Dated: 17 Nov 2025

Vishal Mega Mart (VMM) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.137	**Rs.160**

Rationale:

- Q2FY26: Steady SSSG and margin performance.
- Revenue growth of 22% yoy, driven by store area addition and 11.3% SSSG.
- GM flat yoy; EBITDA margin expands 82 bps yoy.
- VMM's capital-efficient model ensures healthy return ratios, even with a steady pace of expansion.
- We maintain our estimates and roll forward to December 2026 to arrive at an FV of Rs160 (previously Rs155). Retain ADD.

Positives:

- EBITDA margin came in at 13.2% and expanded 82 bps yoy.
- Revenue per sq. ft increased 10.3% yoy to Rs9.3k/sq. ft in Q2.
- Q2 was favorably impacted by the advancement of festive demand.
- VMM added 25 stores in Q2FY26 and is on track to add 80-90 stores in FY26.
- VMM has added stores in Kerala, Maharashtra and Gujarat, and is looking to add more stores in these states.
- Witnessing the fastest growth in higher-priced apparel and is adding products more rapidly than others in the category.

Negatives:

- There was also negative impact due to extended monsoons and regional disturbances.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, GM: Gross Margin, SSSG: Same stores sales growth)

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
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
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NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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