Dated: 3 Nov 2025

Vedant Fashions Ltd (VFL) – REDUCE

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs646	**Rs.675**

Rationale:

- Q2FY26—impacted by weak demand and GST hikes.
- VFL's Q2FY26 revenue declined 1.8% yoy, driven by SSSG of (-)2.0% yoy and 5.3% yoy retail store area addition.
- Revenue decline was due to nil wedding dates in Q2FY26 as compared with the previous year.
- GST-related pricing changes also impacted dispatches.
- Revenue recovery remains elusive with the company sharply toning down store area addition.
- We trim FY27-28 revenue estimates by 1-2% and retain REDUCE with a revised FV of Rs675 (Rs750 earlier).

Positives:

- Customer sales increased 4.6% yoy in Q2FY26 and remain volatile; Customer sales expected to improve in H2FY26.

Negatives:

- VFL's Q2FY26 revenue declined 1.8% yoy.
- GM of 65.2% declined 270 bps yoy and was 176 bps behind estimates and drove the EBITDA miss.
- Demand outlook weak and is reflected in weak store addition.
- EBO count decreased to 671 stores in September 2025 (versus 684 stores in June 2025).

(GM: Gross margin, EBITDA: Earnings before interest depreciation and tax, SSSG: Same stores sales growth, EBO: Exclusive Brand Outlets, GST: Goods & Services Tax)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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