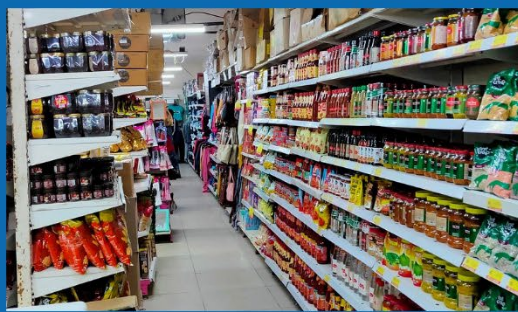
July 2025

Initiating Coverage | Sector: Retail

Vishal Mega Mart



A play on rising aspirations in Tier 2+ India

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A play on rising aspirations in Tier 2+ India

- Vishal Mega Mart (VMM) is one of India's largest offline-first value retailers, catering to a population of ~1b across the middle- and low-income segments.
- VMM is a unique Indian retailer with: 1) a strong presence in tier 2+ cities (696 stores in 458 cities); 2) well-diversified exposure to key consumption baskets—Apparel (44%), General Merchandise (GM) & Fast-Moving Consumer Goods (FMCG; both ~28%); 3) a strong and affordable private brands portfolio (73% revenue share); and 4) one of the lowest cost structures in the industry.
- We believe VMM's uniqueness provides it with a strong moat against intense competition from both offline and online value retailers.
- Expect VMM to clock a revenue/EBITDA CAGR of 19%/20%, driven by: 1) ~13% CAGR in store additions, 2) consistent double-digit SSSG, and 3) modest operating leverage benefits.
- Given VMM's debt-free balance sheet and robust cost controls, we expect ~24% PAT CAGR and cumulative pre-IND-AS OCF/FCF generation of ~INR32b/INR23b over FY25-28.
- Initiate coverage on VMM with a BUY rating and a TP of INR165, premised on DCF-implied ~45x Sep'27E pre-INDAS 116 EV/EBITDA (implying ~31x Sep'27E reported EBITDA and ~69x Sep'27E P/E).

Vishal Mega Mart

BSE SENSEX	S&P CNX
82,571	25,196

Stock Info

Bloomberg	VMM IN
Equity Shares (m)	4661
M.Cap.(INRb)/(USDb)	639.1 / 7.4
52-Week Range (INR)	140 / 96
1, 6, 12 Rel. Per (%)	9/22/-
12M Avg Val (INR M)	4762
Free float (%)	45.8

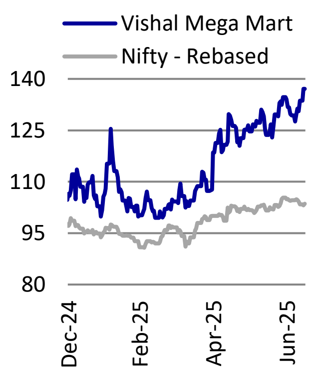
Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	129.0	153.8	182.1
EBITDA	18.7	22.5	26.7
Adj. PAT	7.8	9.8	12.2
EBITDA Margin (%)	14.5	14.6	14.7
Adj. EPS (INR)	1.7	2.1	2.6
EPS Gr. (%)	23.8	25.6	24.0
BV/Sh. (INR)	15.6	17.8	20.4
Ratios			
Net D:E	0.1	0.0	-0.1
RoE (%)	11.5	12.8	13.9
RoCE (%)	9.6	10.1	10.6
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	80.5	64.1	51.7
EV/EBITDA (x)	34.2	28.1	23.3
EV/Sales (X)	4.9	4.1	3.4

Shareholding pattern (%)

As On	Jun-25	Mar-25
Promoter	54.2	74.6
DII	27.3	12.2
FII	12.9	7.0
Others	5.6	6.2

Stock Performance (1-year)



CMP: INR137 TP: INR165 (+20%) Buy

A play on rising aspirations in Tier 2+ India

Vishal Mega Mart (VMM) is one of India's largest offline-first value retailers, catering to a population of ~1b across the middle- and low-income segments. VMM is a unique Indian retailer with: 1) a strong presence in tier 2+ cities (696 stores in 458 cities); 2) well-diversified exposure to key consumption baskets—Apparel (44%), General Merchandise (GM) & Fast-Moving Consumer Goods (FMCG; both ~28%); 3) a strong and affordable private brands portfolio (73% revenue share); and 4) one of the lowest cost structures in the industry. We believe VMM's uniqueness provides it with a strong moat against intense competition from both offline and online value retailers. We expect VMM to clock a revenue/EBITDA CAGR of 19%/20%, driven by: 1) ~13% CAGR in store additions, 2) consistent double-digit SSSG, and 3) modest operating leverage benefits. Given VMM's debt-free balance sheet and robust cost controls, we expect ~24% PAT CAGR and cumulative pre-IND-AS OCF/FCF generation of ~INR32b/INR23b over FY25-28. We initiate coverage on VMM with a BUY rating and a TP of INR165, premised on DCF-implied ~45x Sep'27E pre-IND AS 116 EV/EBITDA (implying ~31x Sep'27E reported EBITDA and ~69x Sep'27E P/E).

One-of-a-kind retailer catering to the ~INR70t opportunity

- VMM is one of India's largest offline-first value retailers, catering to a population of ~1b across the middle- and low-income segments. It serves a substantial market valued at ~INR70t, which is likely to reach ~INR100t+ by CY28.
- It has a strong footprint of 696 stores across 458 cities spanning 30 states and UT, with ~72% of its stores located in tier 2 cities and beyond.
- VMM is a unique retailer with well-diversified exposure across key consumption baskets—Apparel (44%) and GM & FMCG (both ~28%), that provides an opportunity to increase its share of customers' wallets.
- VMM has a strong and affordable portfolio of its private brands, which contributes ~73% of its revenue. Its private-labels in FMCG are sourced from reputed vendors such as Indo Nissin, Bikanerwala, and CCL Products and are priced at a significant discount to branded competitors.
- The company has one of the leanest cost structures among Indian retailers, with a cost of retailing (CoR; including rentals) of ~INR1,800/sq ft (at least 20% lower than its nearest competitor). This enables VMM to offer the most competitive opening price points across several categories.

Long runway for growth in the INR70t aspirational retail industry

- The tier 2+ towns account for ~74% of India's retail spends (~INR56t), which remains largely dominated by unorganized retail (~90% share).
- However, rising brand awareness, store expansion by organized retailers, and greater focus on better-quality products have led to a marked shift toward organized, one-stop shopping destinations, even in semi-urban and rural India.
- VMM is a play on rising consumption and aspirations in Tier 2 and beyond India. Its well-diversified category mix and the lowest opening price points enable it to serve ~1b middle- and low-income consumers, representing ~INR70t aspirational retail market (as of CY23).

