motilal oswal Financial Services

30 December 2025

Company Update | Sector: Retail

V-Mart Retail

BSE SENSEX	S&P CNX
84,675	25,939

V MART

Bloomberg	VMART IN
Equity Shares (m)	79
M.Cap.(INRb)/(USDb)	56.8 / 0.6
52-Week Range (INR)	1010 / 675
1, 6, 12 Rel. Per (%)	-8/-18/-36
12M Avg Val (INR M)	180
Free float (%)	55.8

Financials & Valuations (INR b)

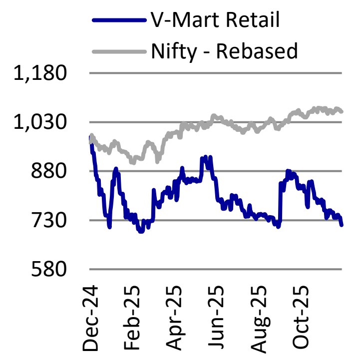
Y/E March	FY26E	FY27E	FY28E
Sales	38.3	45.2	52.8
EBITDA	5.0	6.3	7.7
Adj. PAT	1.2	1.7	2.3
EBITDA Margin (%)	13.1	13.9	14.5
Adj. EPS (INR)	15.7	21.9	28.7
EPS Gr. (%)	NM	NM	NM
BV/Sh. (INR)	117.8	139.7	168.3
Ratios			
Net D:E	0.9	0.7	0.6
RoE (%)	14.3	17.0	18.6
RoCE (%)	10.6	12.1	13.4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	45.5	32.6	24.9
EV/EBITDA (x)	12.9	10.3	8.4
EV/Sales (X)	1.5	1.3	1.1

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	44.2	44.2	44.3
DII	32.1	31.5	32.8
FII	17.5	18.3	16.0
Others	6.3	6.0	6.9

FII includes depository receipts

Stock Performance (1-year)



CMP: INR715 TP:INR1,040 (+45%) Buy

Improved productivity and margin expansion led re-rating on the cards

With basic needs in rural India being fulfilled through government initiatives, such as free food schemes and cash handouts for women, disposable incomes have risen, driving growth in aspirational spends that benefits value fashion retailers. V-Mart remains a key beneficiary of the unorganized-to-organized shift and rising preference for one-stop shops in tier 2+ towns in India. We expect V-Mart to deliver a robust ~18% revenue CAGR over FY25-28, driven by consistent ~13% annual store additions and mid-single-digit SSSG. Further, with a significant reduction in LimeRoad (LR) losses, improving productivity of new Unlimited stores, cost efficiency measures, and operating leverage, we expect ~290bp expansion in pre-INDAS EBITDA margins to reach ~7.2% by FY28, driving ~39% CAGR over FY25-28. Despite strong growth and margin expansion potential, V-Mart trades at a modest ~19x FY27 pre-INDAS EV/EBITDA (vs. 40x for VMM). We reiterate our BUY rating on V-Mart with a revised TP of INR1,040, premised on 23x Dec'27E pre-INDAS 116 EV/EBITDA (implies ~12x Dec'27 EBITDA and ~39x Dec'27 EPS). Our scenario analysis indicates compelling risk reward (bull case: INR1,250; bear case: INR685). V-Mart is among our top picks in the retail sector for 2026.

Consistent ~12-13% annual store additions to drive growth

- Over FY19-25, V-Mart added stores/area at ~12% CAGR in the core V-Mart format, and also acquired Unlimited to expand its presence in South and West India.
- ~80% of V-Mart's recent store expansions have been in tier-3 markets, which indicates a focus on deepening its presence in core markets while strategically expanding into newer areas.
- After three years of store rationalizations and pricing adjustments, the new Unlimited stores are now performing in line with core V-Mart stores. Improved performance of Unlimited, especially in markets such as Tamil Nadu, has been a key factor behind management's decision to raise its store addition target to ~75 for FY26 (vs. 60-65 earlier).
- With the cleanup of legacy underperforming Unlimited stores largely complete, V-Mart is entering into the next phase of expansion with a clear, regionally differentiated strategy.
- Core V-Mart will continue to scale in its stronghold markets of North and East India, where brand recall and proven unit economics support steady store expansion. Meanwhile, Unlimited will focus on states such as Tamil Nadu, while selectively expanding in other Southern states.
- We expect ~50-55 annual store additions in core V-Mart and ~20-25 annual store additions in Unlimited, bringing V-Mart's total store count to ~720 by FY28 (~13% CAGR over FY25-28).

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Research Analyst: Avinash Karumanchi (Avinash.Karumanchi@motilaloswal.com) | **Siddhesh Chaudhari** (Siddhesh.Chaudhari@MotilalOswal.com)

Improved Unlimited productivity and mid-single digit SSSG to drive 18% revenue CAGR

- V-Mart is emerging from a prolonged period of disruption and strategic reset. FY19-23 experienced margin contraction, led by a series of events, such as COVID-19, the integration of acquisitions (Unlimited and LR), and high cotton prices, which impacted both growth and profitability.
- Over the last three years, management has decisively addressed these issues through aggressive store rationalization, sharper merchandising, ASP resets (especially at Unlimited), faster design to shelf cycles, higher private label mix, refreshed store formats, and tighter cost controls.
- These strategic actions have led to improved footfalls and higher conversions, translating into strong volume growth and SSSG recovery.
- As a result, V-Mart's monthly SPSF posted ~10% CAGR over FY22-25, reaching ~INR667/sqft (though still significantly below peers, with V2 at INR957/sqft and VMM at INR771/sqft).
- Going ahead, we expect the mid-single-digit SSSG and the rising share of better-performing Unlimited stores to drive ~INR100/sqft improvement in V-Mart's overall monthly SPSF to INR762/sqft (~5% CAGR) over FY25-28.
- Overall, we build in ~18% revenue CAGR over FY25-28, driven by ~13% store additions and mid-single-digit SSSG.

Margin inflection firmly underway

- V-Mart's productivity was adversely impacted by the tepid growth recovery following COVID-19, as well as integration and profitability challenges in its acquisitions.
- Corrective measures, such as the closure of unviable legacy Unlimited stores and rationalization of growth ambitions in LR, coupled with improved productivity, have led to a rebound in pre-INDAS EBITDA margins to ~4.4% in FY25, though still significantly below ~7-8% profitability for value fashion peers.
- Improved productivity in newer Unlimited stores and their rising share in the mix, coupled with mid-single-digit SSSG-driven operating leverage in core V-Mart stores and continued reduction in LR losses, are expected to lift pre-INDAS EBITDA margin by ~285bp over FY25-28, reaching ~7.2% by FY28.

Valuation and view

- V-MART remains a key beneficiary of the unorganized-to-organized retail shift and the massive growth opportunity in value fashion.
- The improving productivity of V-MART and Unlimited stores, the closure of non-performing stores, and lower losses in LR have led to an improvement in V-MART's overall profitability. However, it still lags value fashion peers on profitability, which provides room for margin expansion.
- We lower our FY26-28 EBITDA estimates by a marginal 1-2%, while the earnings cut is higher primarily due to higher depreciation (linked to accelerated store additions).
- We model a CAGR of 18%/27% in revenue/reported EBITDA over FY25-28E, driven by ~13% CAGR in store additions, mid-single-digit SSSG, and further reduction in LR losses.

- Despite strong growth and margin expansion potential, V-Mart trades at modest ~19x FY27 pre-INDAS EV/EBITDA (vs. 40x for VMM)
- We reiterate our **BUY rating on V-Mart with revised TP of INR1,040**, premised on 23x Dec'27E pre-INDAS 116 EV/EBITDA (implies ~12x Dec'27 EBITDA and ~39x Dec'27 EPS).
- Our scenario analysis indicates compelling risk reward (**bull case: INR1,250; bear case: INR685**). V-Mart is among our top picks in the retail sector for 2026.

Exhibit 1: We ascribe a TP of INR1,040 based on ~23x pre-IND-AS Dec'27 EV/EBITDA (implying ~12x Dec'27 EV/reported EBITDA)

Dec'27	Methodology	Driver (INR m)	Multiple	Fair Value (INR m)	Value/sh (INR)
Pre-INDAS 116 EBITDA	Dec'27 EV/EBITDA	3,623	23	83,321	1,050
Less net debt				798	10
Total Value				**82,522**	**1,040**
Shares o/s (m)				79.4	
CMP (INR)					715
Upside (%)					**45**

Source: MOFSL, Company

Exhibit 2: 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
VMART	57	45.5	32.6	24.9	25.5	19.0	16.9	1.5	1.3	1.1	39
V2 Retail	87	68.7	38.1	24.2	35.2	21.5	14.8	3.2	2.1	1.6	59
Vishal Mega Mart	6428	74.5	58.0	45.5	51.0	39.8	31.4	4.9	4.1	3.4	26
Baazar Style	20	56.3	37.2	22.9	16.8	12.6	10.0	1.6	1.3	1.1	33
Value fashion retailers		**61.3**	**41.5**	**29.4**	**32.1**	**23.2**	**18.3**	**2.8**	**2.2**	**1.8**	**39**

Note: Bloomberg estimates for uncovered companies

Source: MOFSL, Company

Exhibit 3: Summary of our estimate changes

Particulars	FY26E	FY27E	FY28E
Revenue (INR m)			
Old	38,305	45,341	53,240
Actual/New	38,292	45,154	52,828
Change (%)	0.0	-0.4	-0.8
EBITDA (INR m)			
Old	5,083	6,378	7,832
Actual/New	5,030	6,286	7,675
Change (%)	-1.0	-1.4	-2.0
EBITDA margin (%)			
Old	13.3	14.1	14.7
Actual/New	13.1	13.9	14.5
Change (bp)	-13	-14	-18
Net Profit (INR m)			
Old	1,197	1,895	2,722
Actual/New	1,246	1,738	2,274
Change (%)	4.1	-8.3	-16.5
EPS (INR)			
Old	15.1	23.9	34.3
Actual/New	15.7	21.9	28.7
Change (%)	4.1	-8.3	-16.5

Source: MOFSL, Company

Compelling risk reward with limited downside

We performed a scenario analysis for V-Mart under SSSG assumptions and their impact on profitability, which suggests a compelling risk-reward profile.

