

Vishal Mega Mart

Lean operating machine



High private label +
Integrated supply chain =
strong supply chain

Huge TAM,
store expansion potential
ensures growth longevity

Initiate with BUY -
TP of INR 175

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Vishal Mega Mart (VMM) is a one-stop destination for aspirational middle- and lower-middle-income India, curating a diverse range of merchandise via its own brands and third-party brands. It offers products in three major categories – FMCG (28%), Apparel (44%) and General merchandise (28%), through a pan-India network of 717 stores (as on 30th Jun'25), across 472 cities and 30 States/UT, mobile app, and website. It derives > 70% of its revenue from Tier 2-and-beyond regions.

VMM stands out vs. other large and small retailers by way of – (i) diversified mix of apparel, general merchandise and FMCG which makes its TAM higher vs other value retailers, (ii) high salience of margin-accretive private label products (~73%), and (iii) robust unit economics. Its asset-light mode of operation helps in faster store expansion with less capital deployment, resulting in higher returns.

We initiate coverage on VMM with a BUY rating and target price of INR 175 (22% upside to CMP) via DCF methodology (10% WACC and 6% terminal growth), implying 67x P/E multiple Sep'27 (Pre-Ind AS 116), a notch higher v/s our target multiple for D'Mart.

The company is currently trading at a P/E multiple of 48x Mar'28, which is a discount of ~24% to D'Mart despite higher Revenue/EBITDA/PAT CAGR and more than 2x the return ratios. However, it trades at a premium of 19-41% vs. other mid-large retail companies owing to expected strong performance, large addressable TAM with small organised share providing ample scope of formalisation, and higher returns.

Growth longevity enabled by large TAM... The Indian retail market was valued at INR 76trln in CY23 with VMM catering to ~50% of this market. Within this, the organised market is expected to grow at a faster clip led by rising brand awareness, focus on better quality products and store expansion by organised retailers. Tier 2 towns account for ~74% of India's retail spends and are dominated by unorganised retailers. Given VMM's highly saliency towards Tier 2 towns and its strong track record of operating in this space, we believe it is well placed to ride this huge opportunity.

...and strong unit economics supported by high private label salience and efficient supply chain... VMM – aided by its (i) high private label salience (~73%), (ii) higher mix of apparel and general merchandise mix in overall sales (>70% aggregate), and (iii) efficient supply chain, which ensures asset-light operations – operates on a very lean cost structure and an efficient inventory management system, which is the heart of retailing. Overall, this helps it to generate ~58% RoCE (post-tax), translating into a payback period of ~21 months.

... paves the way for accelerated store expansion: Our analysis suggests VMM can add ~1,500 stores over the next ~15 years with an estimated annual addition of ~100 stores. It can expand stores not only by entering into new cities/towns but also by increasing penetration in existing cities. We note that in 81% of its total city coverage, VMM has only 1 store. It is now focused on expanding in the high per capita GDP states where its penetration is low.

Financial performance: We estimate VMM to register robust Revenue/EBITDA/PAT CAGR of 19/26/27% led by area addition at ~10% CAGR and low-double-digit SSSG, leading to rev/sqft growing at a CAGR of ~8% over FY25-28. We expect EBITDA margin expansion of ~170bps primarily led by operating leverage benefits, leading to EBITDA margin of 10.7% (Pre-Ind AS) by FY28. Improved profitability along with high asset turns is expected to yield strong RoE/RoCE (ex-goodwill) of 47/80% by FY28.

Recommendation and Price Target		Financial Summary						(INR mn)
Current Reco.	BUY	YE March	FY24A	FY25A	FY26E	FY27E	FY28E	
Current Price Target (12M)	175	Net Sales	89,119	1,07,163	1,28,902	1,53,744	1,82,185	
Upside/(Downside)	21.6%	Sales Growth (%)	17.5	20.2	20.3	19.3	18.5	
Key Data – VMM IN		EBITDA	12,486	15,302	18,985	23,020	27,723	
Current Market Price *	INR144	EBITDA Margin (%)	14.0	14.3	14.7	15.0	15.2	
Market cap (bn) *	INR672.4/US\$7.6	Adjusted Net Profit	4,619	6,320	8,547	10,929	13,657	
Free Float	43%	Diluted EPS (INR)	1.0	1.4	1.8	2.3	2.9	
Shares in issue (mn)	4,597.4	Diluted EPS Growth (%)	43.7	34.2	33.4	27.9	25.0	
Diluted share (mn)	4,661.4	ROIC (%)	10.3	12.7	16.6	20.4	24.6	
3-mon avg daily val (mn)	INR3,557.5/US\$40.1	ROE (%)	8.6	10.5	13.0	15.9	19.1	
52-week range	158/96	P/E (x)	140.6	104.8	78.5	61.4	49.2	
Sensex/Nifty	80,426/24,655	P/B (x)	11.5	10.3	9.9	9.6	9.2	
INR/US\$	88.7	EV/EBITDA (x)	52.9	42.7	34.3	28.2	23.4	
		Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	

Source: Company data, JM Financial. Note: Valuations as of 26/Sep/2025

Price Performance			
%	1M	6M	12M
Absolute	-6.0	41.2	0.0
Relative*	-6.7	36.0	0.0

*To the BSE Sensex

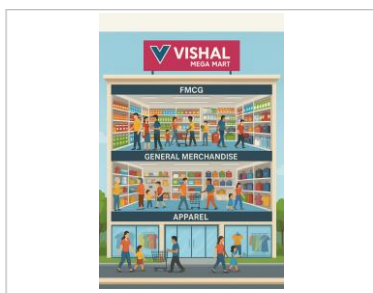
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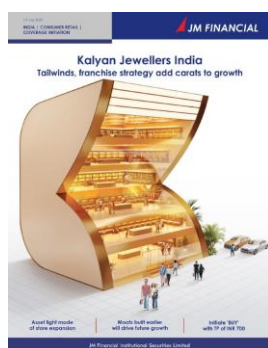
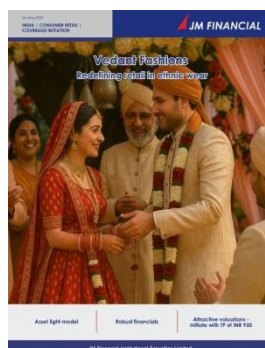
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RECENT REPORTS



Vishal Mega Mart is a one-stop destination for middle- and lower-middle-income India, curating a diverse range of merchandise via its own brands and third party brands. It offers products in three major categories – FMCG (28%), Apparel (44%) and General merchandise (28%), through a pan-India network of 717 stores (as on 30th Jun'25), mobile app, and website. It derives > 70% of its revenue from Tier 2-and-beyond regions. We expect the company to add 300 stores and clock Revenue/EBITDA/PAT CAGR of 19%/26%/27% over FY25-28E.

[Kalyan Jewellers India](#)[Page Industries](#)[Vedant Fashions
\(Manyavar\)](#)[Baazar Style Retail](#)[Consumer Retail:
Stepping it up](#)

Focus Charts

Exhibit 1. VMM caters to ~50% of the overall retail pie...

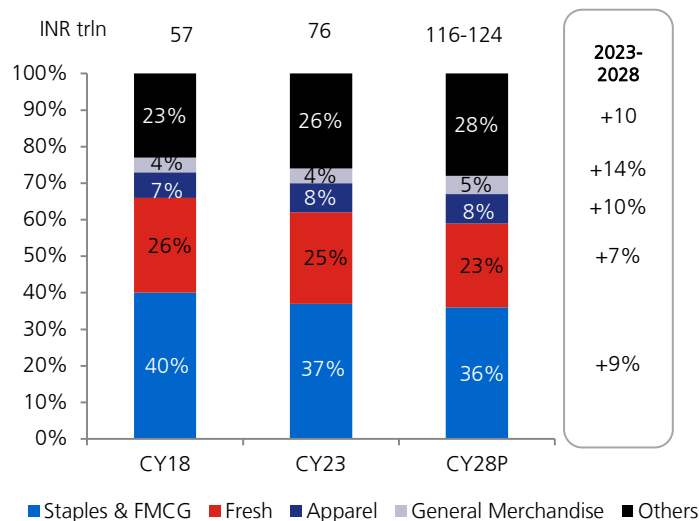


Exhibit 2. ... with higher saliency towards high growth Tier 2 markets

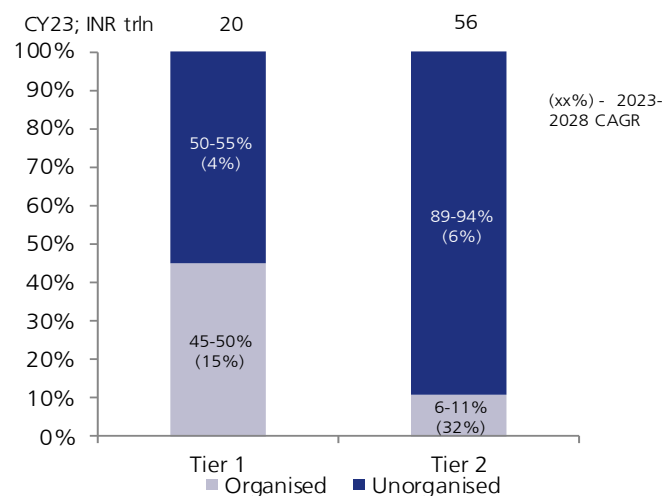


Exhibit 3. VMM earns post-tax RoCE of ~58% led by...

Particulars	VMM	D-Mart	V2 Retail	Style Bazaar	Zudio	V-Mart
Store size (sq. ft)	18,000	40,000	10,000	9,000	10,000	8,500
Revenue per sq ft (INR)	9,750	40,000	12,000	9,000	17,500	8,000
INR mn						
Revenue	176	1,600	120	81	175	68
Gross Profit	49	224	34	27	70	23
Gross margin (%)	28	14	28	33	40	34
Pre Ind AS EBITDA	25	149	17	10	20	5
Pre Ind AS EBITDA Margin (%)	14.3	9.3	14.0	12.0	11.5	8.0
Depreciation	2	28	1	1	2	1
EBIT	23	121	16	9	18	4
EBIT Margin (%)	13.1	7.6	13.1	10.7	10.5	6.1
EBIT per sq ft (INR)	1,278	3,029	1,570	960	1,833	490
Total Investment (INR mn)	30	654	23	22	33	20
Total Investment per sq ft (INR)	1,650	16,350	2,300	2,400	3,300	2,300
Capex	1,200	14,000	1,100	1,200	1,800	1,500
Inventory & Others (adj. payables)	450	2,350	1,200	1,200	1,500	800
RoCE (post-tax) %	58	14	51	30	42	16
Capital employed turnover	5.9	2.4	5.2	3.8	5.3	3.5

Source: Company, JM Financial; Note: Store performance is taken for 2 years or older stores

Exhibit 4. ...high private brand share of 70%+

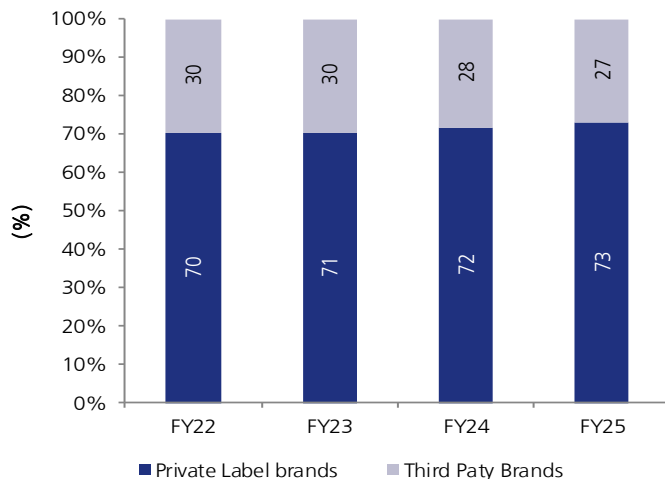


Exhibit 5. Loyal customers' base stands at ~145mn

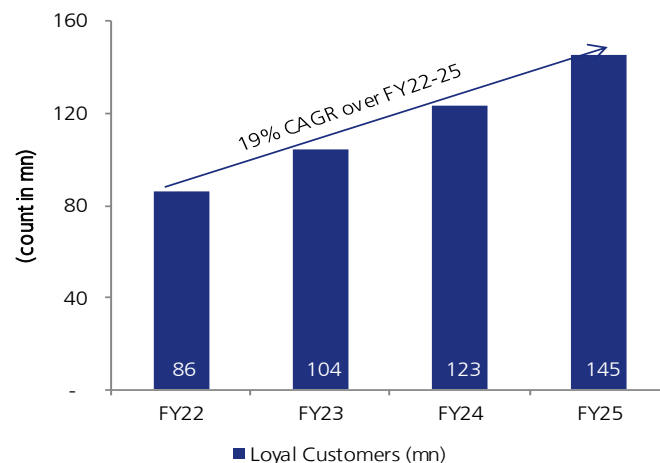
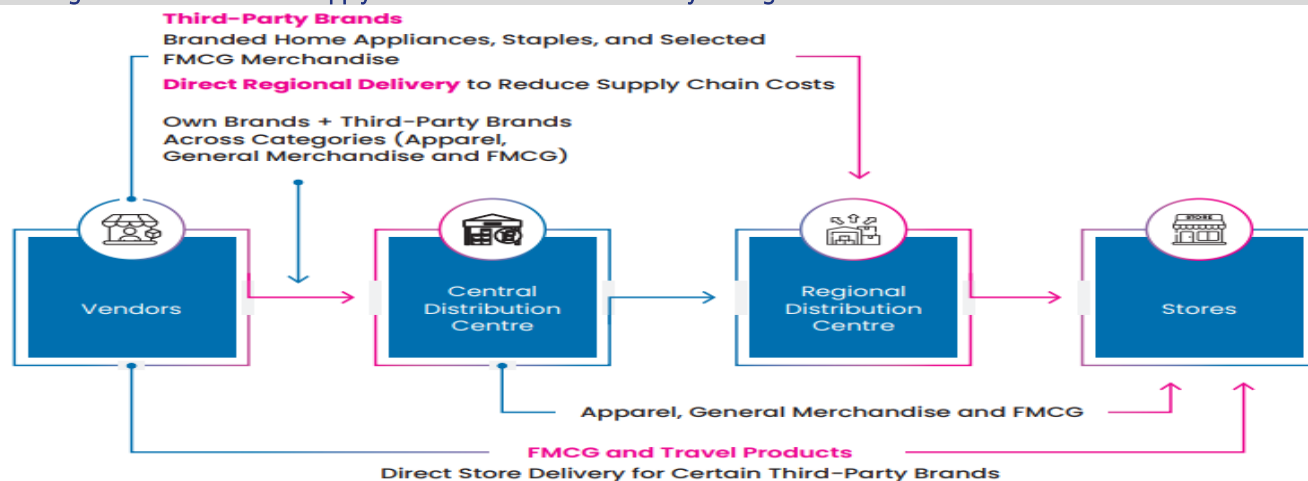


Exhibit 6. Integrated and automated supply chain ensure efficient inventory management



Source: Company, JM Financial

Exhibit 7. Scope for densification in existing cities

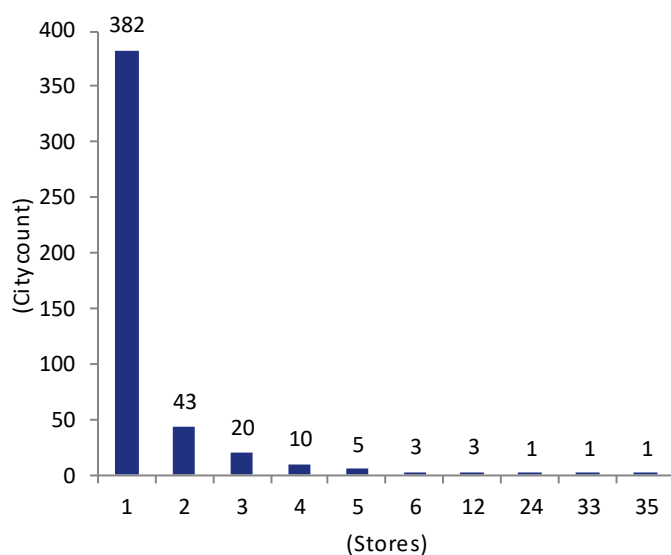
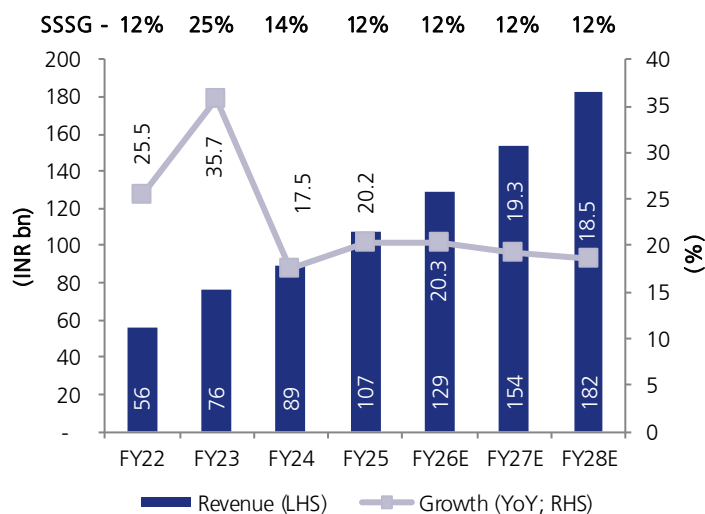
Source: Company, JM Financial; Note: Stores as per store locator as on 26th Sep-25

Exhibit 8. VMM has potential to add incremental ~1,500 stores

Population range	Existing VMM stores	Potential stores	Incremental potential stores
above 4 mn	75	200	143
4 mn - 2.5 mn	47	75	48
2.5 mn - 1 mn	90	235	159
below 1 mn	527	1,476	1,173
Total	739	1,986	1,523

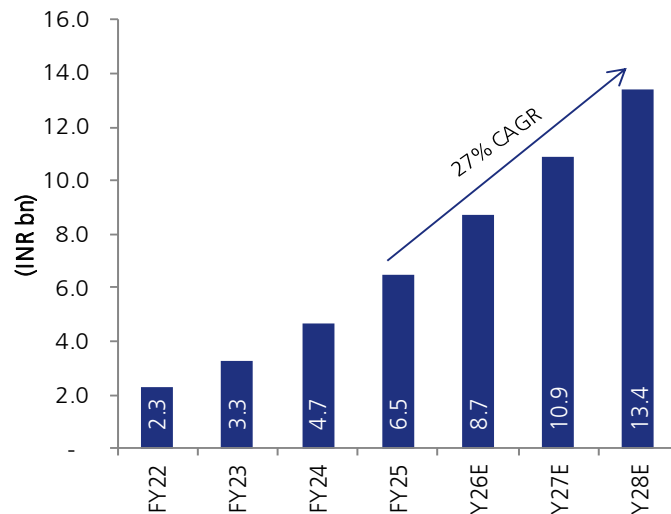
Source: Company, JM Financial; Note: Stores as per store locator as on 26th Sep-25

Exhibit 9. Low double digit SSSG, revenue CAGR of 19% and...



Source: Company, JM Financial

Exhibit 10. ...PAT CAGR of 27% expected over FY25-28



Source: Company, JM Financial; Note: Figures are on pre Ind AS basis

Investment Thesis

Growth longevity enabled by huge TAM

The Indian retail market, worth INR 76trln in CY23, is expected to grow at 9% CAGR over CY23-28 to INR 116trln-124trln; organised retail is expected to grow at a higher ~20% CAGR, leading to its share in the overall market going up from ~20% in CY23 to ~30-32% by CY28. The shift towards organised retail will be led by better products at affordable prices, brandification, superior customer experience, investment in retail infrastructure, etc.; it is expected to be even higher (CAGR of ~32% over CY23-28) in Tier 2-and-beyond regions. We believe VMM will be a key beneficiary of this emerging industry structure as it largely caters to the aspirational retail market (mass and masstige segment), which comprises 90-95% of the total market. VMM's diversified portfolio, comprising Apparel, FMCG and General merchandise segments, is targeted towards lower- and middle-income consumers, which helps it to address ~50% of the overall retail market; the saliency is greater in Tier 2-and-beyond towns. We believe this makes VMM as one of the leading offline-first diversified retailers in India, providing it a long runway for growth.

Private label portfolio and supply chain: Key moats for VMM

VMM's private label portfolio, which contributes ~70% of revenue, and its robust integrated and automated supply chain system act as key moats and differentiator, enabling it to register robust store and company-level RoE and RoCE despite following a lease rental model. VMM's well-diversified portfolio helps it to achieve a gross margin (GM) of ~28%, while its automated and integrated supply chain and replenishment system allows it to work with a lean inventory, driving overall return ratios. We believe this is a combination that is difficult to achieve and is VMM's strong moat, as it is an outcome of its strong execution prowess and multi-year experience of operating in the value retail space.

Robust unit economics led by best-in-class operating metrics

VMM's lean cost structure (despite a rental model) coupled with an asset-light operating model and low inventory/sqft helps it to clock industry-leading RoCE. Store-level EBITDA margin of ~14% is a function of well-thought-out product portfolio mix of apparel and general merchandise salience, contributing ~72% of sales and 70% contribution from the private label mix. In contrast, we note that other value retailers are either over-indexed towards apparel or grocery. All the above-mentioned factors result in a high ~58% (post tax) store-level RoCE for the company vs. only ~14% for D'Mart (ownership model). We note that the lean cost structure is an outcome of tightly run operations and multiple years of efficiencies built into operations. The quality and scale at which the company operates has also been scaled up gradually and will require significant investment, effort and time to replicate, and serves as a competitive advantage.

Large store expansion opportunity provides long runway of growth

VMM's high addressable market within the overall retail market coupled with best-in-class store-level unit economics paves the way for elongated runway of store expansion. As per VMM's store locator, it has 739 stores currently located in 469 cities. We have tried to arrive at the possible store additions for the company by considering the population of the city, town strata in which the city belongs to, and also the existing number of stores in the city. Basis this, we arrive at a potential store-addition target of ~1,500 stores over the next 15 years. We note that VMM currently has a small presence in high per capita states like Maharashtra, Gujarat, Tamil Nadu and Kerala, offering a large scope for expansion in these regions. We see store-expansion possibilities on two fronts: (1) Entering into new cities and towns, where it doesn't have any presence, and (2) densifying its presence in existing towns and cities. We note that, of the total current town coverage, VMM has only 1 store in 81% of the towns, providing scope for expansion in these towns.