Healthy store economics create room for accelerated store expansions

- VMM's retail footprint spans 696 stores over 12m sq ft across 458 cities. It operates a big-box retail format, with an average store size of ~17.5k sqft.
- During FY22-24, VMM added ~55 net stores annually. However, the pace of store additions has accelerated, with ~85 net stores added in FY25.
- The company's efficient working capital management, superior cost controls, and disciplined asset-light approach have enabled strong store economics with ~15% pre-IND-AS EBITDA margin at the store level, over 50% RoCE, and a payback period of less than two years.
- Management has indicated that VMM could potentially add 100 stores annually over the next ~15 years across 50 tier 1 cities and 1,250 tier 2 cities with populations exceeding 50k.
- Given the long runway for growth, strong store economics, and entry into newer territories, we believe the pace of store additions will likely remain elevated over FY26-28, as VMM expands its presence in states such as Tamil Nadu, Gujarat, and Maharashtra.
- Overall, we build in ~13% CAGR in store additions for VMM over FY25-28, taking the total store count to 1,000 by FY28.

Well-diversified portfolio enhances VMM's TAM and share of wallet

- VMM boasts a well-diversified category mix with over 25% revenue contribution from three major categories—Apparel, FMCG, and GM.
- Comparatively, other value-focused retailers mainly target either apparel (Zudio, V2Retail, Style Baazar, and V-Mart) or grocery (DMart).
- VMM's diversified category mix makes it a one-stop destination for the entire family, expanding its total addressable market (TAM) and driving higher wallet share among consumers.
- The GM and FMCG sections are typically located on the upper floors of VMM stores. Although these categories have lower gross margins compared to Apparel, they serve as a footfall driver for VMM.

Multi-category, own-brand portfolio acts as a strong moat for VMM

- VMM has successfully established a diverse and expanding portfolio of 26 own brands across key consumption baskets, with revenue contribution from these brands steadily rising to 73% by FY25.
- In FY25, 19 of VMM's own brands surpassed INR1b in sales, with six brands exceeding INR5b, demonstrating strong brand acceptance. VMM's own brands typically offer the lowest opening price points, which makes them attractive for value-conscious consumers.
- VMM operates a 100% private label portfolio across men's, women's, and kids' fashion, covering a wide range of categories such as denim, ethnic wear, innerwear, and sportswear.
- The company has significantly expanded its own brand offerings in GM under the 'Tandem' brand for home appliances, introducing products such as air fryers, garment steamers, sound bars, and kitchen tools.
- VMM's private labels account for ~35% of its FMCG revenue and hold ~45% share in categories where they are present. Moreover, the volume share is significantly higher, given the 20-50% price discount vs. leading brands.

Lowest-cost retailer with significant room to improve revenue productivity

- Given VMM's ownership of opening price points across multiple categories and a high share of own brands in FMCG (typically 20-50% discount), its sales per square foot (SPSF) at ~INR770/month was relatively lower than peers in FY25.
- However, VMM is among the lowest-cost retailers in India, with a monthly CoR (incl. rentals) of ~INR150/sq ft, ~20% discount to its nearest competitor.
- VMM exercises strict control over its working capital, maintaining ~60 days of inventory and ~15 net working capital days, which is significantly better than other value fashion retailers. This efficiency is driven by its diversified category mix and tech-enabled supply chain.

Valuation and view

- We expect VMM to post a revenue/EBITDA CAGR of 19%/20%, driven by: 1) ~13% CAGR in store additions, 2) consistent double-digit SSSG, and 3) modest operating leverage benefits.
- Given VMM's debt-free balance sheet, robust cost controls, and tight working capital management (~15 days net-working capital), we expect ~24% PAT CAGR.
- Over FY25-28, we expect VMM to generate a cumulative OCF/FCF of ~INR32b/ INR23b, which should enable accelerated store expansions.
- We believe the company's diversified category mix, ownership of opening price points, significant contribution from its own brands, and lean cost structure provide it with a strong moat against intense competition from both offline and online value retailers.
- **We initiate coverage on VMM with a BUY rating and a TP of INR165, premised on DCF-implied ~45x Sep'27E pre-IND AS 116 EV/EBITDA (implying ~31x Sep'27E reported EBITDA and ~69x Sep'27E P/E).** Our DCF-implied multiples are at ~4-7% premium to VMM's average trading multiples since the listing.
- Based on our reverse DCF analysis (10.5% risk-free rate, 6.5% terminal growth rate), our TP of INR165/share implies ~11%/13% revenue/pre-INDAS 116 EBITDA CAGR over FY25-50E, driven by ~115 store additions annually and ~4% CAGR improvement in store productivity.
- Despite strong performance since the listing (up 75% from IPO price), we believe the risk reward remains attractive (bull: INR210/share; bear: INR120/share)

Key risks and concerns

- Dependence on third-party vendors for manufacturing of own brands (73% revenue share)
- Rising competition from other offline and online value retailers
- Inflationary risks and inability to pass on price hikes
- Sales concentration in select states
- Follow-on stake sales from promoters (private equity-backed) and a lack of clarity on long-term ownership

Exhibit 1: We ascribe a TP of INR165, based on ~31x Sep'27 reported EBITDA

INR b	EBITDA	Multiple (x)	Value
Enterprise value	**24.6**	**31**	**761**
Net debt (incl. leases)			1
Equity value			**759**
TP (INR/share)			**165**
CMP (INR/share)			137
Potential upside (%)			20

Source: MOFSL

Exhibit 2: Our TP implies ~45x Sep'27 pre-IND-AS 116 EBITDA

INR b	EBITDA	Multiple (x)	Value
Enterprise value	**16.5**	**45**	**739**
Net debt (excl. leases)			-20
Equity value			**759**
TP (INR/share)			**165**
CMP (INR/share)			137
Potential upside (%)			20