- **Bull case:** We assume high-single-digit SSSG alongside steady store expansion, driving a ~20% revenue CAGR over FY25-28E (vs. ~18% in our base case). Driven by higher SSSG and, in turn, improved operating leverage, we assume 320bp margin expansion over FY25-28, with margins reaching 7.5% by FY28 (vs. 7.2% in our base case), translating into a 44% FY25-28 pre-Ind AS EBITDA CAGR (vs. 39% in our base case). We derive a TP of **INR1,250** by applying a **25x Dec'27 pre-INDAS EV/EBITDA multiple** (vs. 23x in base case), implying ~**75% upside**.
- **Base case:** We assume mid-single-digit SSSG (~INR100/sqft per month improvement in SPSF) and ~13% CAGR in store additions over FY25-28 to drive ~18% revenue CAGR. Driven by higher productivity-led operating leverage and lower drag from LR, we build in ~285bp margin expansion over FY25-28, with margins reaching ~7.2% by FY28, translating into ~39% pre-Ind AS EBITDA CAGR. We ascribe a **TP of INR1,040** in our base case, premised on **23x Dec'27 pre-INDAS EV/EBITDA**, implying **46% upside**.
- **Bear case:** We assume low single-digit SSSG alongside steady store expansion, driving ~15% revenue CAGR over FY25-28E (vs. ~18% in the base case). We assume a margin expansion of ~215bp over FY25-28, with margins reaching ~6.5% in FY28 (vs. 7.2% in our base case), Margin expands modestly to 6.5% by FY28E (vs 7.2% in base), translating into a ~32% FY25-28 pre-Ind AS EBITDA CAGR (vs. 39% in our base case). We derive a TP of **INR685** by applying an **18x Dec'27 pre-INDAS EV/EBITDA multiple** (vs. 23x in base case), implying **4% downside**.

Exhibit 4: Scenario analysis for V-Mart

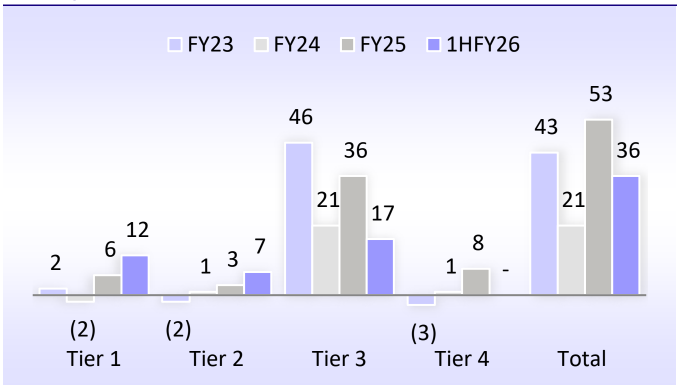
	Bull			Base			Bear		
Scenario Analysis	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue (INR b)	39.0	46.9	56.2	38.3	45.2	52.8	37.4	43.0	49.5
YoY growth	20%	20%	20%	18%	18%	17%	15%	15%	15%
EBITDA (pre-INDAS)	2.35	3.27	4.24	2.27	3.02	3.82	2.07	2.58	3.24
Margins	6.0%	7.0%	7.5%	5.9%	6.7%	7.2%	5.5%	6.0%	6.5%
Dec'27 EV/EBITDA (x)		25			23			18	
EV (INR mn)		**1,00,018**			**83,321**			**55,200**	
less: net debt/ (cash)		798			798			798	
Equity value (INR mn)		**99,220**			**82,522**			**54,401**	
TP (INR/sh)		**1,250**			**1,040**			**685**	
CMP (INR/sh)		714			714			714	
Return		75%			46%			-4%	

Source: MOFSL, Company

Store expansion: Targeting ~13% retail area/store growth annually

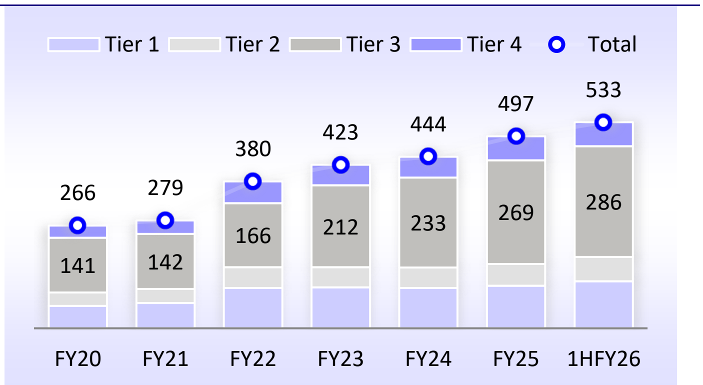
- Over FY19-25, the V-Mart (core) format expanded store count/area at ~12% CAGR, with growth skewed towards core markets of Uttar Pradesh (UP) and Bihar, which together account for ~55% of V-Mart (core) stores as of FY25. Over the last few years, V-Mart has also expanded its presence in states such as Rajasthan, Jharkhand, West Bengal, Assam, and Madhya Pradesh (MP).
- Following the acquisition of Unlimited, V-Mart expanded its presence in the South and West India markets. The initial years following the acquisition were challenging for Unlimited, with legacy stores underperforming. However, V-Mart implemented strategic price rationalization, introduced private labels, and sharpened the value proposition to better align it with the V-Mart model. The new Unlimited stores are now performing in line with V-Mart (core) stores, providing management with more confidence in accelerating Unlimited's expansion, especially in states such as Tamil Nadu. The company added 10 net stores in 1HFY26, and improved performance in Unlimited has prompted management to increase its store addition target from ~60-65 earlier to ~75 stores in FY26.
- V-Mart's store rollout remains strictly return-led, supported by data-driven site selection and modular store formats that enable a faster ramp-up and consistent execution across regions. We note that ~80% of V-Mart store additions in the last three years were in Tier 3 markets, indicating the company's focus on deeper penetration in key states.
- Going ahead, we build in ~50-55 annual store additions in core V-Mart, taking the network to ~570 stores by FY28E, and ~20-25 stores annually in Unlimited, bringing the overall store count to ~150 by FY28E. Overall, we expect ~11-12% CAGR in V-Mart's retail area and store expansion over FY25-28, underpinning the next leg of growth.

Exhibit 5: ~80% of V-Mart's total store additions in the last three years came in Tier III cities



Source: MOFSL, Company

Exhibit 6: V-Mart added 36 stores in 1HFY26, of which 17 were in Tier III cities



Source: MOFSL, Company

Exhibit 7: State-wise store count for V-Mart

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Uttar Pradesh	41	50	53	59	72	85	103	110	122	132	139	155
Bihar	16	21	27	31	36	42	45	51	55	56	59	70
Tamil Nadu	-	-	-	-	-	-	-	-	22	26	28	30
Rajasthan	4	4	4	4	4	5	13	16	17	23	28	29
Jharkhand	4	7	7	8	14	17	19	20	24	24	26	28
West Bengal	-	-	2	4	6	12	16	14	17	18	19	21
Karnataka	-	-	-	-	-	-	-	-	20	19	17	17
Madhya Pradesh	4	4	4	4	6	8	15	15	14	17	18	16
Telangana	-	-	-	-	-	-	-	-	14	18	15	16
Assam	-	-	-	-	-	6	9	9	8	14	13	15
Uttarakhand	3	5	5	5	6	8	8	8	10	13	14	15
Orissa	-	-	4	10	10	10	9	8	8	10	10	13
Andhra Pradesh	-	-	-	-	-	-	-	-	9	11	9	12
Gujarat	7	7	7	6	6	6	6	6	7	7	11	12
Jammu and Kashmir	1	1	1	2	3	5	8	8	8	8	8	9
New Delhi	3	3	3	3	3	2	3	3	6	5	5	7
Kerala	-	-	-	-	-	-	-	-	1	2	3	4
Maharashtra	-	-	-	-	-	-	-	-	5	5	5	5
Punjab	4	4	4	3	3	3	4	4	5	4	4	4
Haryana	1	1	1	1	1	1	1	1	3	4	4	4
Tripura	-	-	-	-	-	-	-	-	1	2	4	7
Arunachal Pradesh	-	-	-	-	-	-	1	1	1	1	1	2
Manipur	-	-	-	-	-	-	-	-	-	-	1	1
Himachal Pradesh	-	-	-	-	-	2	3	2	1	1	1	1
Chandigarh	1	1	1	1	1	1	1	1	0	1	1	1
Meghalaya	-	-	-	-	-	1	1	1	1	1	1	1
Puducherry	-	-	-	-	-	-	-	-	-	-	-	2
Goa	-	-	-	-	-	-	-	-	1	1	-	-
Nagaland	-	-	-	-	-	-	1	1	-	-	-	-
Total	**89**	**108**	**123**	**141**	**171**	**214**	**266**	**279**	**380**	**423**	**444**	**497**

Source: MOFSL, Company

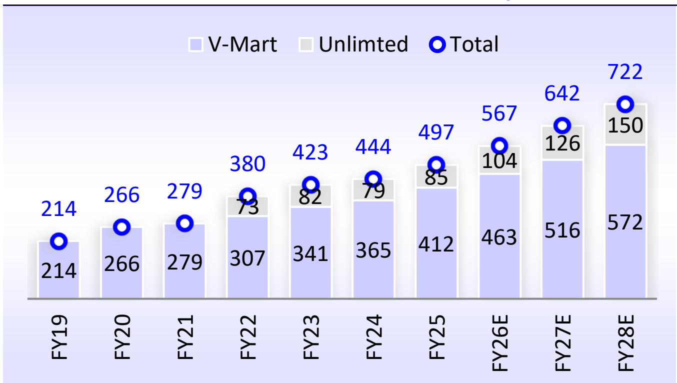
Exhibit 8: UP/Bihar still dominate store expansions for V-Mart; TN emerging as a strong market for Unlimited

