V2 Retail Ltd

Strong Q3; momentum to sustain

Reco/View: **Positive**	CMP: **Rs. 1,987**	Price Target: **Rs. 2,810**

V2 Value & Variety

VIEWPOINT

Result Update - Q3FY2026

SECTOR

Consumer Discretionary

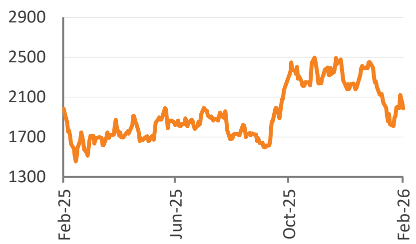
COMPANY DETAILS	
Market cap:	Rs. 7,244 cr
52-week high/low:	Rs. 2,572 / 1,398
NSE volume: (No of shares)	1.3 lakh
BSE code:	532867
NSE code:	V2RETAIL
Free float: (No of shares)	1.8 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)	
Promoters	51.4
FII	4.0
DII	9.1
Others	35.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-13.5	-14.7	18.1	0.2
Relative to Sensex	-11.7	-15.0	14.3	-6.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- V2R's Q3 numbers were strong, with revenues rising 57% y-o-y, EBITDA margin up 37 bps y-o-y, driving 66% y-o-y growth in adjusted PAT.
- Management reiterated FY27 SSSG guidance of 8-10% and network additions of ~150 stores, leading to over a 50% revenue growth.
- Aggressive store additions and volume growth with high full-price mix will drive growth in the medium to long term. Management indicated that new stores are EBITDA-positive from first month and mature over 2–3 years.
- Stock trades at 17x/12x/9x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We stay Positive with an unchanged PT of Rs. 2,810.

Result overview

- Consolidated revenues grew 57.2% y-o-y to Rs. 929 crore, driven by a 48% volume growth.
- SSSG stood at ~2%, with normalised SSSG (adjusted for shift in Durga Puja from Q3 to Q2) at 12.8%.
- Average selling prices rose 5.8% y-o-y to Rs. 363, while average bill value increased by 4.3% y-o-y to Rs. 964.
- Sales per sq. ft fell by 15.3% y-o-y to Rs. 1,032 per month due to higher mix of new stores (new stores do ~70% throughput of older stores and take 2–3 years to mature).
- Full Price sales contribution (Sales at MRP) rose to 92% in Q3FY26 versus 91% in Q3FY25.
- Gross margins fell 179 bps y-o-y to 32.5%, while EBIDTA margins rose 37 bps y-o-y to 19.2% led by store-level efficiencies.
- EBIDTA grew by 60.3% y-o-y to Rs. 179 crore and adjusted PAT grew by 66.3% y-o-y to Rs. 85 crore. Considering exceptional items pertaining to change in measurement of right-to-use assets and lease liabilities and write-down of PPE, reported PAT doubled y-o-y to Rs. 102 crore.
- 9MFY26 revenue grew by 63.8% y-o-y to 2,270 crore, EBITDA margin rose by 115 bps y-o-y to 15.6% and adjusted PAT grew by 96% y-o-y to Rs. 129 crore.
- V2R opened a net 35 stores in Q3 (105 stores in 9M FY26), taking total count to 294 stores as of Q3FY26-end, with total retail area of ~31.93 lakh sq. ft.

Our Call

V2R is focusing on becoming one of the key players in the value retail space with strong store expansion plans and consistent improvement in same-store sales and revenue per sq. ft. in the coming years. Management is confident of 45-50% revenue growth in the coming years backed by internal initiatives and strong outlook for value fashion. Stock trades at 17x/12x/9x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We stay Positive with an unchanged PT of Rs. 2,810.