Source: MOFSL

Exhibit 3: Retail valuation comparables

Retail comps	EV	Mcap	P/E			EV/EBITDA (x)			RoE (%)			CAGR (%)
	(INR b)	(INR b)	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27	FY25-27
Vishal Mega Mart	**648**	**639**	**99.7**	**80.5**	**64.1**	**42.0**	**34.2**	**28.1**	**10.5**	**11.5**	**12.8**	**21.1**
D-Mart	2,624	2,621	96.8	89.2	75.6	58.5	51.8	43.7	13.5	12.8	13.3	15.7
Trent	1,930	1,916	124.9	101.2	82.9	70.2	56.8	48.1	32.2	30.0	28.2	20.8
Vedant Fashions	191	194	49.9	46.0	42.2	29.8	27.3	25.0	22.9	20.9	20.3	9.2
ABLBL	215	191	121.1	74.6	52.7	18.5	16.5	14.2	12.4	18.2	21.2	11.3
ABFRL	121	107	nm	nm	nm	17.8	19.4	16.8	nm	nm	nm	3.1
Raymond Lifestyle	87	77	76.4	24.9	17.4	18.7	11.2	9.0	2.3	6.9	9.1	44.1
Shoppers Stop	93	61	nm	nm	nm	13.3	12.0	10.8	2.0	1.2	nm	10.8
Go Colors	51	49	46.2	45.1	36.0	15.1	13.7	11.8	14.4	13.2	14.7	15.9
Average			**87.8**	**65.9**	**53.0**	**31.5**	**27.0**	**23.1**	**13.8**	**14.4**	**17.1**	**16.9**
Value fashion												
V2 Retail	74	66	91.3	40.5	25.1	28.8	17.2	11.7	23.2	35.0	37.4	56.7
Vmart	69	62	300.0	49.7	35.5	18.3	14.3	11.6	2.6	14.2	17.0	25.6
Style Bazaar	32	22	145.5	95.2	50.2	16.7	13.2	10.2	4.7	5.4	9.5	28.2
Average			**179.0**	**61.8**	**36.9**	**21.3**	**14.9**	**11.2**	**10.2**	**18.2**	**21.3**	**36.8**

* VMM's RoE impacted by large goodwill on the balance sheet

Source: MOFSL, Company, Bloomberg

STORY IN CHARTS

VMM is a unique Indian retailer

A

A strong presence in tier 2+ cities (696 stores in 458 cities)

B

Well-diversified exposure to key consumption baskets—Apparel (44%), General Merchandise (GM) & Fast-Moving Consumer Goods (FMCG; both ~28%)

C

A strong and affordable private brands portfolio (73% revenue share)

D

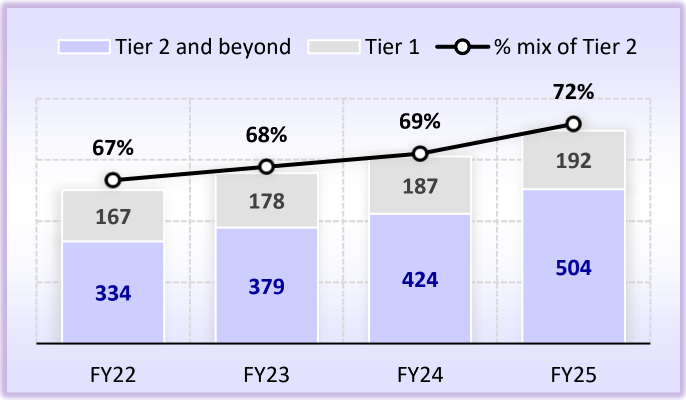
One of the lowest cost structures in the industry.

VMM's CoR (incl. rentals) at INR150/sq ft per month is one of the lowest among value retailers in India

Based on FY25 actuals (INR/sq ft per month)	VMM	V2 Retail	V-Mart	Style Baazar	DMart	Trent
Revenue	**771**	**957**	**665**	**660**	**2,977**	**1,210**
GP	**220**	**263**	**230**	**222**	**421**	**538**
GM%	***28.5***	***27.5***	***34.5***	***33.7***	***14.1***	***44.4***
Employee	46	70	74	57	52	87
Other expenses	63	65	78	72	135	251
Overheads	**110**	**135**	**153**	**129**	**187**	**338**
EBITDA	**110**	**128**	**77**	**93**	**234**	**200**
EBITDA margin %	*14.3*	*13.4*	*11.6*	*14.1*	*7.9*	*16.5*
Rentals below EBITDA	40	53	48	47	10	46
CoR incl. rentals	**150**	**188**	**201**	**176**	**197**	**383**
pre-IND-AS EBITDA	**70**	**75**	**29**	**46**	**224**	**154**
pre-IND-AS margin %	*9.1*	*7.8*	*4.4*	*7.0*	*7.5*	*12.8*