State Wise	Store in 1HFY26				Additions YTD		
	V-MART	BSR	V2REL	VMM*	V-MART	BSR	V2REL
Uttar Pradesh	162	29	48	128	7	8	13
Bihar	76	32	44	32	6	6	6
Tamil Nadu	33	-	-	1	3	-	-
Jharkhand	31	14	19	19	3	-	3
Rajasthan	30	-	3	24	1	-	2
Karnataka	21	-	18	90	4	-	6
West Bengal	21	95	13	34	-	18	4
Telangana	18	-	-	49	2	-	-
Uttarakhand	18	-	7	21	3	-	1
Madhya Pradesh	16	-	20	41	-	-	7
Assam	15	37	17	44	-	3	4
Orissa	15	34	30	30	2	-	4
Gujarat	13	-	1	6	1	-	1
Andhra Pradesh	12	5	2	43	-	-	1
Jammu & Kashmir	10	-	5	10	1	-	3
Delhi	7	-	10	33	-	-	2
Tripura	7	3	1	2	-	1	-
Maharashtra	6	-	1	4	1	-	1
Haryana	4	-	4	29	-	-	4
Kerala	4	-	-	17	-	-	-
Punjab	4	-	7	36	-	-	6
Arunachal Pradesh	2	1	1	7	-	-	-
Manipur	2	-	-	6	-	-	-
Meghalaya	2	-	1	4	1	-	-
Chandigarh	1	-	-	0	-	-	-
Chhattisgarh	1	-	2	20	1	-	-
Himachal Pradesh	1	-	3	14	-	-	2
Puducherry	1	-	-	0	-	-	-
Daman	-	-	-	0	-	-	-
Goa	-	-	2	4	-	-	-
Other				11			
Industry	**533**	**250**	**259**	**759**	**36**	**36**	**70**

*Store count as of 16th Dec 25

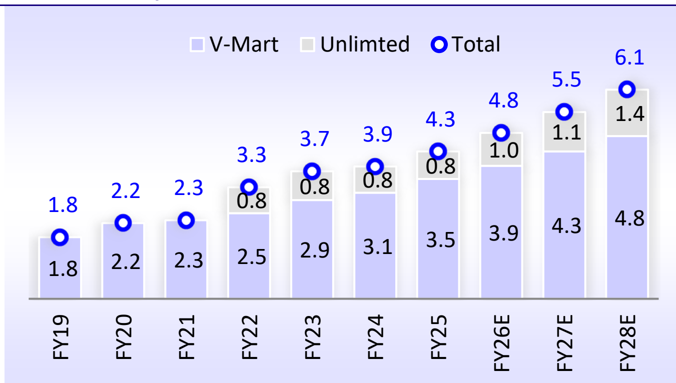
Source: MOFSL, Company

Exhibit 9: Overall store count to reach ~720 by FY28E



Source: MOFSL, Company

Exhibit 10: Expect ~12% CAGR in area addition over FY25-28



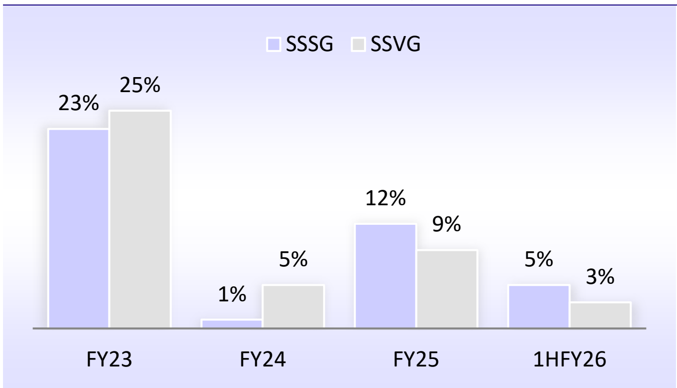
Source: MOFSL, Company

Consistent mid-single-digit SSSG and operating leverage to drive margin expansion

V-Mart is emerging from a prolonged period of disruption and strategic reset. FY19-23 experienced margin contraction, led by a series of events, such as COVID-19, the integration of acquisitions (Unlimited and LR), and high cotton prices, which impacted both growth and profitability. Store productivity was adversely impacted by the tepid post-COVID recovery, as well as integration and profitability challenges in its acquisitions.

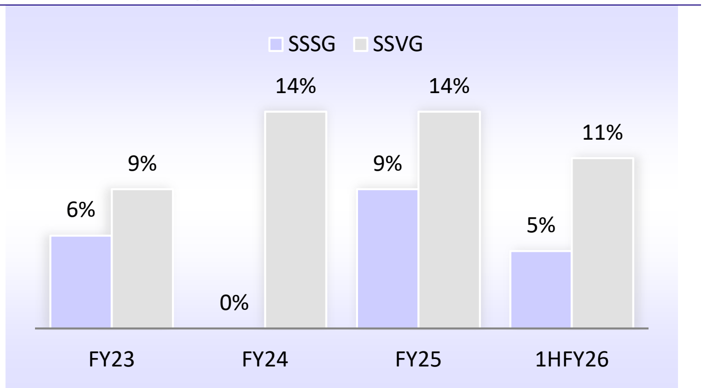
Over the last three years, management has decisively addressed these issues through aggressive store rationalization, sharper merchandising, ASP resets (especially at Unlimited), faster design to shelf cycles, higher private label mix, refreshed store formats, and tighter cost controls. These strategic actions have led to improved footfalls and higher conversions, translating into strong volume growth and SSSG recovery. As a result, V-Mart's monthly SPSF posted ~10% CAGR over FY22-25, reaching ~INR667/sqft (though still significantly below peers with V2 at INR957/sqft and VMM at INR771/sqft).

Exhibit 11: Volume-led SSSG recovery for V-Mart (core)



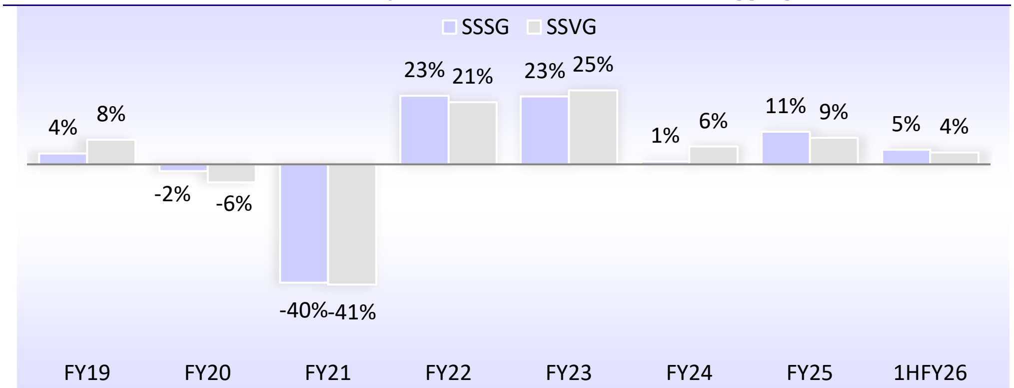
Source: Company, MOFSL

Exhibit 12: Pricing rejigs in UL led to lower SSSG vs SSVG



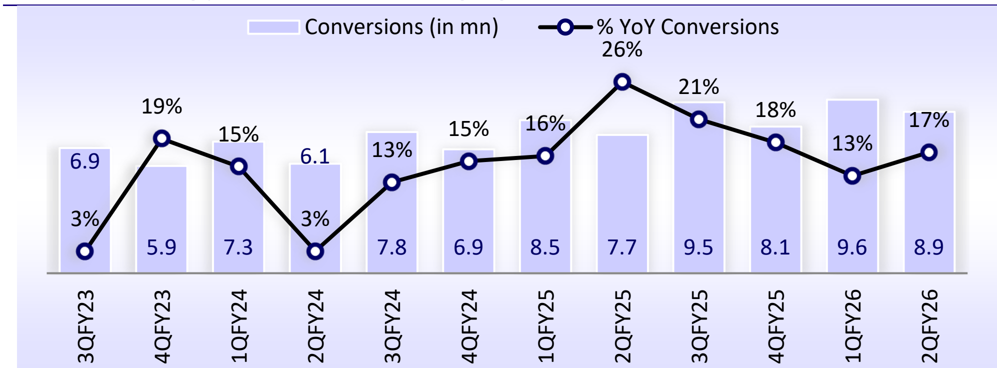
Source: Company, MOFSL

Exhibit 13: Overall, decent recovery in both SSSG and SSVG at an aggregate level for V-Mart



