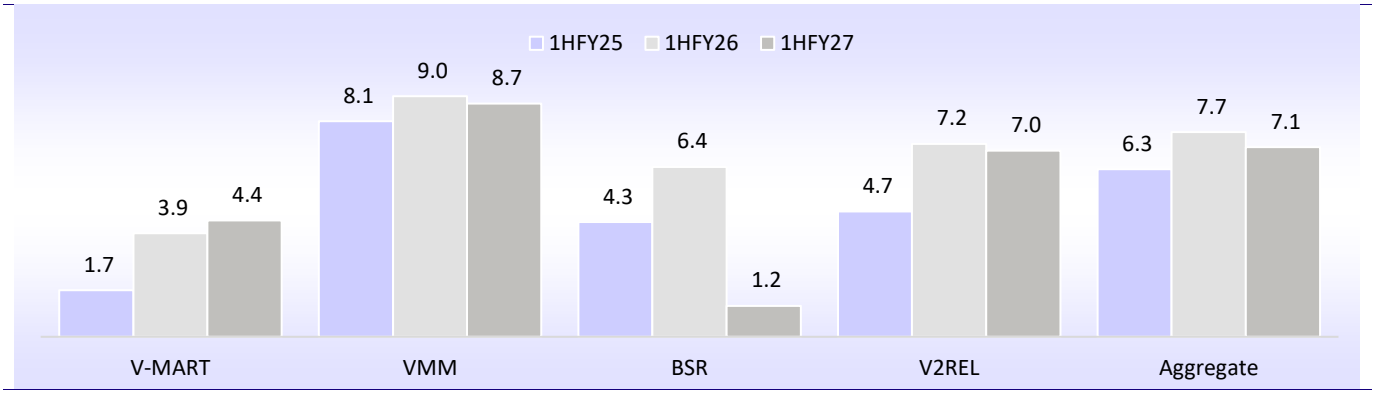
- Value fashion retailers remain among our preferred space within the apparel retail, underpinned by structural tailwinds: i) rising aspirations in Tier 2+ towns, ii) an accelerating shift from unorganized to organized channels, iii) deeper private label penetration driving assortment depth, iv) increasing preference for shopping from one-stop family shops, and iv) aggressive network expansion.
- We reiterate our **BUY rating on VMM (TP INR125) and V-Mart (TP INR1,010)**, given the robust growth outlook (high teens revenue CAGR over FY26-29) and improving profitability (~24-28% 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)			FY26-29 CAGR (%)
	(INR b)	FY27	FY28	FY29	FY27	FY28	FY29	FY27	FY28	FY29	Pre-INDAS EBITDA
Vishal Mega Mart	444	44.0	34.2	26.4	28.0	21.5	16.3	2.7	2.2	1.8	23.7
V2 Retail	55	27.8	19.6	13.7	15.9	10.8	8.0	1.3	0.9	0.7	31.8
VMART	61	38.6	26.2	19.6	20.3	15.3	11.9	1.3	1.1	0.9	27.9
Value fashion retailers		**41.1**	**30.9**	**23.4**	**24.9**	**18.6**	**14.1**	**2.2**	**1.8**	**1.4**	**25.7**

Source: MOFSL, Company

Exhibit 2: Despite the festive shift, V-Mart was the only value fashion retailer to witness YoY pre-IND AS EBITDA margin expansion in 1HFY27



Source: MOFSL, Company

Exhibit 3: Relative comparison of value retailers

1HFY27	INR/sqft/month				as a % of revenue			
	VMM	V2 Retail	V-Mart	Style Baazar	VMM	V2 Retail	V-Mart	Style Baazar
Revenue	**862**	**780**	**666**	**627**	**100**	**100**	**100**	**100**
Gross margin	**244**	**232**	**226**	**198**	**28.3**	**29.8**	**34.0**	**31.6**
Employee	53	69	73	56	6.1	8.9	10.9	9.0
Other expenses	76	56	73	75	8.8	7.2	11.0	12.0
Overheads	129	126	146	131	14.9	16.1	21.9	20.9
EBITDA	**116**	**107**	**80**	**67**	**13.4**	**13.6**	**12.1**	**10.7**
EBITDA margin %	*13.4*	*13.4*	*12.1*	*10.7*				
Rentals below EBITDA	40	52	51	60	4.7	6.7	7.7	9.5
CoR incl. rentals	**169**	**178**	**197**	**191**	**19.6**	**22.8**	**29.6**	**30.5**
pre-INDAS EBITDA	**75.3**	**54.5**	**29.1**	**7.3**	**8.7**	**7.0**	**4.4**	**1.2**
pre-INDAS margin %	*8.7*	*7.0*	*4.4*	*1.2*				

Source: MOFSL, Company

Exhibit 4: Detailed per sqft comparison for the four listed value fashion retailers

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
SPSF									
VMM	716	898	709	852	790	944	780	912	812
V-Mart	558	835	612	678	598	799	662	724	618
V2 Retail	890	1,230	886	963	919	1,035	794	878	694
BSR	654	793	620	625	806	670	645	643	608
GM (%)									
VMM	28.2	29.1	28.3	28.4	28.3	29.1	27.8	28.7	28.0
V-Mart	33.6	35.8	33.1	35.3	33.6	36.2	32.1	34.5	33.5
V2 Retail	24.6	30.8	26.5	29.6	28.2	32.5	30.3	28.6	31.1
BSR	29.6	37.7	33.1	35.9	30.5	38.0	30.2	34.1	29.1
GP									
VMM	202	261	200	242	223	274	217	261	227
V-Mart	187	299	202	239	201	289	213	250	207
V2 Retail	219	379	235	285	259	336	240	251	216
BSR	194	299	205	224	246	255	195	219	177
Employee									
VMM	45	49	47	46	47	49	47	52	53
V-Mart	73	78	76	73	72	72	69	74	73
V2 Retail	77	77	68	80	75	68	72	71	68
BSR	61	61	58	56	61	58	56	55	57
Other expenses									
VMM	68	68	54	71	72	69	64	76	75
V-Mart	82	82	73	70	76	68	72	69	78
V2 Retail	70	71	64	72	74	75	59	58	55
BSR	81	78	76	72	79	68	72	69	80
COR (ex-Rentals)									
VMM	113	117	101	117	119	119	111	128	129
V-Mart	155	159	149	143	148	140	140	143	151
V2 Retail	147	148	133	152	148	143	132	128	123
BSR	143	139	134	128	141	126	128	124	137
Reported EBITDA									
VMM	89	145	99	125	105	156	106	133	98
V-Mart	33	139	53	97	53	149	72	107	56
V2 Retail	72	231	102	133	111	193	109	123	92
BSR	51	161	72	96	105	128	67	95	40
Rentals									
VMM	38	37	46	40	41	39	40	41	40
V-Mart	48	49	49	50	50	51	50	51	52
V2 Retail	57	57	54	53	53	53	55	53	51
BSR	44	50	51	56	54	58	57	59	60
CoR including rentals									
VMM	151	153	147	157	160	158	151	169	169
V-Mart	203	208	198	192	198	191	191	194	203
V2 Retail	204	205	187	205	201	196	186	181	175
BSR	187	188	184	184	195	184	185	183	198
Pre-INDAS EBITDA									
VMM	51	108	53	85	64	117	66	93	58
V-Mart	(16)	90	5	47	3	98	22	55	4
V2 Retail	15	174	48	80	58	140	54	70	41
BSR	7	111	21	41	50	71	10	36	(21)
Pre-INDAS EBITDA margin (%)									
VMM	7.1	12.0	7.5	9.9	8.1	12.4	8.5	10.2	7.2
V-Mart	(2.8)	10.8	0.8	6.9	0.6	12.2	3.3	7.6	0.6
V2 Retail	1.7	14.1	5.4	8.3	6.3	13.5	6.8	8.0	5.9
BSR	1.0	14.0	3.4	6.5	6.3	10.5	1.5	5.7	(3.4)

