MIRAE ASSET Sharekhan

V2 Retail Ltd

Robust Q2; growth momentum to sustain

Consumer Discretionary	Sharekhan code: V2RETAIL
Reco/View: Positive ↔	CMP: **Rs. 2,325**	PT: **Rs. 2,810** ↑

Summary

- V2 Retail's (V2Rs) Q2FY26 numbers were robust, with revenues rising 87% y-o-y, EBITDA margin up 336 bps y-o-y, driving sharp rise in PAT to Rs. 17 crore versus loss of Rs. 2 crore in Q2FY25.
- V2R guided for 130 store additions in FY26 and 150 in FY27. It aspires is to be a pan-India player in 2-3 years.
- Out of the QIP proceeds of Rs. 400 crore, Rs. 135 crore to be used repay the debt, Rs. 165 crore for working capital and Rs. 100 crore for general corporate purposes.
- Stock trades at 21x/15x/11x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We stay Positive with a revised PT of Rs. 2,810.

3R MATRIX

	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

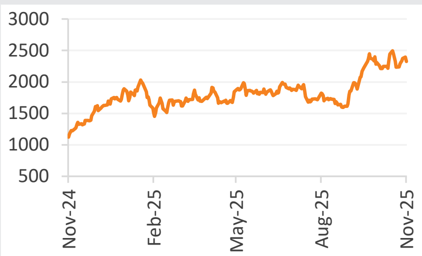
Company details

Market cap:	Rs. 8,476 cr
52-week high/low:	Rs. 2,572/1,090
NSE volume: (No of shares)	1.0 lakh
BSE code:	532867
NSE code:	V2RETAIL
Free float: (No of shares)	1.7 cr

Shareholding (%)

Promoters	54.2
FII	3.1
DII	7.1
Others	35.6

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	0.7	27.7	23.5	107.0
Relative to Sensex	-0.2	23.5	20.4	97.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Q2FY26 numbers were strong with robust double-digit revenue growth and margin expansion sharply driving up PAT. Consolidated revenues grew 86.5% y-o-y to Rs. 709 crore, in line with our estimate of Rs. 705 crore, driven by a 58% volume growth. SSSG stood at 23.4%, with normalised SSG (adjusted for shift in Durga Puja from Q3 to Q2), stood at 10.3%. Gross margins decreased by 360 bps y-o-y to 28.2%, while EBIDTA margins rose 336 bps y-o-y to 12.1% led by store-level efficiencies. EBIDTA margins missed our expectation of 15%. EBIDTA grew by 1.6x y-o-y to Rs. 85 crore and PAT came in at Rs. 17 crore versus loss of Rs. 2 crore in Q2FY25. In H1FY26, revenue grew by 68.7% y-o-y to 1,341 crore, EBITDA margin rose by 190 bps y-o-y to 13% and adjusted PAT grew by 2x y-o-y to Rs. 44 crore. V2R opened a net 43 stores in Q2FY26, taking total count to 259 stores at Q2FY26-end, with total retail area of ~27.94 lakh sq. ft.

Key positives

- Volumes rose 58% y-o-y.
- Average selling price rose 17.1% y-o-y to Rs. 315.

Management Commentary

- V2R currently has 18 stores in Karnataka, and it has become one of the core strong markets. It has 2 stores in Goa. The company's entry in Andhra Pradesh has also got a very good response. South India is a very big market for V2R and it expects future expansion in that region.
- It aspires is to be a pan-India player in 2-3 years.
- Breakeven point for stores is Rs. 500 per sq. ft. and new stores breakeven within the first month itself and become mature in 2-2.5 years.
- Store addition target for FY26 raised to 130 stores from initial target of 100 stores. Management indicated that if store operating and profitability metrics remains robust, V2R plans open 150 stores in FY27. Total investment per store is Rs. 2.4-2.5 crore.
- Out of the QIP proceeds of Rs. 400 crore, Rs. 135 crore to be used repay the debt, Rs. 165 crore for working capital and Rs. 100 crore for general corporate purpose. Raising capital will help V2R support vendors, reduce product cost by availing bill discounting and help to increase store opening targets.
- Management targets SSSG of 8-10% for the mature stores.
- V2R delivered pre-Ind AS EBITDA margin of 8% in FY25 and the management expects to maintain margin at the same level for the next 2 to 3 years because of store additions. Levers for EBITDA margin expansion include 1) operating leverage, 2) better sales mix, 3) better economies of scale and 4) a good SSSG.