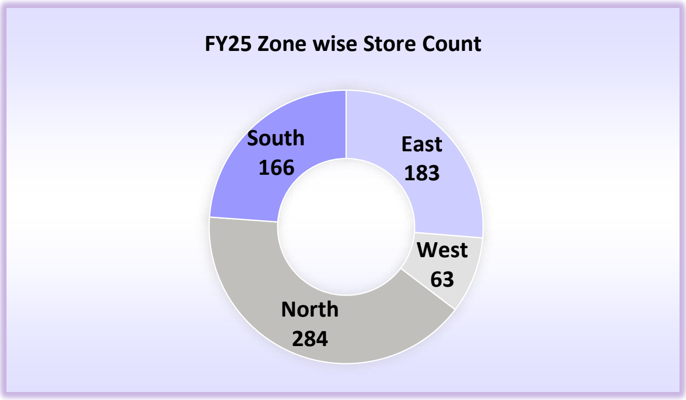
Source: MOFSL, Company

Share of VMM's tier 2+ stores on a rising trend



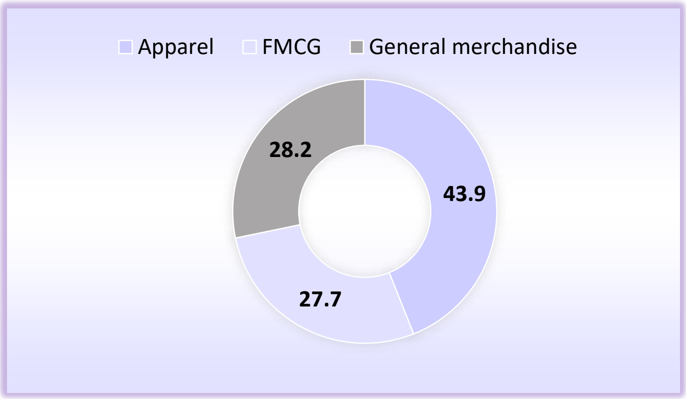
Source: MOFSL

~67% of VMM's stores are in North and East India



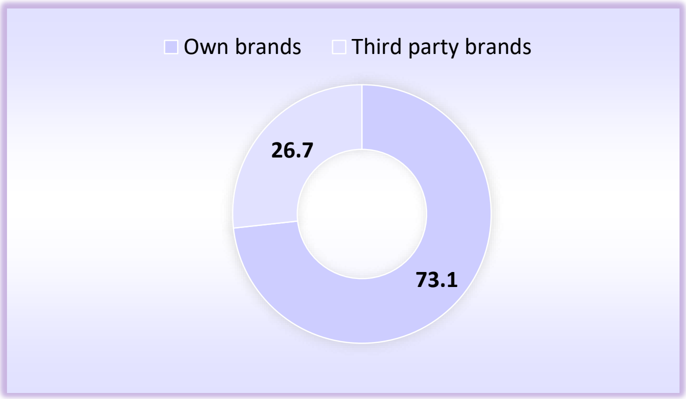
Source: MOFSL

Apparel is the largest category for VMM, accounting for ~44% of revenue in FY25



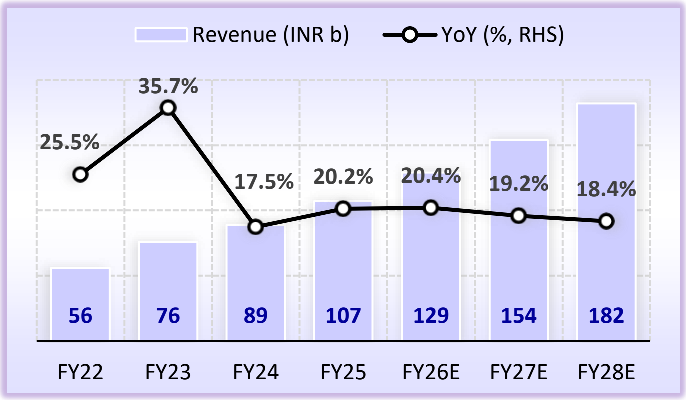
Source: MOFSL

The share of own brands in VMM's revenue mix increased further to ~73% in FY25



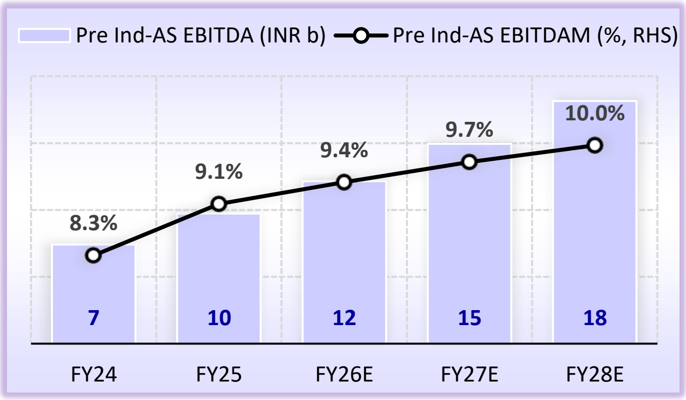
Source: MOFSL

Expect ~19% CAGR in VMM's revenue over FY25-28



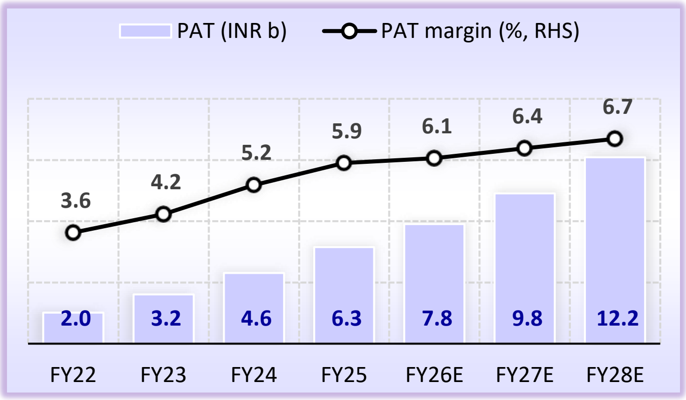
Source: MOFSL

Expect VMM's pre-IND-AS 116 EBITDA margins to reach ~10% by FY28E (vs. ~9% in FY25)



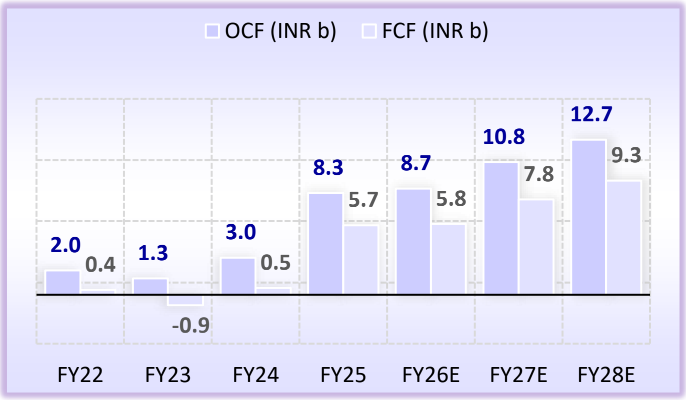
Source: MOFSL

Expect ~24% CAGR in PAT over FY25-28



Source: MOFSL, Company

Expect cumulative FCF/OCF generation of ~INR23b/IN32b over FY25-28E



Source: MOFSL, Company

A play on rising aspirations in Tier 2 cities and beyond

Unique retailer with a diversified category mix, affordable own brands play

VMM is among the largest offline-first value retailers in India, catering to a population of ~1b in the middle- and low-income segments. It services an INR70t Indian aspirational retail market, which is expected to reach INR100t+ by CY28.

- **Strong store footprint with long runway for growth –** VMM has a strong footprint of 696 stores across 458 cities spanning 30 states and Union Territories, with ~72% stores in tier 2 cities and beyond. The company operates in a big-box retail format with an average store size of ~17.5k sqft.
- **Well-diversified category mix –** VMM boasts a well-diversified category mix with over 25% revenue contribution from three major categories—Apparel, FMCG, and GM, which provides a large TAM and an opportunity to increase its share of customers' wallets. Comparatively, other value-focused retailers primarily target either apparel (Zudio, V2 Retail, Style Baazar, and V-Mart) or grocery (DMart).
- **Strong and affordable own brands portfolio:** VMM has a strong and affordable portfolio of own brands, which contributes ~73% of its revenue. Its private-label in FMCG are sourced from reputed vendors such as Indo Nissin, Bikanerwala, CCL Products etc. and are priced at a significant discount to branded plays.
- **Store payback in less than two years:** VMM's efficient working capital management, superior cost controls, and disciplined asset-light approach have enabled strong store economics, with ~15% pre-INDAS EBITDA margin at the store level, over 50% RoCE, and a payback period of less than two years.
- **Lean cost structure:** VMM has one of the leanest cost structures among Indian retailers, with a CoR (including rentals) of ~INR1,800/sq ft (at least 20% lower than its nearest competitor). This enables the company to offer the most competitive opening price points across several categories.

Exhibit 4: VMM a one-stop destination with a diverse range of products

Source: MOFSL, Company

Strong store footprint with long runway for growth

Over 100 annual store additions likely to sustain for the next 15 years

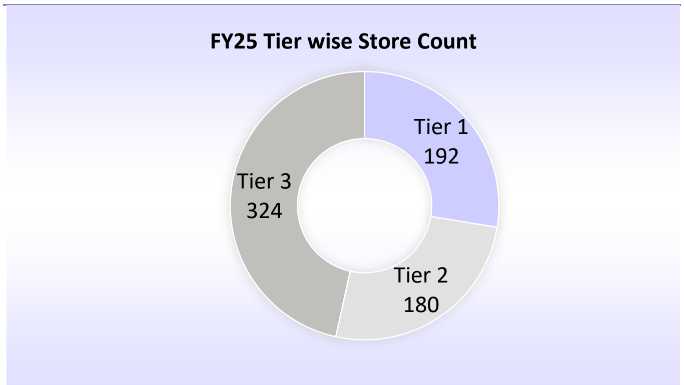
A significant opportunity remains untapped; the company is present in 33 tier 1 cities (leaving 34% of these markets yet to be tapped) and in 425 tier 2 cities (with ~66% of the potential still unaddressed).

