

# Vishal Mega Mart | BUY

## All-round beat; hitting the right notes

The company reported a robust all-round performance, beating our estimates on all fronts, with revenue growing 23% YoY to INR 29.8bn (4% beat), led by strong SSSG of 12.8% and 10% YoY network addition. Even after adjusting for benefits from the early festive season, SSSG growth remained in double digits. Sales/ Pre-IndAs EBITDA per sqft grew by 11%/26% YoY as the cost of retailing increased only by 6% YoY, reflecting strong execution. We concur with the management's strategy of re-investing gross margin gains towards driving higher throughput per sqft, leading to share gains. Its quick commerce initiative is also yielding good results with revenue contribution ranging from 1.5% to 9% across stores depending upon the maturity profile. The company continues to consistently invest in supply chain improvement, which is completely funded through internal cash flows, further strengthening its execution capabilities. We marginally tweak our estimates post the 2Q results. We maintain BUY with unchanged TP of INR 175 via DCF methodology (10% WACC and 6% terminal growth), implying 64x P/E multiple Sep'27 (Pre-Ind AS 116).

- **Revenue exceeds expectation:** Revenue grew 22% YoY to INR 29.8bn (4% beat on JMFe), driven by robust SSSG of 12.8% and healthy 10 % YoY network expansion to 12.8mn sqft. EBITDA grew 30% YoY to INR 3.9bn (12% beat on JMFe), with EBITDA margin expanding ~80bps YoY to 13.2%. This improvement was led by 10bps YoY gross margin expansion to 28.3% and operating leverage benefits, as employee costs and other expenses declined by 40bps YoY each. Reported PAT grew 46% YoY to INR 1.5bn (22% beat), supported by 53% YoY rise in other income and 70bps YoY decline in ETR to 25.5%, partly offset by 20% YoY increase each in interest and depreciation costs. On a Pre-Ind AS basis, EBITDA grew 40% YoY to INR 2.4bn, with margins improving ~100bps YoY to 8.1%. Pre-Ind AS adjusted PAT grew 50% YoY to INR 1.49bn.
- **Store expansion:** The company's total store count stood at 742 at the end of 2QFY26, with a retail area of 12.8mn sqft; out of the 25 stores added this quarter, 23 were in tier-3 cities, resulting in a 1% QoQ decline in average store size to 17.2K sqft as the average size of the new store opened was ~14.4K sqft. We note that East/South grew the fastest at 29%/27% YoY, buoyed by the early festive season and higher store expansion in the South. North, on the other hand, grew by only 15% YoY, while the West grew by 22% YoY.
- **Other KPIs:** The company added 25 new stores during the quarter (vs. our estimate of 22). Sales productivity improved with sales per sqft at INR 2,370 vs. our expectation of INR 2,250 (strong beat here too). The incremental rental cost (non-Ind AS portion) decreased by 20bps YoY to 5.2%. In addition, the apparel segment registered strong 25% YoY revenue growth to INR 12.6bn with 90bps YoY higher share to ~42.2%, while the FMCG segment's share declined 1% YoY to 28.7% and its revenue grew by 18% YoY to INR 8.5bn. General merchandise share was largely maintained at 29.1% and the segment grew by 23% YoY to INR 8.7bn. Private label brand contribution stood at 73.6% in 2QFY26, compared to 74.7% in 2QFY25.


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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	175
Upside/(Downside)	27.8%
Previous Price Target	175
Change	0.0%

### Key Data – VMM IN

Current Market Price	INR137
Market cap (bn)	INR639.7/US\$7.2
Free Float	46%
Shares in issue (mn)	4,597.4
Diluted share (mn)	4,671.1
3-mon avg daily val (mn)	INR2,819.3/US\$31.8
52-week range	158/96
Sensex/Nifty	84,563/25,910
INR/US\$	88.7

### Price Performance

%	1M	6M	12M
Absolute	-6.0	5.9	0.0
Relative*	-8.8	1.9	0.0

\* To the BSE Sensex

### Financial Summary

(InR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	89,119	107,163	130,227	156,156	185,474
Sales Growth (%)	17.5	20.2	21.5	19.9	18.8
EBITDA	12,486	15,302	19,427	23,676	28,572
EBITDA Margin (%)	14.0	14.3	14.9	15.2	15.4
Adjusted Net Profit	4,619	6,320	8,851	11,383	14,243
Diluted EPS (INR)	1.0	1.4	1.9	2.4	3.0
Diluted EPS Growth (%)	43.7	34.2	37.8	28.6	25.1
ROIC (%)	10.3	12.7	16.8	20.8	25.1
ROE (%)	8.6	10.5	13.4	16.4	19.6
P/E (x)	133.7	99.7	72.3	56.2	44.9
P/B (x)	11.0	9.8	9.4	9.0	8.6
EV/EBITDA (x)	50.3	40.6	31.8	26.1	21.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 14/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

