

| | |
|-----------------|---|
| Estimate change | ↑ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | VMART IN |
| Equity Shares (m) | 79 |
| M.Cap.(INRb)/(USDb) | 45.6 / 0.5 |
| 52-Week Range (INR) | 962 / 551 |
| 1, 6, 12 Rel. Per (%) | -18/-24/-31 |
| 12M Avg Val (INR M) | 181 |

Financials & Valuations (INR b)

| Y/E March | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Sales | 37.4 | 43.9 | 51.2 |
| EBITDA | 5.0 | 6.2 | 7.5 |
| NP | 1.3 | 1.6 | 2.2 |
| EBITDA Margin (%) | 13.5 | 14.1 | 14.7 |
| Adj. EPS (INR) | 15.8 | 20.6 | 27.1 |
| BV/Sh. (INR) | 117.6 | 138.2 | 165.3 |
| Ratios | | | |
| Net D:E | 0.9 | 0.8 | 0.7 |
| RoE (%) | 14.4 | 16.1 | 17.9 |
| RoCE (%) | 10.9 | 11.7 | 13.1 |
| Valuations | | | |
| P/E (x) | 36.8 | 28.2 | 21.4 |
| EV/EBITDA (x) | 10.8 | 8.9 | 7.3 |
| EV/Sales (x) | 1.3 | 1.1 | 0.9 |

Shareholding pattern (%)

| As of | Dec-25 | Sep-25 | Dec-24 |
|----------|--------|--------|--------|
| Promoter | 44.2 | 44.2 | 44.3 |
| DII | 32.5 | 32.1 | 32.5 |
| FII | 17.0 | 17.5 | 17.3 |
| Others | 6.4 | 6.3 | 5.9 |

FII includes depository receipts

CMP: INR574 **TP: INR1,000 (+74%)**

Buy

Margin expansion continues; valuations attractive

- VMART delivered a strong beat on profitability in 3QFY26, with pre-IND AS EBITDA rising 24% YoY to INR1.4b (23% beat). The beat was driven by higher gross margin (lower inventory provisions) and robust cost controls as pre-IND AS margin expanded 140bp YoY to 12.2% (9MFY26: up ~170bp YoY to 7.2%).
- 3Q revenue growth was weak at 10% YoY due to a shift in festivals and a delayed onset of winter. Combined 2Q+3Q revenue growth was robust at ~15% YoY, driven by ~14% net store additions and 5% SSSG.
- Management indicated that the demand environment remains stable, notwithstanding weather disruptions and festive shift impact. It expects 4Q to benefit from multiple festivals. Over the medium term, annual area addition guidance remains ~13-14% and SSSG target is 5-8%.
- We raise our FY26-27 pre-IND AS EBITDA estimates by 7-12%, driven by sustained margin improvement. We now model a CAGR of 16%/37% in revenue/pre-IND AS EBITDA over FY25-28E, supported by ~13% CAGR in store additions, mid-single-digit SSSG, and operating leverage.
- The stock has corrected ~17% YTD amid broader retail correction, despite no deterioration in business fundamentals, and is now trading below our bear-case valuations.
- V-Mart now trades at an undemanding valuation of ~16x FY27E EV/pre-IND AS EBITDA (vs. ~39x for VMM). We believe risk-reward is attractive with mid-to-high teens growth visibility and headroom for margin gain.
- We reiterate **BUY with a revised TP of INR1,000**, based on 22x FY28E EV/pre-IND AS EBITDA. VMART remains one of our top retail picks.

Strong beat on profitability, EBITDA (+22% YoY, 14% beat)

- Revenue grew 10% YoY (already disclosed) to INR11.2b, driven primarily by store additions (up ~13.5% YoY).
- Blended SSSG remained flat YoY (V-Mart: flat, Unlimited +2%), driven by the partial shift in the festive season to 2QFY26 (vs. 3QFY25).
- Revenue growth for 2HCY25 (2QFY26+3QFY26) came in at ~15% YoY, driven by ~14% net store additions and ~5% SSSG.
- V-Mart opened 23 new stores (21 in VMART and two in Unlimited) and closed two stores during 3Q, bringing the total store count to 554 (57 net additions in 9MFY26).
- Gross profit grew 11% YoY to INR4.1b (2% above), as gross margins (GM) expanded ~40bp YoY to 36.2% (~70bp beat), despite lower contribution from LR (100% GM), as GM in offline business expanded ~70bp YoY.
- Employee expenses grew 7% YoY to INR1b (5% below estimate).
- Other expenses declined ~4% YoY to INR960m (11% below our estimate), on account of: i) curtailed A&P spends (down ~40bp YoY in offline business) and ii) continued reduction in LR losses (-60% YoY).
- Resultantly, reported EBITDA stood at INR2.1b (+22% YoY, 14% beat), with margins expanding 191bp YoY to 18.6% (~230bp beat).

- Pre-IND AS EBITDA stood at INR1.4b (up 24% YoY), with margins expanding ~140bp YoY to 12.2% (vs. our estimate of 10%).
- Depreciation rose 25% YoY (+10% QoQ, 7% above estimate) due to a change in lease accounting, while interest cost declined ~52% YoY (14% above our est).
- V-Mart's reported PAT came in at INR880m (up 23% YoY), led by higher EBITDA. Excluding the one-off impact, adjusted PAT at INR901m **grew 26% YoY and came in ~24% ahead of our estimate.**
- Inventory remained healthy at 95 days (vs. 94 days YoY), driven by non-apparel inventory (102 vs. 102 days YoY), but partly offset by higher FMCG inventory (67 vs. 57 days YoY).
- For 9MFY26, revenue/EBITDA grew 14%/32% YoY and PAT was INR1.13b (vs. ~INR273m YoY). Pre-IND AS EBITDA grew 49% YoY and margin expanded to ~7.2% (vs. 5.5% YoY).
- Despite a ~40% increase in capex to INR1.2b, V-Mart generated FCF of ~INR630m during 9MFY26 (vs. INR574m YoY).

