

22 October 2026

India | Equity Research | Results update

Vishal Mega Mart

Consumer Staples & Discretionary

Holding price, winning share

Vishal Mega Mart's (VMM) Q2FY27 revenue grew 14% YoY, with reported same-store-sales growth (SSSG) of 5.4%. EBITDA and PAT rose 4.4% and 3.7% YoY, respectively, while margins were affected by the shift in festive calendar this year, higher staff costs, and gross margin pressure. VMM addressed cost inflation by passing price increases mainly in higher-priced products (~25% of sales), keeping opening price points (~20% of sales) unchanged and making limited/calibrated revisions to middle price points (~50-55% of sales). By maintaining affordability for price-sensitive customers, VMM gained market share despite the inflationary environment. We maintain our positive stance on VMM, driven by private labels (~73% of sales), which supports differentiation and pricing control. Growth could also benefit from expansion in tier-2/3 markets, management's estimated potential for >3,000 large-format stores, internally funded expansion, supply-chain investments, and a sticky loyalty base (~181mn members contributing ~95% of sales). Belong & Co. could act as an additional growth driver. **Reiterate BUY.**

Festive calendar shift weighs on revenue growth

VMM's Q2FY27 consolidated revenue grew 14% YoY, with SSSG at 5.4%, impacted by the festive calendar shift, which pushed festive sales to Q3FY27. Adjusting for this shift, SSSG stood at a healthy ~9%, indicating sustained underlying demand momentum. Store expansion remains on track, with 25 net additions during the quarter (26 openings and one closure), taking the total store count to 844 across 582 cities, spanning 14.1mn sq. ft. Expansion continues to be driven by tier-2/3 cities and towns (~76% of the store mix), alongside growing presence in southern India, where it added 24 stores out of a total of 49 stores opened in H1FY27, taking the total store count to 237 in southern India. VMM has also launched Belong & Co, a pilot apparel format store targeting young, urban, and affluent consumers.

Operating leverage and higher employee costs weigh on profitability

Gross margin contracted 33bps YoY to 28%, primarily due to a decline in Apparel mix (~20 bps impact). Adjusted EBITDA grew 3.7% YoY to INR 2.6bn, with margin contracting ~80bps YoY to 7.7% from 8.5% in Q2FY26. Reported EBITDA grew 4.4% YoY to INR 4.1bn, with margin contracting 111bps YoY to 12.1%. Profitability was impacted by operating leverage and higher employee costs (+26.6% YoY), driven by minimum wage hikes and new-store additions. PAT grew 3.7% YoY to INR 1.5bn, with margin declining ~50bps YoY to 5.1%.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	107,163	129,063	152,908	180,235
EBITDA	15,302	18,836	22,654	26,817
EBITDA Margin (%)	14.3	14.6	14.8	14.9
Net Profit	6,320	8,392	10,495	13,073
EPS (INR)	1.4	1.8	2.2	2.8
EPS % Chg YoY	34.2	30.6	25.1	24.6
P/E (x)	65.4	50.1	40.0	32.1
EV/EBITDA (x)	26.9	21.4	17.3	14.1
RoCE (%)	11.6	13.1	13.8	14.6
RoE (%)	10.5	12.1	13.2	14.3

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Market Data

Market Cap (INR)	421bn
Market Cap (USD)	4,461mn
Bloomberg Code	VMM IN
Reuters Code	VSSL.BO
52-week Range (INR)	150 /87
Free Float (%)	60.0
ADTV-3M (mn) (USD)	15.5

Price Performance (%)	3m	6m	12m
Absolute	(20.8)	(27.1)	(39.3)
Relative to Sensex	(16.0)	(20.1)	(26.6)

ESG Score	2024	2025	Change
ESG score	NA	56.0	NA
Environment	NA	31.4	NA
Social	NA	50.4	NA
Governance	NA	78.1	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(0.9)	(1.4)
EBITDA	0.0	(1.6)
EPS	1.8	(0.8)

Previous Reports

24-07-2026: [Q1FY27 results review](#)

15-05-2026: [Q4FY26 results review](#)

Private label mix, loyalty strength, and omni channel scale

Apparel contributed 40.5% (42.2% in Q2FY26), general merchandise 29.6% (29.1% in Q2FY26), and FMCG 29.7% (28.7% in Q2FY26) to Q2FY27 revenue. Management attributed the decline in apparel mix to festive calendar shift, with recovery expected in Q3FY27. Private labels accounted for 72.5% of sales. Customer engagement remains strong, with loyalty members contributing ~95% of gross revenue. VMM continues to expand its omnichannel presence, with its quick-commerce delivery platform reaching 781 stores across 532 cities. Registered users increased 41% YoY to ~15.2mn, widening its consumer reach and providing an additional channel for customer engagement.