VMM has established a strong pan-India retail footprint, operating 696 stores covering over 12m sq ft across 458 cities in 30 states and Union Territories, with ~72% of stores located in tier 2 cities and beyond. The company operates an asset-light, big-box retail format with an average store size of ~17.5k sqft. According to a Red Seer report, VMM is among the two leading offline-first diversified retailers in India based on the number of cities present. During FY22-24, VMM added ~55 net stores annually. However, the pace of store additions has accelerated, with ~85 net stores added in FY25. With its entry into newer markets such as Maharashtra, Gujarat, and Tamil Nadu, along with significant untapped potential in existing markets, we believe VMM has a long runway for growth over the next 15 years.

Huge untapped potential for 100+ annual store additions over the next 15 years

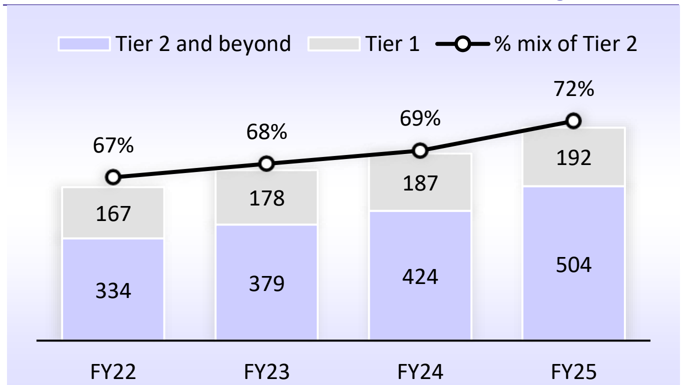
The Indian retail market presents significant growth potential, particularly in tier 2 towns and beyond, where organized retail penetration remains low. We believe there is considerable scope for value retailers across 1,250 tier 2+ towns with a catchment area population exceeding 50k. Currently, VMM is present in ~425 of these towns, leaving an opportunity to expand into over 800 towns over the medium term. The company has already demonstrated its expertise in expanding into tier 2 towns and beyond, with the store count in these locations rising from 334 in FY22 to 504 in FY25 (~15% CAGR).

Exhibit 5: ~72% of VMM's stores are in tier 2+ towns



Source: MOFSL

Exhibit 6: Share of VMM's tier 2+ stores on a rising trend



Source: MOFSL

Among tier 1 cities (with populations exceeding 1m), VMM is currently present in 33 out of 50 cities, operating ~192 stores. This leaves significant room for expansion into the remaining 17 tier 1 cities—such as Mumbai, Pune, Nashik, Nagpur, Ahmedabad, Vadodara, Chennai, and Kochi—where VMM currently has minimal presence. Expanding into these untapped markets could present an opportunity to expand the network by ~200 stores over the medium term.

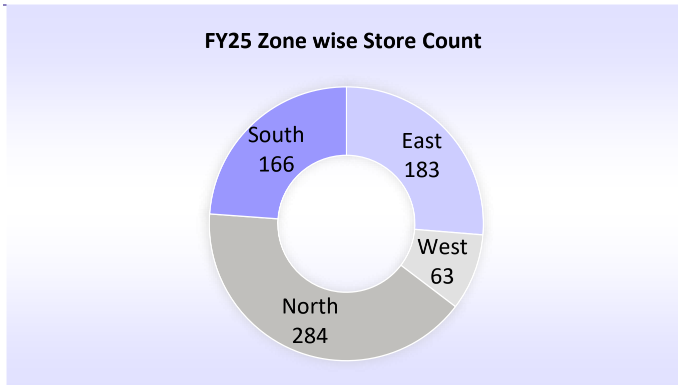
Even in tier 1 cities where VMM is already present, we believe there is still room for expansion, with an average of about six stores across the 33 tier 1 cities it currently serves. VMM has demonstrated strong growth in its store network within key tier 1 markets, as evidenced by the increase in the number of stores from 15 to 24 in Hyderabad and from 53 to 73 in Karnataka over FY22-1HFY25. The company expects to grow its presence by increasing the store count in Delhi NCR from ~70 to 100 and in Bangalore from ~37 to 50. This expansion strategy highlights VMM's ability to penetrate deeper, even in large tier 1 cities. Overall, tier 1 expansion could potentially add ~400 new stores, with 200 in existing cities and another 200 in the 17 additional untapped tier 1 cities.

Overall, we see significant potential for VMM to add ~100 stores annually over the next 15 years, which should help sustain its growth trajectory.

Strong player in North and East India; rapidly expanding in South India

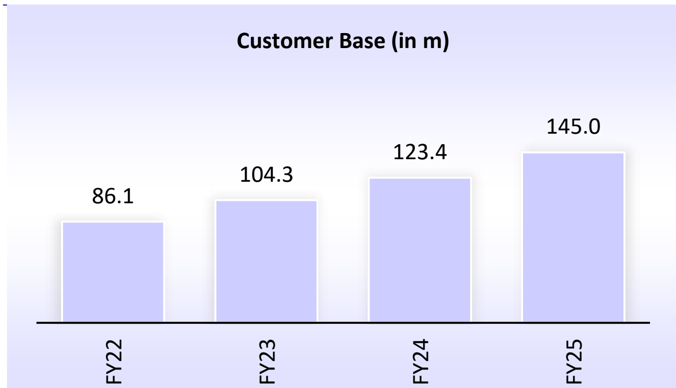
Geographically, VMM has a dominant presence in North and East India and has expanded into the Southern market in recent years, while it remains under-indexed in West India—a trend that is expected to change. Unlike peers that expanded into the South through inorganic routes, VMM has grown organically under its own brand. In recent years, the company has actively expanded in Karnataka, Andhra Pradesh, and Telangana, and has now entered Kerala. The company is currently scaling up aggressively in Kerala and plans to foray into large states such as Tamil Nadu, Maharashtra, and Gujarat over the medium term. VMM's expansion follows a cluster-based rollout model, which ensures operational efficiencies and leverages economies of scale.

Exhibit 7: ~67% of VMM's stores are in North and East India



Source: MOFSL

Exhibit 8: VMM's customer base has expanded to ~145m



Source: MOFSL

Regionally, North and East India are the dominant markets for VMM, with states such as Uttar Pradesh and Assam among its top 3 contributing markets. North and East together accounted for ~67% of VMM's store count and ~72% of revenue (as of 1HFY25). The company is also rapidly expanding in South India, with Karnataka already among its top three states in terms of revenue and store count. However, as many of VMM's stores in the South are relatively new, revenue productivity (SPSF) is relatively lower and is expected to improve as the stores mature. VMM currently does not have any meaningful presence in Western states such as Maharashtra and Gujarat.