Unlimited's productivity improves; broad-based margin improvement

- **V-Mart (core):** 3Q revenue grew ~10% YoY to INR9.5b, driven by 20 net store additions (up 14% YoY). Reported monthly SPSF for 9MFY26 stood flat at INR758. 3Q EBITDA grew 16% YoY to INR1.8b, as margin expanded ~110bp YoY to 19%, driven by operating leverage and curtailed A&P spends (-35bp YoY).
- **Unlimited:** 3Q revenue grew 15% YoY to INR1.75b, driven by one net store addition in 3Q (up 13% YoY) and 2% SSSG. Reported monthly SPSF for 9MFY26 grew ~6% YoY to INR626. 3Q EBITDA grew 40% YoY to INR328m, as margin expanded ~335bp YoY to 18.7%, driven by higher gross margin (+200bp YoY), operating leverage, and curtailed A&P spends (-60bp YoY).
- **LimeRoad (LR):** Commission income declined ~41% YoY to INR62m, while operating loss reduced ~60% YoY to INR26m (vs. INR34m loss QoQ, INR65m loss YoY), driven by a further reduction in advertisement spends.

Key highlights from the management commentary

- **Demand trends:** Consumer sentiment was affected by uneven weather and festive shift, though underlying demand trends remained resilient, driven by lower inflation and good monsoons. Tier-2+ towns and rural-semi-urban markets continued to outperform, supported by the unorganized-to-organized shift and improved agri income.
- **Regional trends:** Eastern and Southern markets saw disruptions due to excess rainfall and political disturbances during the festive period. North India was impacted by a delay in the onset of winter (till ~late December), leading to a lull in post-festive demand. South India delivered a relatively better performance, supported by improved product acceptance and execution in Unlimited.
- **Demand outlook:** Policy decisions such as GST rationalization have not led to a material boost in consumption yet. However, consumer sentiment remains stable and 4Q should see a boost from festivals such as Holi, Eid, Pongal, etc. Management remains cautiously positive about the near-term demand environment.

- **Guidance:** Management has reiterated its guidance of opening ~75 stores in FY26, annual area additions of ~13-14% over the medium term, and SSSG target of 5-8%.

Valuation and view

- The improved productivity of VMART/Unlimited stores and lower losses in the online segment have led to an improvement in VMART's overall profitability. However, it still lags value fashion peers on profitability, which provides room for further margin expansion.
- VMART remains a key beneficiary of the unorganized-to-organized retail shift and the massive growth opportunity in value fashion.
- We raise our FY26-27 pre-INDAS EBITDA estimates by 7-12%, driven by sustained margin improvement. We now model 16%/37% CAGR in revenue/pre-IND AS EBITDA over FY25-28E, supported by ~13% CAGR in store additions, mid-single-digit SSSG, and operating leverage benefits.
- The stock has corrected ~17% YTD amid broader retail correction, despite no deterioration in business fundamentals, and is now trading below our bear-case valuations.
- V-Mart now trades at an undemanding valuation of ~16x FY27E EV/pre-IND AS EBITDA (vs. ~39x for VMM). We believe risk-reward remains attractive with mid-to-high teens growth visibility and headroom for margin expansion.
- We reiterate **BUY** with a revised TP of INR1,000 (earlier 975), based on 22x FY28E EV/pre-IND AS EBITDA (~12x reported EBITDA). VMART remains one of our top picks in retail space ([link for our detailed thesis](#)).

| Y/E March | Consol. Quarterly Earnings | | | | | | | | | | (INR m) | |
|---------------------|----------------------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|-----------|
| | FY25 | | | | FY26 | | | | FY25 | FY26 | FY26 | Est. |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 3QE | Var (%) |
| Revenue | 7,861 | 6,610 | 10,267 | 7,801 | 8,852 | 8,069 | 11,264 | 9,253 | 32,539 | 37,437 | 11,260 | 0 |
| YoY Change (%) | 15.9 | 20.3 | 15.5 | 16.7 | 12.6 | 22.1 | 9.7 | 18.6 | 16.8 | 15.1 | | |
| Total Expenditure | 6,871 | 6,224 | 8,554 | 7,119 | 7,591 | 7,354 | 9,169 | 8,280 | 28,768 | 32,394 | 9,424 | -3 |
| EBITDA | 990 | 386 | 1,714 | 681 | 1,262 | 715 | 2,095 | 973 | 3,771 | 5,044 | 1,836 | 14 |
| EBITDA Margin (%) | 12.6 | 5.8 | 16.7 | 8.7 | 14.3 | 8.9 | 18.6 | 10.5 | 11.6 | 13.5 | 16.3 | |
| Depreciation | 568 | 592 | 626 | 544 | 679 | 711 | 779 | 683 | 2,330 | 2,852 | 729 | 7 |
| Interest | 375 | 391 | 424 | 174 | 182 | 175 | 206 | 196 | 1,365 | 758 | 180 | 14 |
| Other Income | 46 | 18 | 34 | 23 | 29 | 34 | 40 | 47 | 121 | 150 | 44 | -10 |
| PBT | 93 | -580 | 697 | 229 | 429 | -136 | 1,150 | 140 | 198 | 1,583 | 970 | 19 |
| Exceptionals | | | | 242 | | | -21 | | | | | |
| Tax | -28 | -15 | -19 | 44 | 93 | -47 | 249 | 33 | -18 | 328 | 244 | |
| Rate (%) | -30.3 | 2.6 | -2.7 | 19.1 | 21.8 | 34.8 | 21.7 | 23.4 | -9.2 | 21.0 | 25.2 | |
| Reported PAT | 121 | -565 | 716 | 185 | 336 | -89 | 880 | 127 | 458 | 1,234 | 726 | 21 |
| Adj PAT | 121 | -565 | 716 | -57 | 336 | -89 | 901 | 127 | 216 | 1,256 | 726 | 24 |
| YoY Change (%) | -155.3 | -11.9 | 153.7 | -85.4 | 176.8 | -84.3 | 25.8 | n/a | -122.3 | 481.7 | | |

E: MOFSL Estimates

Exhibit 1: We ascribe a TP of INR1,000 based on ~22x pre-IND-AS FY28 EV/EBITDA (implying ~11.7x FY28 EV/reported EBITDA)