We build in a robust 19%/26%/27% Revenue/EBITDA/PAT CAGR over FY25-28E:

We expect 19% revenue CAGR, led by area addition at 10% CAGR (addition of 300 stores - net) and ~low-double-digit SSSG, leading to 8% CAGR in revenue/sqft over FY25-28 to INR 11.7k by FY28. We expect gradual expansion in gross margin (~50bps over FY25-28E) led by improvement in category mix and higher private label share. Better operating leverage, along with GM improvement, will help the company to drive ~170bps Pre-Ind AS EBITDA margin expansion to ~10.7% by FY28, eventually resulting in ~27% PAT CAGR over FY25-28E. We expect inventory/sqft to increase at 3% CAGR (in line with historical trends) and cumulative OCF/FCF of INR 35.4bn/26.3bn as we expect net working capital to be largely the same at 12 days over FY25-28E. Better profitability and asset light operating model will lead to strong RoE/RoIC (ex-goodwill) of 47/80% by FY28E.

Valuations attractive: Initiate with BUY and TP of INR 175

We initiate coverage on VMM with a BUY rating and a target price of INR 175 (22% upside to the CMP) via DCF methodology, implying a ~67x P/E multiple (Pre-Ind AS 116) Sep'27, which is only a notch higher vs our target multiple for D'Mart. The company is currently trading at ~55x P/E Sep'27. Our key assumptions to arrive at the DCF-based TP are (i) 10% WACC, (ii) 6% terminal growth, (iii) 18/22% revenue EBITDA CAGR over FY25-32E, and (iv) 23% FCF CAGR over FY25-32E.

We expect 19%/26%/27% CAGR in revenue/ EBITDA/PAT over FY25-28E along with improvement in RoE/RoCE to 47/80% (ex-goodwill) by FY28, led by improvement in profitability. The company trades at a P/E multiple of 50x Mar'28, which is a discount of ~24% to DMart despite higher Revenue/EBITDA/PAT CAGR and more than 2x the return ratios. However, it trades at a premium of 19-41% vs. other mid-large retail companies owing to expected strong performance, large addressable TAM with small organised share providing ample scope for formalisation, and higher return ratios.

Exhibit 11. Valuation summary

Sector/ Co	Rating	Mcap (USD bn)	CMP (INR)	TP (INR)	Upside (%)	JM EPS (INR)			CAGR (FY25-28)			PE (x)			EV/EBITDA (x)			RoCE (%)		
						FY26E	FY27E	FY28E	Revenue	EBITDA	EPS	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Retail																				
Titan Inds	BUY	33.5	3,327	3,900	17	55	66	79	16%	25%	27%	61	51	42	41	35	29	30	34	35
Avenue Supermarts	HOLD	33.3	4,518	4,000	-11	48	57	69	18%	18%	16%	93	79	66	61	51	42	17	18	19
Vishal Mega Mart	BUY	7.6	144	175	22	2	2	3	19%	26%	27%	77	62	50	52	42	34	47	53	60
Page Industries	HOLD	5.2	41,222	45,000	9	719	800	908	9%	11%	12%	57	52	45	42	38	34	76	85	93
Metro Brands Ltd	BUY	3.8	1,219	1,350	11	17	22	27	18%	22%	22%	71	56	45	56	43	34	27	31	33
Vedant Fashions	BUY	1.9	703	930	32	18	20	23	12%	11%	12%	40	35	31	32	28	24	26	26	26
Kalyan Jewellers	BUY	5.3	456	700	54	11	15	18	26%	25%	32%	41	31	25	28	22	18	19	20	21
Campus Activewear	BUY	0.9	265	310	17	5.2	6.6	7.8	12%	19%	27%	51	40	34	32	26	22	17	19	19
Bata India	HOLD	1.7	1,168	1,140	-2	19	27	33	7%	17%	16%	62	43	35	37	27	23	16	23	27
ABFRL	HOLD	1.2	85	85	0	-2	-0	1	12%	NM	NM	NM	NM	NM	NM	59	25	-7	-3	-1
Go Fashion	HOLD	0.4	687	860	25	20	24	27	11%	9%	11%	35	29	25	23	20	17	12	12	12
Style Baazar	BUY	0.3	360	450	25	9	13	19	28%	36%	53%	39	27	19	20	15	11	13	19	25
Restaurant Brands	HOLD	0.5	79	90	14	0	0	1	16%	31%	NM	NM	NM	NM	33	25	20	-1	-0	0
Westlife Food	HOLD	1.2	684	800	17	7	12	17	14%	37%	70%	93	57	39	40	28	21	11	19	25
Devyani International	BUY	2.3	170	192	13	1	2	3	18%	28%	23%	211	83	52	41	28	20	4	9	16
Sapphire Foods India	BUY	1.1	302	360	19	2	4	6	15%	26%	47%	172	83	54	35	24	18	2	5	8

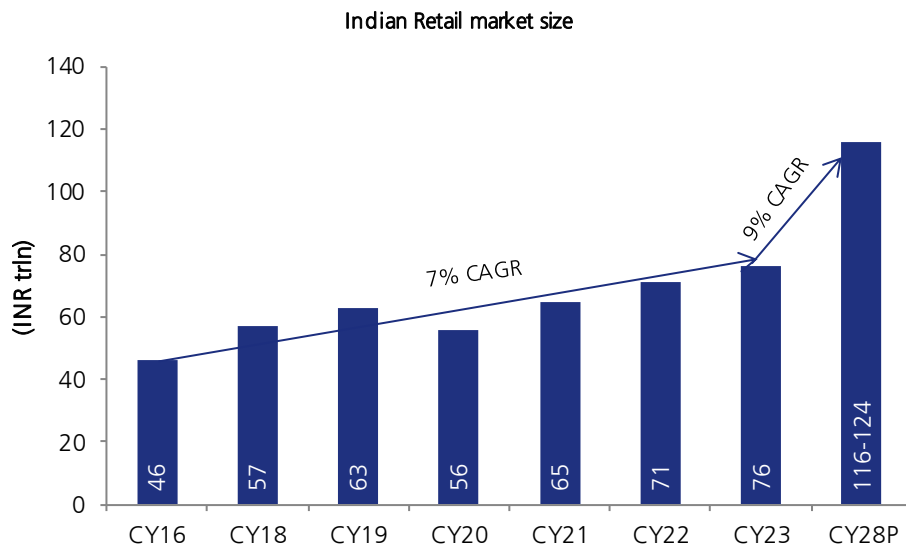
Source: Company, JM Financial, we note valuations are based on Pre-Ind AS 116

Growth longevity enabled by huge TAM

The Indian retail market, worth INR 76trln in CY23, is expected to grow at 9% CAGR over CY23-28 to INR 116trln-124trln; organised retail is expected to grow at a higher ~20% CAGR, leading to its share in the overall market going up from ~20% in CY23 to ~30-32% by CY28. The shift towards organised retail will be led by better products at affordable prices, brandification, superior customer experience, investment in retail infrastructure, etc.; it is expected to be even higher (CAGR of ~32% over CY23-28) in Tier 2-and-beyond regions. We believe VMM will be a key beneficiary of this emerging industry structure as it largely caters to the aspirational retail market (mass and masstige segment), which comprises 90-95% of the total market. VMM's diversified portfolio, comprising Apparel, FMCG and General merchandise segments, is targeted towards lower- and middle-income consumers, which helps it to address ~50% of the overall retail market; the saliency is greater in Tier 2-and-beyond towns. We believe this makes VMM as one of the leading offline-first diversified retailers in India, providing it a long runway for growth.

The Indian retail market grew at a CAGR of ~7% over CY16-23 to INR 76trln by CY23. The rising middle-income segment has played a pivotal role in this growth, with increasing disposable income driving greater demand for branded products, mainly in Tier-2 cities and beyond. It is expected to grow at ~9% CAGR over CY23-28 to INR 116trln-124trln.

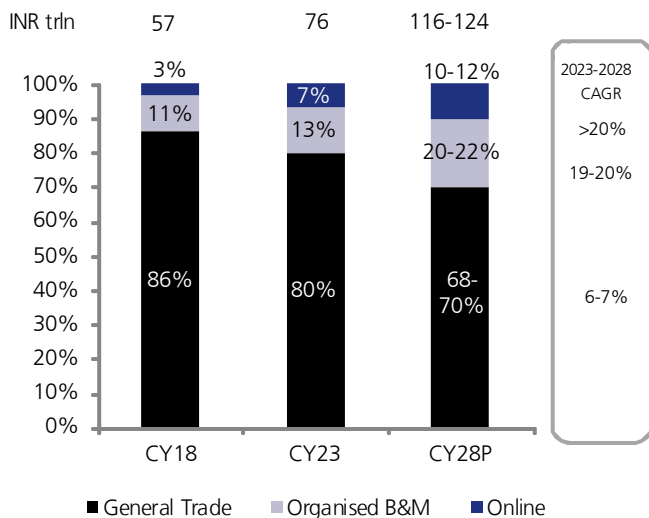
Exhibit 12. Indian retail market is expected to grow at ~9% CAGR over CY23-28



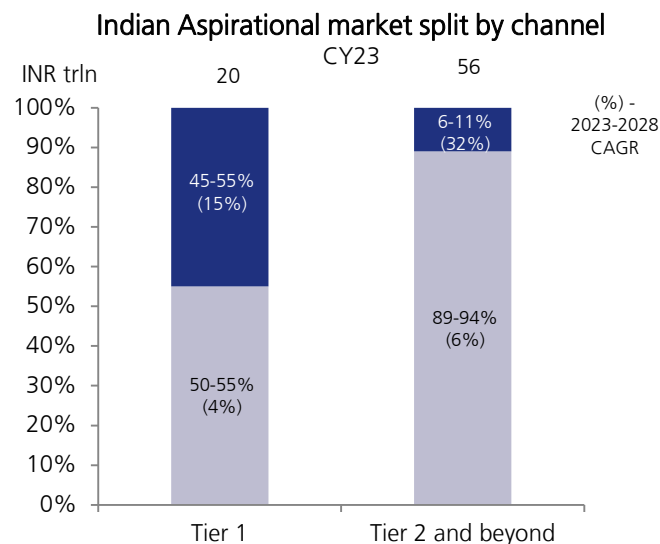
Source: Company, JM Financial

Within this, the organised retail market (including online) had ~20% share in CY23 and is expected to grow at ~20% CAGR over CY23-28, lifting its market share to 30-32% by CY28.

The tier 2+ towns account for ~74% of India's retail spends, (which constitutes ~INR 56trln), largely dominated by unorganised retail (~90%). However, rising brand awareness, store expansion by organised retailers, and greater focus on better-quality products have led to a marked shift toward organised, one-stop shopping destinations, even in semi-urban and rural India. Organised markets in Tier 2-and-beyond regions are expected to grow at a higher ~32% CAGR over the same period. Higher growth in organised retail will be led by (i) better product selection at affordable pricing, (ii) superior customer experience, (iii) investment in retail infrastructure, etc.

Exhibit 13. Org. retail market to grow at ~20% CAGR over CY23-28

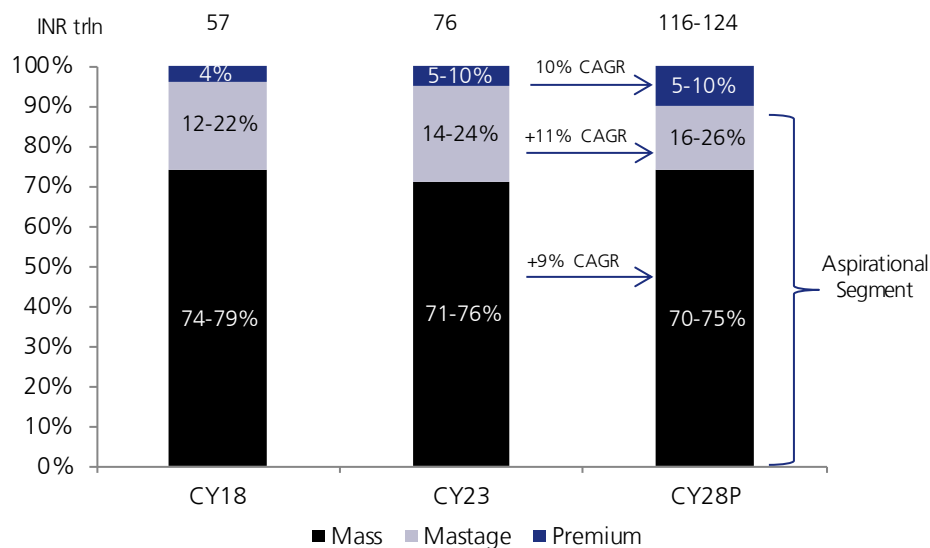
Source: Company, JM Financial

Exhibit 14. Org. market in Tier 2+ regions to grow at ~32% CAGR

Source: Company, JM Financial

Aspirational retail, which caters to the demand of mass and masstige segment, drives the bulk of India's retail market. The aspirational retail opportunity is large and sized at INR 68trln-72trln as of CY23, comprising 90-95% of the retail market, driven by consumers gravitating towards good quality products at affordable prices. The growth in this market is fuelled by increasing demand in Tier-2 cities and beyond, a rapid shift towards organised retail channels, and brandification.

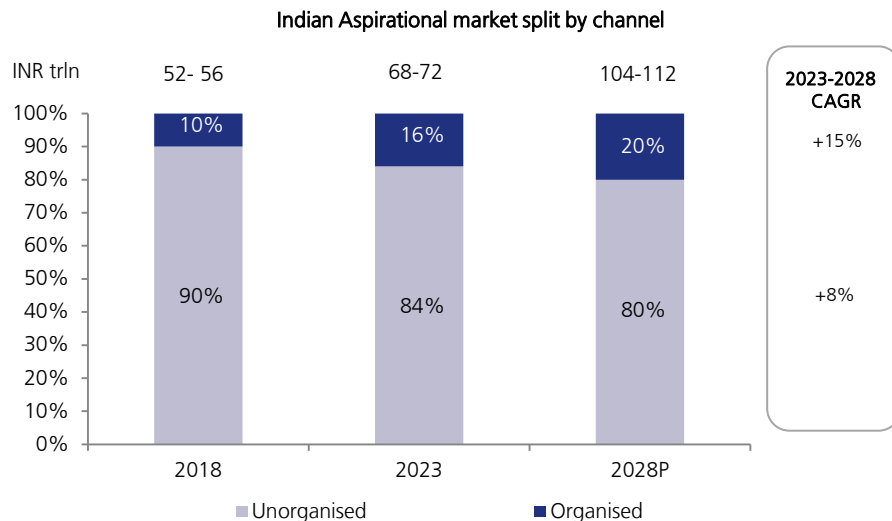
This segment appeals to various income cohorts, including higher-income households, highlighting a significant total addressable market. Middle-income India, which comprised 225mn households as of 31st Dec' 23 and constituted 64-69% of the total retail market as of CY23, is the largest opportunity for the company.

Exhibit 15. Aspirational segment constitutes 90-95% of the total market

Source: Company, JM Financial

The aspirational retail market is expected to grow at 9% CAGR over CY23-28 to INR 104trln-112trln (in line with the total retail market). Organised retailers constituted ~16% of the aspirational retail market in CY23 and may grow at a higher CAGR of ~15% over CY23-28 (constituting ~20% by CY28). VMM is best positioned to capitalise on the opportunity given its streamlined retail experience, assortment and pricing efficiency, tech-enabled supply chain nimbleness, and multi-channel approach.

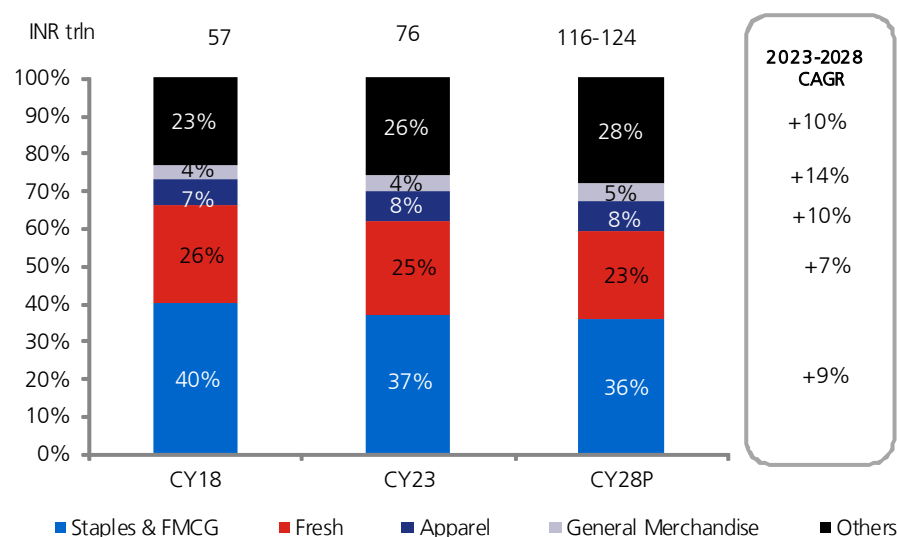
Exhibit 16. Organised aspirational retail market expected to grow at ~15% CAGR



Source: Company, JM Financial

Apparel, staples & FMCG, and general merchandise together contributed ~50% of the overall retail market in CY23, and their contribution is largely expected to be the same in CY28.

Exhibit 17. General merchandise category to grow at a higher CAGR of ~14% over CY23-28



Source: Company, JM Financial

VMM's diversified portfolio, comprising Apparel, FMCG and General merchandise segments, is targeted towards lower- and middle-income consumers, which helps it to address ~50% of the overall retail market, and the saliency is even higher in Tier 2-and-beyond towns. We believe VMM will be a key beneficiary of this emerging industry structure as it largely caters to the aspirational retail market (mass and masstige segment), which comprises 90-95% of the total market, and helps to create a long growth runway for the company.

Private label portfolio and supply chain: Key moats for VMM

VMM's private label portfolio, which contributes ~70% of revenue, and its robust integrated and automated supply chain system act as key moats and differentiator, enabling it to register robust store and company-level RoE and RoCE despite having a lease rental model. VMM's well-diversified portfolio (apparel, general merchandise and FMCG) helps it to achieve gross margin of ~28%, while its automated and integrated supply chain and replenishment system allows it to work with a lean inventory, driving overall return ratios. We believe this is a combination that is difficult to achieve and is VMM's strong moat, as it is an outcome of its strong execution prowess and multi-year experience of operating in the value retail space.

One-stop shop tailored for aspirational India

Vishal Mega Mart positions itself as a true one-stop destination for India's middle- and lower-middle-income population by offering an extensive assortment of products across three major categories: Apparel, FMCG, and General merchandise.

Making aspirations affordable

The company targets consumers who are aspirational but are also seeking value products, and it is, therefore, largely present in Tier 2 and Tier 3 cities and emerging urban markets. VMM tailors its store formats, merchandise assortments and promotions to align with the value expectations of its target audience, which is aided by its private label products.

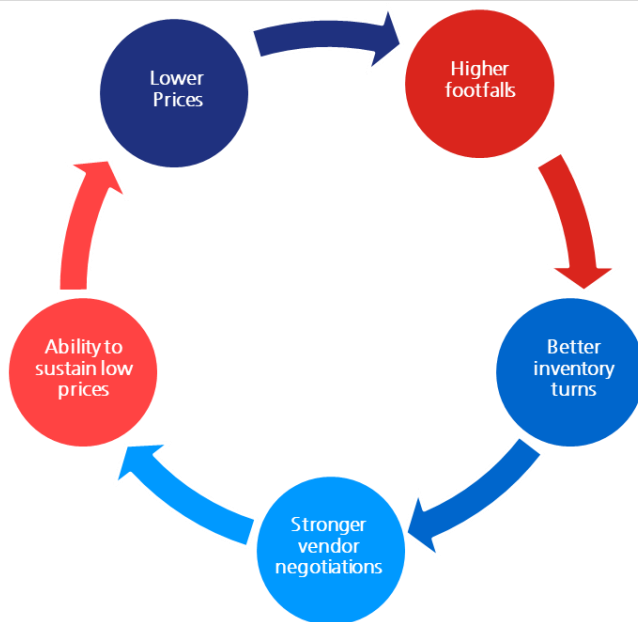
Private label key enabler to drive value leadership

VMM defines value leadership not just in terms of low prices, but in offering the best combination of price, quality, and relevance. It ensures that it has one of the lowest price points available in the market for key SKUs across apparel, general merchandise, and FMCG. Its private label portfolio enables it to provide products at affordable prices without diluting product quality. This enables it to target consumers who are value conscious and drives loyalty.

Everyday low prices (EDLP)

VMM uses the EDLP strategy to create a virtuous cycle of (1) Lower prices, (2) higher footfalls, (3) better inventory turn, (4) better economies of scale, and (5) maintain lower prices.

Exhibit 18. Everyday low prices helps in higher footfalls



Source: Company, JM Financial

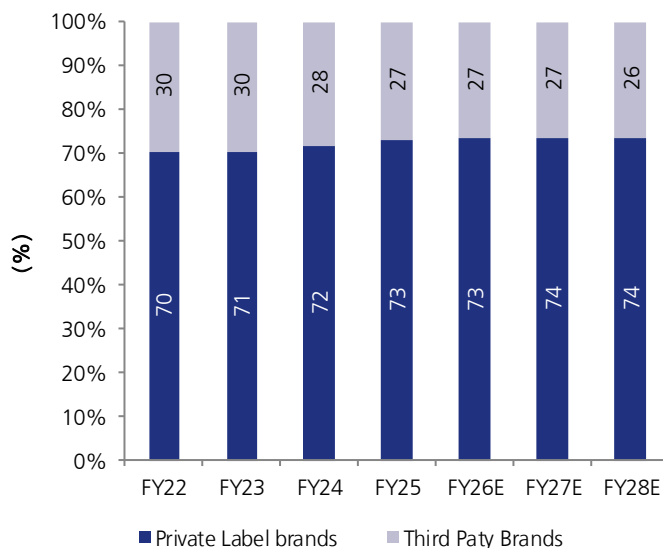
Private brands help drive better margins and aid consumer loyalty

Private brands play a dual role – (1) They help the company to own the opening price points and drive its EDLP strategy, which is reflected in a high loyal consumer base of 145mn at the end of FY25, and (2) Despite keeping prices affordable vs. branded players, private label products are margin accretive, resulting in better profitability. Private brands constitute ~73% of the total revenue for the company, deriving ~100%/70%/33% revenue from Apparel/General merchandise/FMCG segments. It has 26 own brands, of which 19 recorded sales of more than INR 1bn each, and 6 recorded sales of more than INR 5bn each.

