

Quarter With Operational Excellence; Maintain BUY

Changes in Estimates post Q3FY26

FY27E/FY28E: Revenue: -2%/-3%; EBITDA: 12%/13%, PAT: 22%/10%

Recommendation Rationale

- Resilient Performance:** V-Mart reported resilient performance in Q3FY26, with revenue growing 9.7% YoY and 39.6% QoQ to Rs 1,126 Cr. The quarter saw a shift in sales due to a larger share of Durga Puja moving to Q2 in FY26 compared with the previous year. Same-store sales growth (SSSG) for V-Mart was flat, while Unlimited stores reported 2% growth, resulting in an overall flat SSSG. On a cumulative basis, Q2 and Q3 FY26 results, adjusted for festive timing distortions, showed a combined SSSG of 5% and revenue growth of 15%. EBITDA grew 22.3% YoY to Rs 210 Cr, with margin expansion of 190 bps to 18.6%, driven by improved gross margin (+40 bps YoY to 36.2%), lower employee costs (-25 bps YoY), and reduced other operating expenses (-126 bps YoY).
- Expansion Strategy:** During the quarter, the company opened 23 new stores (21 V-Mart and 2 Unlimited) and closed 2 stores (1 V-Mart and 1 Unlimited), taking the total store count to 554 (V-Mart - 458, Unlimited - 96). The stores are distributed across tiers with 125 in Tier 1, 70 in Tier 2, 295 in Tier 3, and 64 in Tier 4. Supported by steady execution and healthy market traction, management has revised its guidance and now aims to end the year with 75+ new store additions. Over the medium to long term, the company targets a 13–14% annual increase in square footage, with 60–65% of new stores coming from the same states but different towns.

Sector Outlook: Positive

Company Outlook & Guidance: We have revised our FY27/28 estimates and remain **positive** on the stock.

Current Valuation: 10x FY28E EV/EBITDA (Earlier Valuation: 12x SEP'27E EV/EBITDA)

Current TP: Rs 760/share (Earlier TP: Rs 900/share)

Recommendation: With a 32% upside potential from the CMP, we **maintain our BUY** rating on the stock.

Financial Performance

V-Mart reported a resilient Q3FY26 performance with revenue of Rs 1,126 Cr, up 9.7% YoY and 39.6% QoQ, although growth was impacted by a larger share of Durga Puja sales shifting to Q2; on a cumulative basis for Q2 and Q3, revenue growth adjusted for festive timing was 15%. Same-store sales growth (SSSG) was flat for V-Mart and 2% for Unlimited, resulting in a combined SSSG of 5%. Footfalls increased 15% YoY to 25 Mn, while conversion rates remained steady at 42%, and total average selling price (ASP) declined 1% YoY to Rs 267, with Apparel ASP growing 2% to Rs 422.

Margins and profitability improved, with gross margin expanding 40 bps to 36.2%, employee costs declining 25 bps, and other operating expenses reducing 126 bps YoY. EBITDA margins rose to 19% for V-Mart and 18.7% for Unlimited, driving an adjusted PAT increase of 26% YoY to Rs 90.1 Cr. Losses at Lime Road were reduced 60% YoY to Rs 2.6 Cr, despite a 20% decline in NMV.

Outlook: The company is actively pursuing steps to achieve its objectives: 1) Reducing expenses and losses by closing unprofitable Unlimited stores and steering the Lime Road business toward profitability; 2) Strengthening its omnichannel model to regain customers of V-Mart and Unlimited, and 3) Focusing on product quality and staying aligned with fashion trends. Additionally, the new GST 2.0 rollout will help in demand improvement, particularly in rural and smaller towns (V-Mart's core customer base), supported by a budget boost, government infrastructure spending, and stable inflation, projected to enhance the company's prospects over the mid-to-long term.

Valuation & Recommendation: We remain optimistic about the company and expect Revenue/EBITDA growth of 15%/22% CAGR over FY25-28E. We **maintain our BUY rating on the stock with a revised TP of Rs 760/share**, which implies an upside of 32% from the CMP.