Key Risks

Substantial inflation and weak macro environment will affect consumer sentiments, especially in tier-2 and -3 towns, which will affect the same-store-sales and have an impact on the earnings.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenues	1,165	1,884	3,054	4,355	5,506
EBITDA margin (%)	12.7	13.7	14.7	14.8	15.2
Adjusted PAT	28	72	175	316	461
Adjusted EPS (Rs.)	8.0	20.8	50.6	91.3	133.4
P/E (x)	-	95.4	39.3	21.8	14.9
P/B (x)	25.0	19.8	13.2	8.2	5.3
EV/EBITDA (x)	50.1	30.1	17.2	11.8	8.7
RoNW (%)	10.7	23.2	43.9	46.5	43.2
RoCE (%)	10.5	13.3	22.1	30.2	36.7

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Feb 06, 2026

Concall highlights

- Management stated that expansion efforts during the year have focused on improving geographic coverage through a balanced mix of rural market entry and increased presence in Tier-II and Tier-III cities.
- Company entered ~7 new states in FY26. Going ahead it targets 60–70% of new stores in existing strong clusters and 30–40% in new geographies that are performing well.
- **In terms of sales per sq. ft (PSF), management indicated that -**
  - Mature stores (stores existing as of Mar 31, 2024): ~Rs. 1,200/sq. ft/month.
  - Stores added in FY25 and FY26: ~Rs. 730 – Rs. 740/sq. ft./month on average.
  - New store benchmark: new stores should be within ~30% of older stores' PSF; management claimed new stores are EBITDA-positive from first month.
  - Forward target: maintain company blended ~Rs. 1,000/sq. ft/month even while adding ~50% area annually.
- Guidance on unit economics and cost architecture
  - Typical new store size: 10,000–11,000 sq ft.
  - Capex per store: ~Rs. 1.1 crore.
  - Initial inventory per store: ~Rs. 1.3-1.4 crore.
  - Total initial investment: ~Rs. 2.4-2.5 crore.
- The company conducted physical verification and reconciliation of PPE versus the fixed asset registrar and wrote off Rs. 5.06 crore carrying value, resolving earlier audit qualification.
- Management said Q4 started with the same kind of footfalls and demand. It expects upcoming wedding season, consumption tailwinds from GST trickle down effect and government actions to drive demand in the short term.
- It targets ~30–35 store additions in Q4FY26, with 10 already opened and 20 more planned.
- Management guided that its gross margin strategy is by design. It aims to pass on most benefits to the consumer. Gross margin target indicated at 28%–29%, with margin expansion expected from operating leverage and higher sales per sq. ft.
- Management is targeting lower cost of retailing and significant head-office cost dilution as scale increases.

Operational performance

Particulars	Q3FY26	Q3FY25	Y-o-Y (%/bps)	Q2FY26	Q-o-Q (%/bps)
Sales per sq. ft. (Rs./month)	1,032.0	1,219.0	-15.3	938.0	10.0
Average Selling Price (Rs.)	363.0	343.0	5.8	315.0	15.2
Average Bill Value (Rs.)	964.0	924.0	4.3	899.0	7.2
MRP Sales Contribution (%)	92.0	91.0	100	92.0	0

Source: Company; Mirae Asset Sharekhan Research

Results (Consolidated) Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y (%)	Q2FY26	Q-o-Q (%)
Total revenue	**929.2**	**590.9**	**57.2**	**708.6**	**31.1**
Raw material cost	627.4	388.5	61.5	508.9	23.3
Employee cost	60.9	42.3	44.2	57.5	6.0
Other expenses	62.1	48.7	27.4	56.8	9.3
Total operating cost	750.4	479.5	56.5	623.2	20.4
EBITDA	**178.8**	**111.5**	**60.3**	**85.4**	**109.2**
Other income	4.3	1.2	-	1.1	-
Interest & other financial cost	22.0	17.8	23.2	28.0	-21.5
Depreciation	45.7	26.3	73.8	37.6	21.7
Profit before tax	**115.4**	**68.5**	**68.3**	**20.9**	**-**
Tax	30.2	17.3	74.2	3.7	-
Adjusted PAT	**85.1**	**51.2**	**66.3**	**17.2**	**-**
Extraordinary item	-16.9	0.0	-	0.0	-
Reported PAT	**102.1**	**51.2**	**99.4**	**17.2**	**-**
Adj. EPS (Rs)	24.6	14.8	66.3	5.0	-
			bps		**bps**
GPM (%)	32.5	34.3	-179	28.2	429
EBITDA Margin (%)	19.2	18.9	37	12.1	718
NPM (%)	11.0	8.7	232	2.4	855
Tax rate (%)	26.2	25.3	89	17.7	844