Source: MOFSL, Company

Exhibit 5: Cumulative performance of value fashion retail in 2QFY27

P&L (INR m)	2QFY26	1QFY27	2QFY27	YoY%	QoQ%	1HFY26	1HFY27	YoY%
Revenue	**50,287**	**62,994**	**57,356**	***14.1***	***-9.0***	**100,642**	**120,350**	***19.6***
Raw Material cost	35,525	44,046	40,458	*13.9*	*-8.1*	70,616	84,504	*19.7*
Gross Profit	**14,762**	**18,948**	**16,898**	***14.5***	***-10.8***	**30,026**	**35,846**	***19.4***
Gross Margin (%)	**29.4**	**30.1**	**29.5**	***11bp***	***-62bp***	**29.8**	**29.8**	***-5bp***
Employee Costs	3,717	4,473	4,692	*26.2*	*4.9*	7,241	9,165	*26.6*
Other Expenses	4,839	5,308	5,710	*18.0*	*7.6*	9,270	11,018	*18.9*
Total Expenses	**8,556**	**9,782**	**10,402**	***21.6***	***6.3***	**16,512**	**20,183**	***22.2***
EBITDA	**6,206**	**9,167**	**6,496**	***4.7***	***-29.1***	**13,515**	**15,662**	***15.9***
EBITDA margin (%)	***12.3***	***14.6***	***11.3***	***-102bp***	***-323bp***	**13.4**	**13.0**	***-41bp***
Rent	2,982	3,475	3,632	*21.8*	*4.5*	5,790	7,108	*22.8*
Pre-IND AS EBITDA	**3,224**	**5,692**	**2,863**	***-11.2***	***-49.7***	**7,725**	**8,555**	***10.7***
EBITDA margin (%)	***6.4***	***9.0***	***5.0***	***-142bp***	***-404bp***	**7.7**	**7.1**	***-57bp***
Depreciation and amortization	3,200	3,851	4,042	*26.3*	*4.9*	6,131	7,893	*28.7*
EBIT	3,006	5,316	2,454	*-18.4*	*-53.8*	7,383	7,769	*5.2*
EBIT margin (%)	*6.0*	*8.4*	*4.3*	*-170bp*	*-416bp*	*7.3*	*6.5*	*-88bp*
Finance Costs	1,037	1,114	1,184	*14.2*	*6.3*	2,094	2,298	*9.8*
Other income	285	403	457	*60.5*	*13.4*	522	859	*64.6*
Exceptional item	(553)	-	-	-	-	(545)	-	*(100)*
Profit before Tax	**2,806**	**4,604**	**1,726**	***-38.5***	***-62.5***	**6,357**	**6,330**	***-0.4***
Tax	685	1,103	450	***-34.3***	***-59.2***	1,571	1,553	***-1.1***
Tax rate (%)	*24.4*	*24.0*	*26.1*	*167bp*	*210bp*	*24.7*	*24.5*	*-18bp*
Profit after Tax	**2,122**	**3,501**	**1,276**	***-39.8***	***-63.5***	**4,786**	**4,777**	***-0.2***
Adj. PAT	**1,708**	**3,501**	**1,276**	***-25.3***	***-63.5***	**4,378**	**4,777**	***9.1***
Operational Metrics								
Stores	1,784	2,067	2,167	*21.5*	*4.8*	1,784	2,167	*21.5*
Area	22.4	25.5	26.6	*18.7*	*4.5*	22.4	26.6	*18.7*
Per Sq.ft								
Revenue	767	842	734	*-4.4*	*-12.9*	817	817	*0.1*
Cost of Retailing	176	177	179	*2.0*	*1.3*	181	185	*2.4*
EBITDA	49	76	37	*-25.5*	*-51.9*	63	58	*-7.3*

Source: MOFSL, Company

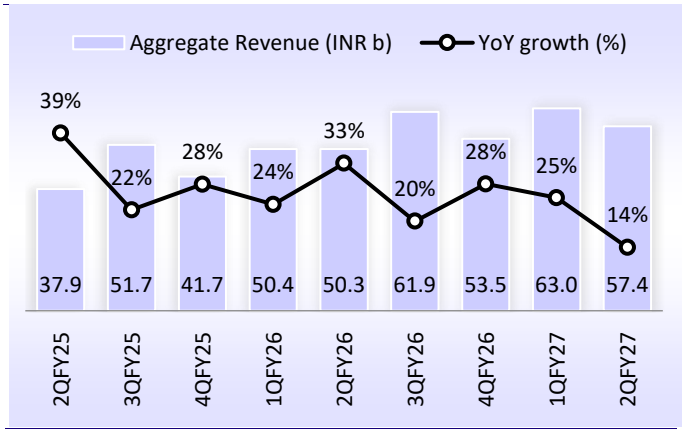
Exhibit 6: Value fashion retail industry performance over the last nine quarters

P&L (INR m)	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue	**37,881**	**51,652**	**41,719**	**50,356**	**50,287**	**61,924**	**53,477**	**62,994**	**57,356**
YoY Growth (%)	***39***	***22***	***28***	***24***	***33***	***20***	***28***	***25***	***14***
Raw Material cost	26,933	35,485	29,473	35,091	35,525	42,396	37,865	44,046	40,458
Gross Profit	**10,947**	**16,168**	**12,245**	**15,264**	**14,762**	**19,528**	**15,612**	**18,948**	**16,898**
Margin (%)	***28.9***	***31.3***	***29.4***	***30.3***	***29.4***	***31.5***	***29.2***	***30.1***	***29.5***
Employee Costs	3,010	3,349	3,353	3,524	3,717	3,953	4,026	4,473	4,692
Other Expenses	3,976	4,113	3,668	4,432	4,839	4,798	4,703	5,308	5,710
Total Expenses	**6,986**	**7,462**	**7,021**	**7,956**	**8,556**	**8,751**	**8,729**	**9,782**	**10,402**
EBITDA	**3,961**	**8,706**	**5,224**	**7,308**	**6,206**	**10,777**	**6,883**	**9,167**	**6,496**
Margin (%)	***10.5***	***16.9***	***12.5***	***14.5***	***12.3***	***17.4***	***12.9***	***14.6***	***11.3***
Pre-IND AS EBITDA	**1,632**	**6,292**	**2,355**	**4,501**	**3,224**	**7,669**	**3,584**	**5,692**	**2,863**
Margin (%)	***4.3***	***12.2***	***5.6***	***8.9***	***6.4***	***12.4***	***6.7***	***9.0***	***5.0***
Depreciation	2,441	2,560	2,816	2,931	3,200	3,374	3,722	3,851	4,042
EBIT	1,520	6,146	2,408	4,377	3,006	7,403	3,161	5,316	2,454
EBIT margin (%)	*4.0*	*11.9*	*5.8*	*8.7*	*6.0*	*12.0*	*5.9*	*8.4*	*4.3*
Finance Costs	1,038	1,087	1,093	1,057	1,037	1,038	1,074	1,114	1,184
Other income	196	247	240	238	285	351	352	403	457
Exceptional item	-	-	(242)	8	(553)	(182)	233	-	-
Profit before Tax	**678**	**5,306**	**1,797**	**3,550**	**2,806**	**6,898**	**2,206**	**4,604**	**1,726**
Tax	318	1,150	458	886	685	1,739	531	1,103	450
Tax rate (%)	*47.0*	*21.7*	*25.5*	*25.0*	*24.4*	*25.2*	*24.1*	*24.0*	*26.1*
Profit after Tax	**360**	**4,156**	**1,339**	**2,664**	**2,122**	**5,159**	**1,675**	**3,501**	**1,276**
Adjusted PAT	**360**	**4,156**	**1,158**	**2,670**	**1,708**	**5,023**	**1,849**	**3,501**	**1,276**
Operational Metrics									
Stores	1,435	1,515	1,596	1,675	1,784	1,871	1,960	2,067	2,167
Area (m sqft)	18.6	19.5	20.4	21.3	22.4	23.5	24.4	25.5	26.6
Per sqft (INR)									
Revenue	690	903	697	806	767	899	745	842	734
Cost of Retailing	170	173	165	172	176	172	167	177	179
EBITDA (pre-IND AS)	30	110	39	72	49	111	50	76	37