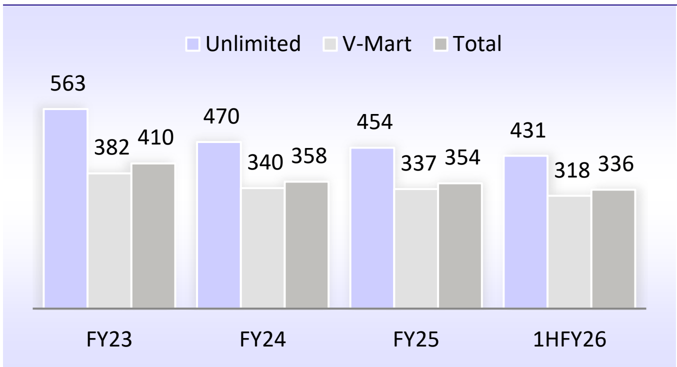
Source: Company, MOFSL

Exhibit 14: Strong product traction driving higher conversions and volumes



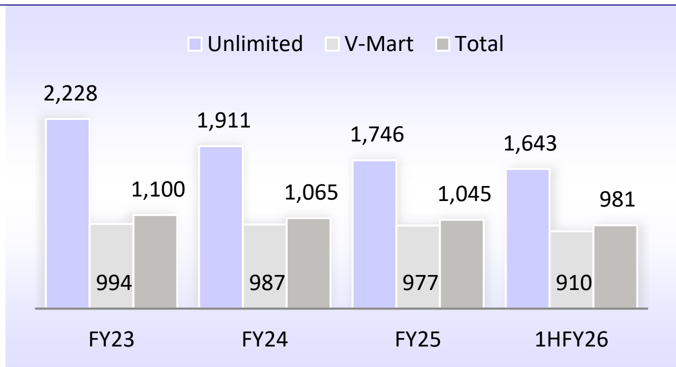
Source: Company, MOFSL

Exhibit 15: ASP rationalization continues in Unlimited



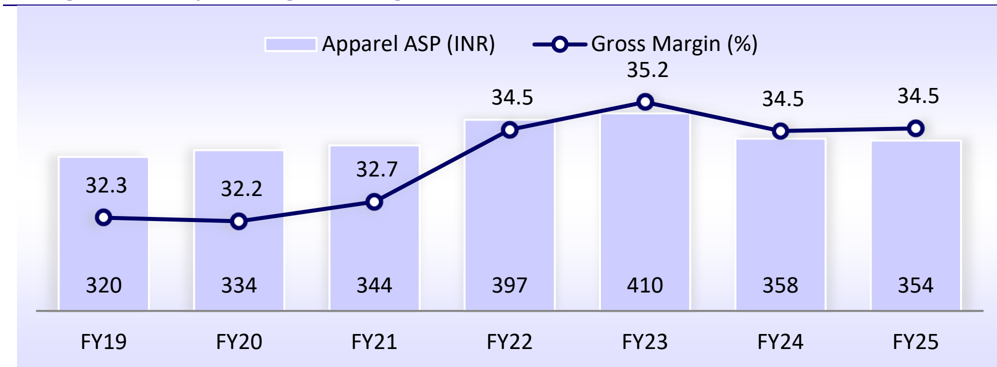
Source: Company, MOFSL

Exhibit 16: ATV declined for Unlimited, while V-Mart (core) ATV remains stable



Source: Company, MOFSL

Exhibit 17: Price hike boosted apparel ASP and GM in FY22-23, with subsequent corrections having limited impact on gross margins



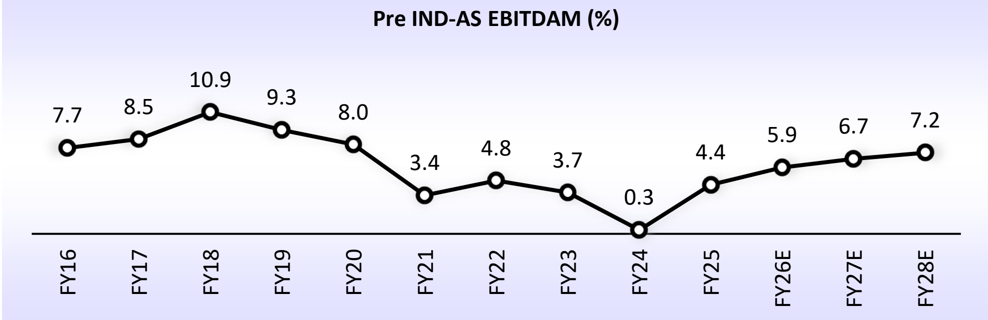
Source: Company, MOFSL

Going ahead, we expect the mid-single-digit SSSG and the rising share of better-performing Unlimited stores to drive ~INR100/sqft improvement in V-Mart's overall monthly SPSF to INR762/sqft (~5% CAGR) over FY25-28. Overall, we build in ~18% revenue CAGR over FY25-28, driven by ~13% store additions and mid-single digit SSSG.

Before FY19, V-Mart delivered EBITDA margins in the 7-10% range, among the best in the value fashion industry. However, margins came under pressure in the subsequent years due to a series of events (COVID-19), strategic actions (Unlimited and LR acquisition), and raw material inflation. A spike in cotton prices in FY22-23 compelled V-Mart to take price hikes, which, along with slower recovery from COVID-19 in rural India, adversely impacted footfalls and conversion, leading to operating deleverage. Acquisition of Unlimited and LR further diluted margins, given the lower productivity of legacy Unlimited stores, integration challenges, and high losses in LR.

Corrective measures such as closure of unviable legacy Unlimited stores, rationalization of growth ambitions in LR, and improved productivity led to a rebound in pre-INDAS EBITDA margins to ~4.4% in FY25, though still significantly below ~7-8% profitability for value fashion peers. Improved productivity in newer Unlimited stores and their rising share in the mix, coupled with mid-single-digit SSSG-driven operating leverage in core V-Mart stores and continued reduction in LR losses, are expected to lift pre-INDAS EBITDA margin by ~285bp over FY25-28, reaching ~7.2% by FY28.

Exhibit 18: Expect pre-INDAS 116 EBITDA margin to reach ~7.2% by FY28



Source: Company, MOFSL

Exhibit 19: Operating metrics per sq ft per month

INR/Sq.ft /month	Core V-Mart				Unlimited				Overall					CAGR
	FY23	**FY24**	**FY25**	**1H26**	**FY23**	**FY24**	**FY25**	**1H26**	**FY19**	**FY23**	**FY24**	**FY25**	**1H26**	**FY19-25**
Stores	341	365	412	438	82	79	85	95	214	423	444	497	533	15.1
Area (in m sqft)	2.9	3.1	3.5	3.7	0.84	0.80	0.80	0.90	1.8	3.7	3.9	4.3	4.6	15.7
Store Size	8,446	8,493	8,495	8,447	10,244	9,620	9,412	9,474	8,396	8,794	8,694	8,652	8,447	0.5
Revenue	**623**	**625**	**683**	**650**	**456**	**492**	**542**	**542**	**755**	**589**	**614**	**667**	**632**	**-2.1**
% yoy growth	23	0	9	3	-2	8	10	7	-5	18	4	9	2	
% SSSG	23	1	12	5	6	0	9	5	4	23	1	11	5	
% SSVG	25	5	9	3	9	14	14	11	8	25	6	9	4	
COGS	412	425	456	432	279	316	346	345	511	381	402	436	414	-2.6
Gross Profit	**211**	**200**	**227**	**218**	**177**	**176**	**195**	**197**	**244**	**207**	**212**	**230**	**218**	**-1.0**
as a % of Sales	33.9	31.9	33.3	33.5	38.9	35.8	36.1	36.4	32.3	35.2	34.5	34.5	34.5	
Manpower	58	60	73	72	48	53	58	60	66	61	63	74	72	2.0
Fuel	22	23	23	28	21	27	25	26						
A&P	15	15	12	9	13	14	13	9	21					
Rentals	-	-	-	-	-	-	-	-	35					
Others	34	34	34	32	43	40	26	26	52	76	101	79	73	7.0
Total Opex	**129**	**132**	**142**	**141**	**125**	**133**	**122**	**121**	**174**	**137**	**165**	**153**	**144**	**4.3**
as a % of Sales	20.8	21.1	20.8	21.4	27.5	27.0	22.5	22.4	23.0	24.3	26.9	22.9	22.8	
EBITDA	**81**	**68**	**86**	**77**	**52**	**43**	**74**	**76**	**70**	**64**	**47**	**77**	**74**	**1.6**
% EBITDA Margin	13.1	10.8	12.5	11.9	11.4	8.8	13.6	14.0	9.3	10.9	7.6	11.6	11.7	
Change in bps		-224	169	159		-263	478	21		-135	-328	392	218	
Rentals Costs									35	43	45	48	49	5.6
as a % of Sales									4.6	7.2	7.3	7.2	7.8	
Pre-IND AS									**70**	**22**	**2**	**29**	**25**	**-13.6**
% EBITDA Margin									9.3	3.7	0.3	4.4	3.9	
Change in bps										-107	-334	402	213	

Source: Company, MOFSL

Exhibit 20: V-Mart saw improved profitability in 1HFY26, but still trails peers

Based on 1HFY26 actuals (% of sales)	VMM	V2 Retail	V-Mart	Style Baazar
Gross margin	**28.3**	**28.5**	**34.5**	**32.7**
Employee	5.9	8	11.4	8.2
Other expenses	8	7.3	11.4	10.6
Overheads	**14**	**15.3**	**22.8**	**18.7**
EBITDA	**14.4**	**13.2**	**11.7**	**14**
Rentals below EBITDA	5.5	5.7	7.8	7.6
CoR incl. rentals	**19.5**	**21**	**30.6**	**26.3**
pre-INDAS EBITDA	**8.8**	**7.5**	**3.9**	**6.4**

Source: MOFSL, Company:

Exhibit 21: V-Mart leads on gross margins, while VMM leads on pre-INDAS EBITDA margin

Based on 1HFY26 actuals (% of sales)	VMM	V2 Retail	V-Mart	Style Baazar
Gross margin	**28.3**	**28.5**	**34.5**	**32.7**
Employee	5.9	8	11.4	8.2
Other expenses	8	7.3	11.4	10.6
Overheads	**14**	**15.3**	**22.8**	**18.7**
EBITDA	**14.4**	**13.2**	**11.7**	**14**
Rentals below EBITDA	5.5	5.7	7.8	7.6
CoR incl. rentals	**19.5**	**21**	**30.6**	**26.3**
pre-INDAS EBITDA	**8.8**	**7.5**	**3.9**	**6.4**

Source: MOFSL, Company

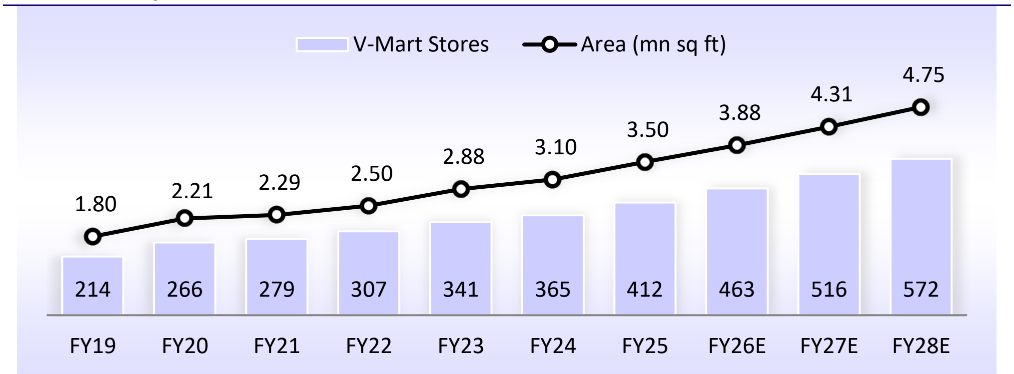
V-Mart (core): Consistent mid-single-digit SSSG and area addition-led growth

The company has consistently expanded its core V-Mart format over the past several years to reach 412 stores in FY25 (~12% CAGR over FY19-25). We note that almost half of V-Mart's store expansion over FY19-25 was concentrated in its core states of UP and Bihar, while the company also significantly increased its presence in states such as Rajasthan, Jharkhand, Assam, West Bengal, and MP While V-Mart maintains a leading presence in UP, Bihar, Rajasthan, and Jharkhand, we see scope for further expansion in states such as West Bengal, Assam, MP, Delhi-NCR, and Chhattisgarh. Going ahead, we expect V-Mart to sustain ~12% CAGR in store additions over FY25-28, reaching ~572 stores by FY28.