Exhibit 9: VMM is strong in North and East India; SPSF in South to improve as new stores mature

Based on 1HFY25	Stores	Area (m sqft)	Store mix	Revenue mix	Revenue (INR b)	SPSF (INR)	Rev/store (INR m)
North	266	4.5	41.2	29.1	21.7	9,578	163.5
East	168	3.0	26.0	43.2	14.7	9,612	174.5
South	155	2.9	24.0	19.2	9.6	6,566	124.4
West	56	1.0	8.7	8.3	4.2	8,670	149.2
All India	**645**	**11.5**	**100.0**	**99.8**	**50.2**	**8,741**	**155.7**

Source: MOFSL, Company

Exhibit 10: VMM's store and revenue concentration in the top three states

	FY22	FY23	FY24	1HFY25
Store concentration				
Uttar Pradesh	101	105	108	111
Karnataka	53	63	67	73
Assam	35	36	40	42
Stores in top 3 states	**189**	**204**	**215**	**226**
Share of top 3 states (%)	*37.7*	*36.6*	*35.2*	*35.0*
Revenue concentration (INR b)				
Uttar Pradesh	9.6	12.9	14.5	7.8
Karnataka	5.8	8.0	10.1	5.9
Assam	5.6	7.5	8.7	4.6
Revenue from top 3 states	**21.0**	**28.5**	**33.3**	**18.3**
Share of top 3 states (%)	*37.5*	*37.5*	*37.4*	*36.3*
Revenue throughput (INR m/store per month)				
Uttar Pradesh		10.4	11.4	11.8
Karnataka		11.5	12.9	14.0
Assam		17.7	19.0	18.9
Throughput - top 3 states		**12.1**	**13.2**	**13.8**
VMM's overall throughput		12.0	12.7	13.4

Source: MOFSL, Company

VMM has a significant presence in states such as UP, Assam, Karnataka, AP, Telangana, and parts of Madhya Pradesh. However, there remains substantial room for expansion in states such as Bihar, Odisha, Kerala, and Rajasthan. As VMM deepens its footprint in these underpenetrated regions, operational efficiencies and market maturity should drive productivity gains, positioning the company for sustained long-term growth. Additionally, large states such as Maharashtra, Gujarat, and Tamil Nadu remain key whitespaces that are likely to drive store additions over the medium term.

Exhibit 11: VMM is strong in North and East India, rapidly expanding in the South, but remains under-indexed in the West

Store Count	Vishal Mega Mart	V-MART	V2 Retail	Style Baazar	D-Mart	Zudio
North India	284	225	54	21	50	183
West India	63	33	15	0	213	224
South India	166	80	15	5	152	269
East India	183	159	105	188	0	87
International	0	0	0	0	0	2
Total	**696**	**497**	**189**	**214**	**415**	**765**
Regional mix						
North India	41%	45%	29%	10%	12%	24%
West India	9%	7%	8%	0%	51%	29%
South India	24%	16%	8%	2%	37%	35%
East India	26%	32%	56%	88%	0%	11%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: MOFSL, Company

Exhibit 12: Stores of value retailers in key states (as of FY25)

	Vishal Mega Mart*	V-MART	V2 Retail	Style Baazar	D-Mart	Zudio
North						
Uttar Pradesh	111	155	35	21	-	56
Delhi	35	7	8	-	9	29
Punjab	34	4	1	-	19	29
Rajasthan	19	29	1	-	22	33
Others	67	30	9	-	-	36
East						
Bihar	33	70	38	26	-	14
West Bengal	32	21	9	77	-	29
Assam	42	15	13	34	-	15
Odisha	23	13	26	34	-	13
Jharkhand	16	28	16	14	-	7
Others / North East	22	12	3	3	-	9
West						
Maharashtra	2	5	-	-	116	114
Gujarat	1	12	-	-	66	84
Madhya Pradesh	39	16	13	-	24	20
Others/Chhattisgarh	14	-	2	-	7	6
South				-		
Tamil Nadu	1	30	-	-	26	36
Karnataka	73	17	12	-	40	76
Andhra Pradesh & Telangana	75	28	1	5	86	94
Kerala	3	4	-	-	-	56
Others	3	1	2	-	-	7

* VMM's state-wise data is for 1HFY25

Source: MOFSL, Company

Healthy store economics: Less than two years to achieve break-even

- Given VMM's ownership of opening price points across multiple categories and its high share of own brands in FMCG (typically offered at a 20-50% discount), VMM's SPSF, at ~INR9,251/sq ft in FY25, is relatively lower than that of its peers.
- VMM's margins, at ~28.5%, are lower than those of typical value fashion retailers due to the high share of GM and FMCG categories. However, the rising contribution from own brands provides an opportunity to improve gross margins.
- VMM is one of the lowest-cost retailers in India, with a CoR of ~INR1,800/sq ft (incl. corporate overheads), which is ~20% lower than its nearest competitor.
- The company's lean cost structure, efficient working capital management, and disciplined asset-light approach have enabled strong store economics, with a pre-INDAS EBITDA margin of ~15% at the store level, over 50% RoCE, and a payback period of less than two years.
- Given VMM's strong store economics and robust cash flows, we expect its store expansion to be funded through internal accruals.

Exhibit 13: A typical VMM store can achieve break-even in less than two years

Based on FY25 data	Actual (INR m)	INR/sq ft	INRm/store	% of sales
Revenue	**1,07,163**	**9,251**	**164.0**	
GM%	28.5	28.5	28.5	
GP	**30,527**	**2,635**	**46.7**	**28.5**
CoR	**14,783**	**1,276**	**22.6**	**13.8**
Store employee costs	3,490	301	5.3	3.3
Rentals	5,560	480	8.5	5.2
Other expenses	5,733	495	8.8	5.3
Store pre-IND-AS EBITDA	**15,745**	**1,359**	**24.1**	**14.7**
D&A (ex-RoU)	1,540	133	2.4	1.4
Store EBIT	**14,205**	**1,226**	**21.7**	**13.3**
PBT	14,205	1,226	21.7	13.3
PAT	**10,630**	**918**	**16.3**	**10**
Cash profit	12,169	1,051	18.6	11.4
Initial investments (incl. WC)		**2,364**	**34**	
Store capex		1,200	21	
Paid inventory		1,164	13	
Capital payback (months)			14	
Implied break-even (months)			22	
Company level economics				
Corporate expenses	6,003	518	9	5.6
Company pre-INDAS EBITDA	**9,742**	**841**	**15**	**9.1**
Reported EBITDA (excl. rentals)	**15,302**	**1,321**	**23**	**14.3**

Source: MOFSL, Company

Well-diversified portfolio backed by strong own brands

Lower opening price points across categories support customer retention

Well-diversified category mix differentiates VMM from peer value retailers

VMM boasts a well-diversified category mix with over 25% revenue contribution from three major categories—Apparel, FMCG, and GM. Comparatively, other value-focused retailers primarily target either apparel (Zudio, V2Retail, Style Baazar, and V-Mart) or grocery (DMart).