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

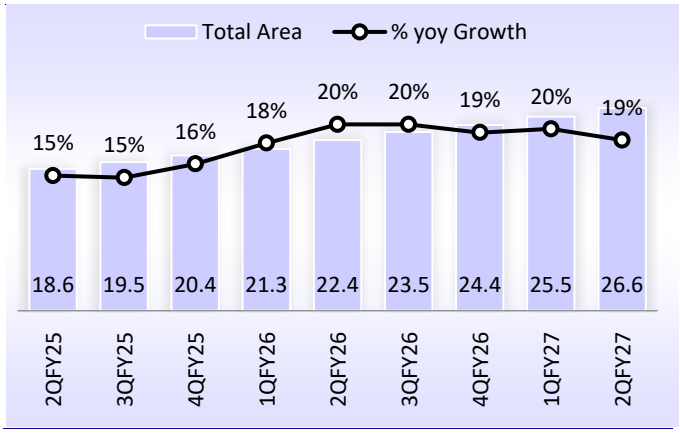
Source: MOFSL, Company

Exhibit 7: Aggregate revenue growth moderated to ~14%



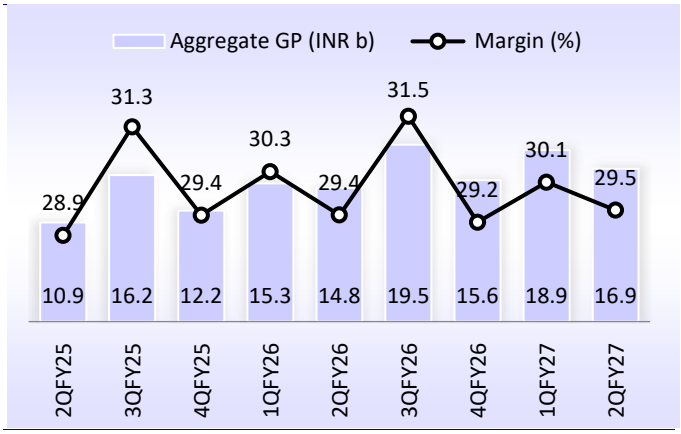
Source: MOFSL, Company

Exhibit 8: Area additions remain aggressive



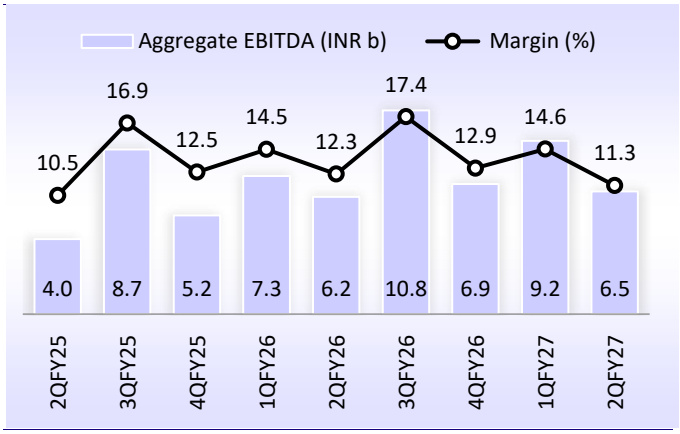
Source: MOFSL, Company

Exhibit 9: Aggregate GM was stable YoY despite RM inflation



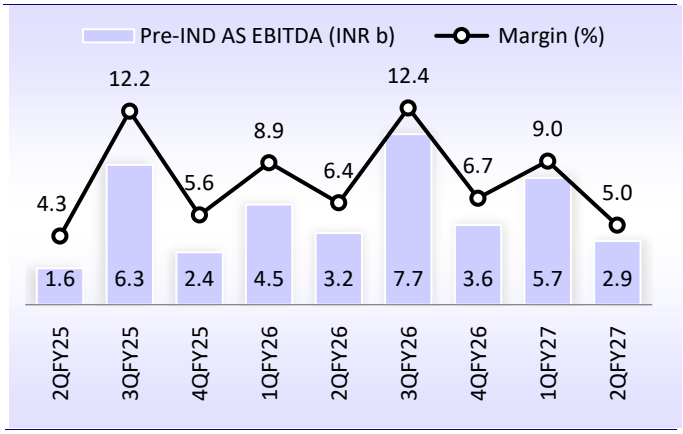
Source: MOFSL, Company

Exhibit 10: Reported EBITDA margin contracted 100bp



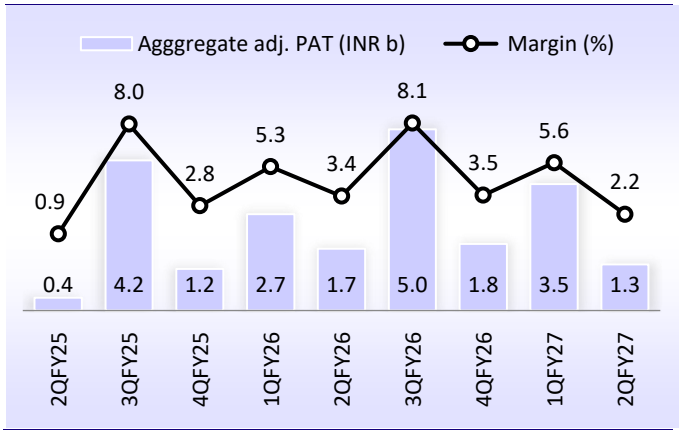
Source: MOFSL, Company

Exhibit 11: Pre-IND AS margin contracted ~140bp YoY to 5%, leading to ~11% YoY decline



Source: MOFSL, Company

Exhibit 12: Aggregate adjusted PAT declined ~25% YoY due to the festive shift



Source: MOFSL, Company

Space addition continues unabated, backed by strong demand outlook

Value fashion retailers maintained an aggressive expansion pace in 2QFY27, with the four listed players adding **100 net new stores (+21% YoY)**, taking the combined network to **2,167 stores** and retail area to **~26.6m sqft (+19% YoY)**. Expansion remains broad-based, with V2 leading with its accelerated store network rollout.

- **VMM:** It added **25/49 net stores in 2Q/1HFY27**, taking the network to 844 stores across 582 cities. It continues to expand aggressively in South (15 of 25 net openings). Average store size is declining by design, with smaller store sizes in Gujarat and Maharashtra showing encouraging early traction. **Kerala network has nearly doubled against the plan**. Small-format stores increased to 18, concentrated in UP and Haryana. It incubated a new fashion format under "Belong & Co" during 2Q. FY27 guidance of 100+ openings remain intact.
- **V-Mart: Added 22/36 net stores in 2Q/1HFY27**, taking the network to 613 stores (V-Mart: 509; Unlimited: 104) across 351 cities. Network **SPSF grew ~3% YoY** despite ~15% store additions, with **new stores outperforming**. Unlimited's pre-Ind AS EBITDA margin moved ahead of V-Mart YTD, while SPSF rose 15% to INR681, supporting expansion in the South and West. **FY27 guidance remains 90-100 gross store openings**.
- **V2 Retail:** It added **46/102 net stores in 2Q/1HFY27**, taking the network to 427 stores and **~4.6m sqft (+65% YoY).** New-store productivity remains at INR720-730 per sqft/month (~65% of mature stores), while the FY25 cohort's maturation has likely stretched by a year. 2H is likely to see some moderation in store openings (~60-70 stores) as the focus shifts to productivity ramp-up.
- **BSR:** It added **7/20 net stores in 2Q/1HFY27**, taking the network to 283 stores and retail area to **2.67m sqft (+16% YoY)**. Expansion remains cluster-led, focused on increasing network density, with focus markets (66 stores) now driving growth. Its 1H sales rose 38% and share of sales rose to 21% (vs. 16%). The Cupid capital infusion (INR3.3b) should support continued footprint expansion alongside debt reduction.