During FY22-23, a spike in cotton prices forced V-Mart to implement price hikes. Coupled with a delayed rural recovery post-COVID-19, this adversely impacted footfalls and conversion, leading to a deterioration in store productivity. As a result, core V-Mart's monthly SPSF declined from INR755/sqft in FY19 to INR623/sqft in FY23. With input costs moderating thereafter, the company undertook calibrated price cuts and rolled out multiple corrective initiatives, including sharper product offerings, faster design-to-shelf cycles, an increased private label mix, refreshed store formats, and improved operational efficiency through quicker inventory turns and logistics cost optimization. Additionally, the integration of the OneClick omnichannel feature supported digital conversion and aided demand recovery. These measures have begun to translate into improved performance, with store productivity recovering to INR683/sqft per month in FY25 (~10.5% CAGR over FY22-25), though still below FY20 levels.

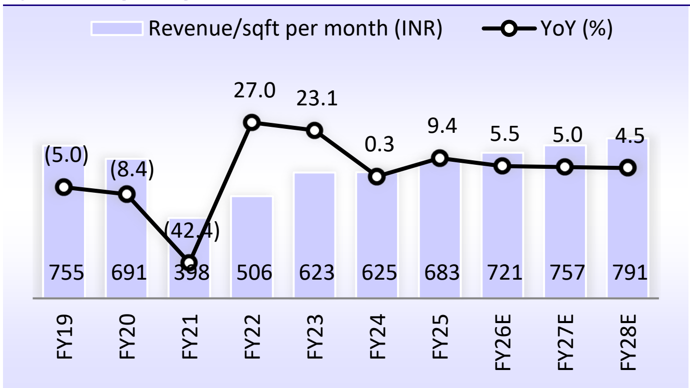
We believe the full benefits of these initiatives are yet to materialize and expect monthly SPSF to further improve by ~INR100/sqft over FY25-28 (~5% CAGR), reaching INR791/sqft by FY28, driven by consistent mid-single-digit SSSG. The improvement in productivity is expected to flow through to profitability, driven by operating leverage and cost efficiencies, as revenue growth outpaces inflationary operating costs. This is already visible in the reported EBITDA margin, which expanded from 10.8% in FY24 to 12.5% in FY25. We expect margins to expand further by ~200bp over FY25-28, reaching ~14.5% by FY28. Overall, we expect the core V-Mart format to clock ~17% revenue CAGR and 22% reported EBITDA CAGR over FY25-28.

Exhibit 22: Expect ~11-12% CAGR in core V-Mart format stores and retail area over FY25-28



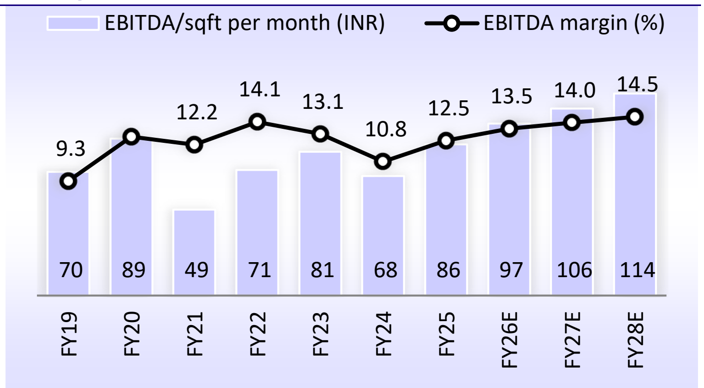
Source: Company, MOFSL

Exhibit 23: Revenue productivity to improve steadily, driven by mid-single-digit SSSG



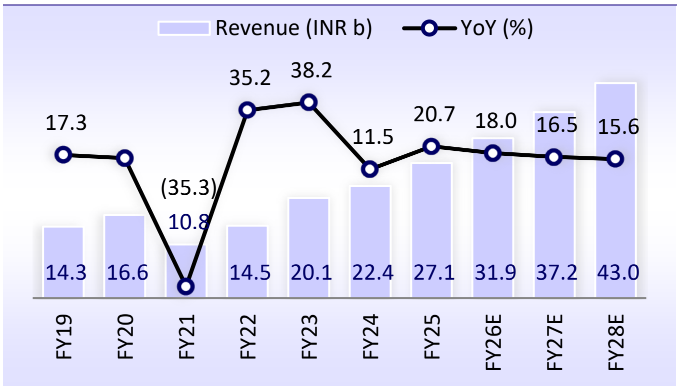
Source: Company, MOFSL

Exhibit 24: EBITDA margins to expand, led by operating leverage



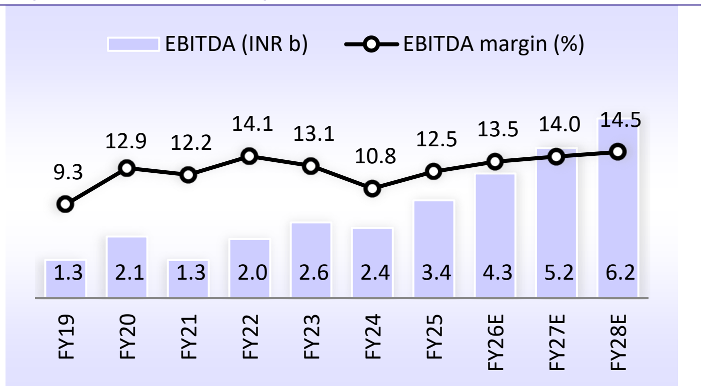
Source: Company, MOFSL

Exhibit 25: Store expansion and improved productivity to drive ~17% revenue CAGR over FY25-28



Source: Company, MOFSL

Exhibit 26: Operating leverage to drive ~190bp margin expansion and ~22% reported EBITDA CAGR over FY25-28



Source: Company, MOFSL

Exhibit 27: Core V-Mart's per sqft trends and forecasts

INR per sqft	FY23	FY24	FY25	FY26	FY27	FY28
SPSF	**623**	**625**	**683**	**721**	**757**	**791**
Gross margin	33.9	31.9	33.3	33.8	33.8	33.8
GP	**211**	**200**	**227**	**243**	**256**	**267**
Employee	58	60	73	76	78	80
Power and fuel	22	23	23	24	25	25
Advertisement	15	15	12	12	12	12
Other expenses	34	34	34	34	35	36
Overheads	**129**	**132**	**142**	**146**	**150**	**153**
EBITDA	**81**	**68**	**86**	**97**	**106**	**114**
EBITDA margin	**13.1**	**10.8**	**12.5**	**13.5**	**14**	**14.5**

Source: Company, MOFSL

Unlimited: Recovery underway; store additions to accelerate

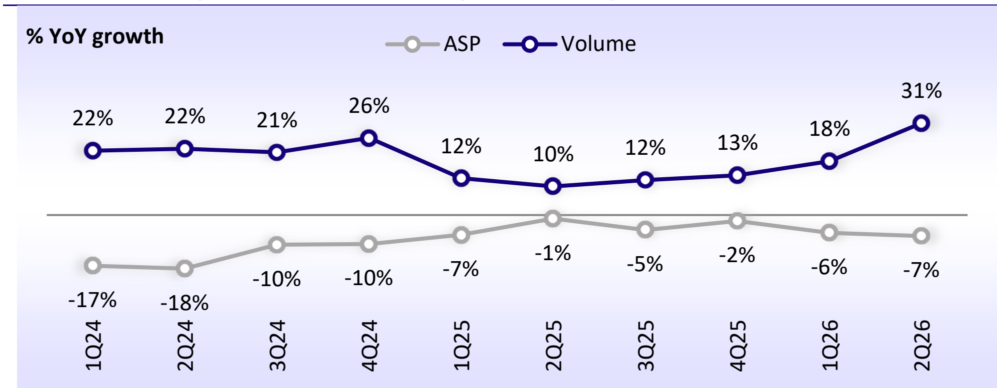
V-Mart acquired the ‘Unlimited’ retail chain (~74 stores) from Arvind Fashions in July’21 to expand its presence in South and West India. The legacy stores were underperforming with lower sales productivity and high rentals, which led to initial struggles and the rationalization of unprofitable stores.
Since the acquisition, V-Mart has repositioned the format into a regionally focused, profitable value-fashion business through sharper brand segmentation and tighter operational control. The reset involved the aggressive closure of loss-making stores, a strategic reduction in ASP by over 20% over the last three years, and the opening of smaller-sized outlets better aligned with V-Mart’s value proposition to restore mass market relevance. A more curated merchandise mix has led to improved footfall quality and conversion.

Improving store profitability was a key focus in the initial years of acquisition, while store expansion was calibrated with a modest increase in store count from ~73 in FY22 to ~85 in FY25. However, with the performance of new Unlimited stores now in line with core V-Mart stores, the pace of store additions has picked up, with 10 stores added in 1HFY26. Management noted improved traction in the Tamil Nadu market, while the AP and Telangana markets remain challenging. With stronger performance in Tamil Nadu, management is more confident about expanding Unlimited stores, which we believe is a key driver behind the increase in store addition guidance for FY26. We estimate ~20-25 net store additions annually over FY26-28, bringing the Unlimited store count to 150 by FY28.