VMM's diversified category mix makes it a one-stop destination for the entire family, expanding its TAM and increasing its share of consumers' wallets. Apparel is the largest category for VMM, contributing 44-45% of revenue, followed by GM and FMCG, both accounting for ~28%. Over FY22-25, FMCG has been the fastest-growing category, clocking a revenue CAGR of over 28%, while apparel and GM have also clocked a robust CAGR of 22-23%.

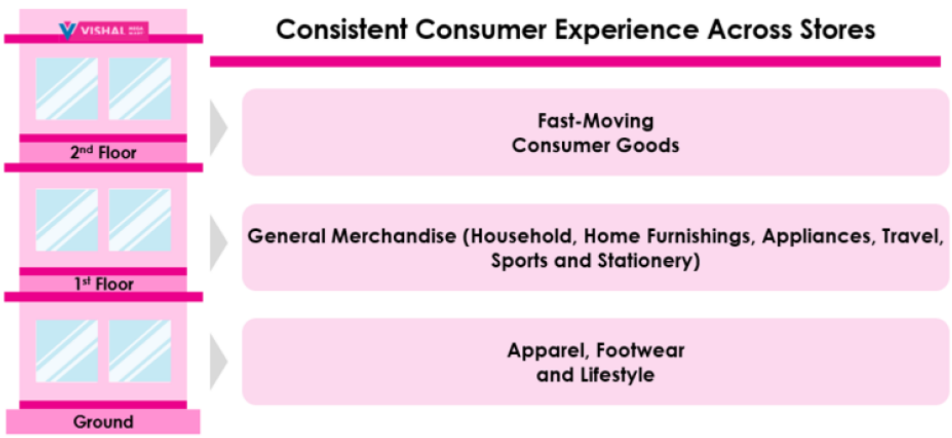
Exhibit 14: FMCG has been the fastest-growing category for VMM over FY22-25; apparel remains the largest revenue contributor

Revenue (INR b)	FY22	FY23	FY24	FY25	FY22-25 CAGR
Apparel	25	33	39	47	23.2%
FMCG	14	20	24	30	28.4%
GM	16	22	25	30	22.4%
Revenue mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**Change (bps)**
Apparel	45.1	43.4	43.8	43.9	-115
FMCG	25.2	26.8	27.5	27.7	260
GM	29.5	29.5	28.5	28.2	-131

Source: MOFSL, Company

The GM and FMCG sections are typically located on upper floors in VMM stores. While gross margins in these categories are generally lower than in apparel, they serve as a footfall driver for VMM.

Exhibit 15: VMM's typical G+2/3 store layout; the top floor is dedicated to FMCG



Source: MOFSL, Company

Multi-category own brands portfolio enables the lowest opening price points

VMM has successfully established a diverse and expanding portfolio of 26 own brands across Apparel, GM, and FMCG. Own brands, or private labels, have become a significant revenue driver, contributing over 70% of VMM's total sales over FY22-25. In FY25, 19 of VMM's own brands surpassed INR1b in sales, with six own brands exceeding INR5b, demonstrating strong brand acceptance. Further, VMM's own brands typically offer the lowest opening price points, which make them attractive to value-conscious consumers.

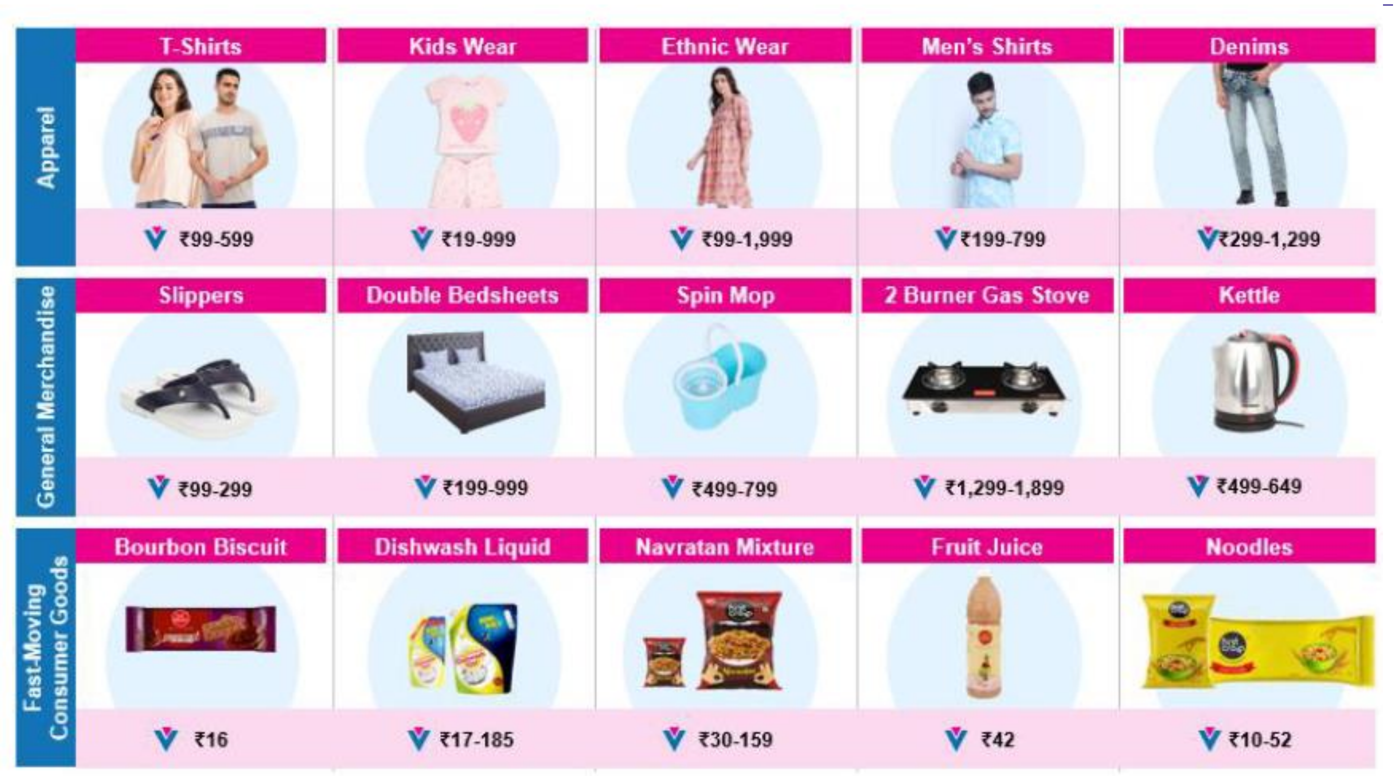
By offering a diverse and affordable product range under one roof, VMM effectively caters to the price-conscious value-seeking consumer segment. This strategic focus is reflected in its growth trajectory, as its own brands' sales recorded a revenue CAGR of ~26% over FY22-25, outpacing the 20% CAGR in sales of third-party brands.