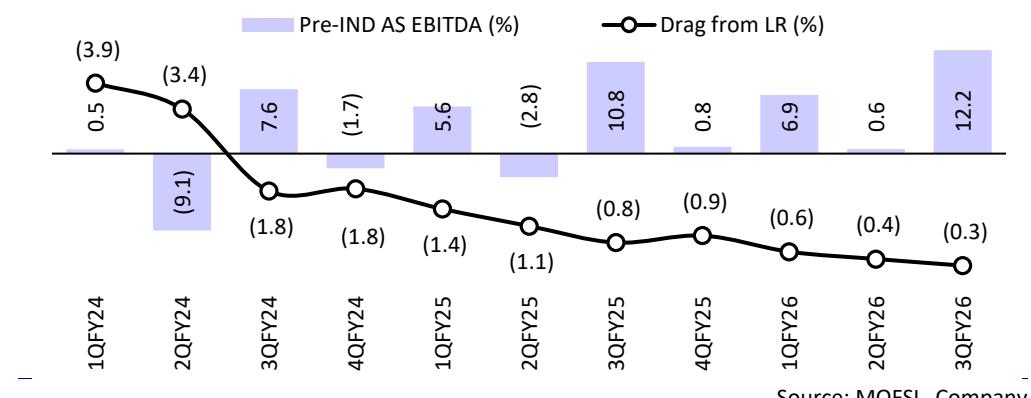
| Methodology | Driver (INR m) | Multiple | Fair Value (INR m) | Value/sh (INR) |
|--------------------|-----------------|----------|--------------------|----------------|
| Pre-IND AS EBITDA | FY28E EV/EBITDA | 3,666 | 22 | 80,203 |
| Less net debt | | | 828 | 10 |
| Total Value | | | 79,375 | 1,000 |
| Shares o/s (m) | | | 79.4 | |
| CMP (INR) | | | | 580 |
| Upside (%) | | | | 73 |

Source: MOFSL, Company

Exhibit 2: Quarterly performance

| P&L (INR m) | 3QFY25 | 2QFY26 | 3QFY26 | YoY% | QoQ% | 3QFY26E | vs. est (%) |
|-------------------------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|
| Revenue | 10,267 | 8,069 | 11,264 | 9.7 | 39.6 | 11,260 | 0.0 |
| Raw Material cost | 6,596 | 5,355 | 7,191 | 9.0 | 34.3 | 7,268 | -1.1 |
| Gross Profit | 3,672 | 2,714 | 4,073 | 10.9 | 50.1 | 3,992 | 2.0 |
| Gross Margin (%) | 35.8 | 33.6 | 36.2 | 40bp | 253bp | 35.5 | 71bp |
| Employee Costs | 953 | 976 | 1,018 | 6.8 | 4.3 | 1,075 | -5.3 |
| Other Expenses | 1,005 | 1,022 | 960 | -4.4 | -6.1 | 1,081 | -11.2 |
| EBITDA | 1,714 | 715 | 2,095 | 22.3 | 193.0 | 1,836 | 14.1 |
| EBITDA margin (%) | 16.7 | 8.9 | 18.6 | 191bp | 974bp | 16.3 | 230bp |
| IND AS Rent | 605 | 671 | 719 | 18.8 | 7.2 | 712 | 1.0 |
| Pre-IND AS EBITDA | 1,108 | 44 | 1,376 | 24.2 | 2992.6 | 1,124 | 22.5 |
| EBITDA margin (%) | 10.8 | 0.6 | 12.2 | 142bp | 1167bp | 10.0 | 224bp |
| Depreciation and amortization | 626 | 711 | 779 | 24.5 | 9.5 | 729 | 6.9 |
| EBIT | 1,088 | 4 | 1,316 | 21.0 | NM | 1,107 | -18.9 |
| EBIT margin (%) | 10.6 | 0.1 | 11.7 | 109bp | 1163bp | 9.8 | 186bp |
| Finance Costs | 424 | 175 | 206 | -51.6 | 17.8 | 180 | 14.0 |
| Other income | 34 | 34 | 40 | 17.2 | 15.5 | 44 | -9.9 |
| Exceptional item | 0 | 0 | 21 | 0.0 | 0.0 | 0 | NM |
| Profit before Tax | 697 | -136 | 1,129 | 61.9 | -929.6 | 970 | 16.4 |
| Tax | -19 | -47 | 249 | | | 244 | |
| Tax rate (%) | -2.7 | 34.8 | 22.1 | | | 25.2 | |
| Profit after Tax | 716 | -89 | 880 | 22.8 | | 726 | 21.2 |

Source: MOFSL, Company

Exhibit 3: Robust pre-IND AS EBITDA margin expansion with LR drag reducing significantly