VMM retails a diverse mix of products under own brands and third-party brands. Private brands command a lion share with ~73% revenue contribution in FY25. Its own brands are spread across the three categories of Apparel, FMCG and General merchandise with offerings targeted towards (i) men, women, children and infants in the apparel category, (ii) household and home furnishings, travel accessories, kitchen appliances, utensils, crockery and footwear and lifestyle products in the general merchandise category, and (iii) food products, non-food products and staples in the FMCG category.

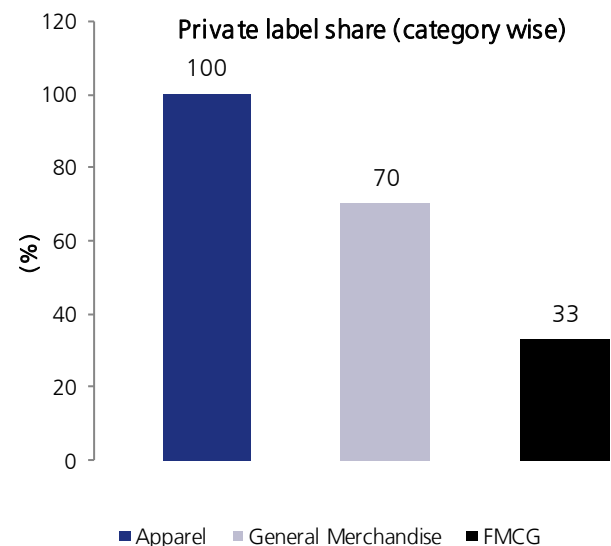
It has a total of 26 own brands, of which 19 recorded sales of more than INR 1bn each, and 6 recorded sales of more than INR 5bn each. Revenue from own brands grew at a CAGR of ~26% over FY22-25, resulting in ~290bps increase in contribution over FY22-25 to 73.1%.

Exhibit 19. Private brands' share to increase gradually over FY25-28



Source: Company, JM Financial

Exhibit 20. Private label share 100%/70%/33% in Apparel/GM/FMCG



Source: Company, JM Financial

■ Apparel contributes 44% of revenue; 100% private label

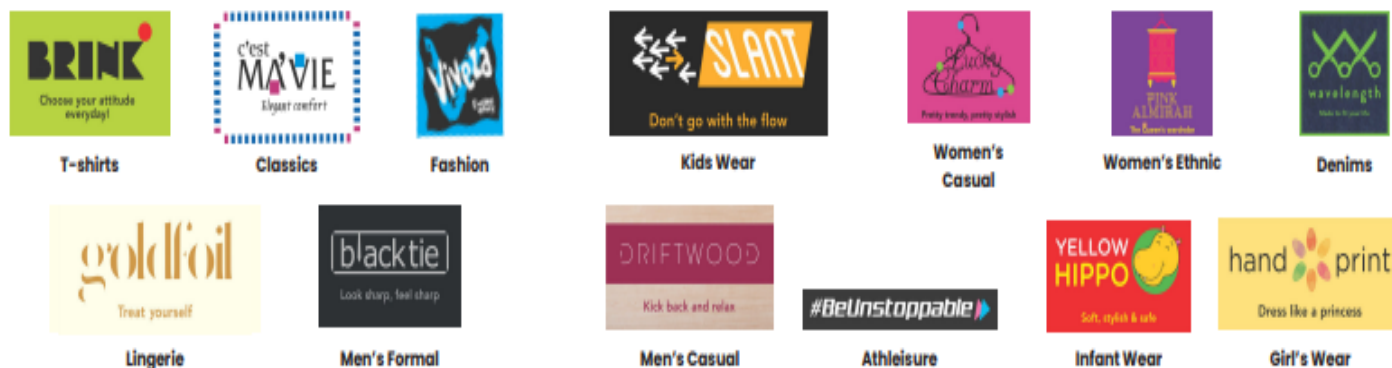
- As per our channel checks, a majority of the **products offered are from the core fashion category, which reduces inventory obsolescence as the products have a higher shelf life because they are not competing with trendy and fashionable products, which have a lower shelf life.**

- VMM also offers some fashionable/trendy products that are largely inspired by large fashionable brands, which helps the company to align its products as per new fashion trends, but at affordable prices.

- These products are designed by the company's internal design team. **It has a team of 100+ people for merchandising and design.**

- **Key standout brands:** (i) Yellow Hippo, the kid's brand, is the third-largest brand in VMM's portfolio, (ii) Brink is the largest brand for VMM that spans both apparel and GM categories.

Exhibit 21. Private brands in apparel segment

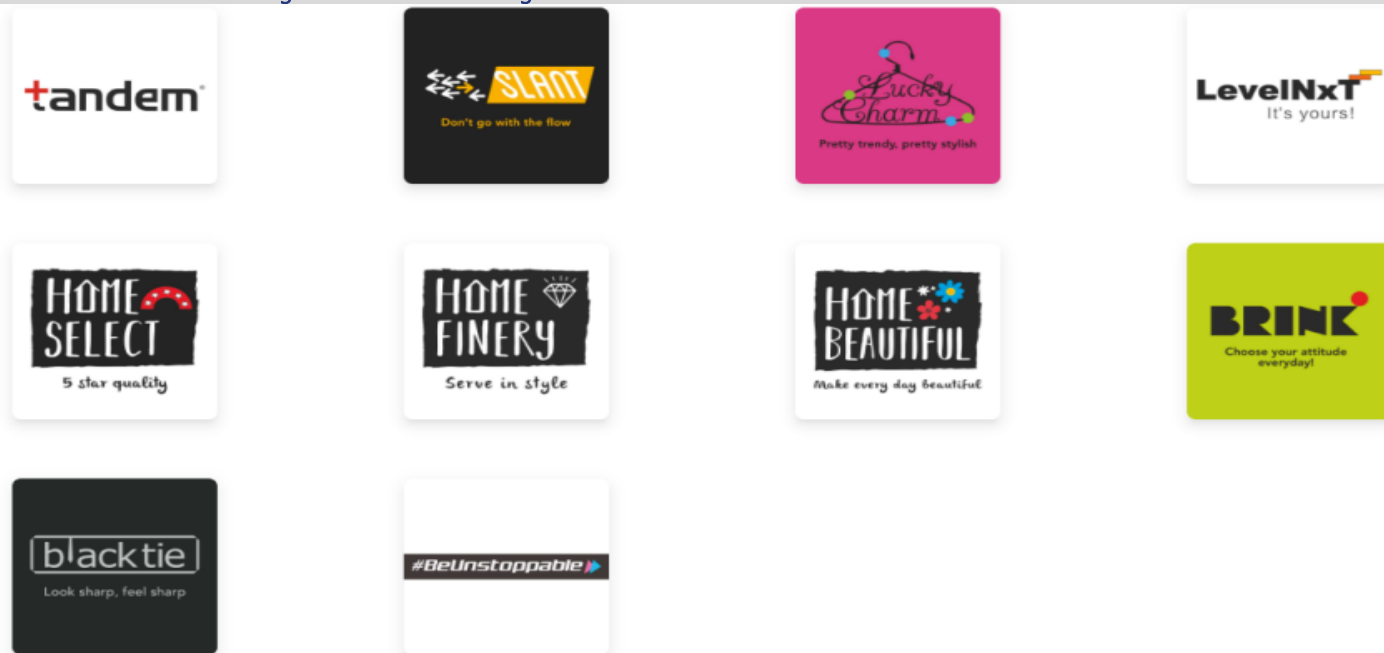


Source: Company, JM Financial

■ General merchandise contributes 28% of revenue; 70% private label

- The company enters into high TAM and well-penetrated categories. It initially enters the category with a small set of products to understand consumer preferences and gradually builds a critical mass that helps it to develop the vendor ecosystem for the category and drive economies of scale.
- On achieving critical scale, the company adds additional products to its existing portfolio of own brands.
- Home Select is the second-largest brand in VMM's portfolio and has already reached revenue of INR 10bn in FY25, doubling over FY22-25.

Exhibit 22. Private brands in general merchandise segment



Source: Company, JM Financial

Exhibit 23. Consistent addition of new products to the existing portfolio

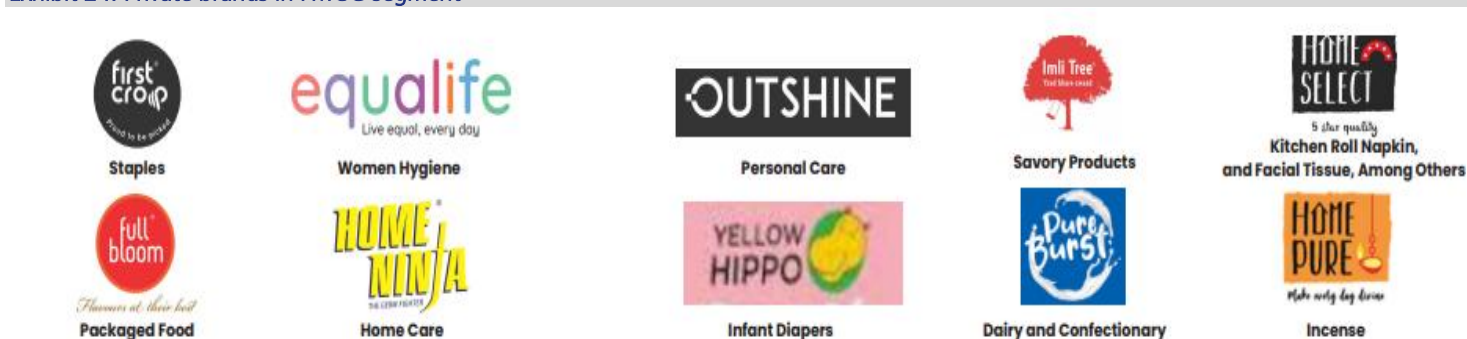


Source: Company, JM Financial

- FMCG contributes 28% of revenue; 33% private label

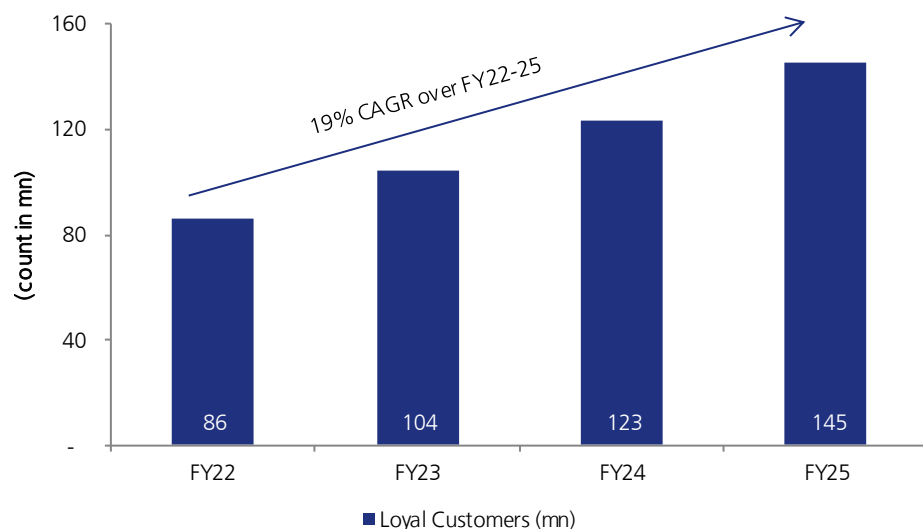
- VMM offers high quality products at affordable prices as the third-party manufacturers of its private label FMCG brands are sourced from vendors whose brands are also well known such as Unibic, Bikanerwala, Indo Nissin, CCL Products, etc.
- It usually targets to capture ~45% of the shelf space in the categories where it is present.
- Volume share of the company is significantly higher vs. other players as it offers higher discounts vs. other players.

Exhibit 24. Private brands in FMCG segment



Source: Company, JM Financial

The company focusses on new product innovation at cheaper prices; in FMCG, it tries to provide aspirational goods to low-income consumers at affordable prices, maintaining the quality of goods. All the private label products are sold either at comparable or lower prices vs. competitors. Competitive prices along with superior quality of the products result in higher private label share for the company. It also helps improve profitability as the private label products garner higher gross margin vs. other products. High private label share is also a consequence of steady increase in the consumer base under the company's loyalty programme. Loyalty customers increased at a CAGR of 19% over FY22-25 to ~145mn in FY25.

Exhibit 25. Loyal customers grew at ~19% CAGR over FY22-25

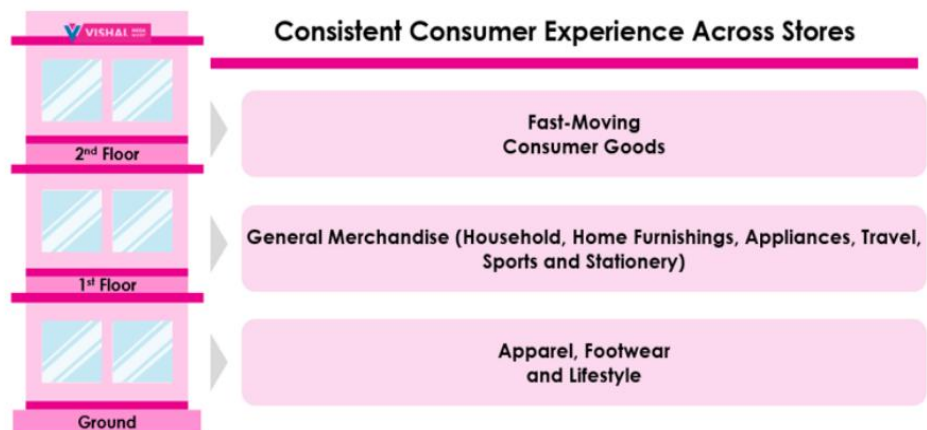
Source: Company, JM Financial

Exhibit 26. Company owns 26 private label brands

Particulars	Mar-25
Number of own brands (Apparel)	5
Number of own brands (General merchandise)	4
Number of own brands (FMCG)	8
Number of own brands (Both apparel and general merchandise)	7
Number of own brands (Both general merchandise and FMCG)	1
Number of own brands (Both apparel and FMCG)	1
Total number of own brands	26

Source: Company, JM Financial

The FMCG segment helps the company to drive footfalls; FMCG products are placed on the top floor of the store, which enables the consumer to explore apparel and general merchandise products on their way to purchase FMCG products. This helps to increase the mix of other categories and improve the margin profile of the company.

Exhibit 27. Consistent store layouts that are easy to navigate for consumers

Source: Company, JM Financial

Exhibit 28. VMM's private brands products are priced 5-60% lower vs. other retailers (ex-namkeen)

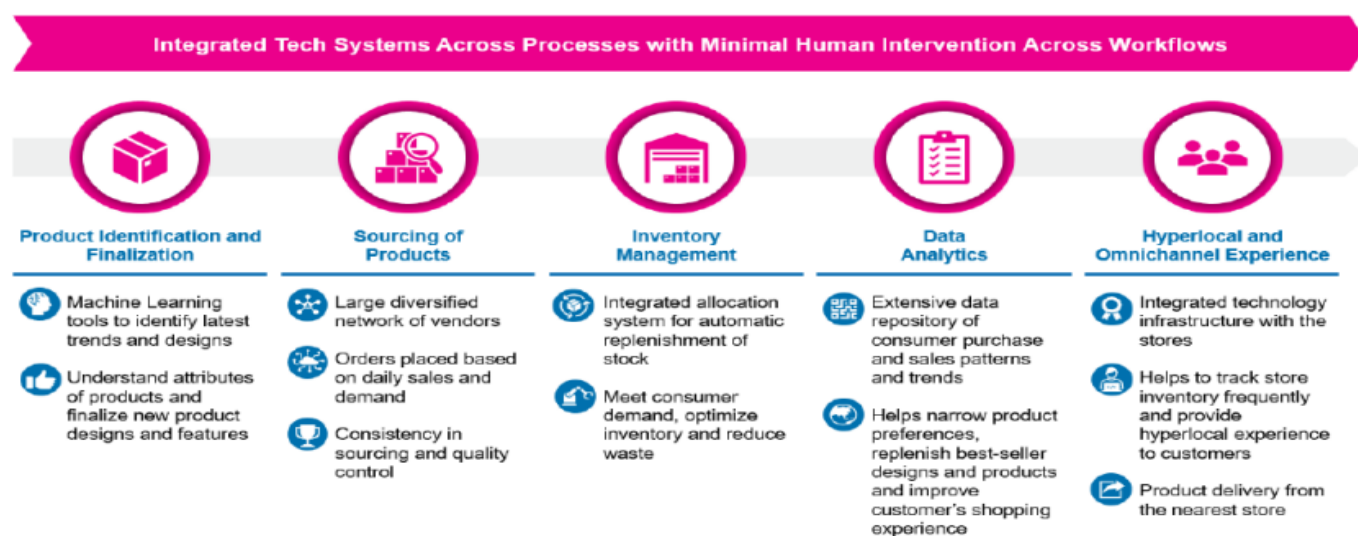
Vishal Mega Mart					Competitor					
Brand	Product name	Price	Grams	Price/Gm	Brand	Product name	Price	Grams	Price/Gm	Discount
Category - Noodles										
First Crop	Masala Noodles	40	280	0.14	Nestle	Maggi Masala Noodles	50	280	0.18	20%
First Crop	Hakka Noodles	20.1	150	0.13	Yu	Hakka Noodles	22	150	0.15	9%
First Crop	Atta Noodles	61	280	0.22	Nestle	Maggi Atta Noodles	116	290	0.40	46%
First Crop	Chilli Noodles	11	70	0.16	Nestle	Maggi Spicy Garlic Noodles	20	62	0.32	51%
Category - Biscuit										
First Crop	Jeera Mini Biscuit	27.5	160	0.17	Bisk Farm	Jeera Sweet and salty Biscuits	48	200	0.24	28%
First Crop	Milk Cookies	75	500	0.15	Britannia	Milk Biscuits	82	500	0.16	9%
First Crop	Orange Cookies	75	500	0.15	Unibic	Orane splash cookies	80	500	0.16	6%
First Crop	Plain Rusk	23.5	182	0.13	Britannia	Bake Rusk	30	183	0.16	21%
First Crop	Rusk - Elaichi	23.5	182	0.13	Parle	Rusk Elaichi	48	200	0.24	46%
Category - Chips										
First Crop	Salted Potato Chips	25	80	0.31	Lays	Salted Potato Chips	30	67	0.45	30%
First Crop	Cream and Onion Potato Chips	25	80	0.31	Lays	Cream and Onion Potato Chips	20	52	0.38	19%
First Crop	Tomato Potato Chips	25	80	0.31	Lays	Tomato Tango Chips	45	82	0.55	43%
Category - Pulses										
First Crop	Brown Chana/Chickpeas	50	500	0.10	Tata Sampann	Brown Chana	62.3	500	0.12	20%
First Crop	Green Chana/chickpeas	89	500	0.18	Best farms	Green Chana	151	500	0.30	41%
First Crop	Dalia/broken wheat	52	500	0.10	Organic Tattva	Wheat Organic Daliya	63	500	0.13	17%
First Crop	Plain Vermicelli	41	450	0.09	Aashirvaad	Non-sticky Vermicelli	44	400	0.11	17%
Category - Dry Fruits										
First Crop	Almonds	795	1000	0.80	Farmley	Premium California Almonds	841	1000	0.84	5%
First Crop	Cashew	455	500	0.91	Tata Sampann	Cashew	569	500	1.14	20%
First Crop	Zahidi Dates/Khajur	110	500	0.22	Nutraaj	Premium Arabian Dates	139	500	0.28	21%
Category - Oil										
First Crop	Almond Oil	32.5	100	0.33	Bajaj	Almond Hair oil	74	95	0.78	58%
First Crop	Amla Oil	27.5	90	0.31	Bajaj	Amla Hair oil	116	300	0.39	21%
First Crop	Sunflower Oil	149	1000	0.15	Fortune	Refined sunflower oil	129	800	0.16	8%
Pure Burst	Ghee	555	1000	0.56	Amul	Pure Ghee	591	1000	0.59	6%
Category - Cereal										
First Crop	Plain oats	67	500	0.13	Quaker	Plain oats	77	400	0.19	30%
First Crop	Choco Fils	89	250	0.36	Kelloggs	Chocos Fills	180	250	0.72	51%
Category - Spreads										
First Crop	Creamy Peanut butter	199	925	0.22	Pintola	Creamy Peanut Butter	155	300	0.52	58%
First Crop	Crunchy Peanut butter	199	925	0.22	Pintola	Crunchy Peanut butter	145	350	0.41	48%
Category - Namkeen										
First Crop	Aloo Bhujia Namkeen	40.2	150	0.27	Haldirams	Aloo Bhujia Namkeen	100	400	0.25	-7%
First Crop	Salted Peanut	43.6	130	0.34	Bikano	Salted Peanuts	60	200	0.30	-12%
First Crop	Coated Peanut Namkeen	40.2	130	0.31	Bikano	Coated Peanut	60	200	0.30	-3%
First Crop	Khatta Meetha Namkeen	40.2	150	0.27	Haldirams	Khatta Meetha Namkeen	100	420	0.24	-13%
Category - Choclates										
Pure Burst	Choco Eclairs	34.84	140	0.25	Alpenliebe	Caramel Choco Chewy	50	120	0.42	40%
Pure Burst	Orange Candy	34.84	235	0.15	Parle	Orange candy	45	215	0.21	29%
Pure Burst	Kachcha Aam Candy	34.84	235	0.15	Parle	Kachcha Aam Candy	60	217.8	0.28	46%
Category - Cleaning Agents										
Home Ninja	Detergent Bar	61	800	0.08	Surf Excel	Detergent bar	110	800	0.14	45%
Home Ninja	Detergent Powder	69.5	1000	0.07	Surf Excel	Detergent Powder	134	1000	0.13	48%
Home Ninja	Liquid Detergent - Top load	215	2000	0.11	Surf Excel	Top load Detergent liquid	123	500	0.25	56%
Home Ninja	Liquid Detergent - Front load	240	2000	0.12	Surf Excel	Front load Detergent liquid	99	500	0.20	39%

Source: Company, JM Financial

Integrated and automated supply chain a key differentiator

VMM has integrated its technology system across its processes, aiding product identification - finalisation, sourcing, inventory management, data analytics - and providing a hyperlocal omni-channel experience to the consumer. The company operates on a hub-and-spoke model wherein the distribution centres act as the hub. The close proximity of its stores to distribution centres (17 regional and 1 central DC) results in faster dispatch of goods and lower cost and, at the same time, allows it to display a higher assortment at the stores without creating clutter, which also helps in elevating the consumer experience. Products are sourced from a well-diversified network of 781 vendors, who act as key partners for VMM. The company uses its proprietary automatic replenishment system wherein replenishment happens daily (sometimes twice a day), allowing it to operate with a lean inventory but without impacting product assortment even in a smaller store. Lower inventory also aids freshness and lower discounting, which, in turn, boosts profitability.