These corrective actions have also translated into improved store productivity, with revenue per sqft per month rising from INR456 in FY23 to INR542 in FY25. Newly opened Unlimited stores are delivering productivity levels comparable to Core V-Mart stores (~INR680), while older stores continue to operate at lower productivity. As the share of newer stores with better productivity improves in the mix, we expect overall productivity for Unlimited, and, in turn V-Mart, to improve further. We build in mid-single digit SSSG (6-7%) over FY25-28, which is expected to drive ~INR100/sqft per month improvement in SPSF to INR642 by FY28 (~6% CAGR over FY25-28 vs. ~5% CAGR over FY22-25).

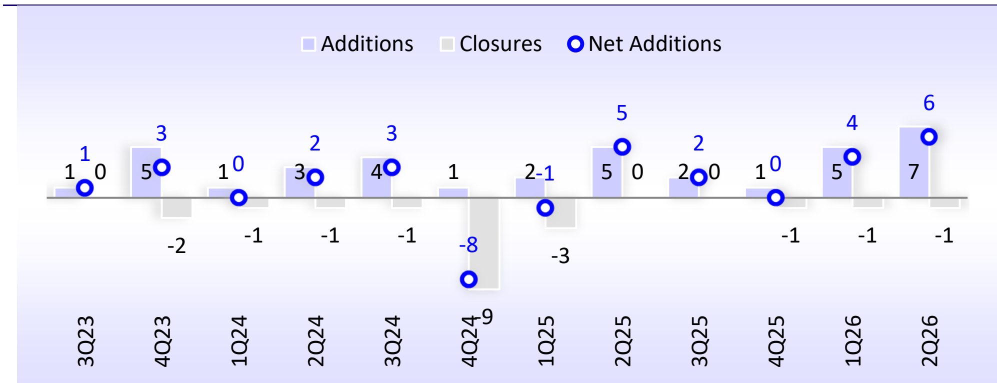
Given Unlimited’s higher apparel ASP (INR454 vs. INR337 for core V-Mart) and the likely higher salience of better-margin apparel category, Unlimited’s gross margin is typically higher at ~36% (vs. ~33% for core V-Mart). Driven by improved productivity and disciplined cost control (overheads excluding rentals largely stable at ~INR125/sqft per month over FY23-25), reported EBITDA has been on an improving trend. Unlimited’s reported EBITDA margin expanded ~220bp YoY to 13.6% in FY25 (and was higher than 12.5% for the core V-Mart format). Going ahead, with our expectation of ~INR100/sqft per month improvement in revenue productivity over FY25-28, we believe Unlimited’s reported EBITDA margin can expand ~200bp to reach ~15.5% by FY28. Overall, we expect Unlimited to clock 24% revenue CAGR and 30% EBITDA CAGR over FY25-28.

Exhibit 28: Strategic ASP reduction driving volume-led growth for Unlimited



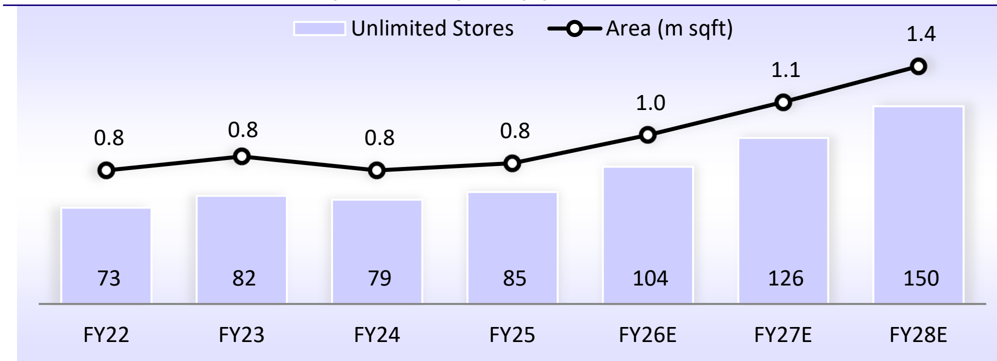
Source: MOFSL, Company

Exhibit 29: Unlimited expansion picking up pace with 10 new store additions in 1HFY26



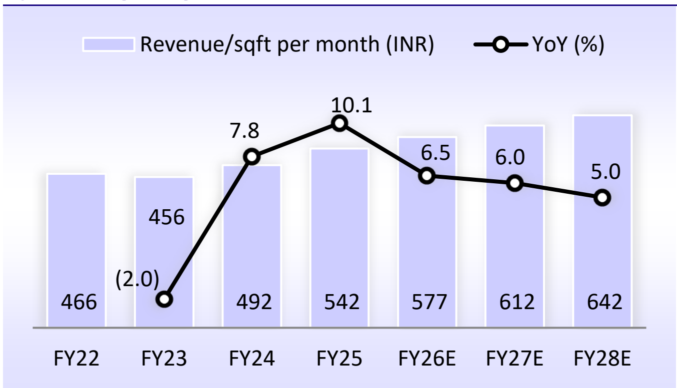
Source: MOFSL, Company

Exhibit 30: Unlimited store expansion to pick up pace



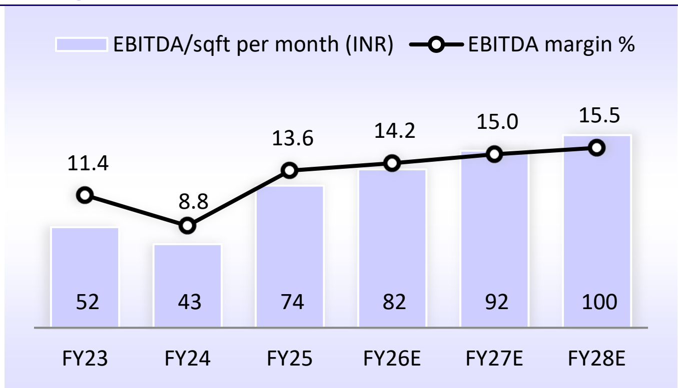
Source: Company, MOFSL

Exhibit 31: Revenue productivity to improve steadily, driven by mid-single-digit SSSG



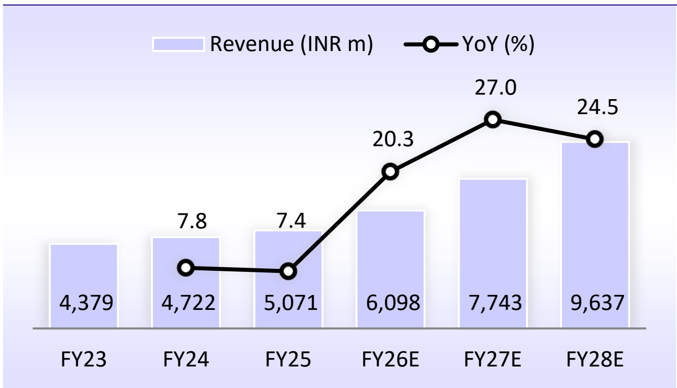
Source: Company, MOFSL

Exhibit 32: EBITDA margins to expand, led by operating leverage



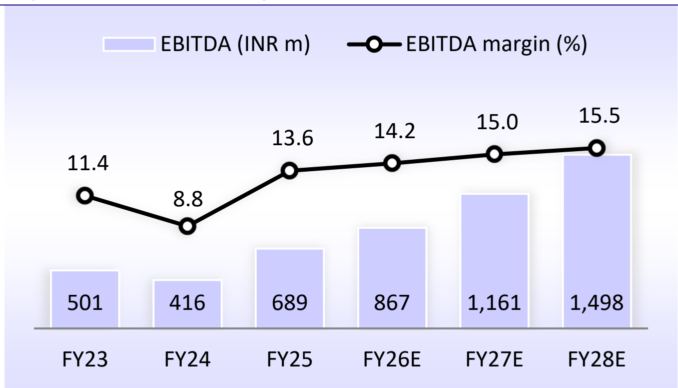
Source: Company, MOFSL

Exhibit 33: Store expansion and improved productivity to drive ~24% revenue CAGR over FY25-28



Source: Company, MOFSL

Exhibit 34: Operating leverage to drive ~200bp margin expansion and ~30% reported EBITDA CAGR over FY25-28



Source: Company, MOFSL

Exhibit 35: Unlimited's per sqft trends and forecasts

INR per sqft	FY23	FY24	FY25	FY26	FY27	FY28
SPSF	**456**	**492**	**542**	**577**	**612**	**642**
Gross margin	38.9	35.8	36.1	35.8	35.8	35.8
GP	**177**	**176**	**195**	**206**	**219**	**230**
Employee	48	53	58	59	60	60
Power and fuel	21	27	25	25	25	26
Advertisement	13	14	13	12	13	13
Other expenses	43	40	26	28	29	31
Overheads	**125**	**133**	**122**	**124**	**127**	**130**
EBITDA	**52**	**43**	**74**	**82**	**92**	**100**
EBITDA margin	11.4	8.8	13.6	14.2	15	15.5

Source: Company, MOFSL

Limeroad: Losses reduced; functioning as omni-fulfilment arm of V-Mart

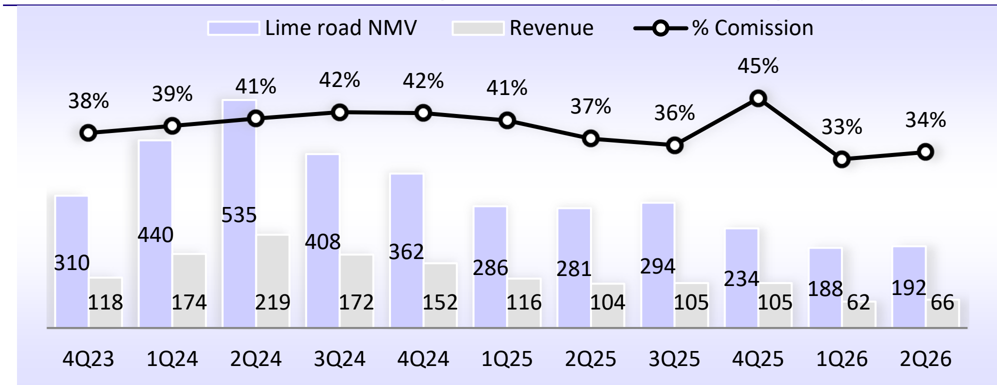
V-Mart acquired LR in Oct'22 with the objective of strengthening its presence in digital commerce and boosting omni-channel retail capabilities. LR was a digital-first fashion platform, offering curated apparel and lifestyle products. V-Mart acquired LR with an aim to attract young, urban, tech-savvy customers and diversify beyond its existing customers, primarily in tier 2+ towns.