Exhibit 13: Store footprint across geographies; South and West emerging as the key growth drivers for value retailers

Store Count	V-MART	VMM	BSR	V2REL	Aggregate
North	281	315	40	145	781
East	186	208	236	180	810
South	98	237	6	39	380
West	48	84	1	63	196
Total	**613**	**844**	**283**	**427**	**2,167**
Net Additions in FY27TD					
North	21	12	7	28	68
East	5	9	11	32	57
South	5	24	1	13	43
West	5	4	1	29	39
Total	**36**	**49**	**20**	**102**	**207**

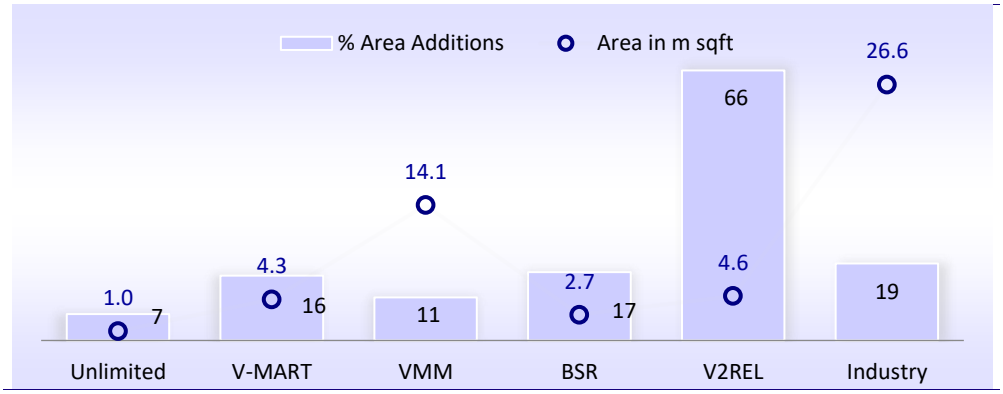
Source: MOFSL, Company

Exhibit 14: State-wise footprint of the four listed value fashion retailers (as of 2QFY27)

State Wise	Stores as of 2QFY27				Additions YTD				Total
	VMM	V-MART	BSR	V2REL	VMM	V-MART	BSR	V2REL	
Uttar Pradesh	138	190	40	67	6	14	7	13	40
Bihar	32	85	39	61	-	3	5	12	20
Tamil Nadu	1	41	-	-	-	3	-	-	3
Jharkhand	20	33	15	21	-	-	(1)	-	(1)
Rajasthan	27	34	-	12	2	1	-	3	6
Karnataka	98	20	-	24	5	1	-	4	10
West Bengal	36	26	107	28	1	2	9	13	25
Telangana	52	18	-	3	3	-	-	2	5
Uttarakhand	21	22	-	10	-	2	-	-	2
Madhya Pradesh	44	20	1	32	-	3	1	9	13
Assam	47	14	35	27	1	-	(3)	3	1
Orissa	35	15	36	35	1	-	1	3	5
Gujarat	8	19	-	13	2	2	-	11	15
Andhra Pradesh	50	13	6	11	3	1	1	6	11
Jammu & Kashmir	10	11	-	9	-	-	-	1	1
Delhi	33	9	-	12	-	1	-	-	1
Tripura	6	7	3	1	4	-	-	-	4
Maharashtra	6	5	-	5	1	(1)	-	2	2
Haryana	34	6	-	10	3	1	-	5	9
Kerala	36	4	-	1	13	-	-	1	14
Punjab	36	7	-	22	-	2	-	6	8
Arunachal Pradesh	8	2	1	3	-	-	-	-	-
Manipur	8	2	-	2	1	-	-	-	1
Meghalaya	4	2	-	1	-	-	-	-	-
Chandigarh	-	1	-	-	-	-	-	-	-
Chhattisgarh	22	3	-	10	1	-	-	7	8
Himachal Pradesh	16	1	-	3	1	-	-	-	1
Puducherry	-	2	-	-	-	-	-	-	-
Daman	-	-	-	-	-	-	-	-	-
Goa	4	1	-	3	-	1	-	-	1
Mizoram	1	-	-	-	-	-	-	-	-
Nagaland	6	-	-	1	-	-	-	1	1
Sikkim	5	-	-	-	1	-	-	-	1
Aggregate	**844**	**613**	**283**	**427**	**49**	**36**	**20**	**102**	**207**

Source: MOFSL, Company

Exhibit 15: Aggregate area grew ~19% YoY in 2QFY27, led by V2R (66%) and BSR (17%)



Source: MOFSL, Company

Exhibit 16: Store expansion remains aggressive, driven by robust demand outlook for value fashion retailers

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Store Count									
V-MART	384	403	412	421	438	458	478	490	509
Unlimited	83	85	85	89	95	96	99	101	104
VMM	645	668	696	717	742	771	795	819	844
BSR	184	199	214	232	250	252	263	276	283
V2REL	139	160	189	216	259	294	325	381	427
Aggregate	**1,435**	**1,515**	**1,596**	**1,675**	**1,784**	**1,871**	**1,960**	**2,067**	**2,167**
Net Additions QoQ									
V-MART	14	19	9	9	17	20	20	12	19
Unlimited	5	2	-	4	6	1	3	2	3
VMM	19	23	28	21	25	29	24	24	25
BSR	18	15	15	18	18	2	11	13	7
V2REL	12	21	29	27	43	35	31	56	46
Aggregate	**68**	**80**	**81**	**79**	**109**	**87**	**89**	**107**	**100**
Area (in m sq.ft)									
V-MART	3.2	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.3
Unlimited	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0
VMM	11.5	11.8	12.2	12.4	12.8	13.2	13.5	13.8	14.1
BSR	1.7	1.8	1.9	2.1	2.3	2.4	2.5	2.6	2.7
V2REL	1.5	1.7	2.0	2.3	2.8	3.2	3.5	4.1	4.6
Aggregate	**18.6**	**19.5**	**20.4**	**21.3**	**22.4**	**23.5**	**24.4**	**25.5**	**26.6**
YoY Area growth (%)									
V-MART	6.7	9.7	12.9	16.1	15.6	14.7	15.4	13.9	15.7
Unlimited	-	-	5.3	-	12.5	12.5	17.5	17.5	6.4
VMM		11.3	10.5	10.7	11.1	11.4	10.6	11.3	10.5
BSR	25.6	28.8	31.1	40.7	37.1	31.3	28.1	22.3	16.6
V2REL	34.7	51.1	61.6	72.2	88.5	85.4	72.7	73.3	65.6
Aggregate	**11.5**	**14.6**	**16.1**	**18.3**	**20.4**	**20.4**	**19.5**	**19.9**	**18.7**
Avg Store Size (sqft)									
V-MART	8,333	8,437	8,495	8,551	8,447	8,515	8,452	8,367	8,413
Unlimited	9,639	9,412	9,412	8,989	9,474	9,375	9,495	9,307	9,212
VMM	17,812	17,665	17,474	17,294	17,197	17,056	16,918	16,850	16,706
BSR	9,076	8,995	8,977	9,095	9,156	9,325	9,354	9,348	9,431
V2REL	10,662	10,763	10,725	10,875	10,788	10,861	10,769	10,682	10,838
Aggregate	**12,990**	**12,879**	**12,788**	**12,692**	**12,580**	**12,556**	**12,444**	**12,332**	**12,292**

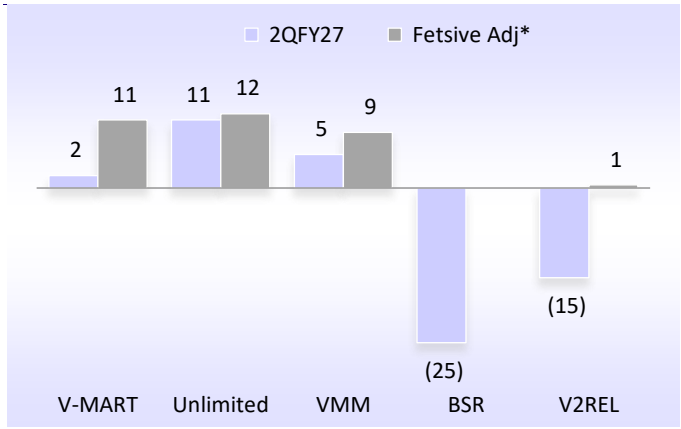
Source: Company, MOFSL

Festive shift masks resilient underlying demand trends

Aggregate revenue for the four listed value fashion retailers **grew ~14% YoY in 2QFY27** (~20% YoY in 1HFY27), led by ~19% YoY area growth **offset by 4% decline in SPSF.** The productivity dip reflects the shift in festive period and new stores ramp-up, rather than structural demand weakness. We expect SPSF to recover in 3Q as festive sales flow through, making store productivity the key monitorable for 2H.