Source: MOFSL, Company

Exhibit 4: Segment-wise breakup

| | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | YoY% | QoQ% | FY25 | FY26E | FY27E |
|----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Core V-Mart (INR m) | | | | | | | | | | |
| Revenue | 8,634 | 6,556 | 7,407 | 6,624 | 9,450 | 9.5 | 42.7 | 27,062 | 31,269 | 36,366 |
| % YoY | 18.6 | 19.5 | 14.0 | 23.3 | 9.5 | | | 20.7 | 15.5 | 16.3 |
| Gross Profit | 3,028 | 2,087 | 2,516 | 2,189 | 3,356 | 10.8 | 53.3 | 9,004 | 10,538 | 12,274 |
| Gross Margin (%) | 35.1 | 31.8 | 34.0 | 33.0 | 35.5 | 44bp | 247bp | 33.3 | 33.7 | 33.8 |
| Cost of Retailing | 1,484 | 1,464 | 1,453 | 1,584 | 1,563 | 5.3 | -1.3 | 5,613 | 6,269 | 7,154 |
| CoR excl. rentals | 17.2 | 22.3 | 19.6 | 23.9 | 16.5 | -65bp | -737bp | 20.7 | 20.0 | 19.7 |
| EBITDA | 1,544 | 623 | 1063 | 605 | 1,793 | 16.1 | 196.4 | 3,391 | 4,268 | 5,119 |
| EBITDA margin (%) | 17.9 | 9.5 | 14.4 | 9.1 | 19.0 | 109bp | 984bp | 12.5 | 13.7 | 14.1 |
| Stores | 403 | 412 | 421 | 438 | 458 | | 13.6 | 4.6 | 412 | 467 |
| Area | 3.4 | 3.5 | 3.6 | 3.7 | 3.9 | | 14.7 | 5.4 | 3.5 | 3.94 |
| SPSF | 2,616 | 1,900 | 2,086 | 1,815 | 2,487 | -5.0 | 37.0 | 8,201 | 8,406 | 8,742 |
| Unlimited (INR m) | | | | | | | | | | |
| Revenue | 1,528 | 1,164 | 1,383 | 1,380 | 1,752 | 14.7 | 27.0 | 5,071 | 5,937 | 7,337 |
| % YoY | 6.2 | 11.2 | 11.1 | 21.7 | 14.7 | | | 7.4 | 17.1 | 23.6 |
| Gross Profit | 541 | 411 | 545 | 461 | 654 | 20.9 | 41.8 | 1,829 | 2,167 | 2,682 |
| Gross Margin (%) | 35.4 | 35.3 | 39.4 | 33.4 | 37.3 | 194bp | 390bp | 36.1 | 36.5 | 36.6 |
| Cost of Retailing | 306 | 285 | 300 | 317 | 326 | 6.6 | 2.7 | 1,140 | 1,267 | 1,522 |
| CoR excl. rentals | 20.0 | 24.5 | 21.7 | 23.0 | 18.6 | -140bp | -439bp | 22.5 | 21.3 | 20.7 |
| EBITDA | 235 | 126 | 245 | 144 | 328 | 39.6 | 127.8 | 689 | 900 | 1,160 |
| EBITDA margin (%) | 15.4 | 10.8 | 17.7 | 10.4 | 18.7 | 334bp | 829bp | 13.6 | 15.2 | 15.8 |
| Stores | 85 | 85 | 89 | 95 | 96 | | 12.9 | 1.1 | 85 | 100 |
| Area | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | | 12.5 | 0.0 | 0.8 | 0.9 |
| SPSF | 1,910 | 1,455 | 1,729 | 1,624 | 1,947 | 1.9 | 19.9 | 6,501 | 6,859 | 7,202 |
| LimeRoad (INR m) | | | | | | | | | | |
| NMV | 294 | 234 | 188 | 192 | 235 | -20.2 | 22.4 | 1,101 | 616 | 524 |
| % YoY | -27.8 | -35.2 | -35.4 | -31.7 | -20.2 | | | -37.1 | -20.0 | -15.0 |
| Commission Income | 105 | 105 | 62 | 66 | 62 | -41.0 | -6.1 | 506.0 | 184.9 | 157.2 |
| Take rate (%) | 35.7 | 44.8 | 33.0 | 34.4 | 26.4 | -928bp | -799bp | 46.0 | 30.0 | 30.0 |
| % YoY | -13.9 | 6.7 | -17.3 | -7.1 | -26.0 | | | 74.2 | 0.0 | -32.1 |
| Cost of Retailing | 170 | 173 | 108 | 100 | 88 | -48 | -12 | 740 | 260 | 202 |
| EBITDA | -65 | -68 | -46 | -34 | -26 | -60 | -24 | -234 | -75 | -45 |
| % YoY | -62.3 | -65.1 | -74.2 | -51.5 | -41.9 | 2035bp | 958bp | -46.2 | -40.4 | -28.8 |

Source: MOFSL, Company

Exhibit 5: Key operational metrics

| Operational Metrics | 3QFY25 | 2QFY26 | 3QFY26 | YoY% | QoQ% |
|---|-------------|-------------|--------------|-------------|-------------|
| Stores | | | | | |
| Core Vmart stores | 403 | 438 | 458 | 13.6 | 4.6 |
| Unlimited stores | 85 | 95 | 96 | 12.9 | 1.1 |
| Total stores | 488 | 533 | 554 | 13.5 | 3.9 |
| Store productivity (INR per month) | | | | | |
| Vmart core revenue per sqft | 872 | 605 | 829 | -5.0 | 37.0 |
| Unlimited revenue per sqft | 637 | 541 | 649 | 1.9 | 19.9 |
| ASP (INR) | | | | | |
| Vmart standalone | 253 | 196 | 249 | -1.6 | 27.0 |
| Unlimited | 457 | 383 | 429 | -6.1 | 12.0 |
| Blended ASP | 271 | 214 | 267 | -1.5 | 24.8 |
| Total Volume (in m) | | | | | |
| Vmart core | 34.1 | 33.8 | 38.0 | 11.2 | 12.3 |
| Unlimited | 3.3 | 3.6 | 4.1 | 22.1 | 13.3 |
| Total | 37.9 | 37.7 | 42.2 | 11.4 | 11.9 |
| ATV (INR) | | | | | |
| Vmart core | 1,074 | 887 | 1,034 | -3.7 | 16.6 |
| Unlimited | 1,912 | 1,576 | 1,756 | -8.2 | 11.4 |
| Blended ATV | 962 | 957 | 1,108 | 15.1 | 15.7 |
| Total bills (in m) | | | | | |
| Vmart core | 8.0 | 7.5 | 9.1 | 13.7 | 22.4 |
| Unlimited | 0.8 | 0.9 | 1.0 | 24.9 | 13.9 |
| Total | 10.7 | 8.4 | 10.2 | -4.7 | 20.6 |

Source: MOFSL, Company

Exhibit 6: Summary of our estimate changes

| Particulars | FY26E | FY27E | FY28E |
|------------------------------------|--------|--------|--------|
| Revenue (INR m) | | | |
| Old | 37,612 | 44,127 | 51,624 |
| Actual/New | 37,437 | 43,888 | 51,171 |
| Change (%) | -0.5 | -0.5 | -0.9 |
| EBITDA (INR m) | | | |
| Old | 4,794 | 5,985 | 7,468 |
| Actual/New | 5,044 | 6,204 | 7,540 |
| Change (%) | 5.2 | 3.7 | 1.0 |
| EBITDA margin (%) | | | |
| Old | 12.7 | 13.6 | 14.5 |
| Actual/New | 13.5 | 14.1 | 14.7 |
| Change (bp) | 73 | 57 | 27 |
| Pre-INDAS EBITDA (INR m) | | | |
| Old | 2,033 | 2,722 | 3,621 |
| Actual/New | 2,273 | 2,919 | 3,666 |
| Change (%) | 11.8 | 7.3 | 1.3 |
| Pre-INDAS EBITDA margin (%) | | | |
| Old | 5.4 | 6.2 | 7.0 |
| Actual/New | 6.1 | 6.7 | 7.2 |
| Change (bp) | 67 | 48 | 15 |
| Net Profit (INR m) | | | |
| Old | 1,072 | 1,518 | 2,124 |
| Actual/New | 1,251 | 1,633 | 2,152 |
| Change (%) | 16.7 | 7.6 | 1.3 |