Exhibit 29. Integrated tech system with minimal human intervention across workflows



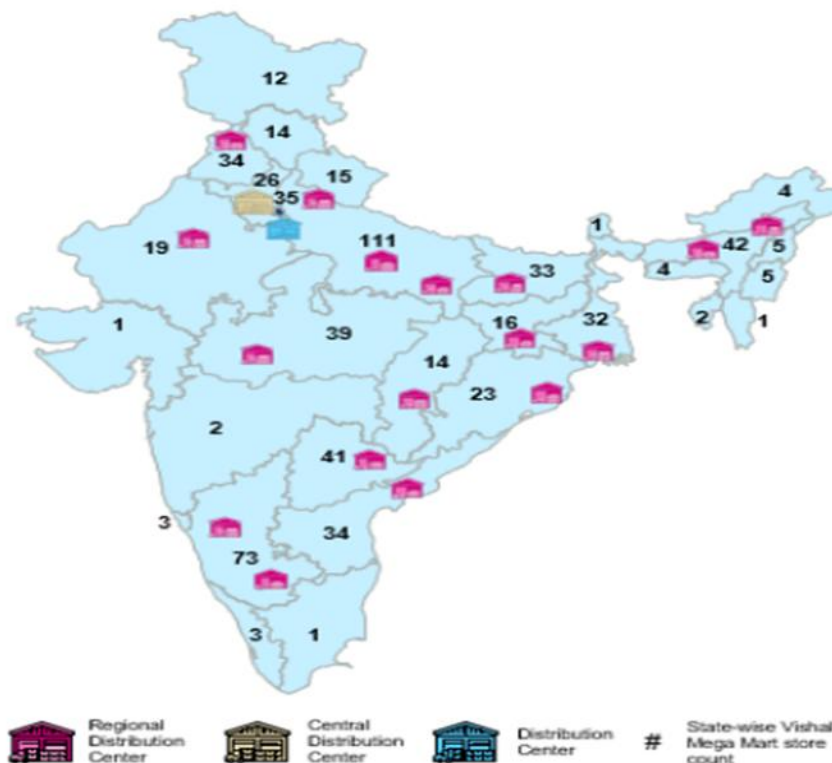
Source: Company, JM Financial

- **Sourcing** - It operates a hub-and-spoke model to source products and manage in-store inventory. It uses machine learning tools to identify the latest trends and designs, understand attributes of products, consult with the merchandising and design team and finally roll out new product designs and features in small batches. **Vendors:** Basis the product category, the company places the order within its large diversified network of 781 vendors, and incremental orders are placed based on the in-house developed replenishment system.
- **A robust supply chain along with bulk purchases to service the existing and additional demand from upcoming stores helps the company to reduce its cost per unit vs. other players.** Tech integration then helps in faster movement of goods and efficient inventory management. As per our channel checks, the **quality and scale at which the company operates requires significant investment, effort and time to replicate, and serves as a competitive advantage.**
- The vendor keeps 30 days of apparel inventory at any point of time to cater to the demand of the company. VMM pays the vendors only when the product lot achieves ~80% sell-through (achieved in most of the cases) and payment is made after 90 days of purchase. The company has no intention to bring these payable days down.

- **Proprietary automatic replenishment system** – VMM replenishes its store inventory through its self-developed automatic replenishment system, which helps it identify the fast-selling items across its stores. It then places orders to its vendors on a daily basis; this ensures no stock-out situation occurs at the store and, at the same time, it can operate with a lean inventory. **Allocation of inventory:** The ARS system also decides the store allocation basis the customer profile and demand pattern in those regions. It is dynamic in nature and the inventory is further optimised or adjusted basis the throughput.
- **Distribution**
 - As of 31stMar'25, the company operated one central distribution centre, one distribution centre and 17 regional distribution centres, located in close proximity to demand centres.
 - Its **central distribution** centre serves as a principal hub, facilitating product dissemination to the regional distribution centres and stores across the country. Its largest central distribution centre in North India has a total floor area of ~0.57mn sqft, contains a warehouse built to cater to all stores pan-India, and is equipped with dedicated truck parking areas, conveyors, bins and pallets.
- **Logistics**
 - It engages with **third-party transport service providers** to transport products from central distribution centre to regional distribution centres and stores. The company typically does not enter into agreements with these 3P transport service providers (engage on need basis).
 - It entered into a **logistics and warehousing agreement** with Samayat Services LLP (Promoter), and engages the rest of the transport service providers on need basis. Under the agreement, Samayat Services LLP provides the company with transportation and distribution services through vendors or subcontractors, or by containerised fleets.

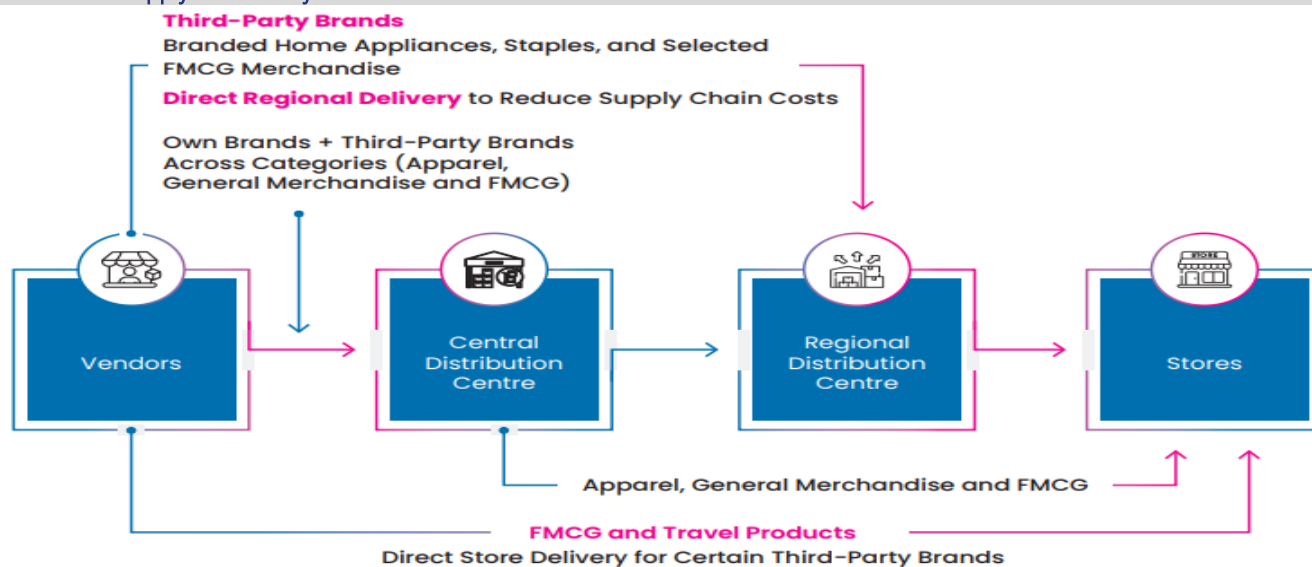
The central distribution centre and distribution centre is managed by the company, and the regional distribution centres are managed by the promoter (Samyat services LLP).

Exhibit 30. Regional distribution centres help in efficient distribution



Source: Company, JM Financial

Exhibit 31. Robust supply chain ecosystem



Source: Company, JM Financial

Exhibit 32. RPT with promoter is less than ~1% of sales

Related party transaction (Samyat services)	FY22	FY23	FY24	FY25
Transportation charges	143	223	256	609
Warehousing charges	107	120	164	260
Total	250	343	420	869
as % of sales	0.4	0.5	0.5	0.8

Source: Company, Company, JM Financial

Exhibit 33. Diversified vendor base with limited dependence on large vendors

Particulars (INR mn)	FY22	FY23	FY24
No. of vendors engaged to manufacture own brands	786	861	839
Purchases from top 3 vendors for own brands (INRm)	2,428	3,013	2,803
% of total goods purchased	5.7	5.2	4.4

Source: Company, JM Financial

Robust unit economics led by best-in-class operating metrics

VMM's lean cost structure (despite being on a rental model) coupled with an asset-light operating model and low inventory/sqft helps it to clock industry-leading RoCE. Store level EBITDA margin of ~14% is a function of well-thought-out product portfolio mix of apparel and general merchandise salience, contributing ~72% of sales and 70% contribution from the private label mix. In contrast, we note that the other value retailers are either over-indexed towards apparel or grocery. All the above-mentioned factors result in a high ~58% (post tax) store-level RoCE for the company vs. only ~14% for DMart (ownership model). We note that the lean cost structure is an outcome of tightly run operations and multiple years of efficiencies built into operations. The quality and scale at which the company operates has also been scaled up gradually and will require significant investment, effort and time to replicate, and serves as a competitive advantage.

- **Better product mix:** The company derives more than 70% of its revenue from Apparel (44%) and General merchandise (28%). As per our estimates, these categories are margin accretive and clock gross margin of ~35% and ~28% respectively vs. 20% for the FMCG segment. We note that even in the FMCG segment VMM's marginal profile is higher by 500-600bps vs. DMart, which operates at a gross margin (GM) of ~14% with 75%+ contribution from FMCG and non-FMCG products. On the other hand, if we compare this with apparel value retailers, the GM profile is largely similar; however, their inventory/sqft is higher vs. VMM due to higher saliency of apparel.
- **High private label salience:** The company's own brands constituted ~73% of overall revenue in FY25, enabled by high focus on product quality and competitive prices, which eventually helps it to garner high margins in its multi-category business.
- **Cost optimisation measures:**
 - **Lower rentals:** ~73% of the stores of the company are located in Tier 2-and-beyond regions and a majority of the store locations in Tier 1 or large cities is outside the core shopping market area. Also, the company consciously remodels the store size basis the catchment to keep overall rentals under check. All these factors lead to one of the lowest rentals/sqft (lower by 10-24%) of INR 536 in FY25 in the industry.
 - **Lower employee cost:** Employees are hired on shift basis, which allows the company to balance the workforce as per the demand and peak timings. This results in employee cost of ~INR 550/sqft, which is 20-60% lower vs. other retail players. Cashiers are equipped with mobile devices to provide faster and efficient service to customers.
 - **Lower utility cost:** The company manages its electricity and other utilities by directly linking the air conditioning to the revenue generating hours as a majority of the consumer traffic enters largely at the same time every day and the temperature is adjusted considering the footfall density.
- **Prudent capital deployment:** The company operates its business on an asset-light model wherein it leases and operates its stores on a long-term basis. This allows it to expand its outlets without deploying heavy capital in acquisition of land and keeps the overall capital employed in check.

High gross margin, efficient cost controls through several measures and prudent deployment of capital leads to robust unit economics for the company. This helps in generation of healthy store-level RoCE of ~58% (post tax), with a payback period of ~21 months only.

Exhibit 34. VMM generates superior post tax store level RoCE of ~58%

Particulars	VMM	D-Mart	V2 Retail	Style Bazaar	Zudio	V-Mart
Store size (sq. ft)	18,000	40,000	10,000	9,000	10,000	8,500
Revenue per sq ft (INR)	9,750	40,000	12,000	9,000	17,500	8,000
INR mn						
Revenue	176	1,600	120	81	175	68
Gross Profit	49	224	34	27	70	23
Gross margin (%)	28	14	28	33	40	34
Pre Ind AS EBITDA	25	149	17	10	20	5
Pre Ind AS EBITDA Margin (%)	14.3	9.3	14.0	12.0	11.5	8.0
Depreciation	2	28	1	1	2	1
EBIT	23	121	16	9	18	4
EBIT Margin (%)	13.1	7.6	13.1	10.7	10.5	6.1
EBIT per sq ft (INR)	1,278	3,029	1,570	960	1,833	490
Total Investment (INR mn)	30	654	23	22	33	20
Total Investment per sq ft (INR)	1,650	16,350	2,300	2,400	3,300	2,300
Capex	1,200	14,000	1,100	1,200	1,800	1,500
Inventory & Others (adj. payables)	450	2,350	1,200	1,200	1,500	800
RoCE (post-tax) %	58	14	51	30	42	16
Capital employed turnover	5.9	2.4	5.2	3.8	5.3	3.5

Source: Company, JM Financial; Note: Store performance is taken for 2 years or older stores

Competition analysis

Vishal Mega Mart's high gross margin owing to better mix, lean cost structure and an asset-light operating model helps it to clock industry leading ~9% EBITDA margin (pre Ind AS) in FY25. DMart, on the other hand, has a higher mix of FMCG, which leads to lower gross margin of ~14% vs. ~28% for VMM, resulting in lower Pre-Ind AS EBITDA margin of ~7% despite paying no rentals for majority of the stores. We believe that strong unit economics will also aid faster store expansion.

Exhibit 35. VMM's EBITDA margin (Pre Ind AS) highest in FY25 at 9.1% among large retail companies

INR mn	Vishal Mega Mart			Style Baazar			V2 Retail			V-Mart			D-Mart		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Area (mn sq ft)	10.2	11.0	12.2	1.3	1.5	1.9	1.1	1.3	2.0	2.9	3.1	3.5	13.4	15.2	17.2
Store	557	611	696	135	162	214	102	117	189	341	365	412	324	365	415
Average area per store	18,312	18,003	17,471	9,289	9,039	8,977	10,618	10,718	10,725	8,504	8,493	8,495	41,358	41,507	41,446
Revenue (INR mn)	75,860	89,119	107,163	7,879	9,729	13,437	8,389	11,647	18,845	19,867	22,421	27,061	418,333	495,330	577,898
Gross Profit (INR mn)	20,597	24,659	30,527	2,540	3,241	4,524	2,434	3,197	5,176	6,994	7,731	9,349	60,580	69,863	81,735
Gross Margin (%)	27.2	27.7	28.5	32.2	33.3	33.7	29.0	27.4	27.5	35.2	34.5	34.5	14.5	14.1	14.1
Employee exp (INR mn)	4,318	5,047	6,406	685	854	1,160	817	926	1,381	2,066	2,309	3,031	14,589	17,301	22,726
Employee exp (as % of sales)	5.7	5.7	6.0	8.7	8.8	8.6	9.7	8.0	7.3	10.4	10.3	11.2	3.5	3.5	3.9
Rent (INR mn)	4,916	5,370	5,993	574	735	992	694	772	1,139	1,649	1,771	2,030	1,791	2,300	2,733
Rent (as % of sales)	6.5	6.0	5.6	7.3	7.6	7.4	8.3	6.6	6.0	8.3	7.9	7.5	0.4	0.5	0.5
Other expense (INR mn)	5,873	6,828	8,387	829	929	1,428	813	838	1,176	2,049	2,756	2,794	9,389	11,518	13,582
Other expense (as % of sales)	7.7	7.7	7.8	10.5	9.6	10.6	9.7	7.2	6.2	10.3	12.3	10.3	2.2	2.3	2.4
EBITDA (Pre Ind AS)	5,490	7,414	9,741	452	722	944	110	660	1,479	1,230	894	1,495	34,812	38,745	42,695
EBITDA Margin (%)	7.2	8.3	9.1	5.7	7.4	7.0	1.3	5.7	7.8	6.2	4.0	5.5	8.3	7.8	7.4

Source: Company, JM Financial

Higher expansion in Tier 2-and-beyond regions has led to reduction in the average area/store for Vishal Mega Mart. VMM's revenue/sqft is 3-16% higher vs. Style Baazar and V-Mart, and 19-58% lower vs. V2 Retail and DMart. Hence, V2 Retail and DMart clock ~7%/214% higher EBITDA/sqft vs. VMM.

Exhibit 36. VMM's cost of retailing/sqft the lowest amongst value retailers

INR mn	Vishal Mega Mart			Style Baazar			V2 Retail			V-Mart			D-Mart		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Area (mn sq ft)	10.2	11.0	12.2	1.3	1.5	1.9	1.1	1.3	2.0	2.9	3.1	3.5	13.4	15.2	17.2
Store	557	611	696.0	135	162	214.0	102	117	189.0	341	365	412.0	324	365	415.0
Average area per store	18,312	18,003	17,471	9,289	9,039	8,977	10,618	10,718	10,725	8,504	8,493	8,495	41,358	41,507	41,446
Revenue/ sq ft	7,861	8,407	9,254	6,941	7,158	7,938	7,833	9,968	11,487	7,358	7,474	7,732	33,601	34,699	35,728
Gross Profit/ sq ft	2,134	2,326	2,636	2,238	2,385	2,673	2,272	2,736	3,155	2,590	2,577	2,671	4,866	4,894	5,053
Employee exp/ sq ft	447	476	553	603	629	685	763	793	842	765	770	866	1,172	1,218	1,405
Rent/ sq ft	509	516	518	505	541	586	648	661	695	611	590	580	144	161	169
Other exp/ sq ft	609	644	724	730	684	844	759	717	717	759	919	798	754	801	840
Cost of retailing/ sq ft	1,566	1,637	1,795	1,839	1,853	2,115	2,169	2,171	2,253	2,135	2,279	2,244	2,070	2,180	2,414
EBITDA/ sq ft	569	690	841	399	531	558	103	565	902	456	298	427	2,796	2,714	2,640

Source: Company, JM Financial

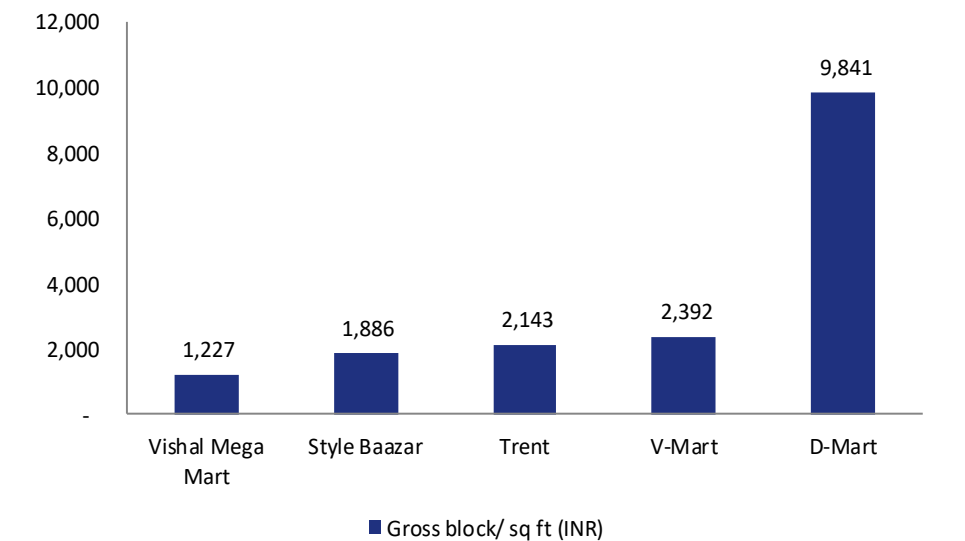
A ~90 days credit period for vendors (depending on ~80% sell-through) coupled with a robust product replenishment model helps it to operate at the lowest level of inventory/sqft and core working capital of only ~15 days. It operates stores on asset-light basis and the owner is obliged provide basic store infra as per the agreement. This leads to lowest gross block/sqft for the company at INR 1,227. This coupled with a robust margin profile of ~9% leads to high RoE/RoCE (ex - goodwill) of 37/49% in FY25.

Exhibit 37. Higher profitability and asset-light model leads to industry leading return ratios for VMM

INR mn	Vishal Mega Mart			Style Baazar			V2 Retail			V-Mart			D-Mart		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
Inventory	14,907	14,650	18,503	3,169	4,313	5,215	2,465	3,600	5,262	8,706	8,161	9,868	30,556	37,234	48,055
Receivables	42	317	664	-	-	-	1	1	0	-	-	-	2,466	3,933	3,485
Payables	15,008	12,200	14,786	1,660	2,569	3,108	940	1,594	3,317	4,883	6,337	7,620	7,013	9,528	10,042
Inventory/sq ft (INR)	1,462	1,332	1,522	2,527	2,945	2,715	2,276	2,871	2,596	2,353	2,114	2,295	2,280	2,458	2,794
Inventory days	72	60	63	147	162	142	107	113	102	160	133	133	27	27	30
Receivables days	0	1	2	-	-	-	0	0	0	-	-	-	2	3	2
Payables days	72	50	50	77	96	84	41	50	64	90	103	103	6	7	6
Core Working cap days	-0	11	15	70	65	57	66	63	38	70	30	30	23	23	26
Net Debt	529	-870	-7,842	1,100	1,643	1,443	443	708	1,004	1,191	781	1,045	-13,728	-5,599	-3,313
Pre-Ind AS 116															
OCF (INR mn)	1,640	3,225	8,430	-242	344	108	122	92	998	27	1,823	1,147	25,304	25,843	23,952
FCF (INR mn)	-547	762	5,820	-676	-428	-920	25	-194	-286	-2,752	617	-77	4,014	-1,007	-9,503
Pre IND AS															
ROE (%) - Avg	46.0	42.4	37.4	11.1	14.9	12.9	-1.9	14.2	27.8	3.2	-6.5	7.3	16.8	14.9	14.0
ROCE (%) - Avg	42.3	51.5	46.7	9.7	10.8	10.4	-2.3	13.8	24.4	1.1	-2.6	3.9	20.1	18.9	17.6
ROIC (%) - Avg	53.5	44.4	48.3	10.2	11.1	10.9	-2.2	13.6	23.9	1.2	-2.6	3.9	17.6	15.0	13.7

Source: Company, JM Financial; *Note: Working capital days = (Working capital/sales)*365

Exhibit 38. VMM has the lowest gross block/sqft



Source: Company, JM Financial

Large store expansion opportunity provides long runway of growth

VMM's high addressable market within the overall retail market coupled with best-in-class store level unit economics paves the way for elongated runway of store expansion. As per Vishal Mega Mart's store locator, it has 739 stores currently located in 469 cities. We have tried to arrive at the possible store additions for the company by considering the population of the city, town strata in which the city belongs to, and also the existing number of stores in the city. Basis this, we arrive at a potential store addition target of ~1,500 stores over the next 15 years. We note that VMM's presence in high per capita states like Maharashtra, Gujarat, Tamil Nadu and Kerala remains low, so the scope for expansion in these regions is high. We see store expansion possibilities on two fronts: (1) entering into new cities and towns, where it doesn't have any presence, and (2) densifying its presence in existing towns and cities. We note, of the total current town coverage, VMM has only 1 store in 81% of the towns, offering huge scope for expansion in existing towns.