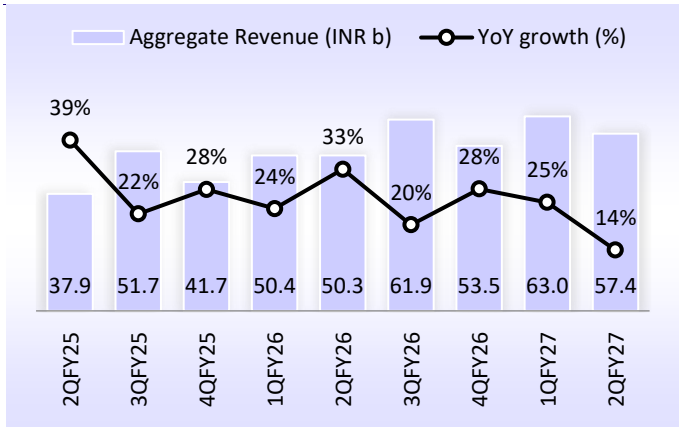
- **Vishal Mega Mart *(VMM)*** reported 14% YoY revenue growth (vs. ~19% YoY in 1QFY27), driven by 5.4% SSSG (~9% adjusted for the festive shift) and ~10.5% YoY area additions. SSSG came almost entirely from new customer additions (market share gains), with little contribution from higher spends by existing customers amid inflation.
- **V2 Retail *(V2REL)*** revenue grew 28% YoY (vs. ~58% in 1Q), driven by ~66% YoY area growth and 31% volume growth. SSSG was -14.5% (+0.5% festive-adjusted), reflecting softer demand. October Puja sales were flat period-on-period. Customer engagement remains healthy, with repeat customers contributing ~70% of mature-store sales (vs. ~55% earlier). Winter-season demand will be key to assessing the recovery trajectory.
- **V-Mart** revenue grew 18% YoY (vs. ~23% in 1Q), driven by 3% SSSG (11% festive-adjusted) and ~15% YoY store additions. Festive demand remained positive but below expectations. Unlimited outperformed with ~25% revenue growth and 11% SSSG (12% festive-adjusted). Newer stores are delivering higher SPSF than legacy stores, making South India an increasingly important growth driver.
- **Baazar Style Retail *(BSR)*** revenue declined ~10% YoY in 2QFY27 (vs. +29% in 1Q), with SSSG at -25%, as Durga Puja shifted into 3Q. Its East-heavy footprint makes it the most exposed value fashion retailer to the calendar shift. Area grew ~17% YoY, while SPSF fell ~25%. 3Q's benign base and shift in festive period should provide a clearer read on underlying productivity.

Exhibit 17: Festive adjusted SSSG held up for VMM/V-Mart



Source: Company, MOFSL

Exhibit 18: Aggregate revenue grew 14% YoY in 2QFY27 (~20% YoY in 1HFY27)



Source: Company, MOFSL

Exhibit 19: Revenue growth remained healthy, driven by footprint additions

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Revenue (INR m)									
Core V-Mart	5,371	8,634	6,556	7,407	6,624	9,450	8,163	8,992	7,750
Unlimited	1,134	1,528	1,164	1,383	1,380	1,752	1,487	1,842	1,721
VMM	24,362	31,359	25,479	31,403	29,815	36,704	31,141	37,270	33,985
BSR	3,109	4,116	3,454	3,778	5,317	4,665	4,657	4,864	4,785
V2REL	3,800	5,909	4,985	6,322	7,086	9,292	7,970	9,972	9,056
Aggregate	**37,881**	**51,652**	**41,719**	**50,356**	**50,287**	**61,924**	**53,477**	**62,994**	**57,356**
YoY revenue growth (%)									
Core V-Mart	27.0	18.6	19.5	14.0	23.3	9.5	24.5	21.4	17.0
Unlimited	8.3	6.2	11.2	11.1	21.7	14.7	27.7	33.2	24.7
VMM	-	19.5	23.2	21.0	22.4	17.0	22.2	18.7	14.0
BSR	65.0	23.5	54.5	37.0	71.0	13.3	34.8	28.7	(10.1)
V2REL	64.3	58.1	68.4	52.3	86.5	57.2	59.9	57.7	27.8
Aggregate	**39.5**	**22.4**	**28.1**	**23.6**	**32.7**	**19.9**	**28.2**	**25.1**	**14.1**
SSSG (%)									
V-MART	14.0	10.0	7.0	1.0	11.0	-	12.0	8.0	2.0
Unlimited	11.0	11.0	10.0	1.0	11.0	2.0	9.0	13.0	11.0
VMM	12.6	10.8	13.7	11.4	12.8	7.5	13.2	10.0	5.4
BSR	41.0	(3.0)	20.0	(3.0)	22.0	(14.0)	8.0	7.0	(25.0)
V2REL	34.0	25.0	24.0	5.0	23.4	2.0	7.7	7.5	(14.5)
Calculated monthly SPSF (INR)									
V-MART	568	872	633	695	605	829	685	736	616
Unlimited	473	637	485	576	541	649	539	653	604
VMM	716	898	709	852	790	944	780	912	812
BSR	654	793	620	625	806	670	645	643	607
V2REL	890	1,230	886	963	919	1,035	794	878	694
Aggregate	**690**	**903**	**697**	**806**	**767**	**899**	**745**	**842**	**734**
SPSF - YoY growth (%)									
V-MART	21.0	9.6	7.4	(0.5)	6.4	(5.0)	8.2	5.9	1.9
Unlimited	8.3	6.2	8.4	8.3	14.5	1.9	11.1	13.4	11.7
VMM	-	8.2	11.0	9.3	10.4	5.2	10.1	7.0	2.8
BSR	36.9	(2.9)	18.9	0.8	23.2	(15.5)	4.0	3.0	(24.6)
V2REL	27.3	10.5	7.5	(8.9)	3.2	(15.9)	(10.4)	(8.8)	(24.4)
Aggregate	**-**	**8.3**	**11.1**	**5.5**	**11.2**	**(0.4)**	**6.9**	**4.5**	**(4.4)**

Source: Company, MOFSL

Space drives growth as SPSF declines ~4% on festive timing and store maturity

Aggregate monthly SPSF declined **~4% YoY to INR734 in 2QFY27** (flat YoY at INR786 in 1H), largely driven by the shift in festive sales and accelerated store additions for V2 Retail. Growth remains primarily volume lead, with ASPs largely stable YoY, despite the RM inflation.

- **V2 Retail:** Calculated monthly SPSF declined 24% YoY to INR694 (1HFY27: -16% YoY to INR780), reflecting a higher share of new stores operating 35-40% below mature-store productivity. The festive shift further weighed on YoY comparable performance for 2Q and 1HFY27. ASP declined 3% to INR307 despite 3-7% input-cost inflation, likely due to product mix changes and a shift in festive sales.
- **V-Mart:** Core V-Mart SPSF grew ~2% YoY (1H: INR671 up 3% YoY), led primarily by ~17% YoY volume growth. Unlimited continued to outperform, with SPSF up 12% (1H: +16% YoY to INR626), driven by 25% YoY volume growth and 1% YoY dip in ASP. With RM inflation at 5-6%, price hikes are expected from 2H, which, along with sales of higher priced festive merchandize, should boost ASP.
- **VMM:** Monthly SPSF grew ~3% YoY to INR812 (1H: INR860 up 5% YoY), despite the shift in festive dates. Apparel revenue grew modest ~9.5% YoY (vs. 18% YoY for FMCG) in 2Q. Price hikes remain limited to higher price points (~25% of revenue), with opening price points unchanged and no further hikes planned, keeping SPSF growth primarily volume-led.
- **BSR:** Monthly SPSF declined 25% YoY to INR608 (1H: INR627 down 13% YoY), largely due to a shift in festive dates. New-store ramp-up also continues to weigh on productivity. ATV fell 7% YoY to INR938 and bill count declined 4% in the absence of festive demand.