Source: MOFSL, Company

Exhibit 7: Key assumptions for VMART retail

| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| VMART | 214 | 266 | 279 | 307 | 341 | 365 | 412 | 467 | 522 | 577 |
| Unlimited | - | - | - | 73 | 82 | 79 | 85 | 100 | 120 | 145 |
| Store count | 214 | 266 | 279 | 380 | 423 | 444 | 497 | 567 | 642 | 722 |
| Net store additions | | 52 | 13 | 101 | 43 | 21 | 53 | 70 | 75 | 80 |
| VMART | 1.8 | 2.2 | 2.3 | 2.5 | 2.9 | 3.1 | 3.5 | 3.9 | 4.4 | 4.8 |
| Unlimited | - | - | - | 0.8 | 0.8 | 0.8 | 0.8 | 0.9 | 1.1 | 1.3 |
| Retail area (m sqft) | 1.8 | 2.2 | 2.3 | 3.3 | 3.7 | 3.9 | 4.3 | 4.9 | 5.5 | 6.1 |
| Core VMART (INR m) | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
| Revenue | 14,337 | 16,620 | 10,755 | 14,539 | 20,100 | 22,419 | 27,063 | 31,269 | 36,366 | 41,821 |
| SPSF (per month) | 665 | 691 | 398 | 506 | 623 | 625 | 683 | 700 | 728 | 758 |
| EBITDA | 1,329 | 2,138 | 1,312 | | 2,621 | 2,404 | 3,392 | 4,268 | 5,119 | 6,066 |
| margin | 9.3 | 12.9 | 12.2 | | 13.0 | 10.7 | 12.5 | 13.7 | 14.1 | 14.5 |
| Unlimited (INR m) | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
| Revenue | | | | 2,123 | 4,379 | 4,720 | 5,071 | 5,937 | 7,337 | 9,192 |
| SPSF (per month) | | | | 466 | 456 | 492 | 542 | 572 | 600 | 630 |
| EBITDA | | | | | 501 | 416 | 689 | 900 | 1,160 | 1,519 |
| margin | | | | | 11.4 | 8.8 | 13.6 | 15.2 | 15.8 | 16.5 |

Source: MOFSL, Company



Detailed takeaways from the management interaction

- **Demand trends:** Consumer sentiment was affected by uneven weather and festive shift, though underlying demand trends remained resilient, driven by lower inflation and good monsoons. Tier-2+ towns and rural-semi-urban markets continued to outperform, supported by unorganized-to-organized shift, and improved agri income.
- **Regional trends:** Eastern and Southern markets saw disruptions due to excess rainfall and political disturbances during the festive period. North India was impacted by a delay in the onset of winter (till ~late December), leading to a lull in post-festive demand. South India delivered a relatively better performance, supported by improved product acceptance and execution in Unlimited.
- **Demand outlook:** Policy decisions such as GST rationalization have not led to a material boost in consumption yet. However, consumer sentiment remains stable and 4Q should see a boost from festivals such as Holi, Eid, Pongal, etc. Management remains cautiously positive about the near-term demand environment.
- **Guidance:** Management has reiterated its guidance of opening ~75 stores in FY26, annual area additions of ~13-14% over the medium term, and SSSG target of 5-8%.
- **Margin:** Margin expansion in 3Q was driven by improved inventory health (leading to lower provisioning), operating leverage and robust cost controls (especially on advertisements). The company remains focused on margin protection and cashflow generation over aggressive revenue growth through heavy discounting.
- **Unlimited:** Unlimited continued to show visible improvement, led by a better performance of new stores opened after acquisition. Over 45+ new Unlimited stores are delivering higher sales density and profitability, increasingly aligning with the core V-Mart model. Legacy stores remain profitable but structurally lower in productivity; chain-level metrics are expected to improve as the mix shifts toward newer stores over the next 2-3 years.
- **New store performance:** New stores are ramping up faster than historical averages, with most achieving break-even within 1-2 months of operations. Store expansion in South was muted in 3Q, but the region would be a key driver of store expansions going ahead.
- **Gross margins:** The gross margins in the offline business expanded ~70bp YoY, driven by improved inventory health, high full-price sale-through, favorable wedding-season mix, and reduced shrinkage/provisioning.
- **Operating leverage:** Total expenses grew just ~1% YoY, well below revenue growth, driving strong operating leverage. Tight control across manpower, logistics, warehousing, and marketing, along with productivity initiatives (higher sales density, process simplification, tech enablement), ensured execution-led profitability growth. However, management believes the company is operating at optimal costs (on per sqft basis) and there is not much room for further cost reduction.
- **Inventory:** Inventory days increased marginally to ~95 (+1% QoQ), largely due to a strategic increase in apparel focus over FMCG. Inventory health remained strong both in apparel and FMCG with no overstocking concerns, though

temporary shortages were seen in select categories due to erratic weather and delayed winter demand.

- **LimeRoad:** LimeRoad losses have reduced significantly, and it has turned profitable on contribution margin 3 level. Management continues to prioritize profitability rather than growth in LimeRoad, with 100% of the omni orders on platform being pre-paid.
- **Capex and cash flow:** Quarterly capex stood at INR570m (~INR1.2b in 9MFY26), primarily toward new store additions and selective refurbishments. The business generated FCF of INR630m during 9M (up ~9% YoY), reflecting disciplined capital allocation, margin protection, and tight working capital control.