While the rationale for the acquisition was sound, LR was financially stressed prior to the acquisition and, despite investments, continued to report losses due to high competition. Growth plans were also hampered by a decline in the profitability of V-Mart's core business. As a result, management rationalized its plans for LR, which now primarily serves as V-Mart's omni-fulfilment arm.

Post-acquisition, V-Mart undertook significant cost rationalization, particularly in advertising and marketing spends. This led to LR's revenue declining from INR715m in FY24 to INR506m in FY25, while losses reduced from INR716m to INR310m over the same period. In FY25, LR was fully integrated as V-Mart's digital marketplace, replacing vmartretail.com and becoming central to its omnichannel strategy. All V-Mart products are now available on limeroad.com, supported by initiatives like in-store 'OneClick' fulfillment and social commerce. Consequently, V-Mart's contribution to LR orders increased to ~40% (from 12% in FY24). Despite lower revenue, these measures drove a 57% YoY improvement in consolidated EBITDA, with losses continuing to narrow. With a pullback in growth plans, losses have reduced over time and are set to decline further in FY26.

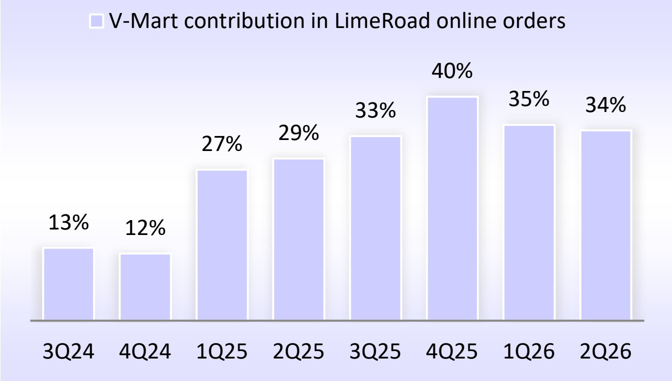
LR also witnessed leadership changes in FY25, with the exit of CEO Suchishree Mukherjee and strategic oversight transitioning to Varin Agarwal. As General Manager-Business Function, he now leads LR's diversification agenda. Despite this transition, the team remains focused on building a lean, profitable marketplace model, supported by V-Mart's omnichannel infrastructure and equity-linked incentives.

Exhibit 36: NMV has been on a declining trend with rationalization in growth plans



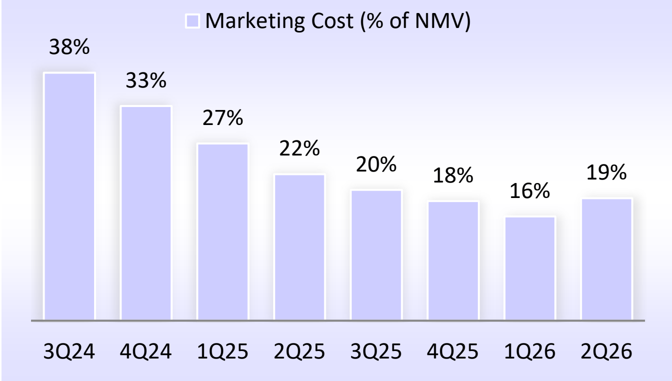
Source: MOFSL, Company

Exhibit 37: Steady increase in V-Mart's contribution on LR



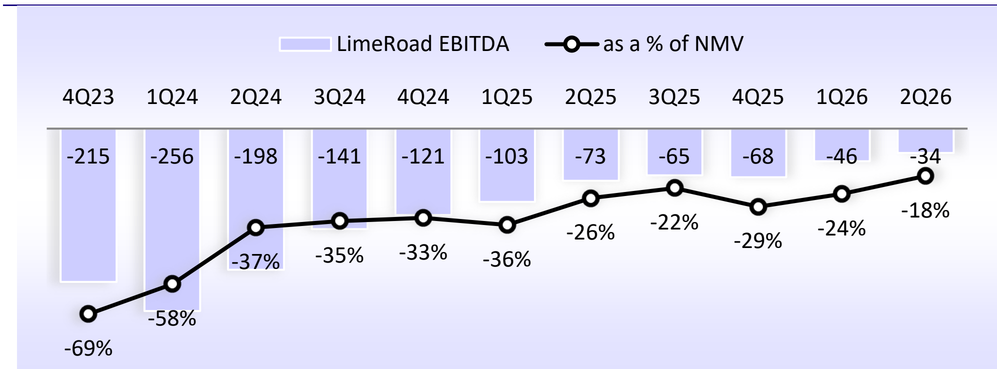
Source: Company, MOFSL

Exhibit 38: Sharp decline in marketing cost (customer acquisition cost)



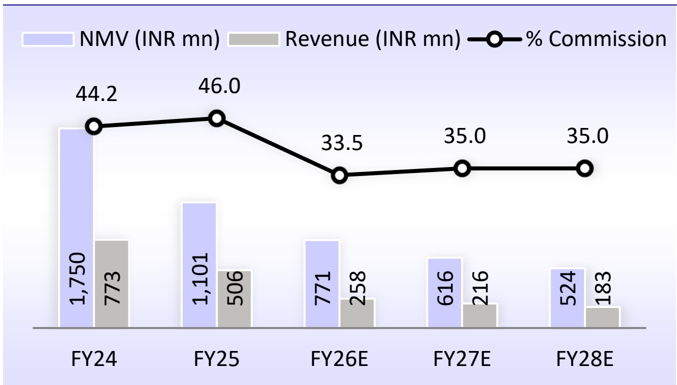
Source: Company, MOFSL

Exhibit 39: While losses continue, they have declined sharply every quarter



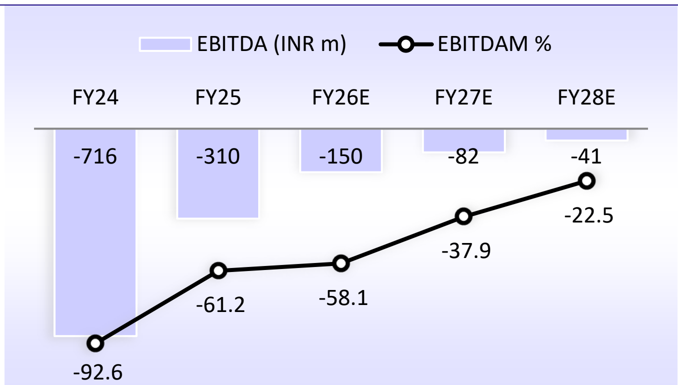
Source: MOFSL, Company

Exhibit 40: Recalibration of growth plans in LR…



Source: Company, MOFSL

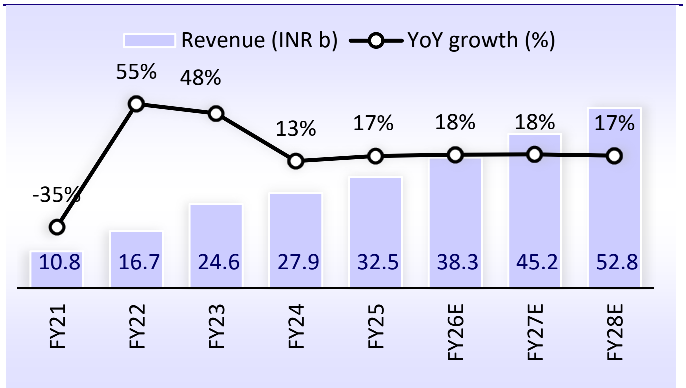
Exhibit 41: … leading to a significant reduction in losses



