

About the Company

V-Mart is an omniretail store chain with a strong focus on Tier II and III cities. The company operates pan-India with an average store size of 8,000 sq. ft., following the concept of 'value retailing'. Its presence is heavily concentrated in Uttar Pradesh, Bihar, and Jharkhand, which together contribute nearly 50% of its total store base and represent the largest value-conscious consumer market in India. Alongside its physical presence, V-Mart also engages customers through its direct-to-consumer omni-channel platform, www.limeroad.com (LimeRoad), and across leading online marketplaces. As of Jun 2025, the company operates 510 stores, comprising 421 stores under the V-Mart brand and 89 under Unlimited.

Investment Rationale

- **Resilient Performance amid Challenging Environment:** V-Mart delivered ~13% YoY revenue growth in Q1FY26, driven by 14% growth in the core business and 12% in Unlimited, supported by strong wedding season demand and higher footfalls (+11% YoY; second-highest ever). Conversion improved 100bps YoY to 48%, marking the best performance in six quarters. Despite regional disruptions, management has guided for high single-digit SSSG over the next three quarters, aided by sharper pricing, youth-centric assortments, and festive demand. We expect mid-single digit SSSG for FY26, with value retailers like V-Mart positioned to benefit from rural spending recovery and steady footfall momentum.
- **Reduction in Limeroad Losses Continues:** V-Mart's acquired platform, LimeRoad, continued to narrow losses, with Q1FY26 losses down 56% YoY. Management expects further moderation in the coming quarters, easing the earlier drag on profitability.
- **New Store Addition Remains Intact:** V-Mart added 13 stores in Q1FY26, taking the total to 510 outlets. Management guided for ~12-15% net retail area growth in FY26, with ~65 store additions expected, factoring in routine closures. Store churn has largely normalised after major rationalisation over the past two years.
- **Redefining Affordable Fast-tracking Fashion for Gen-Z:** V-Mart's revamped design team and strategy shifts are driving trendy, affordable styles, fueling growth and productivity gains.
- **Outlook:** V-Mart is well-placed to benefit from rural recovery and market share gains from unorganised players. Strong footfalls, disciplined cost control, and steady store expansion should aid performance, while the recent announcement on GST rate cut is likely to spur consumption and boost discretionary spending.

Valuation & Analyst recommendation

- Considering the company's promising growth outlook, we expect Revenue/EBITDA to grow at a CAGR of 18%/37% CAGR over FY24-27E. **We recommend a BUY rating on the stock with a TP of Rs 845/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E March (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY24	2,786	213	-97	-48.9	-15.7	-13	2.3
FY25	3,254	377	46	23.2	70.2	2.7	11.3
FY26E	3,836	461	47	5.9	130.5	5.5	14.6
FY27E	4,533	551	110	13.7	55.9	11.3	18.6

Source: Axis Securities; CMP as on 18th August, 2025

Duration: 3-6 Months

CMP (Rs)	767
Target Price (Rs)	845
Upside (%)	10%

| Why V-mart Retail Ltd?

- ✓ **Resilient Performance**
- ✓ **Reduction in Losses, Leading to Margin Expansion**
- ✓ **Leading Value Fashion**

| Key risks

- ✓ **Threat from Online Players**
- ✓ **Lower Disposable Income**
- ✓ **Rising Competitive Intensity From Other Players Like Zudio & V2 Retail, etc.**

MARKET DATA

No. of Shares	7.9 Cr
Market Cap	6,087 Cr
52-week High / Low	1129/ 675
BSE Code	534976
NSE Code	VMART

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| OBJECTIVE



Axis Punch is designed to generate solid return in short to medium term based on High Conviction Stock Ideas for both investors and traders. This fundamental medium-term product targets return of 10% plus with an investment horizon of 3 to 6 months. Recommendations under Axis Punch are driven by various business and economic events, company valuations, market direction, or a mix of these factors.

| Axis PUNCH is strong research based idea based on



Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH



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