Story in charts

Exhibit 8: Revenue grew 10% YoY driven by area additions

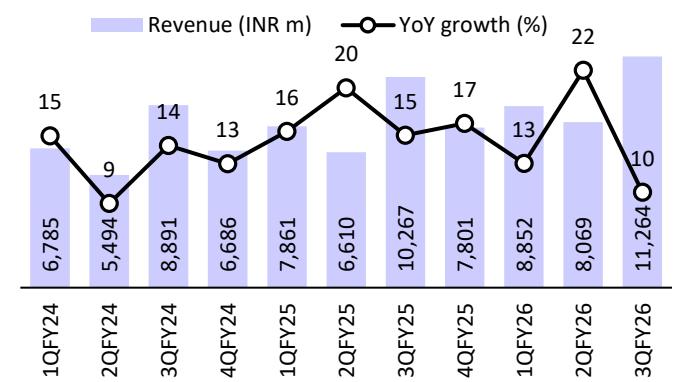


Exhibit 9: 40bp GM expansion despite lower LR contribution

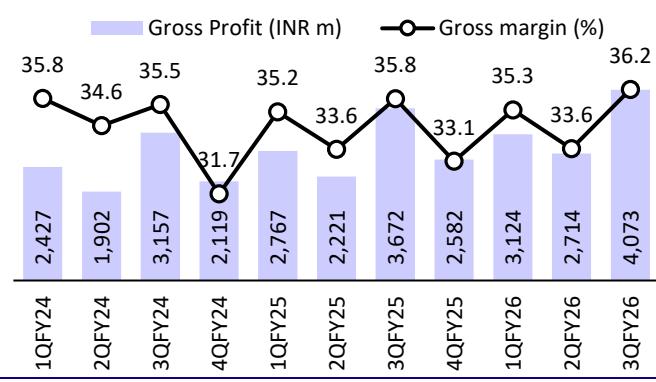


Exhibit 10: EBITDA margin expanded 140bp on higher GM and robust cost controls

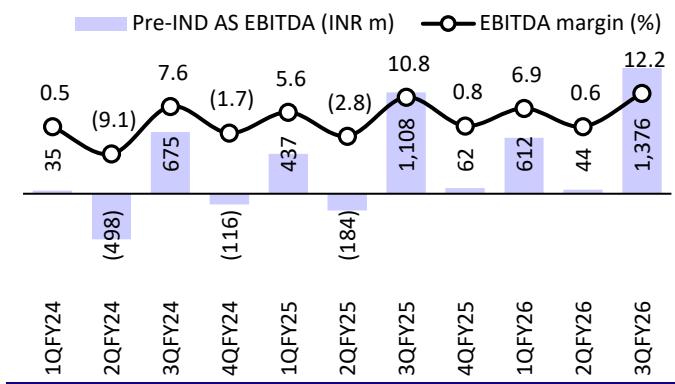
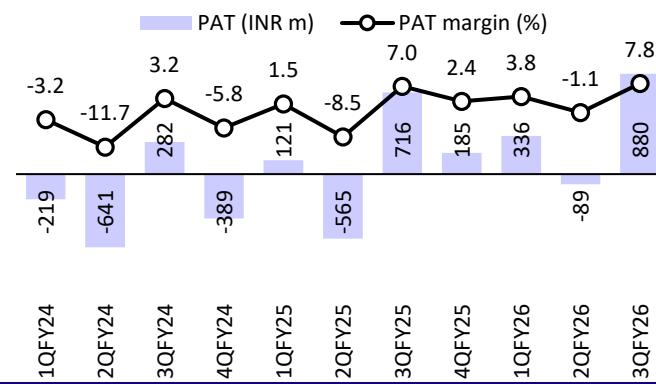
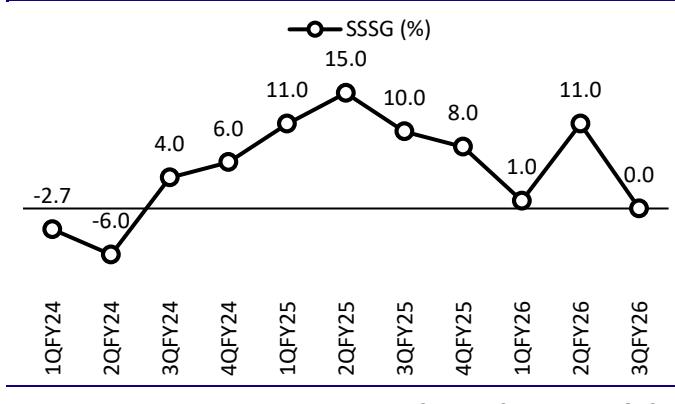


Exhibit 11: VMART reported strong PAT growth



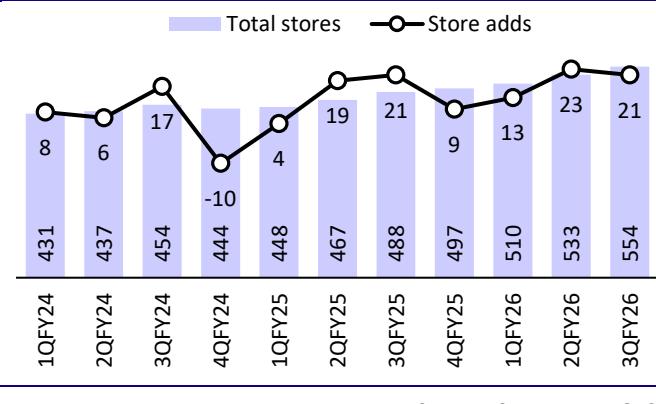
Source: Company, MOFSL

Exhibit 12: Blended SSSG was flat owing to shift in festivals and delayed winters