**Exhibit 1. Consolidated quarterly performance (INR mn)**

Particulars (INR mn)	Quarterly			Chg (%) YoY	Chg (%) QoQ	JMFe		Half Year		Chg (%) YoY
	Q2FY25	Q1FY26	Q2FY26			Q2FY26E	Chg (%)	H1FY25	H1FY26	
<b>Store Count (#)</b>	<b>645</b>	<b>717</b>	<b>742</b>	<b>97</b>	<b>25</b>	<b>739</b>	<b>3</b>	<b>645</b>	<b>742</b>	<b>97</b>
SSSG (%)	NA	11.4	12.8			8.1		11.6	12.1	
<b>Net operating revenues</b>	<b>24,362</b>	<b>31,403</b>	<b>29,815</b>	<b>22</b>	<b>(5)</b>	<b>28,643</b>	<b>4</b>	<b>55,722</b>	<b>61,218</b>	<b>10</b>
Material cost	(17,490)	(22,490)	(21,384)	22	(5)	(20,537)	4	(39,727)	(43,874)	10
<b>Gross Profit</b>	<b>6,872</b>	<b>8,913</b>	<b>8,431</b>	<b>23</b>	<b>(5)</b>	<b>8,106</b>	<b>4</b>	<b>15,995</b>	<b>17,344</b>	<b>8</b>
Employee cost	(1,525)	(1,711)	(1,761)	15	3	(1,800)	(2)	(3,234)	(3,472)	7
Other expenses	(2,322)	(2,610)	(2,724)	17	4	(2,775)	(2)	(4,686)	(5,334)	14
Total expenditure	(21,338)	(26,811)	(25,869)	21	(4)	(25,112)	3	(47,647)	(52,681)	11
<b>EBITDA</b>	<b>3,025</b>	<b>4,592</b>	<b>3,946</b>	<b>30</b>	<b>(14)</b>	<b>3,531</b>	<b>12</b>	<b>8,075</b>	<b>8,537</b>	<b>6</b>
Other income	132	170	202	53	19	190	6	322	372	15
Interest	(342)	(411)	(412)	20	0	(420)	(2)	(657)	(824)	25
Depreciation	(1,405)	(1,591)	(1,691)	20	6	(1,630)	4	(2,812)	(3,282)	17
<b>Pretax profits</b>	<b>1,409</b>	<b>2,760</b>	<b>2,044</b>	<b>45</b>	<b>(26)</b>	<b>1,671</b>	<b>22</b>	<b>4,928</b>	<b>4,803</b>	<b>(3)</b>
Tax	(369)	(699)	(521)	41	(26)	(420)	24	(1,261)	(1,219)	(3)
<b>Adj. PAT</b>	<b>1,040</b>	<b>2,061</b>	<b>1,523</b>	<b>46</b>	<b>(26)</b>	<b>1,251</b>	<b>22</b>	<b>3,667</b>	<b>3,584</b>	<b>(2)</b>
Extraordinary items	-	-	-			-		-	-	
Net profit (reported)	1,040	2,061	1,523	46	(26)	1,251	22	3,667	3,584	(2)
<b>Recurring EPS</b>	<b>0.2</b>	<b>0.4</b>	<b>0.3</b>	<b>41</b>	<b>(26)</b>	<b>0.3</b>	<b>21</b>	<b>0.8</b>	<b>0.8</b>	<b>(6)</b>
<b>% of operating revenues</b>										
<b>Gross margin</b>	<b>28.2</b>	<b>28.4</b>	<b>28.3</b>	<b>6 bps</b>	<b>-11 bps</b>	<b>28.3</b>	<b>-3 bps</b>	<b>28.7</b>	<b>28.3</b>	<b>-38 bps</b>
EBITDA margin	12.4	14.6	13.2	81 bps	-139 bps	12.3	90 bps	14.5	13.9	-55 bps
Material cost	71.8	71.6	71.7	-7 bps	10 bps	71.7	2 bps	71.3	71.7	37 bps
Employee cost	6.3	5.4	5.9	-36 bps	45 bps	6.3	-38 bps	5.8	5.7	-14 bps
Other expenses	9.5	8.3	9.1	-40 bps	82 bps	9.7	-56 bps	8.4	8.7	30 bps
Income tax rate (% of PBT)	26.2	25.3	25.5	-72 bps	14 bps	25.1	NM	25.6	25.4	-20 bps
<b>Pre Ind AS 116</b>										
EBITDA	1,721	3,118	2,403	40	(23)			5,493	5,521	1
PAT	997	2,029	1,491	50	(27)			3,058	3,520	15
EPS	0.2	0.4	0.3	44.4	(26.7)			0.7	0.8	11
<b>Pre Ind AS Margins (%)</b>										
EBITDA margin	7.1	9.9	8.1	99 bps	-187 bps			9.9	9.0	-84 bps
PAT Margin	4.1	6.5	5.0	90 bps	-147 bps			5.5	5.7	26 bps