Exhibit 20: Operating metrics across value fashion retailers

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
ASP									
V-MART	330	414	343	326	347	422	360	332	348
Core V-Mart	309	401	328	309	331	412	347	314	331
Unlimited	439	493	433	434	427	477	429	428	424
V2REL	269	343	308	303	315	363	321	308	307
% YoY Growth									
V-MART	4.1	(1.4)	(2.3)	1.2	5.2	1.9	5.0	1.8	0.3
Core V-Mart	6.2	(0.2)	(2.7)	1.6	7.1	2.7	5.8	1.6	-
Unlimited	(0.5)	(4.5)	(1.1)	(2.5)	(2.7)	(3.2)	(0.9)	(1.4)	(0.7)
V2REL	15.0	17.9	17.6	16.5	17.1	5.8	4.2	1.7	(2.5)
ATV									
Core V-Mart	881	1,074	965	932	887	1,034	992	955	894
Unlimited	1,644	1,912	1,594	1,716	1,576	1,756	1,581	1,715	1,558
BSR	997	1,031	997	900	1,005	992	991	933	938
V2REL	791	924	877	901	899	964	925	941	891
% YoY Growth									
Core V-Mart	5.0	(3.5)	(1.6)	(3.0)	0.7	(3.7)	2.8	2.5	0.9
Unlimited	(6.9)	(10.1)	(1.6)	(5.5)	(4.2)	(8.2)	(0.8)	(0.1)	(1.1)
BSR	4.8	(9.2)	(4.0)	(5.2)	0.8	(3.8)	(0.6)	3.7	(6.7)
V2REL	11.3	8.1	10.3	9.3	13.7	4.3	5.5	4.4	(0.9)
Bills/store ('000)									
V-MART	15.0	18.7	15.7	17.5	16.2	18.7	16.4	18.0	16.3
BSR	17.8	20.8	16.8	18.8	22.0	18.7	18.2	19.3	18.3
V2REL	36.1	42.8	32.6	34.7	33.2	34.9	27.8	30.0	25.2
% YoY Growth									
V-MART	7.7	6.8	3.1	2.9	7.7	0.1	4.0	3.1	1.1
BSR	27.7	5.5	22.8	6.2	23.2	(10.1)	8.8	2.8	(16.9)
V2REL	15.5	2.8	(2.0)	(16.1)	(8.1)	(18.5)	(14.5)	(13.4)	(24.2)

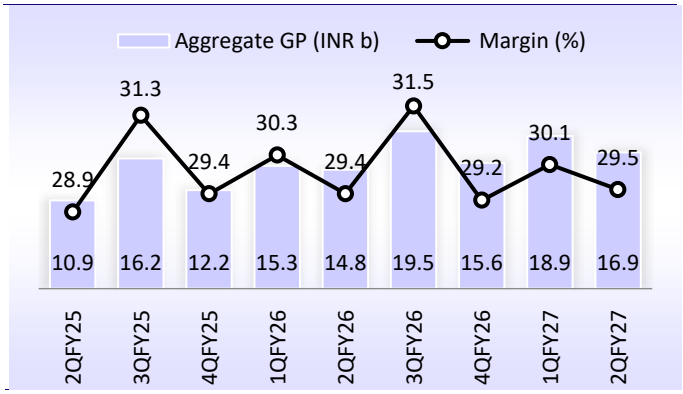
Source: Company, MOFSL

Festive shift, higher minimum wages, and expansion costs squeeze margins

Aggregate **gross margin (GM) expanded ~10bp YoY in 2QFY27 to 29.5%,** entirely driven by V2 (+290bp), partly reflecting lower discounting and its bill-buster offers shifting into Oct'26. GM for others contracted ~15-135bp as the festive shift deferred higher-margin apparel sales, with East-heavy BSR hit the hardest. The adverse impact of RM inflation is yet to materialize in any significant way, in our view. Despite stable GM, **aggregate pre-Ind AS EBITDA declined ~11% YoY, with margin contracting ~140bp to 5.0%** as operating deleverage compounded higher minimum wages, ESOPs, and store-expansion costs. ***BSR (-965bp) saw the sharpest contraction, while V-Mar's margin remained stable despite the festive shift.*** RM inflation remains the key risk, with companies pursuing selective 5-10% price hikes, better vendor terms, and mix interventions.

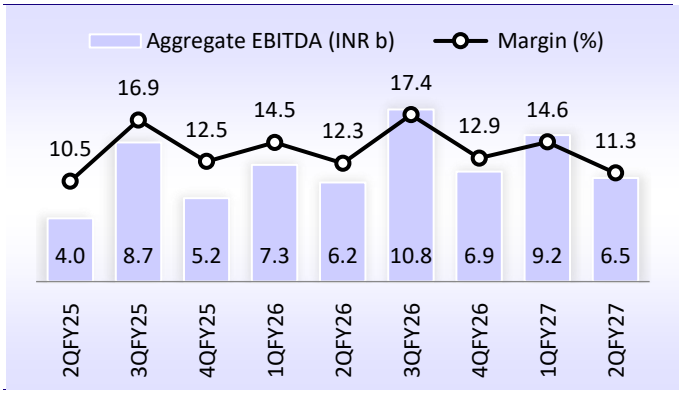
- **VMM**: Gross margin **contracted ~35bp YoY to 28%,** including ~20bp impact from the festive shift, which led to reduction in the revenue contribution of apparel category by 165bp. **Pre-Ind AS EBITDA margin contracted ~90bp YoY to 7.2%** due to higher minimum wages, additional ESoP costs, and operating deleverage. Price increases remain limited to higher price points (~25% of revenue), protecting opening price points. Cost re-engineering should help stabilize gross margins in 2H.
- **V-Mart: Gross margin contracted ~15bp YoY to 33.5%** due to the festive shift, partly offset by lower aged-inventory provisioning. **Pre-Ind AS EBITDA margin** inched up ~5bp YoY to **0.6%,** supported by operating leverage and lower Lime Road losses, offsetting a 35% rise in A&P spends (2.6% of sales). Calibrated price hikes of 5-6% and improved vendor terms should help contain RM inflation and sustain gross margins.
- **V2 Retail: Gross margin expanded 290bp YoY to 31.1%** as discounts declined to ~30% (vs. ~50%), partly due to the bill-buster offers shifting into October. However, **pre-Ind AS EBITDA margin contracted 35bp to 5.9%** due to operating deleverage and weaker productivity of 106 store additions in 1H. Core-product MRP hikes of 5-10% and festive shift should support FY27 guidance of 29-30% gross margin and 7.5%+ EBITDA margin.
- **BSR: Gross margin contracted 135bp YoY to 29.1%** as full-price Puja sales shifted into 3Q. Pre-Ind AS EBITDA turned negative at INR163m, with margins contracting 965bp to -3.4%.