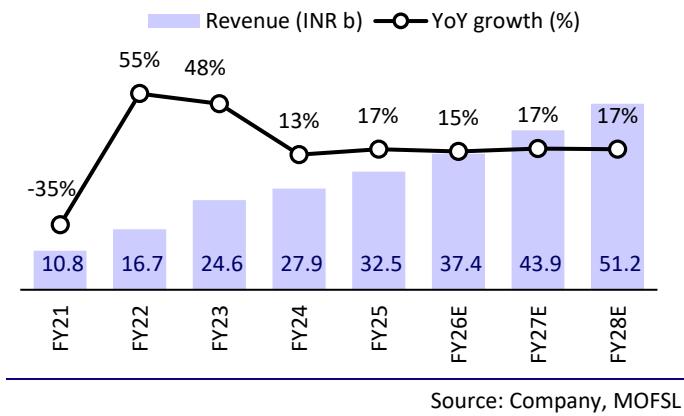
Source: Company, MOFSL

Exhibit 13: It opened 21 new stores; the total store count stood at 554



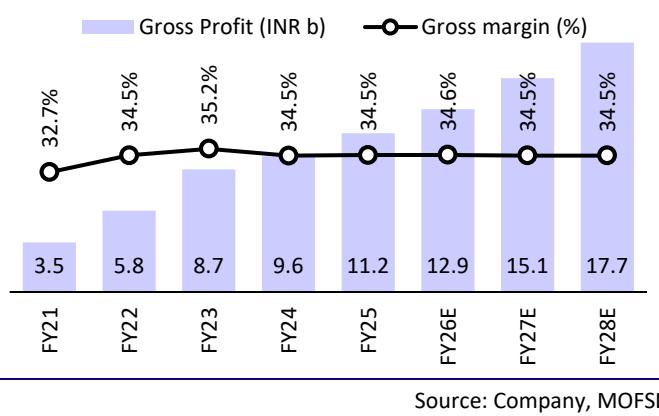
Source: Company, MOFSL

Exhibit 14: Expect 16% revenue CAGR over FY25-28



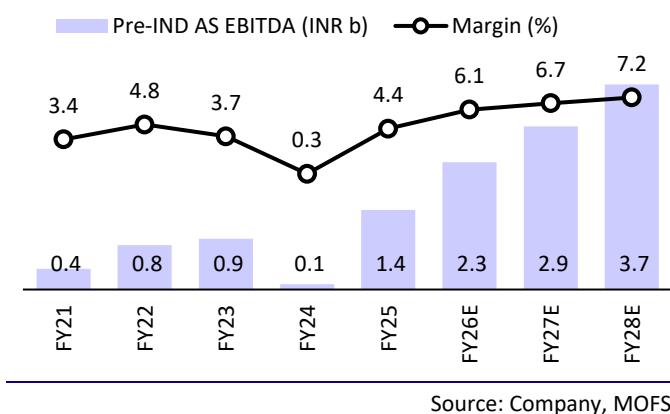
Source: Company, MOFSL

Exhibit 15: GM to remain largely flat over FY25-28E



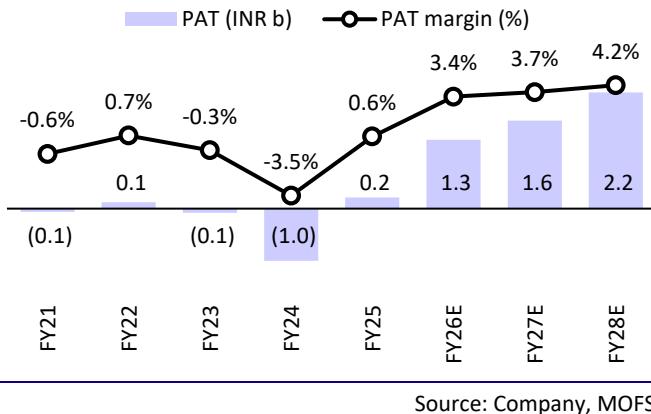
Source: Company, MOFSL

Exhibit 16: Expect 37% EBITDA CAGR over FY25-28



Source: Company, MOFSL

Exhibit 17: Profitability to improve sharply over FY25-28E



Source: Company, MOFSL

Financials and valuations

| Consolidated - Income Statement | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 | 37,437 | 43,888 | 51,171 |
| Change (%) | -35.3 | 54.9 | 47.9 | 13.0 | 16.8 | 15.1 | 17.2 | 16.6 |
| Raw Materials | 7,236 | 10,911 | 15,971 | 18,251 | 21,297 | 24,501 | 28,748 | 33,518 |
| Employees Cost | 1,169 | 1,796 | 2,555 | 2,871 | 3,634 | 4,061 | 4,610 | 5,184 |
| Other Expenses | 1,038 | 1,821 | 3,178 | 4,604 | 3,837 | 3,831 | 4,326 | 4,929 |
| Total Expenditure | 9,442 | 14,618 | 21,959 | 25,725 | 28,768 | 32,394 | 37,684 | 43,631 |
| % of Sales | 87.8 | 87.7 | 89.1 | 92.4 | 88.4 | 86.5 | 85.9 | 85.3 |
| EBITDA | 1,312 | 2,043 | 2,689 | 2,131 | 3,771 | 5,044 | 6,204 | 7,540 |
| Margin (%) | 12.2 | 12.3 | 10.9 | 7.6 | 11.6 | 13.5 | 14.1 | 14.7 |
| Depreciation | 1,030 | 1,307 | 1,800 | 2,221 | 2,330 | 2,852 | 3,452 | 4,099 |
| EBIT | 282 | 736 | 889 | -91 | 1,441 | 2,191 | 2,752 | 3,441 |
| Int. and Finance Charges | 589 | 772 | 1,169 | 1,424 | 1,365 | 758 | 796 | 827 |
| Other Income | 210 | 140 | 150 | 210 | 121 | 150 | 180 | 200 |
| PBT Bef. EO Exp. | -97 | 104 | -130 | -1,305 | 198 | 1,583 | 2,135 | 2,814 |
| EO Items | - | - | - | - | 242 | (21) | - | - |
| PBT after EO Exp. | -97 | 104 | -130 | -1,305 | 440 | 1,562 | 2,135 | 2,814 |
| Total Tax | -35 | -12 | -52 | -337 | -18 | 328 | 502 | 661 |
| Tax Rate (%) | 35.8 | -12.0 | 39.7 | 25.9 | -4.1 | 21.0 | 23.5 | 23.5 |
| Reported PAT | -62 | 116 | -78 | -968 | 458 | 1,234 | 1,633 | 2,152 |
| Adjusted PAT | -62 | 116 | -78 | -968 | 206 | 1,251 | 1,633 | 2,152 |
| Change (%) | -112.6 | -287.7 | -167.4 | 1,132.9 | -121.3 | 507.3 | 30.6 | 31.8 |
| Margin (%) | -0.6 | 0.7 | -0.3 | -3.5 | 0.6 | 3.3 | 3.7 | 4.2 |