Source: Company, JM Financial

**Exhibit 2. We marginally tweak our estimates post 2Q results**

INR mn	FY26E			FY27E			FY28E		
	Revised	Earlier	Chng (%)	Revised	Earlier	Chng (%)	Revised	Earlier	Chng (%)
Revenues	1,30,227	1,28,902	1.0	1,56,156	1,53,744	1.6	1,85,474	1,82,185	1.8
EBITDA	19,427	18,985	2.3	23,676	23,020	2.8	28,572	27,723	3.1
EBITDA margin (%)	14.9	14.7		15.2	15.0		15.4	15.2	
Net income	8,851	8,547	3.6	11,383	10,929	4.2	14,243	13,657	4.3
EPS (INR/share)	1.9	1.8	3.3	2.4	2.3	3.9	3.0	2.9	4.1
<b>Pre-Ind AS</b>									
EBITDA	12,987	12,736	2.0	16,192	15,870	2.0	19,912	19,577	1.7
EBITDA margin (%)	10.0	9.9		10.4	10.3		10.7	10.7	
Net income	8,914	8,734	2.1	11,073	10,884	1.7	13,507	13,376	1.0

Source: Company, JM Financial

**Exhibit 3. Improving per sq. ft KPIs on the back of strong execution**

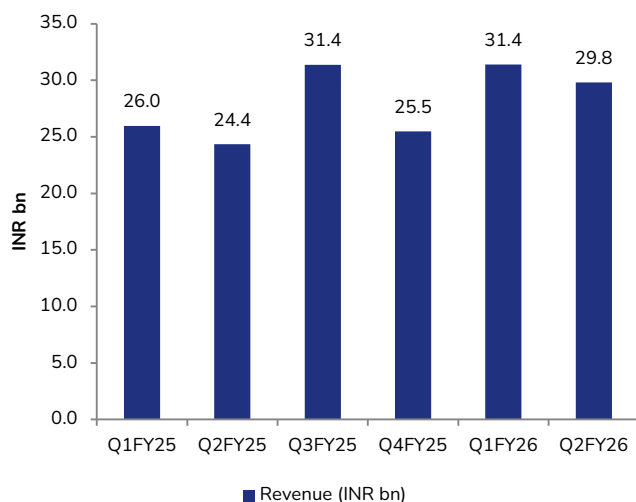
KPIs (INR per sq. ft)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Revenue per sq. ft	2,308	2,137	2,680	2,122	2,557	2,370
Gross margin per sq.ft	652	603	780	600	726	670
Employee costs per sq.ft	133	134	146	139	139	140
Other expenses per sq.ft	193	204	202	163	213	217
Rent per sq. ft	117	114	109	139	120	123
Pre-IndAS EBITDA per sq.ft	208	151	322	159	254	191
Cost of retailing per sq. ft	443	452	457	441	472	479