Exhibit 21: Aggregate gross margin up 10bp YoY



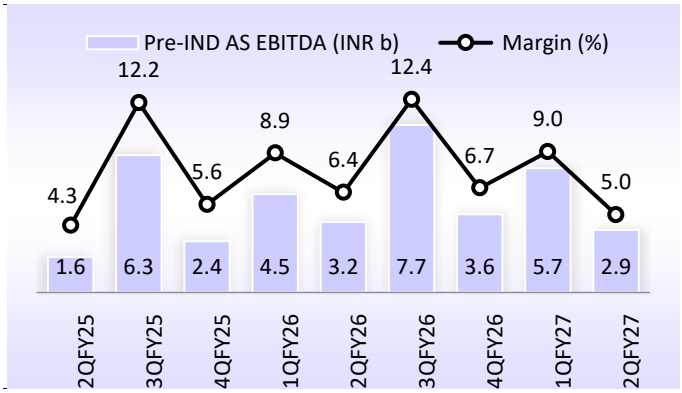
Source: MOFSL, Company

Exhibit 22: Reported EBITDA margin fell 100bp YoY



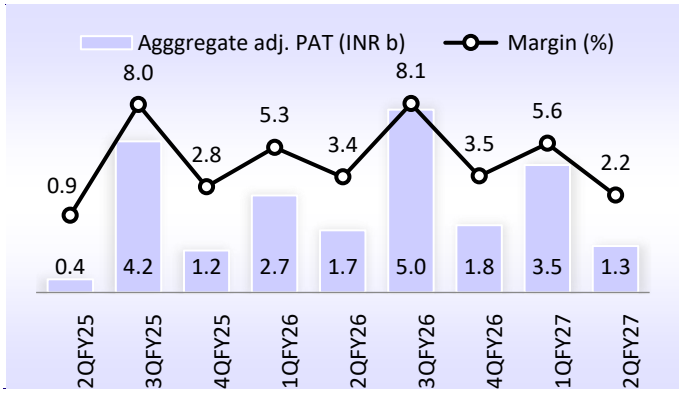
Source: MOFSL, Company

Exhibit 23: Pre-IND AS margin contracted 140bp YoY to 5%



Source: MOFSL, Company

Exhibit 24: PAT margins contracted ~120bp YoY in 2QFY27



Source: MOFSL, Company

Exhibit 25: Gross margins remained largely stable YoY despite RM inflation

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Gross Margin (%)									
V-MART	33.6	35.8	33.1	35.3	33.6	36.2	32.1	34.5	33.5
VMM	28.2	29.1	28.3	28.4	28.3	29.1	27.8	28.7	28.0
BSR	29.6	37.7	33.1	35.9	30.5	38.0	30.2	34.1	29.1
V2REL	24.6	30.8	26.5	29.6	28.2	32.5	30.3	28.6	31.1
Aggregate	**28.9**	**31.3**	**29.4**	**30.3**	**29.4**	**31.5**	**29.2**	**30.1**	**29.5**
Change in bp									
V-MART	(101)	25	140	9	3	40	(95)	(83)	(16)
VMM		55	182	15	7	(4)	(42)	30	(32)
BSR	48	55	66	299	85	27	(294)	(179)	(134)
V2REL	(111)	106	97	303	361	168	384	(103)	288
Aggregate		**50**	**151**	**59**	**46**	**23**	**(16)**	**(23)**	**11**

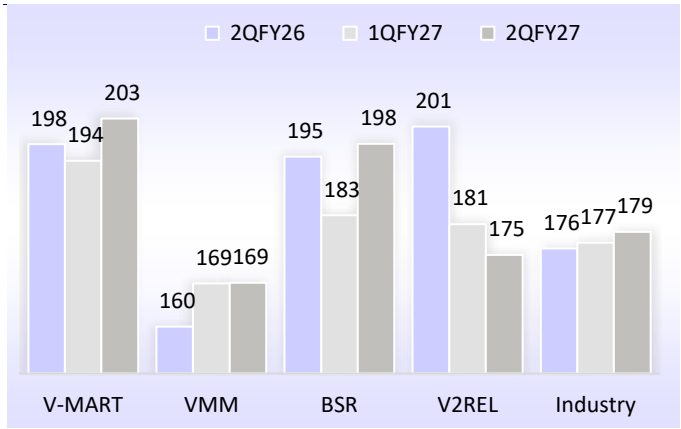
Source: Company, MOFSL

Exhibit 26: Cost of retailing rose YoY, largely due to hikes in minimum wages

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Cost of Retailing (incl rentals, INR/sqft)									
V-MART	203	208	198	192	198	191	191	194	203
VMM	151	153	147	157	160	158	151	169	169
BSR	187	188	184	184	195	184	185	183	198
V2REL	204	205	187	205	201	196	186	181	175
Industry	**170**	**173**	**165**	**172**	**176**	**172**	**167**	**177**	**179**
Rentals (INR/sqft)									
V-MART	48.2	49.2	51.3	49.8	49.6	51.0	50.3	51.5	52.0
VMM	38.3	36.6	46.4	40.0	40.9	38.8	40.2	40.5	40.3
BSR	44.4	49.7	50.7	55.6	54.3	57.7	57.1	58.8	60.3
V2REL	57.1	56.8	53.8	52.9	53.2	53.2	54.5	52.9	51.2

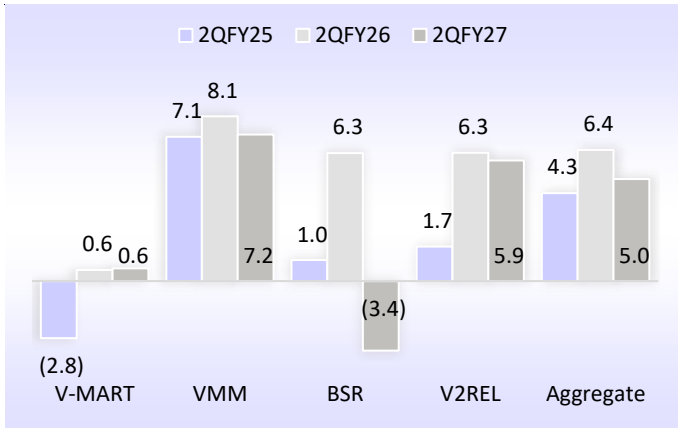
Source: Company, MOFSL

Exhibit 27: Cost of retailing/sqft increased sharply YoY for VMM; remained contained for other value fashion retailers



Source: MOFSL, Company

Exhibit 28: Pre-IND AS EBITDA margins contracted for value fashion retailers except V-Mart



Source: MOFSL, Company

Exhibit 29: Festive shift led operating deleverage adversely impacted profitability

	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Pre-IND AS EBITDA (INR m)									
V-MART	(184)	1,108	62	612	44	1,376	325	832	59
VMM	1,721	3,772	1,905	3,118	2,403	4,542	2,646	3,790	2,433
BSR	32	575	117	246	333	492	70	275	(163)
V2REL	64	836	270	525	444	1,259	544	794	534
Aggregate	**1,632**	**6,292**	**2,355**	**4,501**	**3,224**	**7,669**	**3,584**	**5,692**	**2,863**
YoY Growth (%)									
V-MART	63	64	154	40	124	24	421	36	32
VMM	-	27	59	33	40	20	39	22	1
BSR	(140)	0	139	12	941	(14)	(40)	12	(149)
V2REL	220	103	157	70	594	51	101	51	20
Aggregate	**38**	**36**	**90**	**36**	**98**	**22**	**52**	**26**	**(11)**
Pre-IND AS EBITDA margin (%)									
V-MART	(2.8)	10.8	0.8	6.9	0.6	12.2	3.3	7.6	0.6
VMM	7.1	12.0	7.5	9.9	8.1	12.4	8.5	10.2	7.2
BSR	1.0	14.0	3.4	6.5	6.3	10.5	1.5	5.7	(3.4)
V2REL	1.7	14.1	5.4	8.3	6.3	13.5	6.8	8.0	5.9
Aggregate	**4.3**	**12.2**	**5.6**	**8.9**	**6.4**	**12.4**	**6.7**	**9.0**	**5.0**
Change in bp									
V-MART	628	320	253	135	334	142	255	73	7
VMM	706	68	167	90	100	35	102	24	(90)
BSR	528	(323)	120	(147)	523	(342)	(188)	(86)	(967)
V2REL	82	312	187	86	458	(60)	141	(34)	(37)
Aggregate		**119.2**	**183.8**	**81.4**	**210.3**	**20**	**106**	**10**	**(142)**
Adj PAT (INR m)									
V-MART	(565)	716	4	336	(89)	896	106	472	(163)
VMM	1,040	2,627	1,151	2,061	1,523	3,129	1,679	2,588	1,579
BSR	(90)	304	(64)	26	101	200	(102)	22	(321)
V2REL	(25)	509	67	247	172	798	166	419	182
Aggregate	**360**	**4,156**	**1,158**	**2,670**	**1,708**	**5,023**	**1,849**	**3,501**	**1,276**
YoY Growth (%)									
V-MART	(12)	154	(101)	177	(84)	25	2,445	41	84
VMM	-	28	88	37	46	19	46	26	4
BSR	(42)	(21)	(2)	(65)	n/m	(34)	59	(15)	n/m
V2REL	(56)	111	72	55	(786)	57	149	70	6
Aggregate		**40**	**489**	**44**	**375**	**21**	**60**	**31**	**(25)**

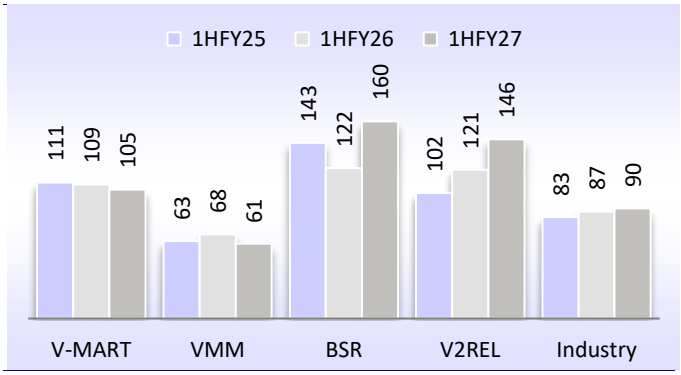
Source: Company, MOFSL

Festive inventory build-up; faster vendor payments stretches working capital

Working capital trends diverged in 1HFY27. **VMM** improved inventory discipline, partly aided by delayed festive stocking. V-Mart and V2 saw core working capital rise as faster vendor payments reflected in lower payable days amid RM inflation. V2/BSR also carried higher inventory for store additions and festive/winter stocking.