Revision in earnings estimates – We maintain our estimates for FY26 and FY27 and will keenly monitor performance in the coming quarters. We have introduced FY28 estimates through this note.

Our Call

View – Retain positive view with a revised PT of Rs. 2,810: V2R delivered another quarter of strong performance with robust double-digit revenue growth and margin expansion, sharply driving up PAT. The company is focusing on becoming one of the key players in the value retail space with strong store expansion plans and consistent improvement in the 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 21x/15x/11x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We stay Positive with a revised PT of Rs. 2,810 (rolling over to Sep-27 EPS).

Key Risks

Any substantial inflation and weak macro environment will affect consumer sentiments, especially in tier-2 and -3 towns, which will affect the same-store-sales of V2R and have an impact on the earnings in the near term.

Valuation (Consolidated) Rs cr

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenues	1,165	1,884	2,927	4,087	5,222
EBITDA margin (%)	12.7	13.7	14.3	14.5	14.8
Adjusted PAT	28	72	184	304	446
Adjusted EPS (Rs.)	8.0	20.8	53.3	87.9	129.0
P/E (x)	-	-	43.6	26.4	18.0
P/B (x)	29.3	23.2	15.1	9.6	6.3
EV/EBITDA (x)	58.0	34.6	21.4	14.9	11.0
RoNW (%)	10.7	23.2	42.1	44.5	42.2
RoCE (%)	10.5	13.3	22.7	29.2	36.0

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated) Rs cr

Particulars	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Q-o-Q (%)
Total revenue	**708.6**	**380.0**	**86.5**	**632.2**	**12.1**
Raw material cost	508.9	259.2	96.3	445.0	14.4
Employee cost	57.5	39.0	47.3	52.6	9.3
Other expenses	56.8	48.7	16.6	45.2	25.6
Total operating cost	623.2	347.0	79.6	542.8	14.8
EBITDA	**85.4**	**33.1**	**-**	**89.4**	**-4.4**
Other income	1.1	2.5	-56.9	0.9	17.8
Interest & other financial cost	28.0	15.0	87.0	22.8	22.9
Depreciation	37.6	23.0	63.2	32.1	17.1
Profit before tax	**20.9**	**-2.4**	**-**	**35.4**	**-40.9**
Tax	3.7	-0.5	-	9.1	-58.9
Adjusted PAT	**17.2**	**-1.9**	**-**	**26.4**	**-34.7**
Extraordinary item	0.0	0.0	-	1.7	-
Reported PAT	**17.2**	**-1.9**	**-**	**24.7**	**-30.1**
Adj. EPS (Rs)	5.0	-0.6	-	7.6	-34.7
			bps		bps
GPM (%)	28.2	31.8	-360	29.6	-143
EBITDA Margin (%)	12.1	8.7	336	14.1	-208
NPM (%)	2.4	-0.5	294	3.9	-147
Tax rate (%)	17.7	20.3	-255	25.6	-781

Source: Company; Mirae Asset Sharekhan Research

Operational performance

Particulars	Q2FY26	Q2FY25	Y-o-Y (%/bps)	Q1FY26	Q-o-Q (%/bps)
Sales per sq. ft. (Rs./month)	938.0	904.0	3.8	960.0	-2.3
Average Selling Price (Rs.)	315.0	269.0	17.1	303.0	4.0
Average Bill Value (Rs.)	899.0	791.0	13.7	901.0	-0.2
MRP Sales Contribution	92.0	89.0	300	92.0	0

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

Sector Outlook – Near-term outlook bleak; long-term growth prospects intact

Near-term revenue growth for the branded retail and apparel companies is likely to be largely driven by store expansion, steady demand for premium products, and better consumer sentiments in urban markets/metros. In the medium to long term, market share gains, higher traction on the e-commerce platform, a strong retail space expansion strategy, and steady expansion of the product portfolio will help branded apparel and retail companies post consistent growth. Better operating leverage, improved efficiencies, and an enhanced mix would help branded apparel and retail companies post higher margins in the coming years.