Source: Company, JM Financial

## Concall Key Takeaways

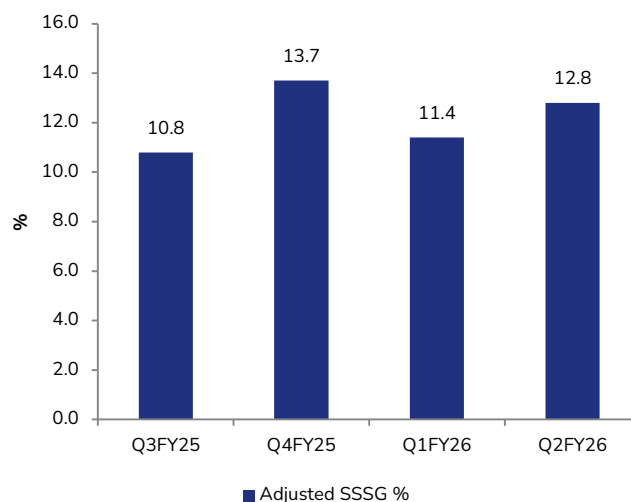
- **Demand:** This quarter benefited from the early festive season of Pujo and to a smaller extent from Chhath as well; as per management estimates, SSSG is higher by 150–200bps on account of the early festive season. On the other hand, erratic monsoon across different parts of the country coupled with disruption in Assam during the peak festive period would have an adverse impact on overall sales, but it is difficult to quantify.
- **Outlook:** The management remains optimistic about demand led by 1) GST rate cut, 2) income tax rate rationalisation, and 3) expected healthy crop due to good rainfall.
- **Margins:** The management is looking to re-invest gross margin benefits towards improving product quality and keeping the product price attractive to the customer. EBITDA margin, on the other hand, can see gradual expansion led by operating leverage benefits.
- **Store additions:** Southern states saw good traction with 15 store additions out of 25 net additions for the quarter. The company has 9 small-format stores as a pilot (3 added this quarter) and is seeing good traction in these stores and plans expansion even in future.
- **Impact of GST rationalisation:** At the portfolio level, FMCG and general merchandise had the most benefit from GST rationalisation with 50% and 34% positive impact on revenue respectively, while the apparel category had a marginal benefit of 1%.
- **Quick commerce:** E-commerce (E-com) and quick commerce (QC) contribute revenue in the range of 1.5% to 9% depending on the area and maturity of the store. The management observed that consumers usually shop for FMCG products on the QC platform, with FMCG contributing 70% to revenue for QC vs. 27% in-store. As a consequence, gross margin is lower for QC compared to stores, apart from incremental delivery charges. Lastly, private label products enjoy a higher share of revenue on the QC platform. Of total e-comm consumers, 20% are those shopping on Vishal for the first time through its e-comm platform.
- **Supply chain and capex:** The company is building a fully automated 0.6mn sqft warehouse near Gurgaon to ensure it does not run out of warehousing capacity. Once this warehouse is complete, it will build similar warehouses of required size in other parts of the country as well. Apart from this, it will continue to invest in adding stores, building an omni-channel presence, and adding small-format stores. It plans to fund capex from cashflows.