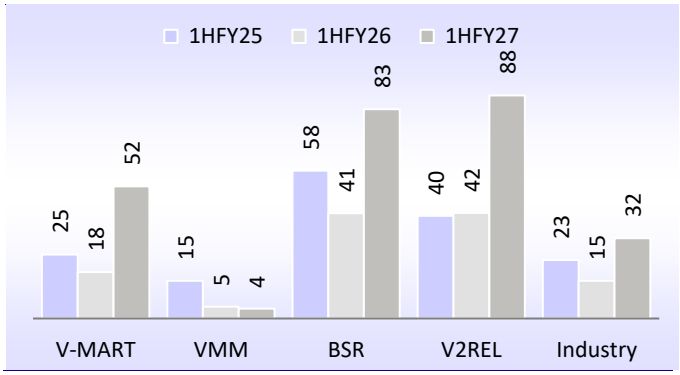
- **VMM:** Inventory days improved to 61 (vs. ~68 YoY), while inventory/sqft declined ~5% to INR1,642, best among peers. Part of the improvement reflects delayed festive stocking. Core WC days moderated to 4 (vs. 5 YoY).
- **V-Mart:** Inventory days improved to **~105 (vs. 109 YoY),** with **inventory/sqft flat YoY at ~INR2,272** and aged-inventory provisions stable in 1HFY27 at 0.9% of revenue. However, **core WC days rose to 52 (vs. 18)** as payable days fell to 53 (vs. 91), reflecting faster vendor payments to secure better procurement terms amid RM inflation.
- **V2 Retail: Core WC days rose to 88 (vs. 42 in 1HFY26),** driven by inventory build-up for store additions and festive/winter stocking. Inventory days increased to **146 (vs. 121 days YoY)** and **inventory/sqft rose 8% YoY INR3,128**. Payable days fell to 58 (vs. 80 days) due to faster vendor payments. NWC days are expected to moderate to 75-80 by Mar'27, although creditor days may fall further.
- **BSR:** Inventory days rose to 160 (vs. 122 YoY) owing to festive shift, with inventory/sqft estimated at ~INR3,120 (up 28% YoY). The build-up is largely timing-led and should unwind as festive sales flow through in 3Q.

Exhibit 30: Festive stocking led to inventory build up



Source: MOFSL, Company

Exhibit 31: Core WC days rise due to faster payments to vendors to mitigate RM inflation



Source: MOFSL, Company

Exhibit 32: Festive stocking and vendor prepayments stretch working capital

Inventory per sqft	1HFY24	2HFY24	1HFY25	2HFY25	1HFY26	2HFY26	1HFY27
V-MART	2,218	2,114	2,281	2,295	2,270	1,983	2,272
VMM	1,519	1,331	1,609	1,521	1,735	1,500	1,642
BSR		2,955	2,680	2,735	2,441	2,774	3,124
V2REL	-	2,871	1,902	2,596	2,885	3,258	3,128
Core WC per sqft							
V-MART	683	473	505	523	382	997	1,128
VMM	4	251	(153)	360	119	317	106
BSR	-	1,168	758	1,117	827	1,172	1,607
V2REL	-	1,186	1,018	1,031	992	1,936	1,891
Payables per sqft							
V-MART	1,535	1,642	1,776	1,772	1,888	986	1,144
VMM	1,515	1,080	1,762	1,161	1,616	1,183	1,537
BSR	-	1,787	1,922	1,618	1,614	1,603	1,517
V2REL	-	1,685	884	1,565	1,893	1,323	1,237

Source: Company, MOFSL

Working capital build-up and store additions weigh on FCF generation

Aggregate 1HFY27 pre-Ind AS OCF declined 58% YoY to INR2.7b despite 11% YoY pre-IND AS EBITDA growth, as festive inventory build-up at BSR and V2 and faster vendor payments at V-Mart drove higher working capital requirements. Consequently, **FCF swung to a INR1.6b outflow in 1HFY27 (vs. INR2.7b inflow YoY).** VMM was the only value fashion retailer with FCFF surplus of INR5.2b. Festive sales should aid cash flows in 2H, but rising leverage at BSR and V2 is becoming a key monitorable.

- **VMM:** 1HFY27 **pre-Ind AS OCF grew 38% YoY to ~INR6.7b**, ahead of ~13% pre-IND AS EBITDA growth, aided by a ~**INR1.5b working capital release** (vs. INR0.5b YoY), reflecting delayed festive stocking. Capex rose 13% to ~INR1.6b, resulting in **FCF of ~INR5.2b (vs. INR3.5b).**
- **V-Mart:** 1HFY27 **pre-Ind AS OCF outflow stood at ~INR0.3b** (vs. INR0.9b inflow YoY), as **~INR0.9b working capital** build-up (vs. release of INR0.3b YoY) offset 36% YoY pre-IND AS EBITDA growth. Capex increased 40% to ~INR0.8b, leading to **FCF outflow of INR1.1b (vs. generation of INR0.3b YoY).** This led to net debt (excl. leases) rising to INR1.7b (vs. INR0.6b YoY).
- **V2 Retail:** 1HFY27 **pre-Ind AS OCF outflow came in ~INR1.2b (vs. INR0.4b inflow YoY),** as **INR2.6b working capital build-up** (vs. INR0.8b YoY) offset 48% YoY growth in OCF before WC. **Capex rose 60% YoY to ~INR1.4b** for 106 store additions, taking **FCF outflow to ~INR2.6b** (vs. INR0.5b YoY). Borrowings more than doubled to ~INR5.2b, taking debt/equity to ~0.55x. Slower 2H expansion is, therefore, important for both consolidation and funding discipline.
- **BSR:** 1HFY27 **pre-Ind AS OCF swung to a INR2.5b outflow (vs. INR0.3b inflow),** reflecting an 80% YoY EBITDA decline and festive inventory build-up. Despite 37% lower capex YoY at INR0.5b, **FCF outflow widened to INR3.1b**, the highest among peers. Net debt stood at INR5b (vs. INR3.5b at Mar'26).

Exhibit 33: Working capital absorption drives sharp deterioration in cash flows

Pre-IND AS CFO	1HFY24	2HFY24	1HFY25	2HFY25	1HFY26	2HFY26	1HFY27
V-MART	312	1,328	651	263	865	1,084	(292)
VMM	2,279	752	7,291	1,017	4,890	5,079	6,732
BSR	(33)	337	192	(758)	312	(726)	(2,519)
V2REL	65	(44)	405	368	362	(3,255)	(1,218)
Aggregate	**2,622**	**2,373**	**8,539**	**889**	**6,429**	**2,183**	**2,704**
Capex							
V-MART	702	507	610	628	581	1,018	812
VMM	1,110	1,383	1,167	1,472	1,384	1,865	1,565
BSR	190	656	436	638	850	621	539
V2REL	137	169	471	830	867	1,447	1,391
Aggregate	**2,139**	**2,716**	**2,683**	**3,567**	**3,683**	**4,952**	**4,306**
FCF							
V-MART	(390)	821	41	(366)	284	66	(1,104)
VMM	1,168	(631)	6,124	(455)	3,506	3,214	5,168
BSR	(224)	(319)	(243)	(1,396)	(539)	(1,348)	(3,057)
V2REL	(71)	(214)	(66)	(462)	(505)	(4,702)	(2,608)
Aggregate	**483**	**(342)**	**5,856**	**(2,678)**	**2,746**	**(2,769)**	**(1,602)**

Source: Company, MOFSL

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