The Indian retail market, as explained above, provides large headroom for growth owing to the untapped unorganised market (organised market only ~20% in CY23). VMM currently has 739 stores located in 469 cities (data is as per the store locator as on 26th Sep'25).

Exhibit 39. VMM store and city mapping

State	Cities	Stores
Andhra Pradesh	32	41
Arunachal Pradesh	6	7
Assam	34	44
Bihar	24	32
Chhattisgarh	13	18
Delhi	1	33
Goa	4	4
Gujarat	3	4
Haryana	18	29
Himachal Pradesh	12	14
Jammu & Kashmir	7	10
Jharkhand	11	18
Karnataka	44	88
Kerala	10	15
Madhya Pradesh	29	40
Maharashtra	3	3
Manipur	6	6
Meghalaya	3	4
Mizoram	1	1
Nagaland	5	6
Orrisa/odisha	25	30
Punjab	28	36
Rajasthan	17	23
Sikkim	4	4
Tamil Nadu	1	1
Telangana	21	48
Tripura	2	2
Uttar Pradesh	64	123
Uttarakhand	15	21
West Bengal	26	34
Total	469	739

Source: Company store locator, JM Financial; Note: Store data is as on 26th Sep-25

- **As per management's commentary in 4QFY25**, India has ~50 towns where the population is above 1mn. Of these, the company is present only in 33 towns, so there is scope for expansion in the remaining 17 towns. This also includes large towns such as Pune, Nashik, Ahmedabad, Baroda, Cochin, etc., which the company is targeting to enter in some time. The company expects to add 10 stores per town in these 17 virgin towns. In addition, the management highlighted that there is scope to add 5 stores per town in the existing 33 towns.

The remaining ~1,250 towns in India have a population less than 1mn. Of these, the company is present in ~450 towns. It can easily add 1 store per town in the remaining 800 virgin towns. This sums up to a **1,100-1,200 store addition opportunity** in India where a majority of the store addition will be in towns where the population is less than 1mn.

- **As per our analysis**, VMM can add at least 1,500 additional stores in India in its next phase of post IPO expansion. **We have assumed that the company can have**
 - 25 stores in each city with population more than or equal to 4mn,
 - 10 stores in each city with population more than or equal to 2.5mn but less than 4mn,
 - 5 stores in each city with population more than or equal to 1mn but less than 2.5mn,
 - 3 stores in each city with population more than or equal to 0.1mn but less than 1mn,

As per our assumptions, we don't expect the company to add any stores in towns with population below ~0.1mn.

Exhibit 40. VMM has potential to add incremental ~1,500 stores in India

Population range	Existing VMM stores	Potential stores	Incremental potential stores
above 4 mn	75	200	143
4 mn - 2.5 mn	47	75	48
2.5 mn - 1 mn	90	235	159
below 1 mn	527	1,476	1,173
Total	739	1,986	1,523

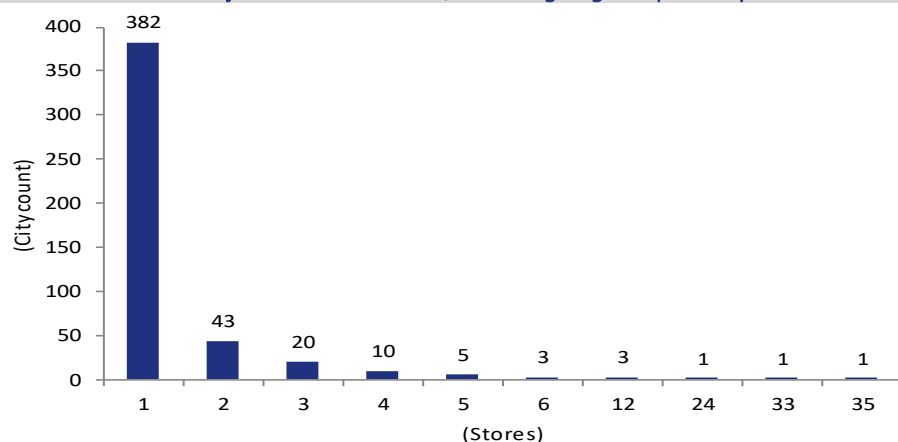
Source: Company store locator, JM Financial; Note: Store data is as on 26th Sep-25

*We have calculated city wise incremental potential stores and, in some regions, the company has added more stores than our expectations. In those cases, we have assumed 0 net additions in such regions. Hence, on an aggregate basis, difference of potential and existing stores will not add up to incremental store additions.

The management targets to add 90-100 stores/year over the next 14-15 years. This justifies our calculation of addition of ~1,500 stores in the next phase of expansion.

The company has only 15 stores in Kerala, 4 in Gujarat, 3 in Maharashtra, and 1 in Tamil Nadu. These states are some of the biggest markets for retail players owing to their higher GDP per capita. We believe these regions will provide ample scope of expansion and consumption for VMM.

Exhibit 41. VMM has only 1 store in 382 cities, indicating huge scope of expansion



Source: Company store locator, JM Financial; Note: Store data is as on 26th Sep-25

Exhibit 42. East derives highest revenue/store

Particular (FY25)	Revenue (INR mn)	Store Count	Rev/store (INR mn)
East	31,613	183	173
North	45,116	284	159
West	8,787	63	139
South	21,647	166	130
Total	107,163	696	154

Source: Company, JM Financial; Stores as on 31st Mar-25

In FY25, North and East reported 3-12% higher revenue/store vs. the company average owing to lower competitive intensity. With penetration of DMart increasing in the North and central regions and e-commerce companies entering some lower-tier cities, revenue per store of these regions (especially North) may moderate to the company average.

VMM has a significant presence in states in North and Central India, with ~40% of its stores in these regions. We believe its expansion in regions like Maharashtra and Gujarat will increase its penetration and brand awareness in the western region. However, it may also face heavy competition from the biggest discount retailer D'Mart and the largest value fashion company Trent.

Exhibit 43. Only 9% of VMM's stores located in the western region

Particulars (store count)	Vishal Mega Mart	V2 Retail	Style Baazar	V-Mart	D-Mart	Zudio
North	289	65	25	230	50	197
West	69	23	0	35	213	228
East	188	113	202	162	0	88
South	193	15	5	83	152	269
Total	739	216	232	510	415	782
Regional Mix (%)	Vishal Mega Mart	V2 Retail	Style Baazar	V-Mart	D-Mart	Zudio
North	39	30	11	45	12	25
West	9	11	-	7	51	29
East	25	52	87	32	-	11
South	26	7	2	16	37	34
Total	100	100	100	100	100	100

Source: Company, JM Financial; Note: Store data is as on 31st Aug-25**Exhibit 44. State-wise store concentration for apparel and grocery players**

Particulars	Vishal Mega Mart	V2 Retail	Style Baazar	V-Mart	D-Mart	Zudio
North						
Uttar Pradesh	123	38	25	158	0	59
Delhi	33	9	0	7	9	34
Punjab	36	3	0	4	19	32
Haryana	29	0	0	4	0	24
Others	68	15	0	57	22	48
Total	289	65	25	230	50	197
South						
Karnataka	88	14	0	17	40	78
Andhra Pradesh	41	1	5	11	41	31
Kerala	15	0	0	4	0	56
Telangana	48	0	0	17	45	67
Others	1	0	0	34	26	37
Total	193	15	5	83	152	269
East						
Bihar	32	39	30	72	0	15
West Bengal	34	11	84	20	0	29
Assam	44	15	36	15	0	16
Jharkhand	18	17	14	29	0	6
Others	60	31	38	26	0	22
Total	188	113	202	162	0	88
West						
Madhya Pradesh	40	18	0	16	24	21
Chhattisgarh	18	2	0	0	6	0
Gujarat	4	0	0	13	66	80
Maharashtra	3	1	0	6	116	114
Others	4	2	0	0	1	13
Total	69	23	0	35	213	228

Source: Company, JM Financial

Exhibit 45. Assam clocks 31% higher revenue/sqft vs. other major states

Particular	FY24			
	Stores	% of total	Area	% of total
Uttar Pradesh	108	18%	2.0	18%
Karnataka	67	11%	1.4	13%
Assam	40	7%	0.8	7%
Others	396	65%	7	62%
Total VMM	611		11.0	

Assam had the highest revenue/sqft among the other major states and constituted ~10% of total sales in FY24.

Revenue/sqft in GM/FMCG/Apparel is 58%/27% /15% higher vs. the company average.

Net Sales (INR mn)	FY24			
	Total	Apparel	FMCG	GM
Uttar Pradesh	14,543	6,604	4,631	3,308
Karnataka	10,085	5,088	1,747	3,250
Assam	8,664	3,344	2,323	2,997
Others	55,628	23,977	15,772	15,878
Total	88,919	39,013	24,473	25,433
Revenue per sq ft (INR)	Total	Apparel	FMCG	GM
Uttar Pradesh	7,454	3,385	2,373	1,695
Karnataka	7,118	3,591	1,233	2,294
Assam	10,551	4,072	2,829	3,650
Others	8,168	3,520	2,316	2,331
Total	8,084	3,547	2,225	2,312
Variation vs. Co. avg (%)	Total	Apparel	FMCG	GM
Uttar Pradesh	-8%	-5%	7%	-27%
Karnataka	-12%	1%	-45%	-1%
Assam	31%	15%	27%	58%
Others	1%	-1%	4%	1%

UP and Karnataka stores have operated at similar revenue/sqft despite a greater number of mature stores in UP due to better per capita income in Karnataka and lower densification, leading to less store cannibalisation and higher revenue/sqft in Karnataka.

Revenue/sqft of general merchandise (GM) segment in UP is ~ 27% lower vs. the company average.

Source: Company, JM Financial; Note: Store data is as on 31st Mar-24

Omni channel: Attracting new customers

VMM offers an omni-channel shopping experience through both website and mobile app. As of 1QFY26, the company enabled 670 stores with hyperlocal delivery across 445 cities; this constituted ~10mn registered users and 4mn consumer traffic.

- This provides easy access of products to customers at the nearest store. It also provides express 2-hour delivery with preferred delivery slots. VMM charges INR 29 for any order below INR 300, while deliveries are free for orders above INR 300.

Exhibit 46. Omni-channel services through website and mobile app

► Easy access to available products at the nearest store

► Express delivery and in-store pickup available

► Flexible return and exchange policy

Fashion, Home Care & Grocery

10,000+
Products to Choose From

Delivery Options

► 2-Hour Express Delivery

► Preferred Slot Delivery

► Store Pickup

Latest Fashion Delivered to Your Doorstep in 2 Hours

Source: Company, JM Financial

- The management highlighted that ~20% of its **quick commerce consumers are new to the company**, so there is no cannibalisation of sales. Additionally, these consumers have also started visiting the store of the company.
- In highly competitive towns, the **contribution of quick commerce** is 2-3% while the contribution is 6-8% in towns where company faces less competition.
- It maintains **uniform pricing** across both of its channels and creates a seamless shopping experience for its customers.

Financial summary

We build in a robust 19%/26%/27% Revenue/EBITDA/PAT CAGR over FY25-28E

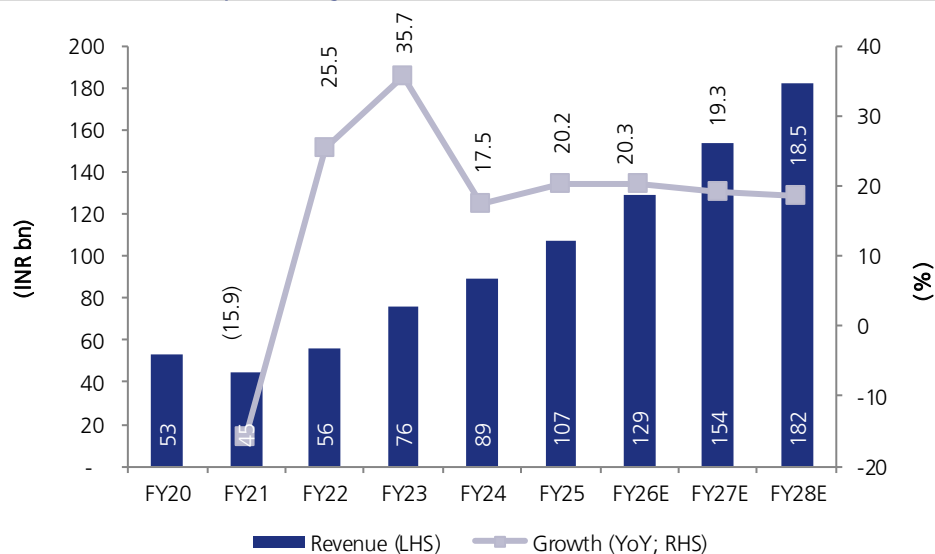
We expect 19% revenue CAGR, led by area addition at 10% CAGR (addition of 300 stores - net) and low-double-digit SSSG, leading to 8% CAGR in revenue/sq.ft over FY25-28 to INR 11.7k by FY28. We expect gradual expansion in gross margin (~50bps over FY25-28E) led by improvement in category mix and higher private label share. Better operating leverage, along with GM improvement will help the company to drive ~170bps Pre-Ind AS EBITDA margin expansion to ~10.7% by FY28, resulting in ~27% PAT CAGR over FY25-28E. We expect inventory/sqft to increase at 3% CAGR (in line with historical trends) and cumulative OCF/FCF of INR 35.4bn/26.3bn as we expect net working capital to remain largely the same at 12 days over FY25-28E. Better profitability and expected robust dividend distribution (INR 1.2-2.4 per share over FY26-28E) will lead to strong RoE/RoIC (ex-goodwill) of 47/80% by FY28E.

Note – Financial analysis is based on Pre Ind AS 116 figures

Revenue CAGR of 19% expected, led by strong SSSG and store addition

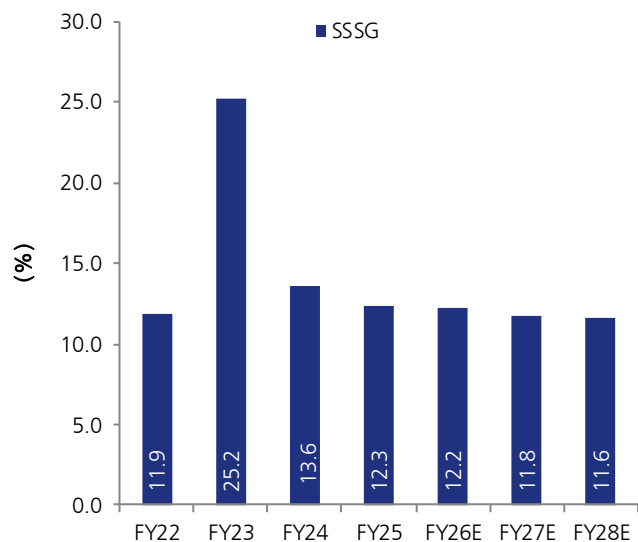
We expect robust 19% revenue CAGR over FY25-28E led by (i) addition of 300 stores over the period (average 100 stores/year), and (ii) strong ~12% SSSG despite a healthy base. Double-digit SSSG will be driven by 6-7% volume growth and 4-5% value growth. Future revenue growth is in line with the growth registered by the company in the past (24% revenue CAGR over FY22-25 led by 195 store additions and 12-25% SSSG). Despite healthy store addition, sales/sqft is expected to grow at 8% CAGR over FY25-28E (12% CAGR over FY22-25) due to strong SSSG performance, better store productivity, and entry of the company into larger-tier towns and high per capita GDP states.

Exhibit 47. Revenue expected to grow ~19% over FY25-28E



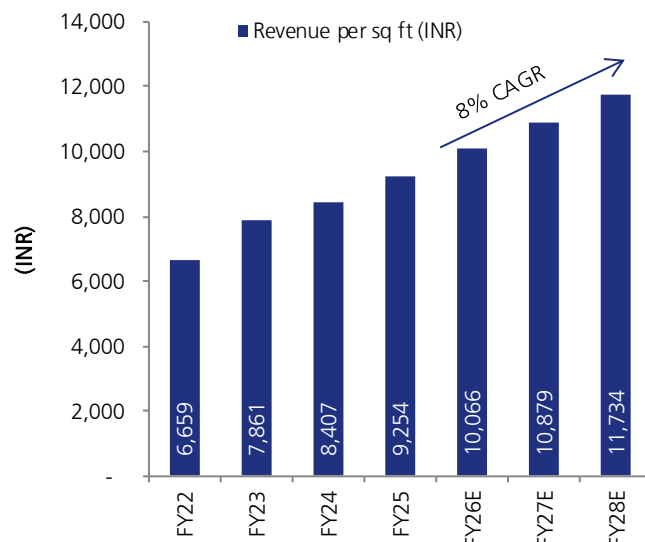
Source: Company, JM Financial

Exhibit 48. SSSG growth expected to remain at ~12% over FY25-28E



Source: Company, JM Financial

Exhibit 49. Revenue/sqft to grow at 8% CAGR over FY25-28E

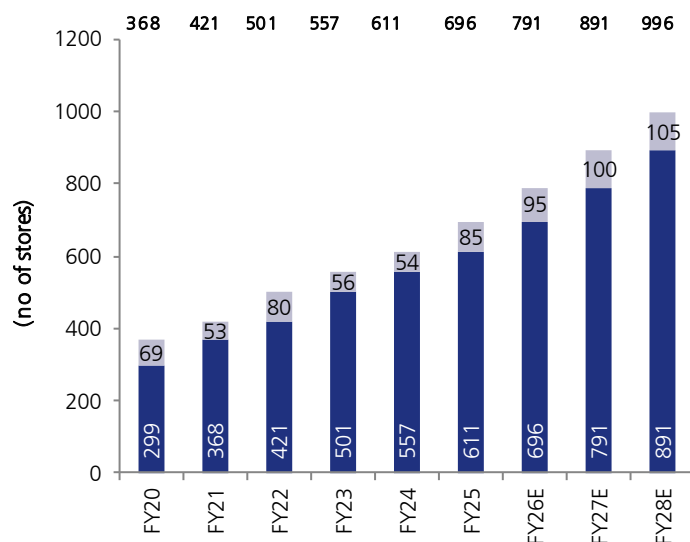


Source: Company, JM Financial

Store addition momentum to continue

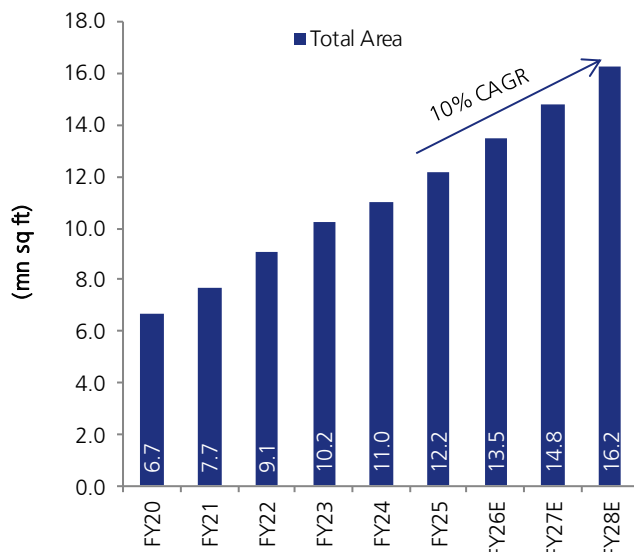
We expect the company to add 300 stores over FY25-28E to increase the total store count to 996 by FY28 (~4.1mn sq.ft area addition). A majority of the store addition will be done in Tier 2 and Tier 3 cities. The company has also entered the states of Maharashtra and Gujarat and added some pilot stores in these regions. It targets to add more stores in these regions considering strong demand in the pilot stores.