(CMP as of 23rd January, 2026)

CMP (Rs)	577
Upside /Downside (%)	32%
High/Low (Rs)	962/550
Market cap (Cr)	4,590
Avg. daily vol. (6m)Shrs '000.	224
No. of shares (Cr)	8

Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoter	44.2	44.2	44.2
FIIIs	18.3	17.5	17.0
MFs / UTI	30.8	31.0	31.1
FUs/ Banks	0.0	0.0	0.0
Others	6.7	7.4	7.7

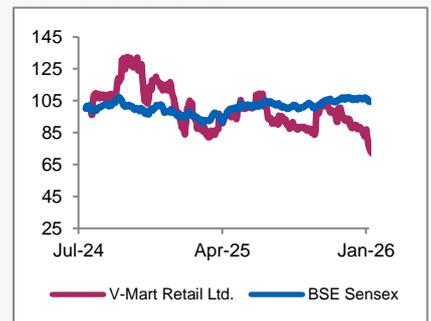
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	3,254	3,755	4,316
EBITDA	377	481	578
Net Profit	46	100	123
EPS (Rs)	23.2	12.5	15.4
PER (x)	52.8	46.3	37.4
EV/EBITDA (x)	5.0	10.7	8.6
RoE (%)	2.7	11.0	11.9

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-2%	-3%
EBITDA	12%	13%
PAT	22%	10%

Relative Performance



Source: Ace Equity, Axis Securities

Results Gallery

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

Aman Goyal

Research Associate

email: aman.goyal@axissecurities.in

Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Weakening demand environment.

Change in Estimates

	Old est.		Revised Est.		% Revision	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	4,419	5,147	4,316	4,981	-2%	-3%
EBITDA	515	604	578	685	12%	13%
PAT	101	154	123	170	22%	10%

Source: Company, Axis Securities

Results Review

	Q3FY25	Q2FY26	Axis Est.	Q3FY26	% Change (YoY)	% Change (QoQ)	Axis Est. Var (%)
Net Sales	1,027	807		1,126	9.7	39.6	
Gross Profit	367	271		407	10.9	50.1	
Gross Margin (%)	35.8	33.6		36.2	40 bps	253 bps	
Employee Expenses	95	98		102	6.8	4.3	
Other Expenses	100	102		96	(4.4)	(6.1)	
EBITDA	171	72		210	22.3	193.0	
EBITDA Margin (%)	16.7	8.9		18.6	191 bps	974 bps	
Oth. Inc	3	3		4	17.2	15.5	
Interest	42	17		21	(51.6)	17.8	
Depreciation				(2)			
PBT	63	71		78	24.5	9.5	
Tax	70	(14)		113	61.9	(929.6)	
PAT	(2)	(5)		25	(1,418.5)	(625.7)	
EPS	72	(9)		88	22.8	1,092.0	

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	3,254	3,755	4,316	4,981
Growth, %	16.8	15.4	14.9	15.4
Total income	3,254	3,755	4,316	4,981
Raw material expenses	(2,130)	(2,441)	(2,788)	(3,217)
Employee expenses	(363)	(400)	(452)	(515)
Other Operating Expenses	(26,274)	(29,902)	(34,144)	(39,225)
EBITDA (Core)	377	481	578	685
Growth, %	77.0	27.6	20.0	18.6
Margin, %	11.6	12.8	13.4	13.8
Depreciation	(233)	(289)	(300)	(327)
EBIT	144	192	278	358
Growth, %	(1,687.2)	33.1	45.0	28.8
Margin, %	4.4	5.1	6.4	7.2
Interest paid	(136)	(75)	(129)	(149)
Other Income	12	13	14	14
Pre-tax profit	44	130	162	223
Tax provided	2	(30)	(39)	(54)
Profit after tax	46	100	123	170
Growth, %	(122.3)	362.0	23.6	37.6

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Cash & bank	39	244	473	737
Marketable securities at cost	5	5	5	5
Debtors	-	-	-	-
Inventory	987	1,139	1,309	1,511
Other current assets	194	194	194	194
Total current assets	1,226	1,582	1,981	2,447
Investments	-	-	-	-
Gross fixed assets	1,534	1,704	1,874	2,044
Less: Depreciation	(495)	(784)	(1,084)	(1,411)
Add: Capital WIP	4	4	4	4
Net fixed assets	1,043	923	794	637
Non-current assets	76	76	76	76
Total assets	2,436	2,673	2,943	3,252
Current liabilities	11,681	12,855	14,168	15,725
Provisions	-	-	-	-
Total current liabilities	11,681	12,855	14,168	15,725
Non-current liabilities	458	478	493	477
Total liabilities	1,626	1,764	1,910	2,049
Paid-up capital	20	79	79	79
Reserves & surplus	790	831	954	1,124
Shareholders' equity	810	910	1,033	1,203
Total equity & liabilities	2,436	2,673	2,943	3,252

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Pre-tax profit	44	130	162	223
Depreciation	233	289	300	327
Chg in working capital	84	(35)	(39)	(46)
Total tax paid	(2)	(30)	(39)	(54)
Cash flow from operating activities	359	354	384	450
Capital expenditure	389	(170)	(170)	(170)
Other investing activities	-	-	-	-
Cash flow from investing activities	388	(170)	(170)	(170)
Free cash flow	747	184	214	280
Dividend (incl. tax)	-	-	-	-
Other financing activities	-	-	-	-
Cash flow from financing activities	(732)	20	15	(16)
Net change in cash	15	204	229	264