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Motilal Oswal Asset Management Co. Ltd.	6.87
2	Kasera Sachin	1.51
3	Todi Vishal Vishwanath	1.47
4	Periwal Abhijit	1.30
5	Helios Capital Asset Management India Pvt. Ltd.	0.41
6	Trust Investment Advisors Pvt. Ltd.	0.35
7	Edelweiss Asset Management Ltd.	0.25
8	Blackrock Inc.	0.23
9	Dimensional Fund Advisors LP	0.22
10	Bank of India Investment Managers Pvt Ltd.	0.05

Source: Bloomberg

Key management personnel

Name	Designation
Ram Chandra Agarwal	Chairman and Managing Director
Aakash Agarwal	Chief Executive Officer and Whole time Director
Shivam Aggarwal	Company Secretary

Source: Company Website

SOMIL RAMESH MEHTA

Digitally signed by SOMIL RAMESH MEHTA
Date: 2026.02.09 13:29:26 +05'30'

DISCLAIMER

This research report ("Report") has been issued by Sharekhan Limited ("**Mirae Asset Sharekhan**"), and is intended for use only by the person or entity to which it is addressed to. This Report may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited unless specifically permitted by Mirae Asset Sharekhan. This Report is subject to change without prior notice.

Recommendation in reports is based on technical and derivatives analysis and based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/ documents focused on technical and derivatives research and shall not apply to reports/ documents/ information focused on fundamental research.

This Report does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same without discrimination, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers only by virtue of their receiving this Report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("**Affiliates**") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This Report is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this Report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this Report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this Report (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of, and/ or other individual analysts employed by Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this Report. The reports may reflect different assumptions, views and analytical methods of the analysts who prepared them. Mirae Asset Sharekhan may make investment or other decisions that are inconsistent with the opinions and views expressed in this Report. The views and opinions expressed in this Report may vary from or contradict with the report, views, estimates, rating, and target price if any provided/ issued by entity(ies) within or outside the group or other team(s) within Mirae Asset Sharekhan basis various factors including but not limited to rating criteria, valuation methodologies, assumptions, accounting methodologies, etc.

This Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this Report accurately reflect his or her personal views about the subject company or companies and its or their securities. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan or their associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the Report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan and their associates have not served as officers, directors or employees of the subject company. The analyst and Mirae Asset Sharekhan or its associates may have managed or co-managed the public offerings of the company. Mirae Asset Sharekhan, or its associates, or analysts may have received compensation for investment banking, merchant banking, brokerage services or received compensation for products or services other than investment banking, merchant banking or brokerage services from the subject company or from a third party in the past twelve months in connection with the Report, or received any other compensation or benefits from the subject company or other third party in connection with this Report. Mirae Asset Sharekhan or its associates have not been debarred/ suspended by the Securities and Exchange Board of India ("**SEBI**") or any other regulatory authority for accessing/ dealing in securities market. Mirae Asset Sharekhan or its associates or research analyst or his/her relatives may have financial interest or any other material conflict of interest in the subject company of this research report at the time of publication of the research report or at the time of public appearance. Further, please note that Mirae Asset Sharekhan or its research analysts or their associate(s) have not used artificial intelligence tools in providing research services.

Either Mirae Asset Sharekhan or its Affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities of the subject company or related securities referred to in this Report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Mirae Asset Sharekhan and its Affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/ investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market is subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asia money Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges on www.sharekhan.com

Most Important Terms and Conditions (MITC) for MASK research services can be viewed on Sharekhan website under

https://www.sharekhan.com/MediaGalary/Common/MITC_Sharekhan.pdf

---

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No. 9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200 / 022-61151111.