Exhibit 50. VMM expects to add 300 stores over FY25-28E



Source: Company, JM Financial

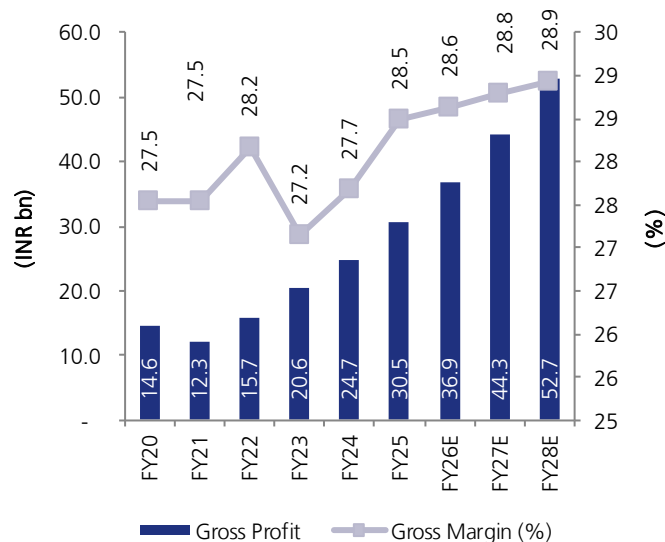
Exhibit 51. Area addition of ~10% CAGR over FY25-28E



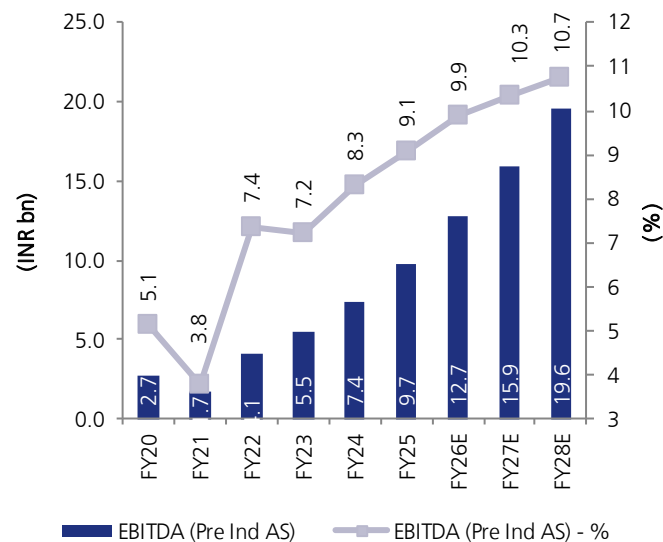
Source: Company, JM Financial

EBITDA CAGR of 26% led by ~170bps margin expansion over FY25-28E

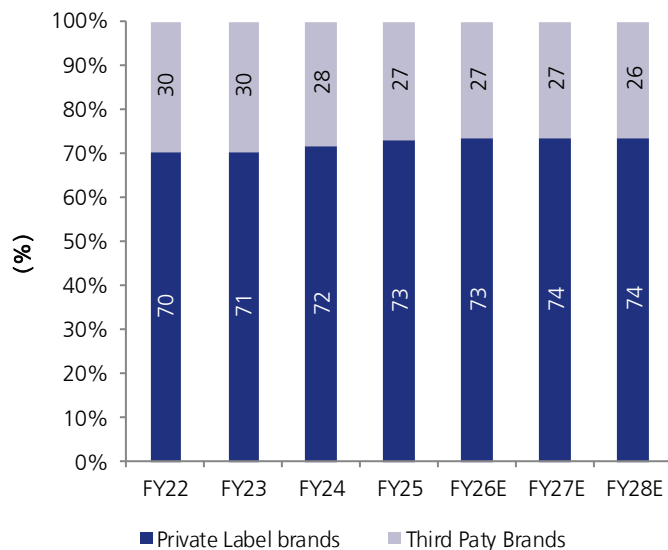
EBITDA (Pre-Ind AS) is expected to grow at a higher CAGR of 26% vs. ~19% revenue CAGR as EBITDA margin is expected to expand ~170bps over FY25-28E. We expect increasing share of private labels in the overall mix (~60bps expansion over FY25-28E to 73.7%) and better product mix (higher share of high margin categories like general merchandise and apparel) to help in GM expansion (~50bps expansion over FY25-28E to 28.9%), this coupled with better store productivity in the South and the West (Gujarat and Maharashtra) and operating leverage benefits will help EBITDA margin to expand to 10.7% by FY28E.

Exhibit 52. GM to gradually expand by ~50 bps over FY25-28E

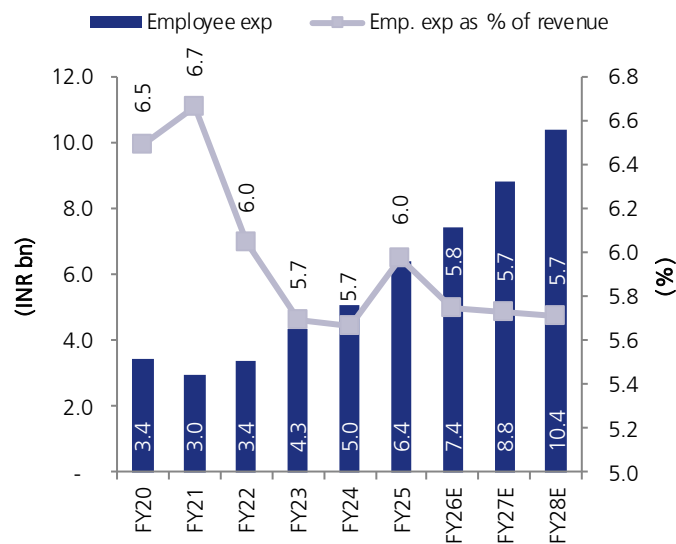
Source: Company, JM Financial

Exhibit 53. EBITDA margin to expand by ~170bps over FY25-28E

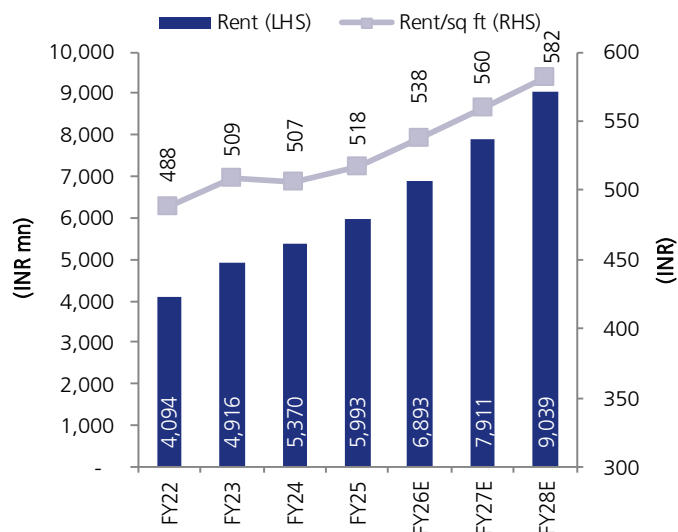
Source: Company, JM Financial; Note: Figures are on pre Ind AS basis

Exhibit 54. Private label share to increase by ~60bps over FY25-28E

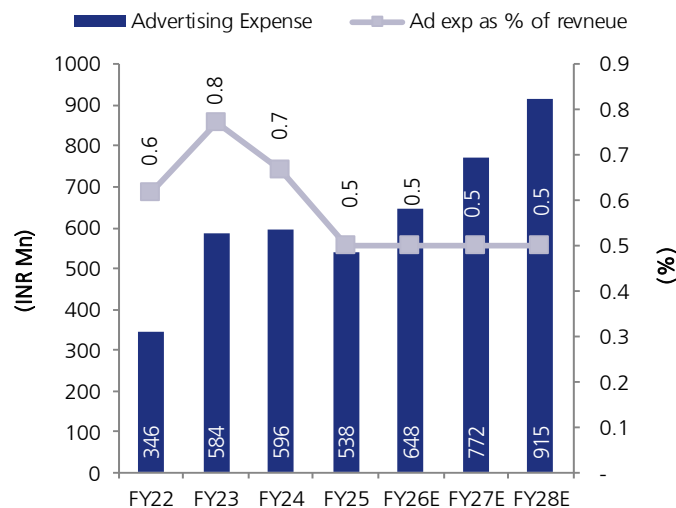
Source: Company, JM Financial

Exhibit 55. Employee exp as % of revenue to contract by ~30bps

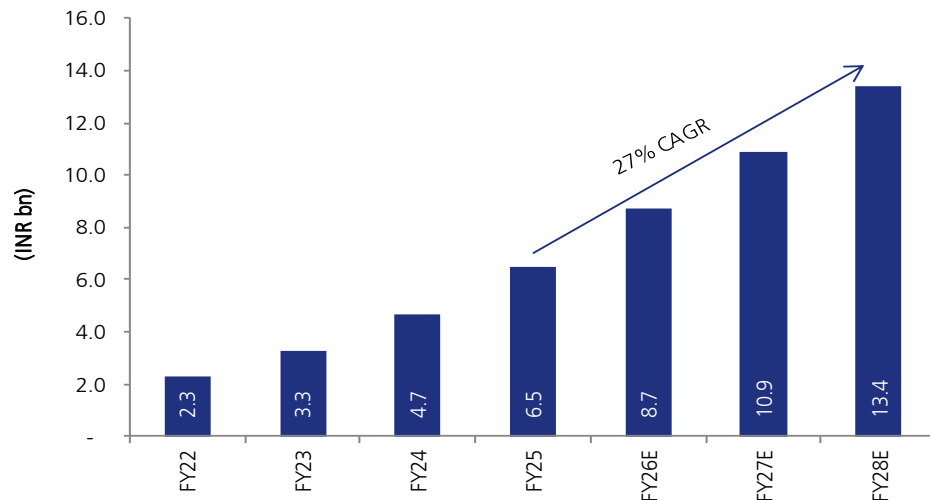
Source: Company, JM Financial

Exhibit 56. Rent/sqft to grow at ~4% CAGR over FY25-28E

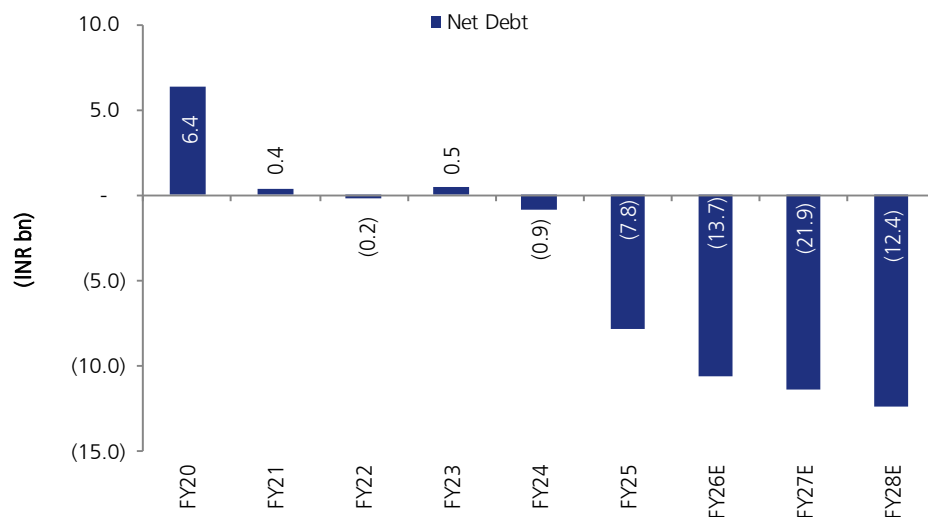
Source: Company, JM Financial; Note: Figures are on pre Ind AS basis

Exhibit 57. Ad expense as % to revenue to remain at similar levels

Source: Company, JM Financial

Exhibit 58. PAT CAGR of ~27% expected over FY25-28E

Source: Company, JM Financial; Note: Figures are on pre Ind AS basis

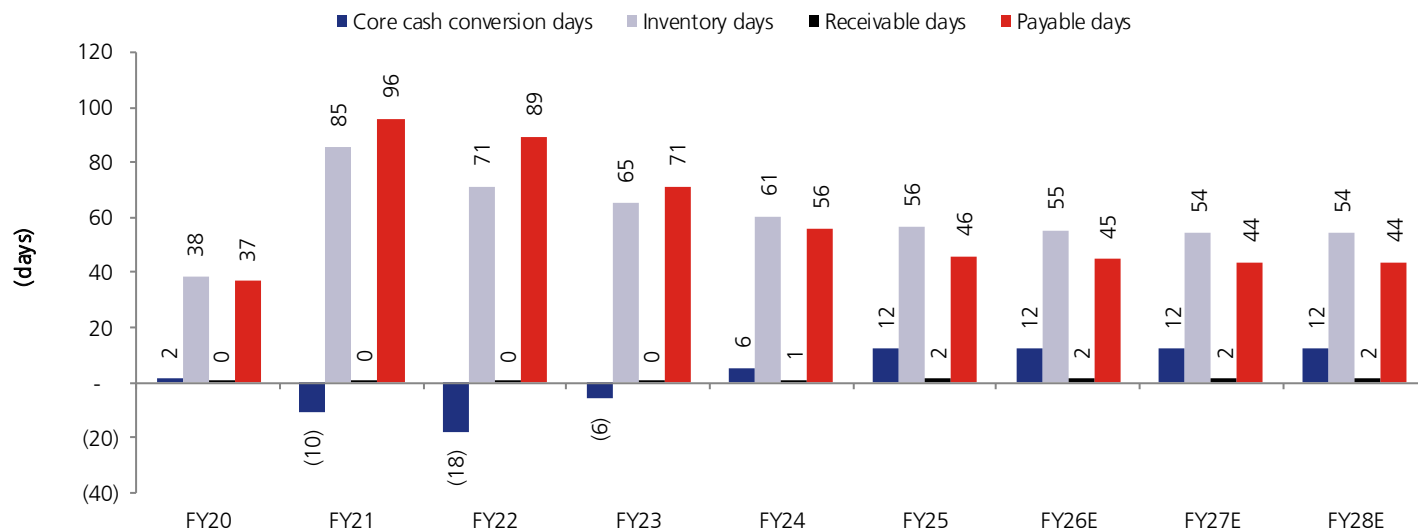
Exhibit 59. Net cash expected to increase to INR 12.4bn by FY28E

Source: Company, JM Financial

We expect the net cash position of the company to increase from INR 7.8bn in FY25 to INR 12.4bn by FY28E led by increasing profitability.

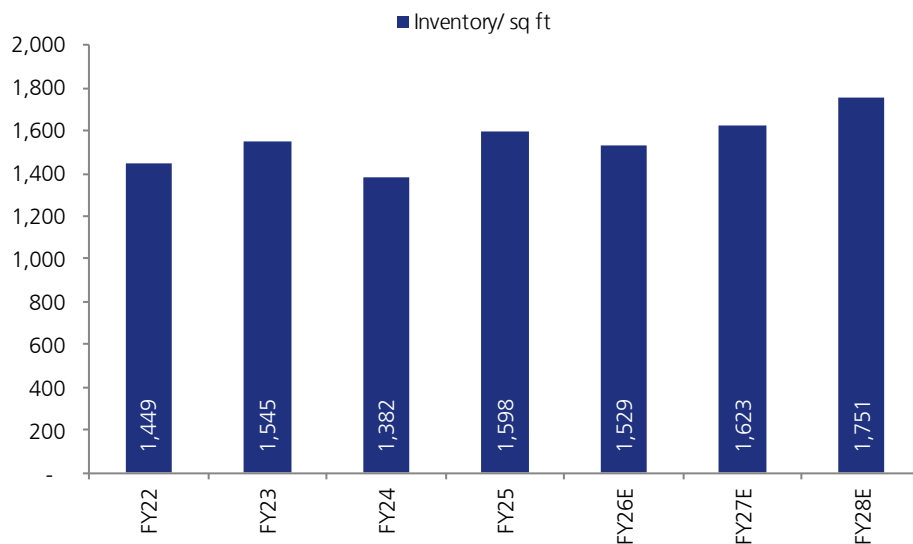
Cash conversion days for the company increased from negative 18 days in FY22 to 12 days in FY25 due to reduction of payable days from 89 days in FY22 to 46 days in FY25, partially offset by reduction in inventory days from 71 days in FY22 to 56 days in FY25. We expect cash conversion days to be stable at 12 days over FY25-28E. Inventory/sq.ft is expected to increase by ~3% CAGR over FY25-28E to INR 1,751 by FY28.

Exhibit 60. Core cash conversion days to remain ~12 days over FY25-28E



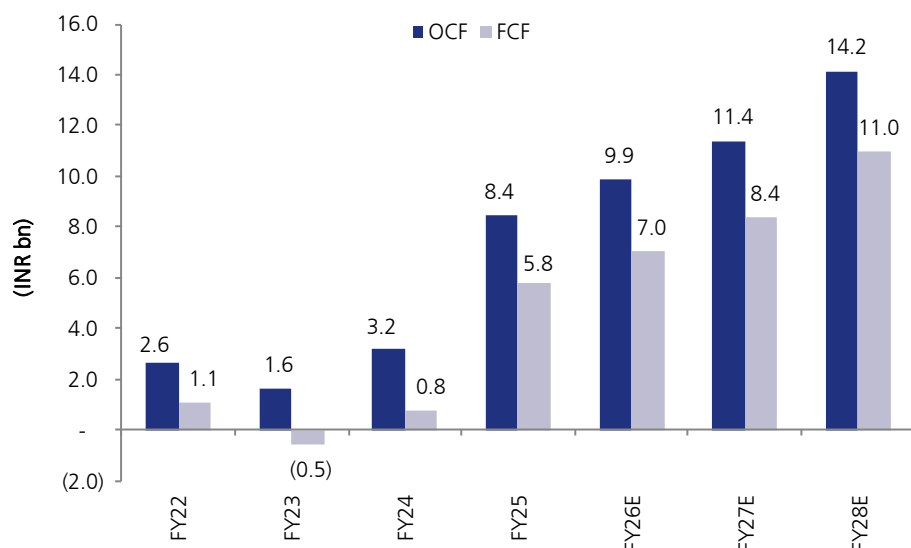
Source: Company, JM Financial

Exhibit 61. Inventory/sqft is expected to increase at ~3% CAGR over FY25-28E

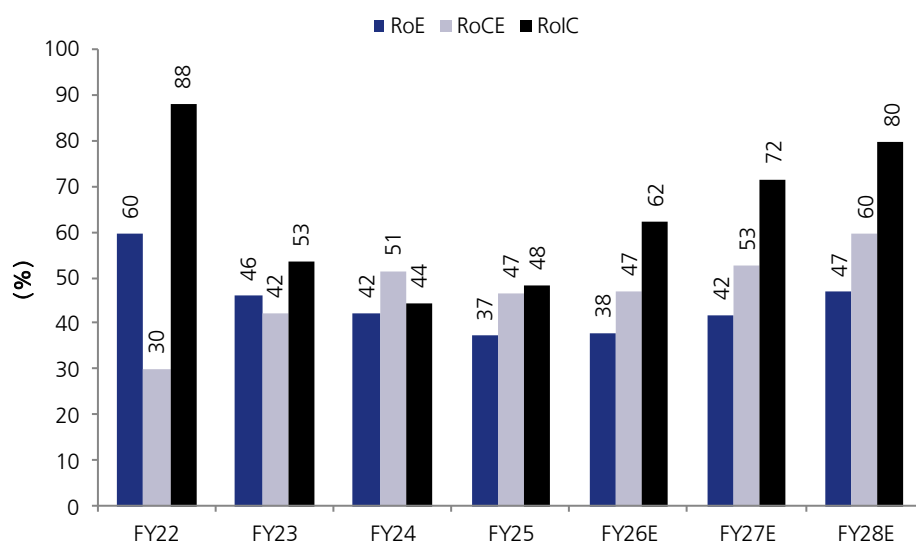


Source: Company, JM Financial

We expect cumulative Pre-Ind AS OCF of INR 35.4bn, and expect FCF to remain at INR 26.3bn due to store opening plans over FY26-28E. OCF/EBITDA conversion is expected to remain above 70% over FY26-28E.

Exhibit 62. We expect cumulative OCF/FCF of INR 35.4bn/26.3bn over FY26-28E

Source: Company, JM Financial

Exhibit 63. RoE/RoIC expected to improve to 47/80% by FY28

Source: Company, JM Financial

Return ratios (ex-goodwill) continue to be robust as the company operates on an asset-light model and clocks superior margins. We expect RoE/RoIC to improve from 37%/48% in FY25 to 47%/80%.

Exhibit 64. Improvement in PAT margin and better asset turnover expected to lift RoE to ~47% by FY28

DU Pont Analysis	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PAT Margin (%)	4.1	4.3	5.3	6.0	6.8	7.1	7.3
Asset Turnover (x)	6.9	7.8	7.6	7.7	7.9	8.0	8.1
Equity Multiplier (x)	2.1	1.4	1.1	0.8	0.7	0.7	0.8
RoE (%)	59.6	46.0	42.4	37.4	38.0	41.9	46.9

Source: Company, JM Financial

Exhibit 65. Key assumptions

Key assumptions	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Store count (#)	581	613	665	781	886	991	1101
Addition (YoY) #	80	56	54	85	95	100	105
Area (mn sq ft)	9.1	10.2	11.0	12.2	13.5	14.8	16.2
SSSG (%)	11.9	25.2	13.6	12.3	12.2	11.8	11.6
Sales/ sq ft (INR)	6,659	7,861	8,407	9,254	10,066	10,879	11,734
Depreciation (INR mn)	1,157	1,162	1,382	1,665	1,897	2,219	2,584
Interest (INR mn)	678	313	91	32	-	-	-
Capex (INR mn)	1,578	2,224	2,494	2,638	2,860	3,023	3,194
Inventory days (#)	71	65	61	56	55	54	54
Payable days (#)	89	71	56	46	45	44	44
Net debt (INR bn)	(0.2)	0.5	(0.9)	(7.8)	(10.7)	(11.4)	(12.4)

Source: Company, JM Financial

Exhibit 66. Quarterly performance

Particulars (INR mn)	Quarterly			Chg (%)	Chg (%)	Full Year		Chg (%)
	Q1FY25	Q4FY25	Q1FY26	YoY	QoQ	FY24	FY25	YoY
Store Count (#)	626	696	717	91	21	611	696	85
SSSG (%)	12	14	11			14	12	
Net operating revenues	25,963	25,479	31,403	21	23	89,119	107,163	20
Material cost	(18,632)	(18,277)	(22,490)	21	23	(64,461)	(76,636)	19
Gross Profit	7,331	7,201	8,913	22	24	24,659	30,527	24
Employee cost	(1,498)	(1,673)	(1,711)	14	2	(5,047)	(6,406)	27
Other expenses	(2,177)	(1,957)	(2,610)	20	33	(7,126)	(8,820)	24
Total expenditure	(22,307)	(21,908)	(26,811)	20	22	(76,633)	(91,862)	20
EBITDA	3,656	3,571	4,592	26	29	12,486	15,302	23
Other income	77	186	170	121	(9)	332	586	76
Interest	(342)	(493)	(411)	20	(17)	(1,435)	(1,492)	4
Depreciation	(1,383)	(1,707)	(1,591)	15	(7)	(5,173)	(5,902)	14
Pretax profits	2,008	1,557	2,760	37	77	6,210	8,493	37
Tax	(506)	(406)	(699)	38	72	(1,590)	(2,173)	37
Adj. PAT	1,501	1,151	2,061	37	79	4,619	6,320	37
Extraordinary items	-	-	-			-	-	
Net profit (reported)	1,501	1,151	2,061	37	79	4,619	6,320	37
Recurring EPS	0.3	0.3	0.4	33	77	1.0	1.4	34
Pre Ind AS 116								
EBITDA	2,343	1,905	3,118	33	64	7,414	9,741	31
PAT	1,481	613	2,029	NM	NM	4,684	6,456	38
EPS	0.3	0.1	0.4	NM	NM	1.0	1.4	35
% of operating revenues								
Gross margin	28.2	28.3	28.4	14 bps	11 bps	27.7	28.5	81 bps
EBITDA margin	14.1	14.0	14.6	54 bps	60 bps	14.0	14.3	26 bps
Material cost	71.8	71.7	71.6	-15 bps	-12 bps	72.3	71.5	-82 bps
Employee cost	5.8	6.6	5.4	-33 bps	-112 bps	5.7	6.0	31 bps
Other expenses	8.4	7.7	8.3	-8 bps	63 bps	8.0	8.2	23 bps
Income tax rate (% of PBT)	25.2	26.1	25.3	10 bps	-77 bps	25.6	25.6	-2 bps
Pre Ind AS Margins (%)								
EBITDA margin	9.0	7.5	9.9	90 bps	245 bps	8.3	9.1	77 bps
PAT Margin	5.7	2.4	6.5	75 bps	405 bps	5.3	6.0	76 bps

Source: Company, JM Financial

- **Revenue** - grew 23% YoY to INR 31bn led by strong store expansion of 23 stores and a 11.4% SSSG. Revenue growth was largely driven by increased transactions with smaller contributions from increased item purchased and upgrades to higher price points. SSSG growth was consistent across all the three tiers.
- **Margins** - EBITDA grew 26% YoY to INR 4.6bn as EBITDA margin expanded ~60bps YoY led by 15bps YoY gross margin expansion to 28.4%, decrease in employee costs (35bps YoY) and decrease in other expenses (10bps YoY). PAT grew 37% YoY to INR 2bn led by 121% YoY increase in other income, partially offset by 20%/15 YoY increase in interest and depreciation costs
- **Pre Ind AS EBITDA** grew 33% YoY to INR 3bn as Pre Ind AS EBITDA margin grew ~90bps YoY to 9.9% despite 30bps YoY increase in incremental rental cost (Non Ind AS portion). Pre Ind AS adjusted PAT grew 37% YoY to INR 2bn.
- **Store expansion** - The company added net 21 new stores in 1QFY26, taking the total store count to 717 (retail area - 12.4mn sqft). It has launched pilot stores in Maharashtra and Gujarat and the initial signs are encouraging. Going forward, the company plans to bring smaller format stores (50% smaller than regular stores) to consumers in smaller towns (<50,000 population) where the regular format stores will not be viable. The category mix will be similar to the large format stores, but the contribution of the lower price points to sales will be relatively higher as compared to the larger towns.
- **Quick commerce** - Hyperlocal delivery is now present in 670 stores spread across 445 cities. VMM has ~10mn registered customers. Quick commerce contribution to store revenue is 2-3% in new and highly competitive towns, and is at 6%-8% in established and less competitive towns
- **Brand contribution** - Private label brand contribution increased to 75.8% in 1QFY26, up from 74.1% IN 1QFY25. The management expects future growth in private label brands contribution to come from general merchandise and apparel. The pace of this increase may be slower than seen historically as the larger opportunities have largely been exploited.
- **Inflation** - Rental inflation is expected to be around 5% per annum based on lease contracts. Wage inflation is anticipated to remain ~5-7% influenced by state elections and minimum wage increases.
- **Southern region** - Over the past 2/3 years, VMM has rapidly expanded in the South, especially in Kerala and Karnataka. These stores are relatively new and are larger in size as compared to the other regular stores in other parts of the country. To improve productivity, the management is focusing on store rationalisation - the larger format stores may be converted to smaller format stores in cases where the larger area for the stores is not justified and the management will review the same on a case by case basis.