Source: Company, MOFSL

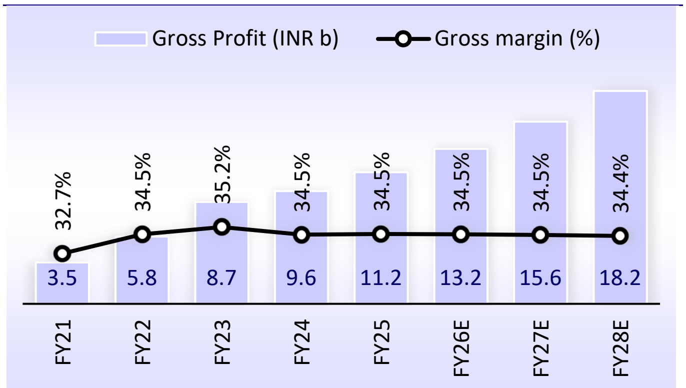
Story in charts

Exhibit 42: Expect an 18% revenue CAGR over FY25-28



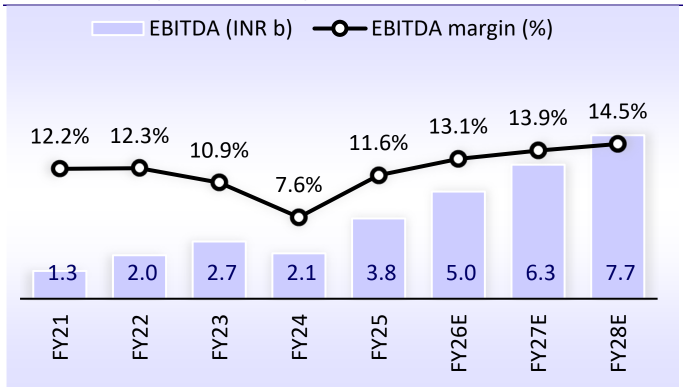
Source: Company, MOFSL

Exhibit 43: GM to remain largely flat over FY25-28



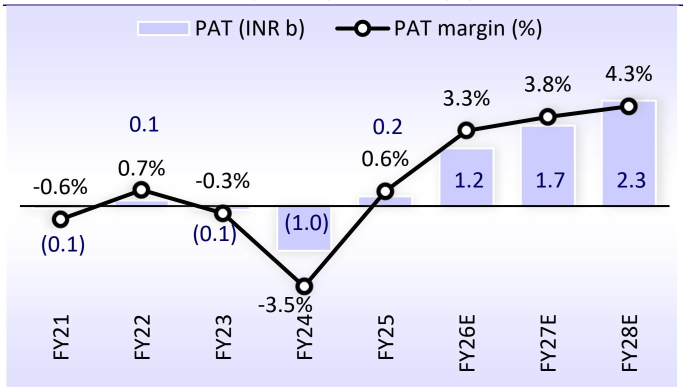
Source: Company, MOFSL

Exhibit 44: Expect a 27% reported EBITDA CAGR over FY25-28



Source: Company, MOFSL

Exhibit 45: Profitability to improve sharply over FY25-28E



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**10,755**	**16,662**	**24,648**	**27,856**	**32,539**	**38,292**	**45,154**	**52,828**
Change (%)	-35.3	54.9	47.9	13.0	16.8	17.7	17.9	17.0
Raw Materials	7,236	10,911	15,971	18,251	21,297	25,075	29,598	34,663
Employees Cost	1,169	1,796	2,555	2,871	3,634	4,131	4,698	5,326
Other Expenses	1,038	1,821	3,178	4,604	3,837	4,055	4,572	5,165
Total Expenditure	**9,442**	**14,618**	**21,959**	**25,725**	**28,768**	**33,262**	**38,868**	**45,154**
% of Sales	87.8	87.7	89.1	92.4	88.4	86.9	86.1	85.5
EBITDA	**1,312**	**2,043**	**2,689**	**2,131**	**3,771**	**5,030**	**6,286**	**7,675**
Margin (%)	12.2	12.3	10.9	7.6	11.6	13.1	13.9	14.5
Depreciation	1,030	1,307	1,800	2,221	2,330	2,853	3,398	4,054
EBIT	**282**	**736**	**889**	**-91**	**1,441**	**2,177**	**2,888**	**3,621**
Int. and Finance Charges	589	772	1,169	1,424	1,365	699	745	782
Other Income	210	140	150	210	121	150	180	200
PBT Blf. EO Exp.	**-97**	**104**	**-130**	**-1,305**	**198**	**1,628**	**2,323**	**3,039**
EO Items	0	0	0	0	242	-	-	-
PBT after EO Exp.	**-97**	**104**	**-130**	**-1,305**	**440**	**1,628**	**2,323**	**3,039**
Total Tax	-35	-12	-52	-337	-18	383	585	765
Tax Rate (%)	35.8	-12.0	39.7	25.9	-4.1	23.5	25.2	25.2
Reported PAT	**-62**	**116**	**-78**	**-968**	**458**	**1,246**	**1,738**	**2,274**
Adjusted PAT	**-62**	**116**	**-78**	**-968**	**206**	**1,246**	**1,738**	**2,274**
Change (%)	-112.6	-287.7	-167.4	1,132.9	-121.3	504.8	39.5	30.8
Margin (%)	-0.6	0.7	-0.3	-3.5	0.6	3.3	3.8	4.3

Consolidated - Balance Sheet **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	197	197	198	198	198	792	792	792
Total Reserves	8,055	8,299	8,292	7,272	7,904	8,555	10,293	12,567
Net Worth	**8,252**	**8,496**	**8,490**	**7,470**	**8,102**	**9,347**	**11,085**	**13,359**
Total Loans	0	0	1,478	1,100	1,490	1,490	1,490	1,490
Deferred Tax Liabilities	-253	-386	-531	-874	-917	-917	-917	-917
Other long-term liabilities	5,751	9,131	11,964	12,938	6,505	7,033	7,561	7,763
Lease Liabilities	5,678	9,022	11,838	12,813	6,336	6,960	7,488	7,691
Capital Employed	**13,750**	**17,240**	**21,400**	**20,633**	**15,180**	**16,954**	**19,220**	**21,696**
Gross Block	6,965	11,110	14,455	16,607	10,385	11,998	13,615	14,913
Net Fixed Assets	**6,965**	**11,110**	**14,455**	**16,607**	**10,385**	**11,998**	**13,615**	**14,913**
Right to use assets	5,180	8,283	10,643	11,197	4,699	5,918	7,109	8,061
Capital WIP	22	64	1,092	38	43	43	43	43
Total Investments	**3,189**	**1,248**	**85**	**47**	**51**	**51**	**51**	**51**
Curr. Assets, Loans&Adv.	**5,836**	**8,186**	**11,261**	**10,885**	**12,967**	**14,539**	**16,923**	**20,041**
Inventory	4,283	6,682	8,706	8,161	9,868	11,015	12,371	14,473
Cash and Bank Balance	275	351	202	272	394	303	754	1,124
Loans and Advances	1,278	1,153	2,353	2,452	2,705	3,221	3,798	4,443
Curr. Liability & Prov.	**2,261**	**3,368**	**5,493**	**6,945**	**8,266**	**9,677**	**11,411**	**13,351**
Account Payables	1,917	2,906	4,883	6,337	7,620	8,917	10,515	12,302
Other Current Liabilities	345	462	610	608	646	760	896	1,048
Net Current Assets	**3,574**	**4,818**	**5,768**	**3,940**	**4,702**	**4,862**	**5,511**	**6,690**
Appl. of Funds	**13,750**	**17,240**	**21,400**	**20,633**	**15,180**	**16,954**	**19,220**	**21,696**

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	**-0.8**	**1.5**	**-1.0**	**-12.2**	**2.6**	**15.7**	**21.9**	**28.7**
Cash EPS	12.2	17.9	21.7	15.8	31.9	51.6	64.7	79.7
BV/Share	104.0	107.0	107.0	94.1	102.1	117.8	139.7	168.3
Valuation (x)								
P/E	n/m	503.2	n/m	n/m	284.4	45.5	32.6	24.9
Cash P/E	60.5	41.2	34.0	46.7	23.1	13.8	11.0	9.0
P/BV	7.1	6.9	6.9	7.8	7.2	6.1	5.1	4.2
EV/Sales	1.3	0.9	0.6	0.6	0.5	1.5	1.3	1.1
EV/EBITDA	48.8	32.9	26.7	33.9	17.5	12.9	10.3	8.4
FCF per share	55.1	-81.2	-49.3	133.8	28.4	34.9	47.7	53.8
Return Ratios (%)								
RoE	NM	1.4	NM	NM	2.6	14.3	17.0	18.6
RoCE	2.7	6.2	3.2	0.4	8.7	10.6	12.1	13.4
RoIC	1.8	6.4	3.0	-0.3	8.6	10.7	12.4	13.9
Working Capital Ratios								
Fixed Asset Turnover (x)	1.5	1.5	1.7	1.7	3.1	3.2	3.3	3.5
Asset Turnover (x)	0.8	1.0	1.2	1.4	2.1	2.3	2.3	2.4
Inventory (Days)	145	146	129	107	111	105	100	100
Creditor (Days)	65	64	72	83	85	85	85	85
Leverage Ratio (x)								
Current Ratio	2.6	2.4	2.0	1.6	1.6	1.5	1.5	1.5
Interest Cover Ratio	0.5	1.0	0.8	-0.1	1.1	3.1	3.9	4.6
Net Debt/Equity	-0.4	-0.2	0.1	0.1	0.1	0.1	0.1	0.0

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) Before Tax	-97	104	-130	-1,305	440	1,628	2,323	3,039
Depreciation	1,030	1,307	1,800	2,221	2,330	2,853	3,398	4,054
Interest & Finance Charges	589	772	1,169	1,424	1,365	699	745	782
Direct Taxes Paid	-35	-118	-182	-26	-14	-383	-585	-765
(Inc)/Dec in WC	182	-1,985	-857	1,716	-504	-348	-198	-809
CF from Operations	**1,669**	**80**	**1,800**	**4,030**	**3,616**	**4,449**	**5,683**	**6,301**
Others	-176	-192	8	-171	-122	-150	-180	-200
CF from Operating incl EO	**1,493**	**-113**	**1,808**	**3,859**	**3,494**	**4,299**	**5,503**	**6,101**
(Inc)/Dec in FA	-406	-1,494	-2,783	-1,209	-1,238	-1,528	-1,716	-1,831
Free Cash Flow	**1,087**	**-1,606**	**-976**	**2,650**	**2,256**	**2,771**	**3,787**	**4,271**
(Pur)/Sale of Investments	-3,092	2,676	1,192	46	-	-	-	-
Others	-690	54	5	-14	15	150	180	200
CF from Investments	**-4,188**	**1,237**	**-1,586**	**-1,178**	**-1,223**	**-1,378**	**-1,536**	**-1,631**
Issue of Shares	3,713	76	35	7	42	-	-	-
Inc/(Dec) in Debt	-11	0	1,478	-378	390	-	-	-
Interest Paid	-589	-772	-1,164	-1,427	-1,358	(699	(745)	(782)
Dividend Paid	0	0	-15	0	0	-	-	-
Others	-244	-349	-708	-792	-1,223	-2,313	-2,771	-3,318
CF from Fin. Activity	**2,869**	**-1,045**	**-374**	**-2,590**	**-2,149**	**-3,012**	**-3,516**	**-4,100**
Inc/Dec of Cash	**174**	**80**	**-152**	**92**	**122**	**-91**	**451**	**370**
Opening Balance (excluding bank bal.)	48	222	302	150	272	394	303	754
Closing Balance	**222**	**302**	**150**	**242**	**394**	**303**	**754**	**1,124**
Bank balance	53	49	52	31	-	-	-	-
Closing Balance (including bank balance)	**275**	**351**	**202**	**273**	**394**	**303**	**754**	**1,124**

NOTES

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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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