Valuation and risks

We marginally tweak our FY27/FY28E EPS estimates and model revenue/EBITDA/PAT CAGRs of 18%/19%/25% over FY26–28E. Maintain **BUY** with a DCF-based unchanged target price of **INR 150**.

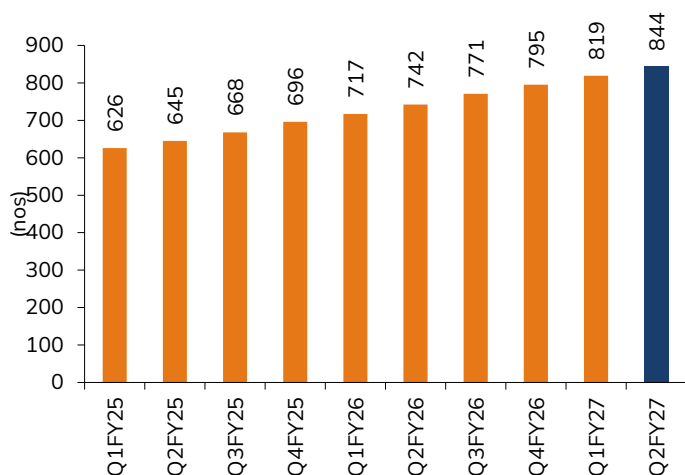
Exhibit 1: Q2FY27 results review (consolidated)

INR mn	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	H1FY27	H1FY26	YoY (%)
Net Revenues	33,985	29,815	14.0	37,270	(8.8)	71,255	61,218	16.4
COGS	(24,485)	(21,384)	14.5	(26,582)	(7.9)	(51,066)	(43,874)	16.4
Gross Profit	9,501	8,431	12.7	10,689	(11.1)	20,189	17,344	16.4
Staff cost	(2,230)	(1,761)	26.6	(2,144)	4.0	(4,374)	(3,472)	26.0
Other opex	(3,151)	(2,724)	15.6	(3,098)	1.7	(6,248)	(5,334)	17.1
Total expenditure	(29,865)	(25,869)	15.4	(31,824)	(6.2)	(61,689)	(52,681)	17.1
EBITDA	4,120	3,946	4.4	5,446	(24.3)	9,567	8,537	12.1
Other income	384	202	90.3	331	15.8	715	372	92.4
Finance cost	(472)	(412)	14.5	(463)	1.9	(935)	(824)	13.5
D&A	(1,919)	(1,691)	13.5	(1,855)	3.5	(3,774)	(3,282)	15.0
PBT	2,113	2,044	3.4	3,460	(38.9)	5,573	4,803	16.0
Tax	(534)	(521)	2.6	(872)	(38.7)	(1,406)	(1,219)	15.3
Reported PAT	1,579	1,523	3.7	2,588	(39.0)	4,167	3,584	16.3
EPS	0.3	0.3	3.1	0.6	(39.1)	0.9	0.8	15.8

% of revenues								
COGS	72.0	71.7	32 bps	71.3	72 bps	71.7	71.7	-1 bps
Gross margin	28.0	28.3	-33 bps	28.7	-73 bps	28.3	28.3	0 bps
Staff cost	6.6	5.9	65 bps	5.8	80 bps	6.1	5.7	46 bps
Other opex	9.3	9.1	13 bps	8.3	95 bps	8.8	8.7	5 bps
EBITDA margin	12.1	13.2	-111 bps	14.6	-249 bps	13.4	13.9	-52 bps
Income tax rate (% of PBT)	25.3	25.5	-19 bps	25.2	8 bps	25.2	25.4	-16 bps