**Exhibit 4. Consolidated revenue grew 22% YoY to INR 29.8bn**

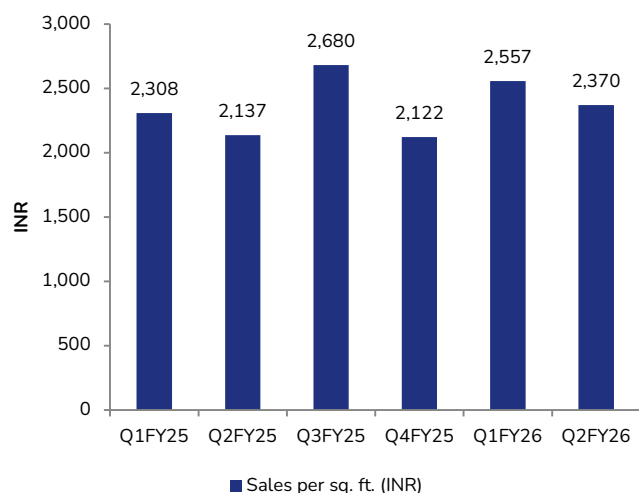


Source: Company, JM Financial

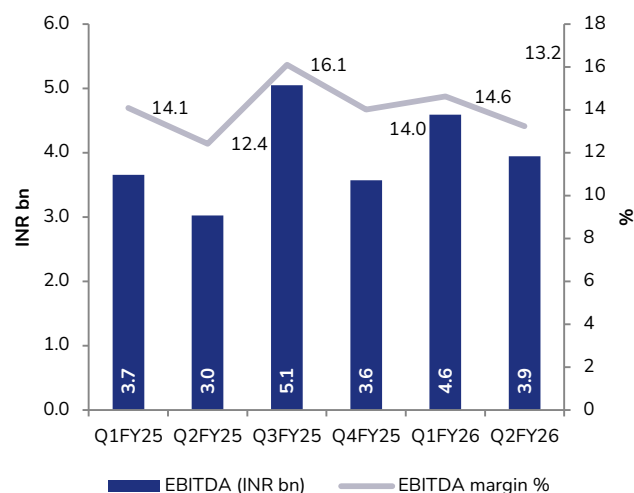
**Exhibit 5. SSSG stood at 12.8% in 2Q led by early festivities**



