Dated: 28 July 2026

Vedant Fashions (MANYAVAR) - ADD

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.407	Rs.455

Rationale:

- Q1FY27: Sluggish revenue momentum; Q1FY27 revenue increased 7.2% yoy.
- Revenue growth was driven by SSSG of 3.8%, better-than-expected, though in absolute terms this was still under pressure.
- We expect revenue growth to remain rangebound, on weak SSSG & slow store addition.
- We maintain estimates and model 7% EPS CAGR over FY26-29E.
- We retain ADD with an FV of Rs455 (Rs535 earlier) based on 25x September 2028 P/E.

Positives:

- EBITDA margin print of 43.5% was 58 bps higher yoy, despite a decrease in gross margin.
- Company seems to have trimmed employee costs and other expenses to offset the gross margin impact.
- We believe RM price risk for Vedant will be manageable.
- The company does not see any challenge in wedding dates in FY27 overall and expects healthy performance in November to March in particular.
- Management guided toward high single-digit SSSG for the remaining 9MFY27.

Negatives:

- GM print of 65.7% was down 119 bps yoy (66.9% in Q1FY26).
- Gross margin continued to be impacted by the increase in GST rates, which was absorbed by the company.
- Customer sales remained muted, given the impact of adhik mass.
- Witnessed net decline of 32 stores and a decrease in retail area by 5.5k sq. ft in Q1FY27.

(EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization, SSSG: Same Store Sales Growth, GM: Gross Margin, RM: Raw Material, EPS: Earnings Per Share, CAGR: Compounded Annual Growth Rate, GST: Goods & Services Tax, P/E: Price to Earnings, k: thousand)

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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