Key Risks

- **Competition** - The Indian retail and consumer industry is highly competitive owing to existence of deep discount retailers like DMart and Reliance and convenience retailers like Swiggy, and Zomato (Quick commerce players). These players are changing the way consumers interact with everyday products. They offer an omni-model channel, which impacts consumer footfalls at traditional brick and mortar stores. If VMM is unable to develop and maintain an efficient omni-channel model, it risks losing market share to these evolving players.
- **~37% revenue concentration in three regions** – Since FY22, VMM has derived ~37% of its revenue from three states – Uttar Pradesh, Karnataka and Assam. This concentration exposes the company to regional economic shocks, local regulatory hurdles and shifting consumer preferences in the region.
- **Geographical presence** – Out of 717 stores, VMM operates 524 stores in Tier 2 cities and beyond as of Jun'25. The company is now planning to enter Tier 1 cities like Mumbai, etc., which may lead to increased operating cost (employee, rent, etc) and could impact company margins.
- **Changing consumer preferences** – The retail industry is characterised by frequent changes. In the past few years, consumers have been seen increasingly seeking value focused - branded products, modern store formats, and seamless digital shopping experiences. If VMM is unable to identify and respond to these changing consumer preferences, whether it lies in adopting digital channels or providing value-driven products, its business will be adversely affected.
- **Outsourced manufacturing** – VMM's own brands have contributed to more than 70% of its revenue since FY22. It outsources all the manufacturing of products under its own brands to third party vendors, primarily under non-exclusive contract manufacturing agreements. This dependence subjects it to risks such as (1) supply chain disruption at the manufacturer's end, which may lead to a change in cost of acquisition of their products, affecting selling prices, (2) loss of trade secrets, (3) vendors choosing to manufacture products for competitors, leading to delays in production and added costs as a result of time lost in finding a new vendor.

Profit and loss statement

Exhibit 67. We expect 19%/26%/27% Revenue/EBITDA/PAT CAGR over FY25-28E

Y/E March (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit & Loss							
Revenue from operations	55,885	75,860	89,119	107,163	128,902	153,744	182,185
Less: Cost of Materials	(40,146)	(55,263)	(64,461)	(76,636)	(91,989)	(109,486)	(129,467)
Gross Profit	15,739	20,597	24,659	30,527	36,913	44,258	52,718
Less: Expenses							
- Employee benefit expenses	(3,377)	(4,318)	(5,047)	(6,406)	(7,412)	(8,810)	(10,403)
- Other operating expenses	(4,325)	(6,074)	(7,126)	(8,820)	(10,517)	(12,428)	(14,592)
EBITDA	8,037	10,205	12,486	15,302	18,985	23,020	27,723
Less: Depreciation and amortization expense	(4,056)	(4,614)	(5,173)	(5,902)	(6,616)	(7,464)	(8,363)
Less: Finance Costs	(1,938)	(1,614)	(1,435)	(1,492)	(1,716)	(1,860)	(2,085)
Add: Other Income	653	329	332	586	774	914	983
PBT	2,696	4,305	6,210	8,493	11,426	14,611	18,258
Less: Taxes	(669)	(1,093)	(1,590)	(2,173)	(2,879)	(3,682)	(4,601)
PAT	2,028	3,213	4,619	6,320	8,547	10,929	13,657
Recurring EPS (INR)	0.5	0.7	1.0	1.4	1.8	2.3	2.9
Growth, YoY (%)							
Net revenues		35.7	17.5	20.2	20.3	19.3	18.5
EBITDA		27.0	22.3	22.6	24.1	21.3	20.4
PAT		58.4	43.8	36.8	35.2	27.9	25.0
Margin (%)							
Gross margin		27.2	27.7	28.5	28.6	28.8	28.9
EBITDA margin		13.5	14.0	14.3	14.7	15.0	15.2
PAT margin		4.2	5.2	5.9	6.6	7.1	7.5
Cost as % of revenues							
Cost of Materials		72.8	72.3	71.5	71.4	71.2	71.1
Employee benefit expenses		5.7	5.7	6.0	5.8	5.7	5.7
Other operating expenses		8.0	8.0	8.2	8.2	8.1	8.0
Effective tax rate (%)		25.4	25.6	25.6	25.2	25.2	25.2
Pre Ind AS							
EBITDA	4,116	5,490	7,414	9,741	12,736	15,870	19,577
PAT	2,265	3,251	4,684	6,456	8,734	10,884	13,376
EPS (INR)	0.5	0.7	1.0	1.4	1.9	2.3	2.9

Source: Company, JM Financial

Balance Sheet

Exhibit 68. Net cash will increase to INR 12.4bn by FY28 vs. INR 7.8bn in FY25

Y/E March (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total assets	82,180	82,889	85,061	99,930	107,886	116,294	125,885
Net fixed assets	4,017	4,631	5,918	6,951	7,914	8,719	9,329
Intangible assets	140	89	82	104	104	104	104
CWIP	111	685	383	136	136	136	136
Total NFA	4,269	5,405	6,383	7,191	8,155	8,960	9,570
Right of use assets	11,031	11,370	12,996	15,457	17,566	19,787	22,119
Goodwill	42,836	42,836	42,836	42,836	42,836	42,836	42,836
Non-current Investments	-	-	-	-	-	-	-
Other financial assets	820	878	855	919	1,105	1,318	1,562
Other non-current assets	2,209	2,450	2,269	2,510	2,687	2,852	3,008
Total non-current assets	61,164	62,940	65,340	68,913	72,349	75,753	79,095
Investments	4,168	351	-	3,873	3,873	3,873	3,873
Cash and cash equivalents	2,158	1,692	1,189	4,637	7,469	8,232	9,221
Inventories	12,160	14,907	14,650	18,503	19,586	22,939	27,183
Receivables	23	42	317	664	591	704	835
Other current assets	2,506	2,958	3,565	3,341	4,018	4,793	5,679
Total current assets	21,016	19,950	19,721	31,018	35,536	40,541	46,790
Total liabilities and equity	82,180	82,889	85,061	99,930	107,886	116,294	125,885
Short-term borrowings	938	413	-	-	-	-	-
Long-term borrowings	4,037	922	-	-	-	-	-
Total borrowings	4,974	1,335	-	-	-	-	-
Lease liabilities	12,921	13,281	14,834	17,294	19,591	21,767	23,818
Creditors	14,606	15,008	12,200	14,786	15,877	18,515	21,941
Provisions	381	409	497	589	708	845	1,001
Other current liabilities	1,045	1,295	1,311	3,249	4,103	5,139	6,394
Total current liabilities	16,033	16,712	14,009	18,624	20,689	24,499	29,336
Deferred tax liabilities	-	-	-	-	-	-	-
Share capital	45,033	45,066	45,087	45,974	46,614	46,963	47,198
Reserves and surplus	3,219	6,495	11,131	18,039	20,992	23,064	25,534
Total shareholders' equity	48,252	51,561	56,218	64,013	67,606	70,028	72,732

Source: Company, JM Financial

Cash flow statement

Exhibit 69. We expect cumulative OCF/FCF of INR 35.4bn/26.3bn over FY26-28E

Y/E March (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
CF from operating activities							
PBT	2,696	4,305	6,210	8,493	11,426	14,611	18,258
Depreciation	4,056	4,614	5,173	5,902	6,616	7,464	8,363
Interest/dividend income (Net)	1,938	1,614	1,435	1,492	1,716	1,860	2,085
Others	(182)	(278)	(339)	(4)	(774)	(914)	(983)
CFO before change in NWC	8,508	10,256	12,478	15,884	18,985	23,020	27,723
Change in NWC	(1,238)	(2,656)	(2,685)	507	15	(809)	(823)
CFO before taxes paid	7,271	7,600	9,794	16,390	19,000	22,211	26,900
Direct taxes paid	(700)	(1,245)	(1,497)	(2,400)	(2,879)	(3,682)	(4,601)
CF from operating activities	6,571	6,355	8,297	13,991	16,120	18,529	22,299
CF from investing activities							
Capex	(1,575)	(2,187)	(2,463)	(2,610)	(2,860)	(3,023)	(3,194)
Interest/dividend income	47	51	76	68	774	914	983
(Purchase)/sale of investment	1,800	3,909	1,086	(3,563)	-	-	-
CF from investing activities	272	1,773	(1,301)	(6,105)	(2,086)	(2,109)	(2,211)
CF from financing activities							
Issue of equity shares	222	22	18	897	639	350	235
Proceeds from borrowings	(2,727)	(3,639)	(1,333)	-	-	-	-
Interest paid	(1,938)	(1,614)	(1,435)	(1,492)	(1,716)	(1,860)	(2,085)
Dividend paid	-	-	-	-	(5,594)	(8,857)	(11,187)
Payment of lease liabilities	(2,662)	(3,414)	(3,831)	(4,191)	(4,532)	(5,290)	(6,061)
Others	-	-	-	-	-	-	-
CF from financing activities	(7,105)	(8,645)	(6,582)	(4,786)	(11,202)	(15,657)	(19,098)
Net change in cash	(262)	(517)	415	3,100	2,832	763	989
Cash - EOP	2,158	1,692	1,189	4,637	7,469	8,232	9,221
Adj.OCF	3,909	2,941	4,466	9,800	11,588	13,238	16,238
Adj.Free cash flow	2,335	754	2,003	7,190	8,728	10,215	13,044

Source: Company, JM Financial

Working capital

Exhibit 70. Core working capital to remain at 12 days over FY25-28E

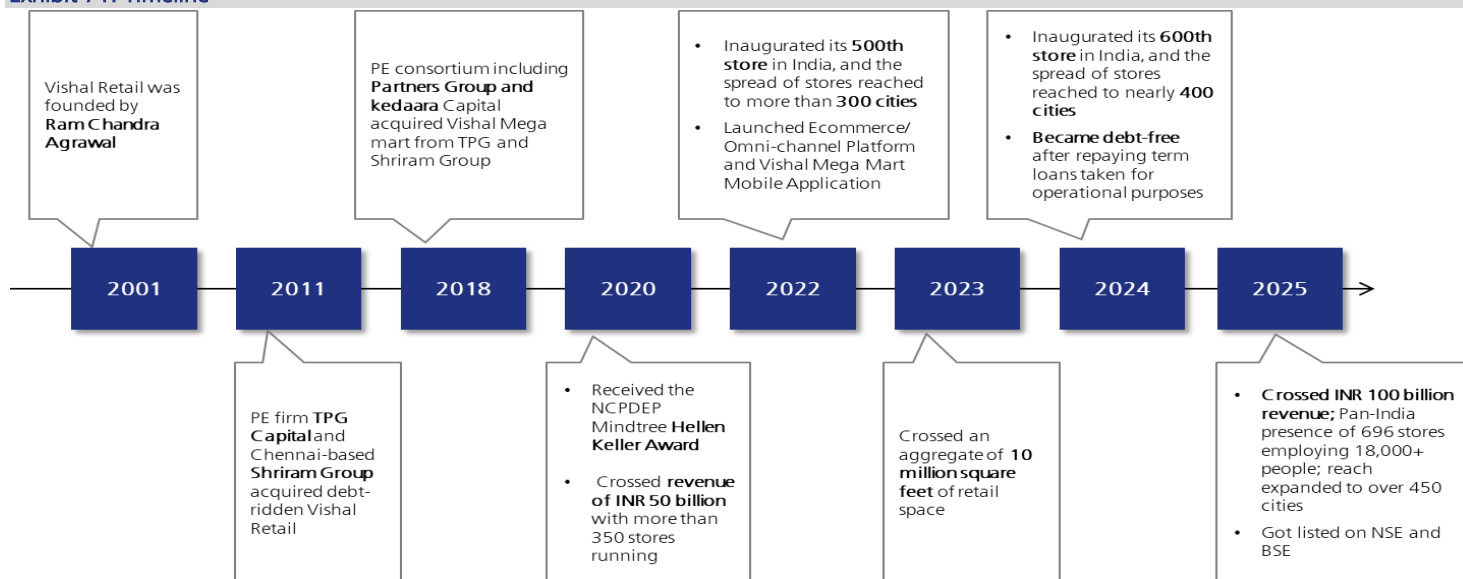
Y/E March (INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Working capital (INR mn)							
Inventory	12,160	14,907	14,650	18,503	19,586	22,939	27,183
Receivables	23	42	317	664	591	704	835
Other current/non-current assets	5,535	6,286	6,689	6,769	7,810	8,963	10,249
Creditors	14,606	15,008	12,200	14,786	15,877	18,515	21,941
Other current liabilities	1,045	1,295	1,311	3,249	4,103	5,139	6,394
Provisions	381	409	497	589	708	845	1,001
Net working capital (ex-cash)	1,685	4,523	7,647	7,313	7,298	8,107	8,931
Cash Conversion	(2,423)	(59)	2,767	4,382	4,299	5,128	6,077
Working capital (days)							
Inventory	71	65	61	56	55	54	54
Receivables	0	0	1	2	2	2	2
Other current/non-current assets	28	28	27	23	22	21	21
Creditors	89	71	56	46	45	44	44
Other current/non-current liabilities	3	6	5	8	12	12	13
Provisions	3	2	2	2	2	2	2
Net working capital (ex-cash)	11	22	31	25	21	19	18
Net working capital (% of sales)	3.0	6.0	8.6	6.8	5.7	5.3	4.9
Cash conversion	(18)	(6)	6	12	12	12	12
Cash conversion (% of sales)	(4.3)	(0.1)	3.1	4.1	3.3	3.3	3.3

Source: Company, JM Financial

Company Background

Vishal Mega Mart (VMM), founded in 2001, is one of India's leading value-focused retailers. The company established its pan-India presence with 717 stores (as on 30th Jun'25) across 472 cities and 30 state/UT's, spanning 12.2mn sqft of retail space, of which ~72% of the stores are located in Tier 2-and-beyond regions; 670 of these stores are equipped with hyper-local delivery. The company is among the fastest-growing leading offline-first diversified retailers in India, based on PAT growth during FY21-FY24 and is positioned as a one-shop destination for middle- and lower-middle-income consumers in India.

Exhibit 71. Timeline



Source: Company, JM Financial

The company offers products in three categories –

- **Apparel** - Comprises entirely of its own private label brands. **This segment contributes to ~44% of the company's revenue and this share has remained steady over the years.** It has five private label brands in its apparel portfolio.
- **General merchandise** - Consists of third party brands as well as own private label brands. **Revenue contribution has steadily increased from 25% in FY22 to 28% in FY25.** The products sold under the category consist of mixers, grinders, pressure cookers, induction cooktops, etc. VMM has four private label brands in this portfolio.
- **FCMG** - Consists of third party brands as well as own private label brands. Revenue contribution has decreased from 30% in FY22 to 28% in FY25. VMM has eight private label brands in this portfolio.

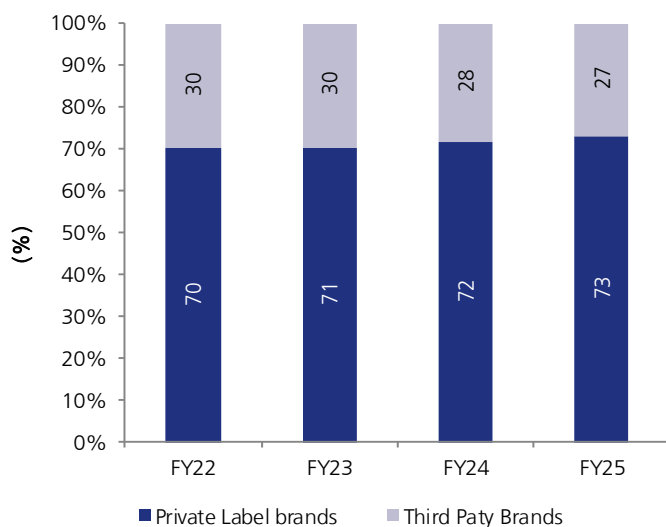
Diversified vendor ecosystem - The company does not manufacture any product under its private label brands and outsources the production entirely to third party vendors. The company had over 781 vendors, as of Sep'24, engaged in manufacturing its products across all the three verticals. The vendor ecosystem is well diversified; the total value of goods purchased from its three largest vendor, as a % of total goods purchased during FY24, came to ~4.4% only, depicting minimal dependency on one vendor. This has steadily come down from ~5.7% in FY22.

Exhibit 72. Vishal Mega Mart is a one-stop destination for consumer needs



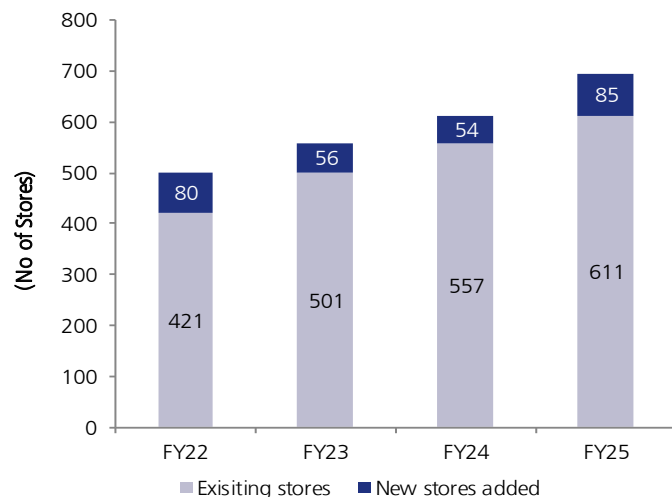
Source: Company, JM Financial

Exhibit 73. Share of private label sales high at 73% in FY25



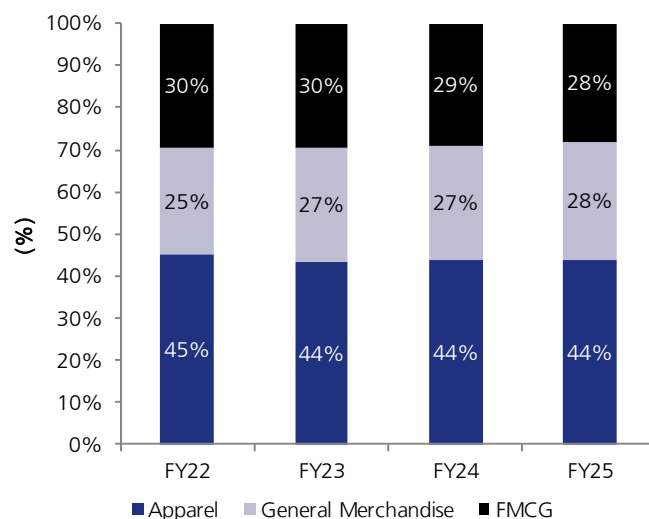
Source: Company, JM Financial

Exhibit 75. Store addition increased to 85 in FY25...