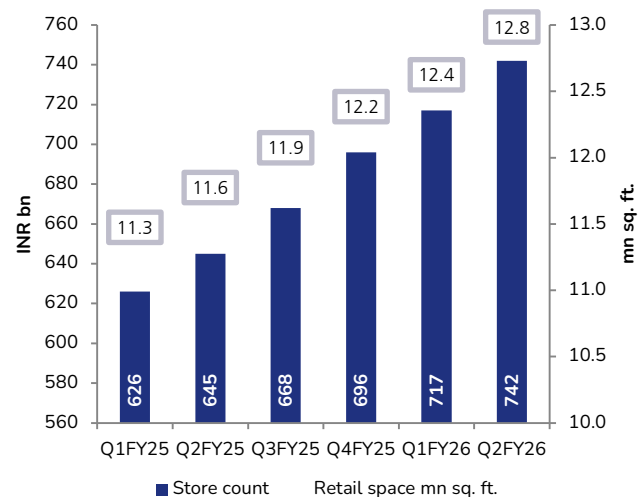
Source: Company, JM Financial

**Exhibit 6. Sales per sq. ft grew 11% to INR 2,370**

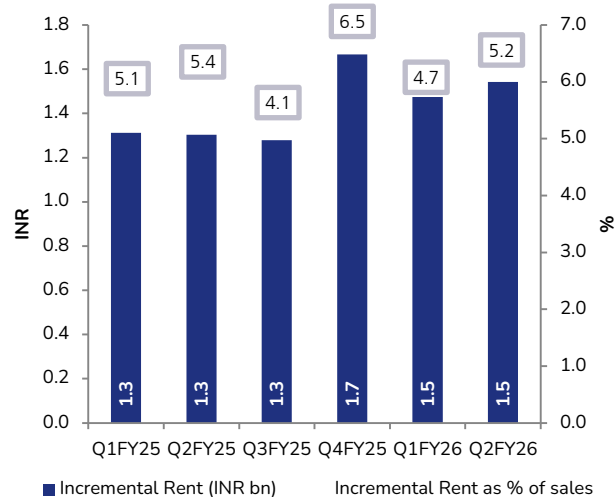
Source: Company, JM Financial

**Exhibit 7. Reported EBITDA margin expanded 80bps YoY to 13.2%**

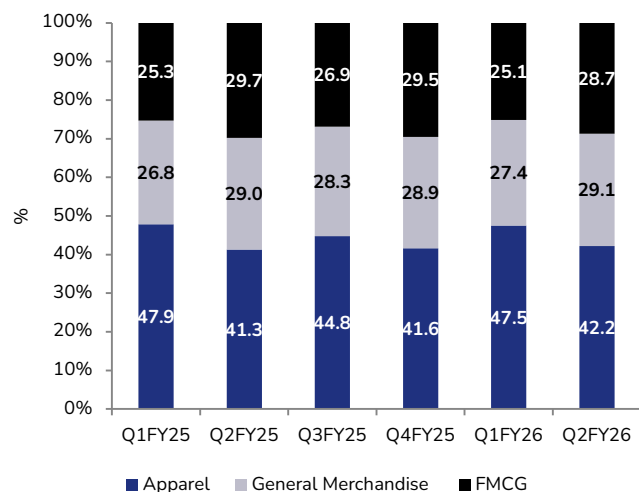
Source: Company, JM Financial

**Exhibit 8. Vishal Mega Mart added 25 stores (net) in 2Q**

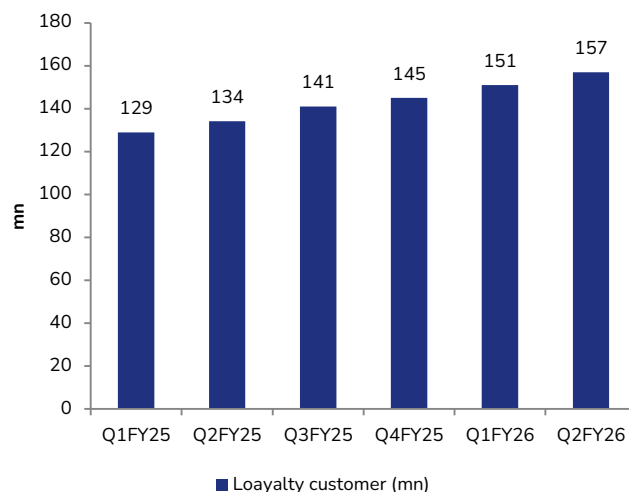
Source: Company, JM Financial

**Exhibit 9. Incremental rent as % of sales contracted 20bps YoY**

Source: Company, JM Financial

**Exhibit 10. Share of apparel in revenue mix grew by 90bps YoY**

Source: Company, JM Financial

**Exhibit 11. Loyalty customers increased by 17% YoY to 157mn**

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	89,119	107,163	130,227	156,156	185,474
Sales Growth	17.5%	20.2%	21.5%	19.9%	18.8%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>89,119</b>	<b>107,163</b>	<b>130,227</b>	<b>156,156</b>	<b>185,474</b>
Cost of Goods Sold/Op. Exp	64,461	76,636	92,935	111,204	131,804
Personnel Cost	5,047	6,406	7,371	8,807	10,424
Other Expenses	7,126	8,820	10,495	12,469	14,674
<b>EBITDA</b>	<b>12,486</b>	<b>15,302</b>	<b>19,427</b>	<b>23,676</b>	<b>28,572</b>
EBITDA Margin	14.0%	14.3%	14.9%	15.2%	15.4%
EBITDA Growth	22.3%	22.6%	27.0%	21.9%	20.7%
Depn. & Amort.	5,173	5,902	6,833	7,757	8,739
EBIT	7,313	9,399	12,594	15,919	19,834
Other Income	332	586	907	1,097	1,206
Finance Cost	1,435	1,492	1,668	1,798	1,998
PBT before Excep. & Forex	6,210	8,493	11,833	15,217	19,042
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,210	8,493	11,833	15,217	19,042
Taxes	1,590	2,173	2,982	3,835	4,799
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,619	6,320	8,851	11,383	14,243
<b>Adjusted Net Profit</b>	<b>4,619</b>	<b>6,320</b>	<b>8,851</b>	<b>11,383</b>	<b>14,243</b>
Net Margin	5.2%	5.9%	6.8%	7.3%	7.7%
Diluted Share Cap. (mn)	4,508.7	4,597.4	4,671.1	4,671.1	4,671.1
<b>Diluted EPS (INR)</b>	<b>1.0</b>	<b>1.4</b>	<b>1.9</b>	<b>2.4</b>	<b>3.0</b>
Diluted EPS Growth	43.7%	34.2%	37.8%	28.6%	25.1%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,210	8,493	11,833	15,217	19,042
Depn. & Amort.	5,173	5,902	6,833	7,757	8,739
Net Interest Exp. / Inc. (-)	1,435	1,492	1,668	1,798	1,998
Inc (-) / Dec in WCap.	-2,685	507	-60	-861	-858
Others	-339	-4	-907	-1,097	-1,206
Taxes Paid	-1,497	-2,400	-2,982	-3,835	-4,799
<b>Operating Cash Flow</b>	<b>8,297</b>	<b>13,991</b>	<b>16,385</b>	<b>18,980</b>	<b>22,916</b>
Capex	-2,463	-2,610	-2,844	-2,989	-3,138
<b>Free Cash Flow</b>	<b>5,834</b>	<b>11,381</b>	<b>13,541</b>	<b>15,991</b>	<b>19,778</b>
Inc (-) / Dec in Investments	483	-3,496	0	0	0
Others	679	1	907	1,097	1,206
<b>Investing Cash Flow</b>	<b>-1,301</b>	<b>-6,105</b>	<b>-1,937</b>	<b>-1,892</b>	<b>-1,932</b>
Inc / Dec (-) in Capital	18	897	736	350	235
Dividend + Tax thereon	0	0	-5,605	-8,875	-11,211
Inc / Dec (-) in Loans	-1,333	0	0	0	0
Others	-5,266	-5,683	-6,440	-7,483	-8,661
<b>Financing Cash Flow</b>	<b>-6,582</b>	<b>-4,786</b>	<b>-11,309</b>	<b>-16,008</b>	<b>-19,636</b>
<b>Inc / Dec (-) in Cash</b>	<b>415</b>	<b>3,100</b>	<b>3,139</b>	<b>1,080</b>	<b>1,348</b>
Opening Cash Balance	455	870	3,970	7,109	8,189
Closing Cash Balance	870	3,970	7,109	8,189	9,537