| Consolidated - Balance Sheet | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 | 8,544 | 10,177 | 12,330 |
| Net Worth | 8,252 | 8,496 | 8,490 | 7,470 | 8,102 | 9,336 | 10,969 | 13,122 |
| Total Loans | 0 | 0 | 1,478 | 1,100 | 1,490 | 1,490 | 990 | 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 | 7,386 | 8,234 | 8,881 |
| Lease Liabilities | 5,678 | 9,022 | 11,838 | 12,813 | 6,336 | 7,313 | 8,162 | 8,809 |
| Capital Employed | 13,751 | 17,241 | 21,401 | 20,634 | 15,180 | 17,295 | 19,277 | 21,576 |
| Gross Block | 6,965 | 11,110 | 14,455 | 16,607 | 10,385 | 12,207 | 13,869 | 15,335 |
| Net Fixed Assets | 6,965 | 11,110 | 14,455 | 16,607 | 10,385 | 12,207 | 13,869 | 15,335 |
| Right to use assets | 5,180 | 8,283 | 10,643 | 11,197 | 4,699 | 6,221 | 7,595 | 8,789 |
| 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 | 13,471 | 15,245 | 17,719 |
| Inventory | 4,283 | 6,682 | 8,706 | 8,161 | 9,868 | 9,744 | 11,423 | 13,318 |
| Cash and Bank Balance | 275 | 351 | 202 | 272 | 394 | 538 | 90 | 56 |
| Loans and Advances | 1,278 | 1,153 | 2,353 | 2,452 | 2,705 | 3,149 | 3,691 | 4,304 |
| Curr. Liability & Prov. | 2,261 | 3,368 | 5,493 | 6,945 | 8,266 | 8,436 | 9,889 | 11,530 |
| Account Payables | 1,917 | 2,906 | 4,883 | 6,337 | 7,620 | 7,693 | 9,018 | 10,515 |
| Other Current Liabilities | 345 | 462 | 610 | 608 | 646 | 743 | 871 | 1,015 |
| Net Current Assets | 3,574 | 4,818 | 5,768 | 3,940 | 4,702 | 4,995 | 5,315 | 6,149 |
| Appl. of Funds | 13,750 | 17,240 | 21,400 | 20,633 | 15,180 | 17,296 | 19,277 | 21,577 |

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 | 15.8 | 20.6 | 27.1 |
| Cash EPS | 12.2 | 17.9 | 21.7 | 15.8 | 31.9 | 51.7 | 64.1 | 78.8 |
| BV/Share | 104.0 | 107.0 | 107.0 | 94.1 | 102.1 | 117.6 | 138.2 | 165.3 |
| Valuation (x) | | | | | | | | |
| P/E | n/m | 395.5 | n/m | n/m | 223.5 | 36.8 | 28.2 | 21.4 |
| Cash P/E | 47.6 | 32.3 | 26.7 | 36.7 | 18.2 | 11.2 | 9.1 | 7.4 |
| P/BV | 5.6 | 5.4 | 5.4 | 6.2 | 5.7 | 4.9 | 4.2 | 3.5 |
| EV/Sales | 1.0 | 0.7 | 0.5 | 0.4 | 0.4 | 1.3 | 1.1 | 0.9 |
| EV/EBITDA | 39.2 | 26.8 | 22.0 | 28.0 | 14.2 | 10.8 | 8.9 | 7.3 |
| FCF per share | 42.7 | -98.9 | -85.1 | 93.8 | 13.0 | 10.0 | 8.4 | 13.8 |
| Return Ratios (%) | | | | | | | | |
| RoE | NM | 1.4 | NM | NM | 2.6 | 14.3 | 16.1 | 17.9 |
| RoCE | 2.7 | 6.2 | 3.2 | 0.4 | 8.7 | 10.9 | 11.7 | 13.1 |
| RoIC | 1.8 | 6.4 | 3.0 | -0.3 | 8.6 | 11.0 | 11.8 | 13.0 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 1.5 | 1.5 | 1.7 | 1.7 | 3.1 | 3.1 | 3.2 | 3.3 |
| Asset Turnover (x) | 0.8 | 1.0 | 1.2 | 1.4 | 2.1 | 2.2 | 2.3 | 2.4 |
| Inventory (Days) | 145 | 146 | 129 | 107 | 111 | 95 | 95 | 95 |
| Creditor (Days) | 65 | 64 | 72 | 83 | 85 | 75 | 75 | 75 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 2.6 | 2.4 | 2.0 | 1.6 | 1.6 | 1.6 | 1.5 | 1.5 |
| Interest Cover Ratio | 0.5 | 1.0 | 0.8 | -0.1 | 1.1 | 2.9 | 3.5 | 4.2 |
| 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 | 1,562 | 2,135 | 2,814 |
| Depreciation | 1,030 | 1,307 | 1,800 | 2,221 | 2,330 | 2,852 | 3,452 | 4,099 |
| Interest & Finance Charges | 589 | 772 | 1,169 | 1,424 | 1,365 | 758 | 796 | 827 |
| Direct Taxes Paid | -35 | -118 | -182 | -26 | -14 | -328 | -502 | -661 |
| (Inc)/Dec in WC | 182 | -1,985 | -857 | 1,716 | -504 | -247 | -768 | -867 |
| CF from Operations | 1,669 | 80 | 1,800 | 4,030 | 3,616 | 4,598 | 5,114 | 6,211 |
| Others | -420 | -541 | -701 | -963 | -1,345 | -2,442 | -2,918 | -3,466 |
| CF from Operating incl EO | 1,249 | -461 | 1,099 | 3,067 | 2,271 | 2,156 | 2,196 | 2,745 |
| (Inc)/Dec in FA | -406 | -1,494 | -2,783 | -1,209 | -1,238 | -1,405 | -1,527 | -1,652 |
| Free Cash Flow | 843 | -1,955 | -1,684 | 1,858 | 1,033 | 752 | 669 | 1,093 |
| (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 | -1,255 | -1,347 | -1,452 |
| Issue of Shares | 3,713 | 76 | 35 | 7 | 42 | - | - | - |
| Inc/(Dec) in Debt | -11 | 0 | 1,478 | -378 | 390 | - | (500) | (500) |
| Interest Paid | -589 | -772 | -1,164 | -1,427 | -1,358 | (758) | (796) | (827) |
| Dividend Paid | 0 | 0 | -15 | 0 | 0 | - | - | - |
| Others | | | | | | | | |
| CF from Fin. Activity | 3,113 | -696 | 335 | -1,798 | -927 | -758 | -1,296 | -1,327 |
| Inc/Dec of Cash | 174 | 80 | -152 | 92 | 122 | 143 | -448 | -34 |
| Opening Balance (excluding bank bal.) | 48 | 222 | 302 | 150 | 272 | 394 | 578 | 131 |
| Closing Balance | 222 | 302 | 150 | 242 | 394 | 538 | 90 | 56 |
| Bank balance | 53 | 49 | 52 | 31 | - | - | - | - |
| Closing Balance (including bank balance) | 275 | 351 | 202 | 273 | 394 | 538 | 90 | 56 |

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|----------------------------------|--|
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| 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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