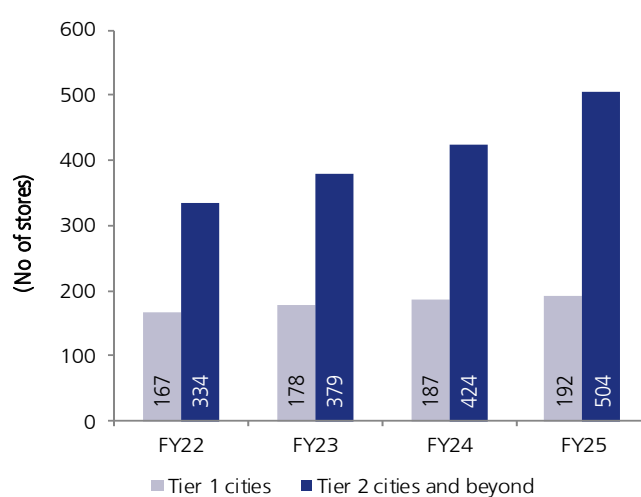
Source: Company, JM Financial

Exhibit 74. Apparel/GM contributed 44%/28% to revenue in FY25

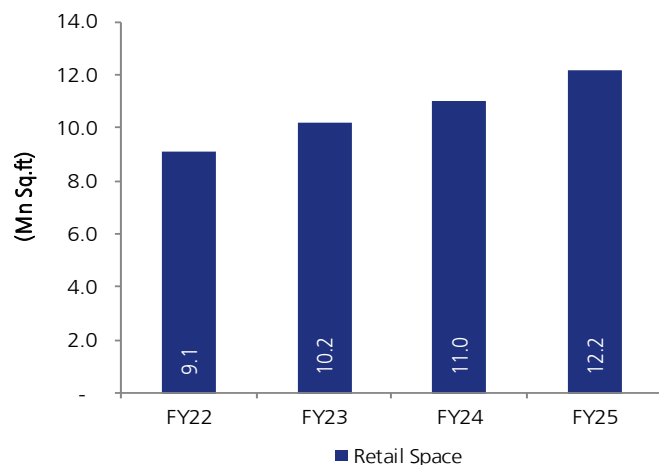


Source: Company, JM Financial

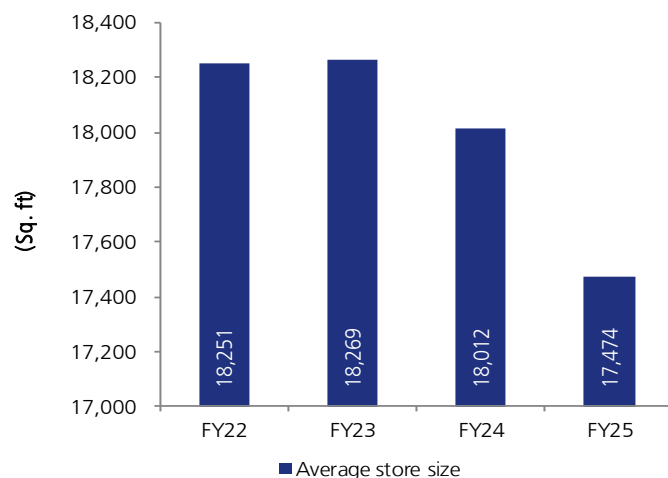
Exhibit 76. ...with majority of additions in Tier 2-and-beyond regions



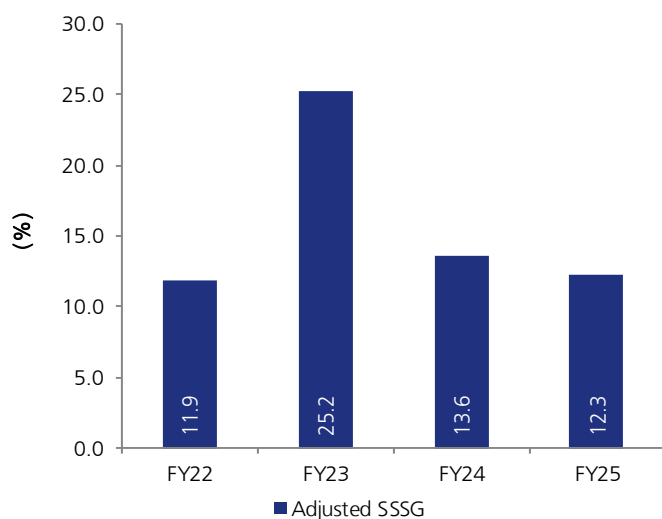
Source: Company, JM Financial

Exhibit 77. Retail area increased at a CAGR of 10% over FY22-25...

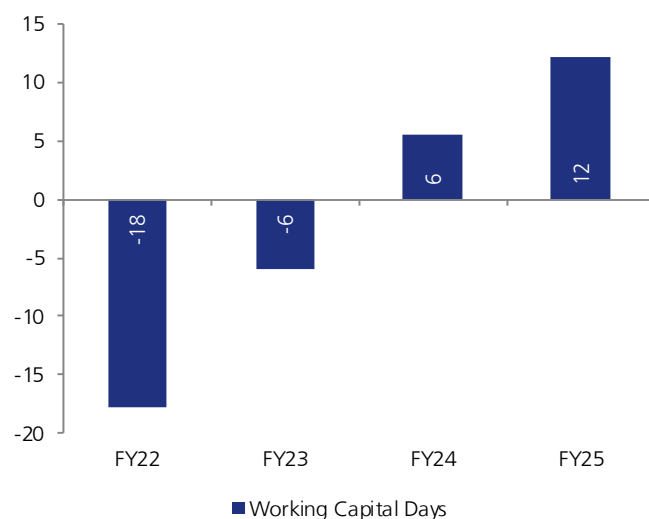
Source: Company, JM Financial

Exhibit 78. ...while average store size decreased by ~1% CAGR

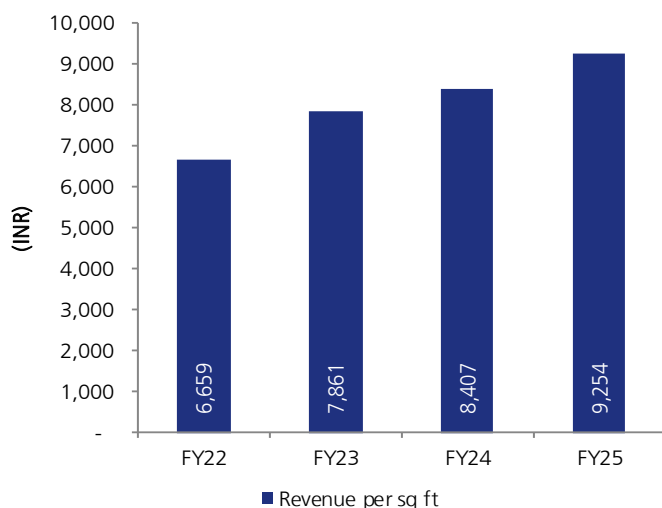
Source: Company, JM Financial

Exhibit 79. Strong 12-25% SSSG drives revenue growth over FY22-25

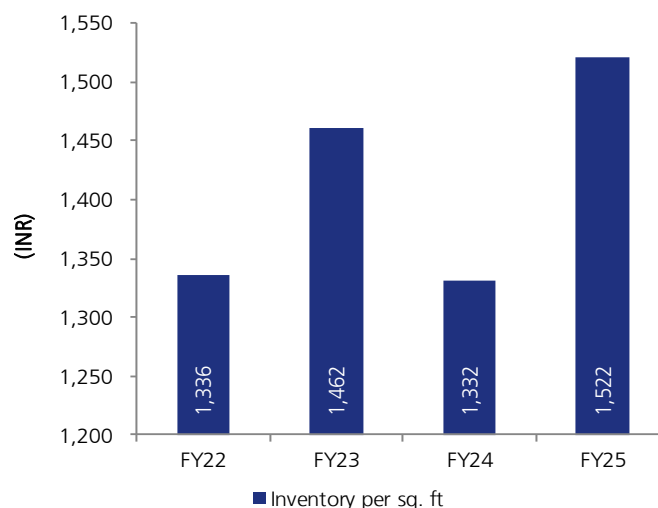
Source: JM Financial, Company

Exhibit 80. Working capital days increased to 12 in FY25

Source: JM Financial, Company

Exhibit 81. Revenue/sqft has grown at a CAGR of 12% over FY22-25

Source: Company, JM Financial

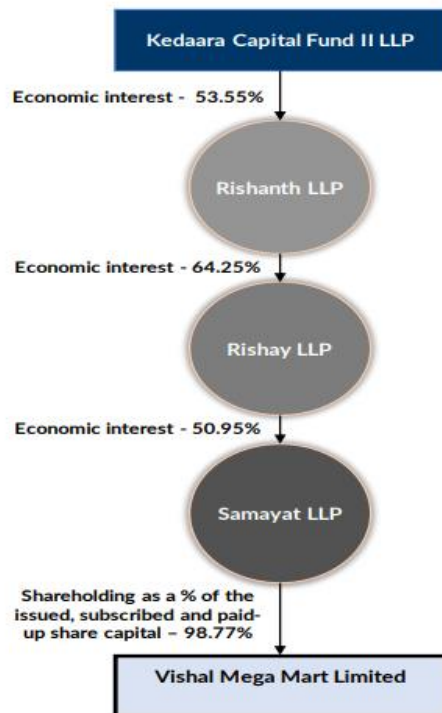
Exhibit 82. Inventory/sqft grew at a CAGR of 4% over FY22-25

Source: Company, JM Financial

History of the company

- **Initial success:** VMM was started by Mr Ram Chandra Agarwal in 2001 as a one-stop destination for affordable clothing and essential goods. His INR 99 pricing strategy was simple but effective: Quality products at prices that didn't intimidate the common man. Within a few years he had expanded to 645 stores across 414 cities. In 2007, VMM went public with an IPO that valued the company at INR 20bn.
- **Debt-fueled expansion leading to economic downturn:** The financial crisis of 2008 hit Vishal Mega Mart. In a bid to scale rapidly, the company took risky expansion decisions. Losses mounted, and debt rose to INR 7.5bn. Despite clocking a turnover of INR 11bn in 2008, the financial strain was unsustainable.
- **Revival by TPG capital and Shriram group:** By 2010-11, Mr Agarwal was left with no choice and sold his company to Shriram Group and TPG Capital for INR 0.7bn. Over time, TPG infused over INR 7.5bn to improve operations and strengthen the balance sheet. TPG capital owned the wholesale unit, while the front-end stores were run by Shriram Group.
- **Buyout by Kedaara Capital and Partners group; TPG and Shriram exit:** In 2018, Switzerland-based Partners Group joined hands with Kedaara Capital to buy Vishal Mega Mart from TPG and Shriram Group for INR 50bn. Partners alone invested INR 30bn in the transaction.

Exhibit 83. Kedaara Capital holding structure controlling Vishal Mega Mart



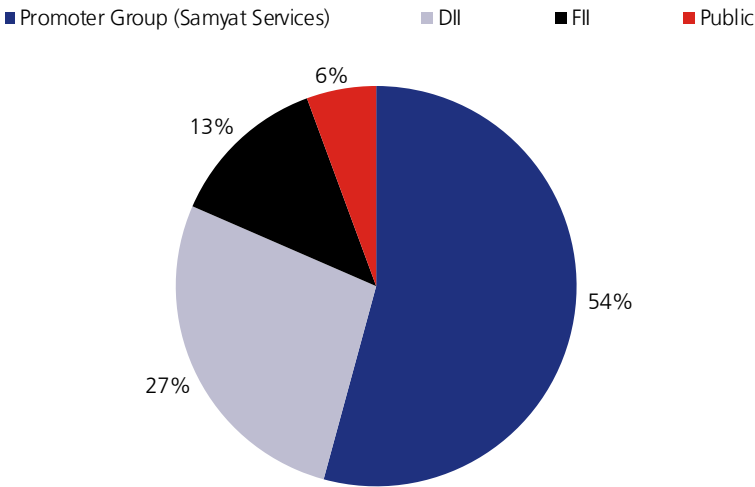
Source: Company, JM Financial

Exhibit 84. Details of board of directors and key managerial personnel

Board of Directors	Designation	Work Experience	Education
Mr Gunender Kapur	Managing Director and Chief Executive Officer	Over 40 years of experience in management and investment in the consumer and retail sectors. Previously associated with Hindustan Lever, Unilever Nigeria PLC, Reliance Industries and TPG Capital.	Bachelor's in Engineering with honours from Birla Institute of Technology and Science and MBA from Delhi University.
Ms. Neha Bansal	Chairperson and Independent Director	16 years of experience in finance and business administration. Co-founder of Lenskart and previously associated with Vinod Kumar and Associates.	Bcom with honours from Gargi College, University of Delhi and a qualified CA.
Mrs. Soumya Rajan	Independent Director	Founder and CEO of Waterfield Advisors and has over 29 years of experience in strategy, finance and operations. Previously associated with Standard Chartered Bank.	Bachelor's in Math with honours from St. Stephens College, University of Delhi.
Mr. Sanjeev Aga	Non-Executive Director	Over 37 years of experience in management. Previously associated with Asian Paints, Blow Plast, Aditya Birla Group and Idea Cellular.	Bachelor's in science with honours from University of Delhi, post graduate diploma in management from the IIM, Calcutta.
Mr. Nishant Sharma	Non-Executive Director	Managing partner and CIO of Kedaara Capital. Previously associated with Bill and Melinda Gates Foundation, General Atlantic and McKinsey.	Msc in bio-chemical and biotechnology from IIT Delhi and MBA from Harvard University.
Mr. Manas Tandon	Non-Executive Director	Associated with Partners Group and previously associated with CISCO systems, Matrix India Asset Advisors and TPG Capital.	B-Tech in electrical engineering from IIT Kanpur and MBA with honours from Wharton school, University of Pennsylvania.
KMP and Senior Management	Designation	Work Experience	Education
Mr. Amit Gupta	Chief Financial Officer	CFO since July, 2023. He has over 21 years of experience in finance. He was previously associated with Agro Tech Foods, Jubilant Foodworks and Hindustan Coca Cola Beverages. He joined our Company with effect from November 20, 2020	Bcom from University of Rajasthan. Qualified CA and CS.
Mr. Rahul Luthra	Company Secretary and Compliance Officer	Company Secretary of the Company since April, 2024 and was also appointed as the Compliance Officer of the Company in July, 2024. He has previously worked with One Mobikwik Systems, IndiaMart Intermesh and Viridian Development Managers.	Bcom from University of Delhi and a bachelor's degree of laws from Chaudhary Charan Singh University, Meerut. Member of the Institute of Company Secretaries of India
Mr. Manoj Kumar	Chief Operating Officer	COO of pre-merger VMPL since 2014 and was earlier associated with Walmart. Has over 30 years' experience in management and retail operations.	MBA from Philips University.
Mr. Karthik Kuppasamy	Chief Information officer	CIO of pre-merger VMPL since 2017. Over 24 years of experience in IT, planning & allocation and Ecommerce. Previously associated with Accenture India, Infosys, SAP India and Spencer's Retail.	B.E. from Birla Institute of Technology and Science and a post graduate diploma from IIM, Calcutta.
Mr. Dhruva Kumar Dubey	Chief Human Resources Officer	Over 22 years of experience in human resource management and was previously associated with Spencer's Retail, HSBC, Dell and Quikr.	Bachelor of Mechanical Engineering From University of Pune and post graduate diploma in personnel management and industrial relations from XLRI Jamshedpur.
Mr. Kuldeep Sharma	Vice President, Legal and Compliance	Vice-President, Legal and compliance of pre-merger VMPL since 2018. Over 25 years of experience in the legal sector, and was previously associated with FabIndia, Max Healthcare Institute, Star Shopping, Spencer's Retail and Hindustan Lever.	Bachelor of Arts (law) and a Bachelor of Law (Professional), each from Maharashi Dayanand University
Mr. Vishal Mehrotra	Vice President - FMCG	Vice President, FMCG of pre-merger VMPL since 2019. Over 23 years' experience in the management sector and was previously associated with Snapdeal, Spencer's Retail, ICICI bank, Dabur and Britannia	Bachelor's degree in science with honours in chemistry from Jadavpur University, post graduate diploma in Business management from XLRI Jamshedpur and a MBA from University of Oxford
Mr. Samir Agrawal	Vice President - General Merchandising	Vice President, General Merchandising of pre-merger VMPL since 2011. 21 years of experience in sales, operations and merchandising, and was previously associated with Aditya Birla Retail, Shopper's Stop, GE Countrywide Consumer Financial Service and Whirlpool.	B.E. (mechanical) from University of Delhi and a post graduate diploma in business management from XLRI Jamshedpur.
Ms. Anne Martine Marie Puvis Cardinali	Chief B&M Officer - Apparel	30 years' experience in the marketing sector and was previously associated with Club Méditerranée, Camif Group, Sociedad Nestlé, A.E.P.A. and Redoute France.	Graduate from School of Advanced Studies, HEC Paris.
Mr. S Raamesh	Vice President - Supply Chain	Vice President, Supply Chain of pre-merger VMPL since 2018. 26 years of experience in the retail and automotive sector and previously associated with Reliance Retail, Amazon, Toyota, Tata Johnson Controls Automotive, IFB Industries	Bachelor's in engineering from Bangalore University and has completed the senior management programme from IIM Calcutta.

Source: Company, JM Financial

Exhibit 85. Shareholding pattern as on 30th Jun'25



Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	89,119	1,07,163	1,28,902	1,53,744	1,82,185
Sales Growth	17.5%	20.2%	20.3%	19.3%	18.5%
Other Operating Income	0	0	0	0	0
Total Revenue	89,119	1,07,163	1,28,902	1,53,744	1,82,185
Cost of Goods Sold/Op. Exp	64,461	76,636	91,989	1,09,486	1,29,467
Personnel Cost	5,047	6,406	7,412	8,810	10,403
Other Expenses	7,126	8,820	10,517	12,428	14,592
EBITDA	12,486	15,302	18,985	23,020	27,723
EBITDA Margin	14.0%	14.3%	14.7%	15.0%	15.2%
EBITDA Growth	22.3%	22.6%	24.1%	21.3%	20.4%
Depn. & Amort.	5,173	5,902	6,616	7,464	8,363
EBIT	7,313	9,399	12,368	15,556	19,360
Other Income	332	586	774	914	983
Finance Cost	1,435	1,492	1,716	1,860	2,085
PBT before Excep. & Forex	6,210	8,493	11,426	14,611	18,258
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,210	8,493	11,426	14,611	18,258
Taxes	1,590	2,173	2,879	3,682	4,601
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,619	6,320	8,547	10,929	13,657
Adjusted Net Profit	4,619	6,320	8,547	10,929	13,657
Net Margin	5.2%	5.9%	6.6%	7.1%	7.5%
Diluted Share Cap. (mn)	4,508.7	4,597.4	4,661.4	4,661.4	4,661.4
Diluted EPS (INR)	1.0	1.4	1.8	2.3	2.9
Diluted EPS Growth	43.7%	34.2%	33.4%	27.9%	25.0%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,210	8,493	11,426	14,611	18,258
Depn. & Amort.	5,173	5,902	6,616	7,464	8,363
Net Interest Exp. / Inc. (-)	1,435	1,492	1,716	1,860	2,085
Inc (-) / Dec in WCap.	-2,685	507	15	-809	-823
Others	-339	-4	-774	-914	-983
Taxes Paid	-1,497	-2,400	-2,879	-3,682	-4,601
Operating Cash Flow	8,297	13,991	16,120	18,529	22,299
Capex	-2,463	-2,610	-2,860	-3,023	-3,194
Free Cash Flow	5,834	11,381	13,260	15,505	19,105
Inc (-) / Dec in Investments	483	-3,496	0	0	0
Others	679	1	774	914	983
Investing Cash Flow	-1,301	-6,105	-2,086	-2,109	-2,211
Inc / Dec (-) in Capital	18	897	639	350	235
Dividend + Tax thereon	0	0	-5,594	-8,857	-11,187
Inc / Dec (-) in Loans	-1,333	0	0	0	0
Others	-5,266	-5,683	-6,248	-7,150	-8,146
Financing Cash Flow	-6,582	-4,786	-11,202	-15,657	-19,098
Inc / Dec (-) in Cash	415	3,100	2,832	763	989
Opening Cash Balance	455	870	3,970	6,802	7,565
Closing Cash Balance	870	3,970	6,802	7,565	8,554

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	56,218	64,013	67,606	70,028	72,732
Share Capital	45,087	45,974	46,614	46,963	47,198
Reserves & Surplus	11,131	18,039	20,992	23,064	25,534
Preference Share Capital	14,834	17,294	19,591	21,767	23,818
Minority Interest	0	0	0	0	0
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	71,052	81,307	87,197	91,794	96,549
Net Fixed Assets	62,216	65,484	68,557	71,583	74,525
Gross Fixed Assets	12,918	14,921	17,781	20,804	23,998
Intangible Assets	42,918	42,941	42,941	42,941	42,941
Less: Depn. & Amort.	7,000	7,970	9,866	12,085	14,669
Capital WIP	13,380	15,593	17,703	19,923	22,255
Investments	319	4,540	4,540	4,540	4,540
Current Assets	22,526	29,906	34,788	40,171	46,820
Inventories	14,650	18,503	19,586	22,939	27,183
Sundry Debtors	317	664	591	704	835
Cash & Bank Balances	870	3,970	6,802	7,565	8,554
Loans & Advances	0	0	0	0	0
Other Current Assets	6,689	6,769	7,810	8,963	10,249
Current Liab. & Prov.	14,009	18,624	20,689	24,499	29,336
Current Liabilities	12,200	14,786	15,877	18,515	21,941
Provisions & Others	1,808	3,838	4,812	5,984	7,395
Net Current Assets	8,517	11,283	14,100	15,672	17,484
Total - Assets	71,052	81,307	87,197	91,794	96,549

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.2%	5.9%	6.6%	7.1%	7.5%
Asset Turnover (x)	1.3	1.4	1.5	1.7	1.9
Leverage Factor (x)	1.3	1.3	1.3	1.3	1.3
RoE	8.6%	10.5%	13.0%	15.9%	19.1%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	12.5	13.9	14.5	15.0	15.6
ROIC	10.3%	12.7%	16.6%	20.4%	24.6%
ROE	8.6%	10.5%	13.0%	15.9%	19.1%
Net Debt/Equity (x)	0.0	-0.1	-0.2	-0.2	-0.2
P/E (x)	140.6	104.8	78.5	61.4	49.2
P/B (x)	11.5	10.3	9.9	9.6	9.2
EV/EBITDA (x)	52.9	42.7	34.3	28.2	23.4
EV/Sales (x)	7.4	6.1	5.0	4.2	3.6
Debtor days	1	2	2	2	2
Inventory days	60	63	55	54	54
Creditor days	50	50	45	44	44

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: instcompliance@jmfl.com

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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