Company Outlook – Multiple growth strategies in place

A well-defined expansion strategy targeting Tier-II and Tier-III cities (targets to open 100-120 stores per annum in FY26 and FY27) and management's focus on improving revenue per sq. ft to ~Rs. 1,200 per sq. ft per month. will help the company clock a 40% revenue CAGR over FY25-28E. Rising contribution of in-house designing and better operating efficiencies will help EBITDA clock a 44% CAGR over FY25-28E. Strong revenue growth, improvement in profitability and efficient working capital management will drive return ratios, with RoE/RoNW expected to rise to 42%/36% in FY28E from 23%/13% in FY25.

Valuation – Retain positive view with a revised PT of Rs. 2,810

V2R delivered another quarter of strong performance with robust double-digit revenue growth and margin expansion, sharply driving up PAT. The company is focusing on becoming one of the key players in the value retail space with strong store expansion plans and consistent improvement in the 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 21x/15x/11x its FY26E/FY27E/FY28E EV/EBIDTA, respectively. We stay Positive with a revised PT of Rs. 2,810 (rolling over to Sep-27 EPS).

Peer Comparison

Particulars	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
ABFRL	-	-	-	20.4	21.7	18.0	-2.2	-0.9	0.1
Trent	98.1	82.7	68.2	51.0	39.4	32.0	30.1	28.6	28.8
V2 Retail	-	43.6	26.4	34.6	21.4	14.9	13.3	22.7	29.2

Source: Company; Mirae Asset Sharekhan Research

About company

V2R is one of the fastest growing retail companies in India and enjoys strong brand equity from customers across segments. The company's product portfolio is comprised of two broad categories of apparels, which constitutes ~88% of total business and lifestyle products, which contribute ~12% to total business. It primarily operates in Tier-2 and -3 cities, with a chain of 'V2 Retail' stores. The company has a strong presence in North and East India and caters to the neo middle class and middle-class group of population. At Q2FY26-end, the company's store network comprised of 259 stores spread across 21 states and over 165 cities with a total retail area of ~28 lakh sq. ft.

Investment theme

V2R is one of the fastest growing retail companies in India and enjoys strong brand equity from customers across segments. Management's focus on improving revenue per sq. ft to Rs. 15,000 per sq. ft. and aggressive store additions would aid the company to post 40% revenue CAGR over FY25-28E. Rising contribution of in-house designing and better operating efficiencies will aid in ~120 bps expansion in EBITDA margin over FY25-28E. Improved operating performance, a lean balance sheet and strategies in place to drive consistent growth make it a strong play in the retail space.

Key Risks

- Slowdown in discretionary demand or increased competition from new players in the branded space would act as a key risk to earnings estimates.
- Volatility in key raw-material prices such as cotton can affect the company's profitability.

Additional Data

Key management personnel

Name	Designation
Ram Chandra Agarwal	Chairman and Managing Director
Akash Agarwal	Chief Executive Officer
Shivam Aggarwal	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Motilal Oswal Asset Management Co. Ltd.	5.30
2	Todi Vishal Vishwanath	1.82
3	Kasera Sachin	1.51
4	Periwal Abhijit	1.30
5	Dimensional Fund Advisors LP	0.20
6	Blackrock Inc	0.20
7	Trust Investment Advisors Pvt. Ltd.	0.18
8	Bank of India Investment Managers Pvt. Ltd.	0.09
9	Helios Capital Asset Management India Pvt. Ltd.	0.06
10	State Street Corp	0.05

Source: Bloomberg

SOMIL RAMESH MEHTA

Digitally signed by SOMIL RAMESH MEHTA
Date: 2025.11.18 19:51:18 +05'30'

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document 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. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is 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 information/document 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, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/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 endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and 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 document 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 document 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 document (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 Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan 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 research 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 do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

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 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. Sharekhan Ltd 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 are 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 Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

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

---

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.

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.