AXIS DIRECT

Axis PUNCH

28th August, 2026

V2 Retail Ltd

Retail

BUY

Target Price **246**

About the Company

V2 Retail Ltd., incorporated in 2001, is a prominent player in India's value fashion segment, serving the rising demand for affordable apparel and accessories. The company has expanded its presence primarily across Tier 2 and Tier 3 cities, where organised retail penetration remains relatively low. Through a combination of cost-efficient operations and calibrated store expansion, V2 Retail has built a strong and loyal customer base. Its consistent focus on delivering trendy yet economical fashion offerings continues to support its growth trajectory in an increasingly competitive retail environment.

Investment Rationale

- **Strong Revenue Growth with Healthy SSSG:** V2 Retail reported 58% YoY revenue growth to Rs 997 Cr, highlighting the scalability of its value-fashion model. Further, the company's 7.5% SSSG in Q1FY27 reflects healthy traction across the existing store network, reducing reliance on new-store additions. Improved merchandising, sharper assortment planning and faster inventory replenishment have supported better sell-through and lower markdowns, which should remain key growth enablers as the company scales.
- **Aggressive Store Expansion to Drive Growth:** V2 Retail added 57 stores in Q1FY27, taking its total network to 381 stores. Expansion remains focused on Tier II/III markets, where organised retail penetration is still relatively low. Management plans to add 170–200 stores in FY27, with a long-term target of 2,500 stores. The expansion will be supported by internal accruals and available cash, including proceeds from the Rs 400 Cr QIP.
- **Margin Improvement Remains Gradual:** EBITDA grew ~60% YoY to Rs 139.5 Cr, with margin improving ~20 bps to 14%, indicating healthy operating leverage despite rapid network expansion. Gross margin, however, moderated to ~28.6% from 29.5%, partly due to Adhik Maas and a lower full-price sales mix. Management expects EBITDA margins to remain broadly stable in FY27, as operating efficiencies are likely to offset incremental costs associated with expansion.
- **Outlook**: V2 Retail is building a strong pan-India value-retail franchise, supported by rapid store additions and improving same-store performance. Management is targeting 8–10% SSSG in FY27, which, combined with the planned store expansion, provides strong revenue visibility. We expect growth to remain robust, while margin expansion is likely to be gradual. Over the medium term, store maturation, higher sales density and operating leverage should provide further upside to profitability. Given the successful turnaround and improving growth visibility, we forecast Revenue and EBITDA CAGR of 51% and 55%, respectively, over FY25–28E, with EBITDA margins expected to remain in the 14–15% range over the near term.

Valuation & Analyst Recommendation:

- Considering the company's promising growth outlook, we recommend a **BUY** on the stock with a target price of Rs 246 /share, implying an upside potential of 10% from the CMP.

Financial Summary

Y/E March (Rs Cr)	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	ROE (%)	ROCE (%)
FY25	1,884	258	72	20.8	10.8	20.8	16.6
FY26	3,067	455	162	4.4	60.8	14.9	20.7
FY27E	4,601	681	320	8.8	25.5	25.3	25.3
FY28E	6,441	967	514	14.1	15.9	28.9	29.6

Source: Axis Securities Research; CMP as on 28th August, 2026

Duration: 3-6 Months

CMP (Rs)	223
Target Price (Rs)	246
Upside (%)	10%

| Why V2 Retail Ltd?

- ✓ **Strong Execution Ahead of Peers**
- ✓ **Aggressive Store Expansion**
- ✓ **Strong Operating Performance**
- ✓ **Margin of Safety After Sharp Correction**

| Key risks

- ✓ **Threat from Online Players**
- ✓ **Lower Disposable Income**
- ✓ **Rising Competitive Intensity**

MARKET DATA

No. of Shares	36 Cr
Market Cap	8,137 Cr
52-week High / Low	259.45/ 157.19
BSE Code	532867
NSE Code	V2RETAIL

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About Axis PUNCH

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| Axis PUNCH is a strong, research-based idea based on

Events-Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyse changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimise returns over 3 to 6 months.

| Why to choose Axis PUNCH

These medium-term recommendations are crafted by the fundamental research team of Axis Securities, ensuring a rigorous analysis of developments around the company. Please note that Axis Punch recommendations may differ from our long-term company recommendations. Key investment rationale and risks are clearly highlighted in stock ideas.

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