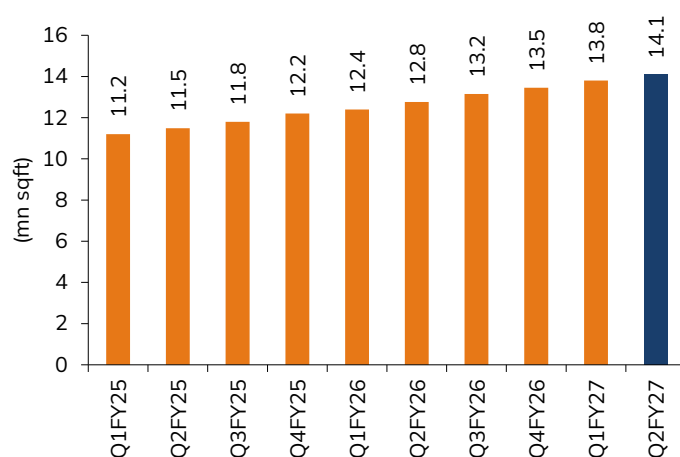
Source: Company data, I-Sec research

Exhibit 2: Store network

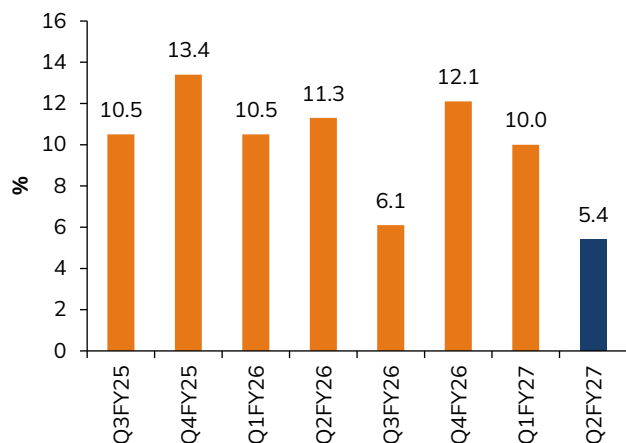


Source: Company data, I-Sec research

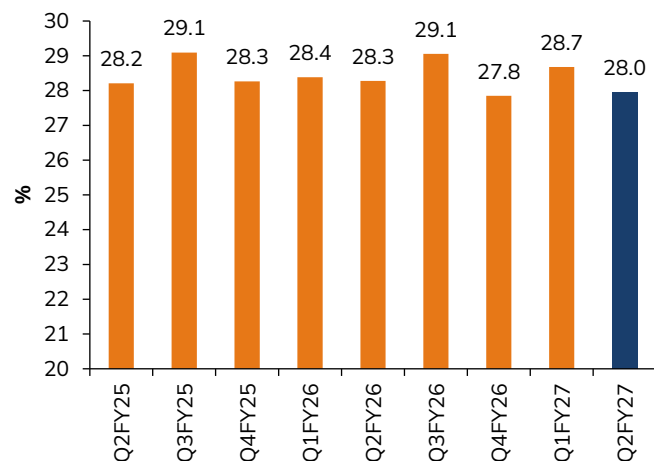
Exhibit 3: Retail space



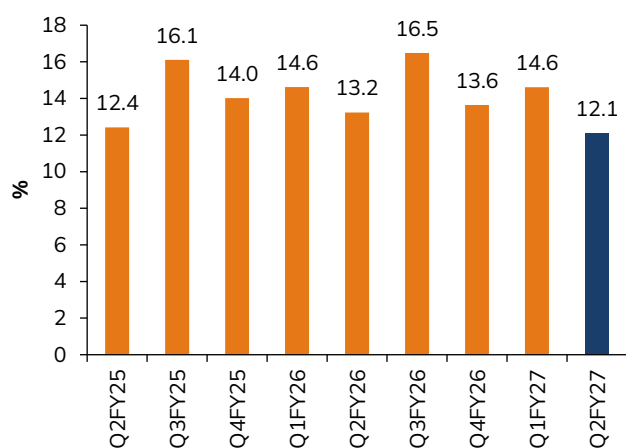
Source: Company data, I-Sec research

Exhibit 4: SSSG – Reported (%)