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	56,218	64,013	67,995	70,853	74,121
Share Capital	45,087	45,974	46,711	47,061	47,296
Reserves & Surplus	11,131	18,039	21,285	23,792	26,825
Preference Share Capital	14,834	17,294	19,466	21,378	22,973
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>71,052</b>	<b>81,307</b>	<b>87,461</b>	<b>92,231</b>	<b>97,094</b>
Net Fixed Assets	62,216	65,484	68,440	71,268	73,926
Gross Fixed Assets	12,918	14,921	17,764	20,753	23,891
Intangible Assets	42,918	42,941	42,941	42,941	42,941
Less: Depn. & Amort.	7,000	7,970	9,968	12,349	15,161
Capital WIP	13,380	15,593	17,703	19,923	22,255
Investments	319	4,540	4,540	4,540	4,540
Current Assets	22,526	29,906	35,383	41,307	48,495
Inventories	14,650	18,503	19,787	23,299	27,673
Sundry Debtors	317	664	597	715	850
Cash & Bank Balances	870	3,970	7,109	8,189	9,537
Loans & Advances	0	0	0	0	0
Other Current Assets	6,689	6,769	7,891	9,104	10,434
Current Liab. & Prov.	14,009	18,624	20,901	24,884	29,866
Current Liabilities	12,200	14,786	16,040	18,806	22,337
Provisions & Others	1,808	3,838	4,861	6,078	7,529
Net Current Assets	8,517	11,283	14,482	16,423	18,629
<b>Total - Assets</b>	<b>71,052</b>	<b>81,307</b>	<b>87,461</b>	<b>92,231</b>	<b>97,094</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.2%	5.9%	6.8%	7.3%	7.7%
Asset Turnover (x)	1.3	1.4	1.5	1.7	2.0
Leverage Factor (x)	1.3	1.3	1.3	1.3	1.3
RoE	8.6%	10.5%	13.4%	16.4%	19.6%

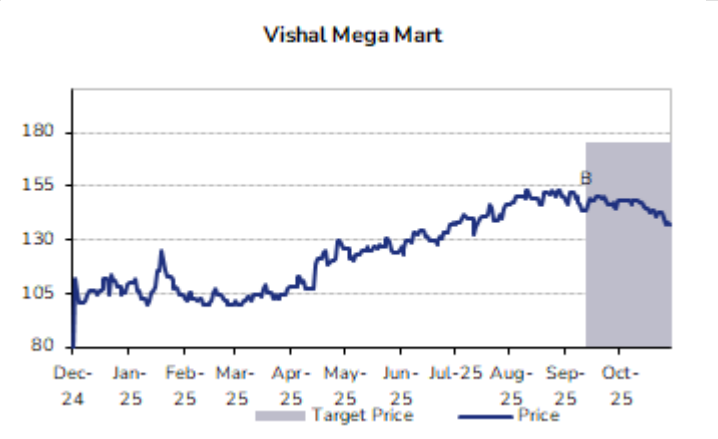
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	12.5	13.9	14.6	15.2	15.9
ROIC	10.3%	12.7%	16.8%	20.8%	25.1%
ROE	8.6%	10.5%	13.4%	16.4%	19.6%
Net Debt/Equity (x)	0.0	-0.1	-0.2	-0.2	-0.2
P/E (x)	133.7	99.7	72.3	56.2	44.9
P/B (x)	11.0	9.8	9.4	9.0	8.6
EV/EBITDA (x)	50.3	40.6	31.8	26.1	21.5
EV/Sales (x)	7.1	5.8	4.7	4.0	3.3
Debtor days	1	2	2	2	2
Inventory days	60	63	55	54	54
Creditor days	50	50	45	44	44

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-Sep-25	Buy	175	

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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