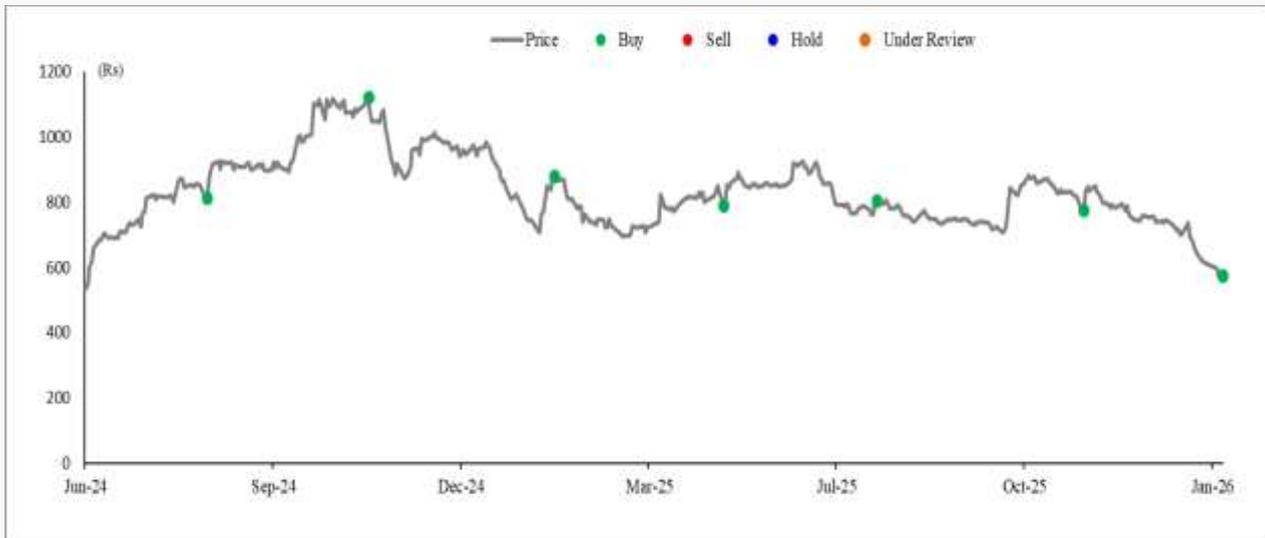
Source: Company, Axis Securities

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Per Share data				
EPS (Rs)	23.2	12.5	15.4	21.2
Growth, %	(122.3)	14.2	23.6	37.6
FDEPS (Rs)	10.9	12.5	15.4	21.2
CFPS (Rs)	111.5	42.7	46.3	54.5
DPS (Rs)	-	-	-	-
Return ratios				
Return on assets (%)	6.9	6.8	9.0	10.3
Return on equity (%)	2.7	11.0	11.9	14.1
Return on capital employed (%)	11.3	13.2	17.3	19.9
Turnover ratios				
Asset turnover (x)	1.9	2.8	3.5	4.3
Sales/Total assets (x)	1.2	1.5	1.5	1.6
Sales/Net FA (x)	2.4	3.8	5.0	7.0
Working capital/Sales (x)	0.0	0.0	0.0	0.0
Receivable days	-	-	-	-
Inventory days	110.7	110.7	110.7	110.7
Payable days	96.7	98.0	98.7	99.1
Working capital days	1.5	4.7	7.3	9.7
Liquidity ratios				
Current ratio (x)	1.0	1.2	1.4	1.6
Quick ratio (x)	0.2	0.3	0.5	0.6
Interest cover (x)	1.1	2.6	2.1	2.4
Total debt/Equity (%)	0.8	0.7	0.6	0.5
Valuation				
PER (x)	52.8	46.3	37.4	27.2
PEG (x) YoY growth	(0.4)	3.3	1.6	0.7
Price/Book (x)	1.4	5.1	4.5	3.8
EV/Net sales (x)	0.6	1.4	1.1	0.9
EV/EBITDA (x)	5.0	10.7	8.6	6.8
EV/EBIT (x)	13.0	27.0	17.8	13.1

Source: Company, Axis Securities

V-Mart Retail Price Chart and Recommendation History



Date	Reco	TP	Research
07-Aug-24	BUY	913	Result Update
31-Oct-24	BUY	1,250	Result Update
06-Feb-25	BUY	1,093	Result Update
06-May-25	BUY	940	Result Update
28-Jul-25	BUY	950	Result Update
12-Nov-25	BUY	900	Result Update
27-Jan-26	BUY	760	Result Update

Source: Axis Securities Research

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Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aurum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

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