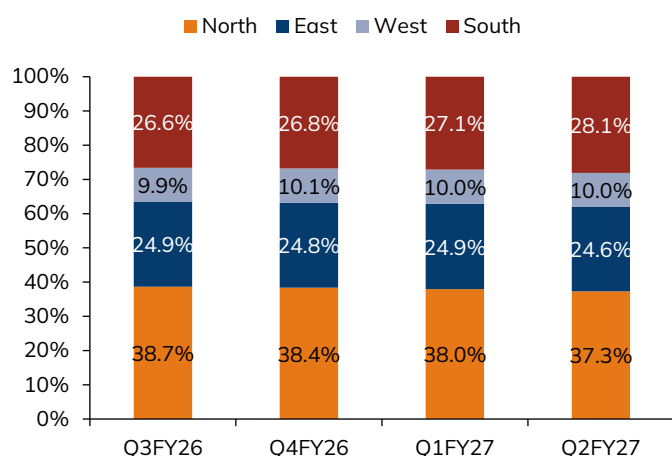
Source: Company data, I-Sec research

Exhibit 5: Gross margin

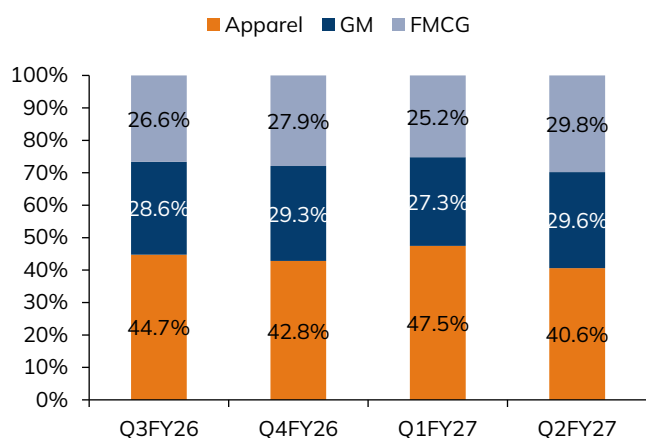
Source: Company data, I-Sec research

Exhibit 6: EBITDA margin

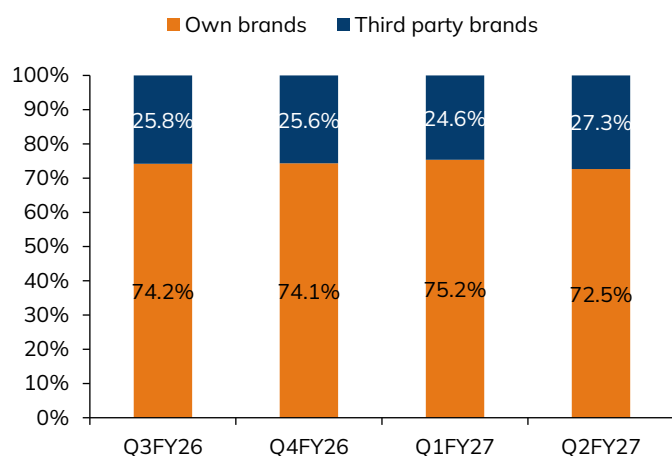
Source: Company data, I-Sec research

Exhibit 7: Region-wise store breakup

Source: Company data, I-Sec research

Exhibit 8: Contribution to sales

Source: Company data, I-Sec research

Exhibit 9: Revenue mix between own brand and third-party brands

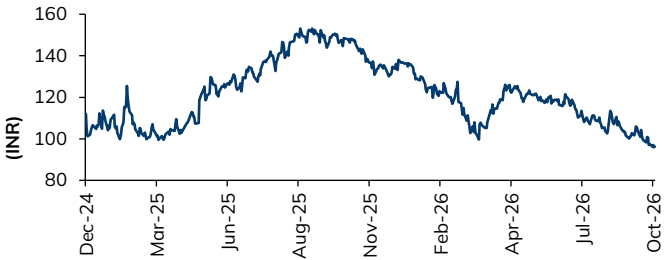
Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	40.1	40.1	40.0
Institutional investors	54.8	55.2	55.4
MFs and other	29.3	31.6	33.1
Banks/ FIs	0.2	0.2	0.2
Insurance Cos.	3.3	3.0	3.3
FIs	22.0	20.4	18.8
Others	5.1	4.7	4.6

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	107,163	129,063	152,908	180,235
Operating Expenses	91,862	110,227	130,254	153,418
EBITDA	15,302	18,836	22,654	26,817
EBITDA Margin (%)	14.3	14.6	14.8	14.9
Depreciation & Amortization	5,902	6,734	7,982	8,968
EBIT	9,399	12,102	14,672	17,849
Interest expenditure	1,492	1,715	1,893	2,145
Other Non-operating Income	586	863	1,252	1,773
Recurring PBT	8,493	11,250	14,031	17,477
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,173	2,858	3,536	4,404
PAT	6,320	8,392	10,495	13,073
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	6,320	8,392	10,495	13,073
Net Income (Adjusted)	6,320	8,392	10,495	13,073

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	23,804	26,398	44,268	62,279
of which cash & cash eqv.	4,637	5,949	16,690	29,772
Total Current Liabilities & Provisions	18,624	20,482	24,266	28,603
Net Current Assets	5,181	5,916	20,002	33,676
Investments	3,873	11,190	11,190	11,190
Net Fixed Assets	6,951	7,959	9,409	10,949
ROU Assets	15,457	17,844	13,358	11,762
Capital Work-in-Progress	136	336	336	336
Total Intangible Assets	42,941	43,014	43,014	43,014
Long Term Loans & Advances	1,160	1,319	1,562	1,842
Deferred Tax assets	-	-	-	-
Total Assets	81,307	94,012	106,495	121,755
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	45,974	46,731	46,731	46,731
Reserves & Surplus	18,039	27,401	37,896	50,969
Total Net Worth	64,013	74,132	84,627	97,700
Minority Interest	-	-	-	-
Total Liabilities	81,307	94,012	106,495	121,755

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending March)

	Dec 25	Mar 26	Jun 26	Sep 26
Net Sales	36,704	31,141	37,270	33,895
% growth (YOY)	17.0	22.2	18.7	14.0
EBITDA	6,051	4,247	5,446	4,120
Margin %	16.5	13.6	14.6	12.1
Other Income	246	245	331	384
Extraordinaries	-	-	-	-
Adjusted Net Profit	3,129	1,679	2,588	1,579

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	13,991	16,213	14,340	20,179
Working Capital Changes	7,897	8,218	3,845	7,107
Capital Commitments	(2,638)	(3,249)	(3,699)	(4,128)
Free Cashflow	11,352	12,964	10,642	16,051
Other investing cashflow	(3,467)	(6,631)	1,122	1,617
Cashflow from Investing Activities	(6,105)	(9,879)	(2,576)	(2,512)
Issue of Share Capital	897	1,241	-	-
Interest Cost	(1,492)	(4,529)	(1,893)	(2,145)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(4,786)	(7,816)	(1,893)	(2,145)
Chg. in Cash & Bank balance	3,100	(1,483)	9,871	15,523
Closing cash & balance	4,289	3,154	15,820	32,214

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	1.4	1.8	2.2	2.8
Adjusted EPS (Diluted)	1.4	1.8	2.2	2.8
Cash EPS	2.7	3.2	4.0	4.7
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	13.9	15.9	18.1	20.9
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	20.2	20.4	18.5	17.9
EBITDA	22.6	23.1	20.3	18.4
EPS (INR)	34.2	30.6	25.1	24.6
Valuation Ratios (x)				
P/E	65.4	50.1	40.0	32.1
P/CEPS	33.8	27.8	22.7	19.1
P/BV	6.5	5.7	5.0	4.3
EV / EBITDA	26.9	21.4	17.3	14.1
P / Sales	3.9	3.3	2.7	2.3
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	28.5	28.4	28.5	28.7
EBITDA Margins (%)	14.3	14.6	14.8	14.9
Effective Tax Rate (%)	25.6	25.4	25.2	25.2
Net Profit Margins (%)	5.9	6.5	6.9	7.3
Net Debt / Equity (x)	(0.1)	(0.2)	(0.3)	(0.4)
Net Debt / EBITDA (x)	(0.6)	(0.9)	(1.2)	(1.5)
Fixed Asset Turnover (x)	7.7	7.9	7.9	7.7
Working Capital Days	2	0	9	9
Inventory Turnover Days	74	68	77	76
Receivables Days	3	1	1	1
Payables Days	59	54	54	54
Profitability Ratios				
RoCE (%)	11.6	13.1	13.8	14.6
RoE (%)	10.5	12.1	13.2	14.3
RoIC (%)	12.4	14.0	15.0	16.1

Source Company data, I-Sec research

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