Exhibit 16: Own brands accounted for ~73% of VMM's revenue in FY25

Revenue (INR b)	FY22	FY23	FY24	FY25	FY22-25 CAGR
Own brands	39	53	64	78	26.0%
Third-party brands	17	22	25	29	20.1%
Revenue mix (%)	**FY22**	**FY23**	**FY24**	**FY25**	**Change (bps)**
Own brands	70.2	70.5	71.8	73.1	295
Third-party brands	29.5	29.2	28.0	26.7	-283

Source: MOFSL, Company

Exhibit 17: VMM owns the opening price points across several categories



Source: MOFSL, Company

VMM's multi-category private-label play

Apparel (44%):

- VMM operates a 100% private label portfolio across men's, women's, and kids' fashion, covering a wide range of categories such as denim, ethnic wear, innerwear, and sportswear.
- The company follows a fast-fashion approach by identifying global and local fashion trends and launching them at affordable prices.
- Some of the apparel private label brands include Brink, BlackTie, Pink Almirah, and Yellow Hippo.
- Brink, which straddles both Apparel and GM categories, is VMM's largest own brand. Management indicated that sales for Brink doubled over FY22-25 and now exceed ~INR10b annually.
- Yellow Hippo, a brand dedicated to offerings for kids, is the third-largest brand in VMM's own brands portfolio.

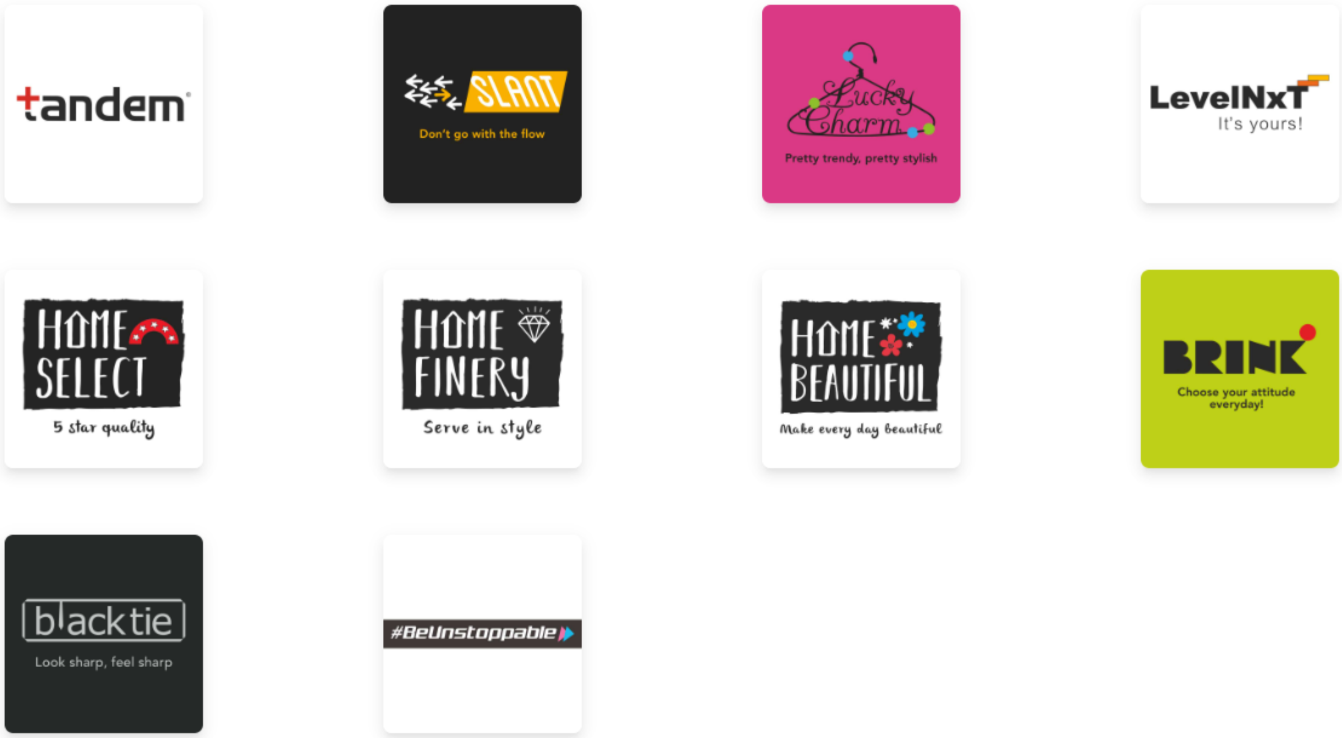
Exhibit 18: VMM's portfolio of own brands in the Apparel category

Source: MOFSL, Company

GM (28%):

- Private label brands under GM&A include Tandem, Home Beautiful, Home Finery, and Home Select.
- By combining private labels with a strategic selection of third-party brands, the company ensures affordability, quality, and innovation.
- Management indicated that Home Select, the brand for pots, pans, buckets, and related products, is the second-largest brand in VMM's portfolio. Sales more than doubled over FY22-25, reaching ~INR10b.
- The company has significantly expanded its product lines under the 'Tandem' brand for home appliances, introducing products such as air fryers, garment steamers, sound bars, and kitchen tools.

Exhibit 19: VMM's portfolio of own brands in the GM category



Source: MOFSL, Company

Exhibit 20: Product expansion journey of VMM's own brand 'Tandem'

Source: MOFSL, Company

FMCG (28%):

- VMM sets itself apart from other value retailers by offering FMCG products, a category not addressed by some of its peers, such as V2Retail and Style Baazar.

- The strong consumer acceptance of VMM's private-label FMCG range is evident in its impressive 28% revenue CAGR over FY22-25, outpacing the company's overall revenue CAGR of 24% during the same period.
- Management indicated that VMM's private labels accounted for ~35% share of its total FMCG revenue and an even higher ~45% revenue share in categories where VMM's private labels are present.
- Further, we believe the volume share would be significantly higher, given the 20-50% discount compared to leading brands.
- VMM has been increasing private label penetration through its 'First Crop' brand, offering an extensive range of products in categories such as biscuits, snacks, cooking oil, and personal care items.
- This expansion aligns with the company's goal of making high-quality, affordable products accessible to a wider consumer base.
- Some of the private label brands under FMCG include Full Bloom, First Crop, and Outshine.

Exhibit 21: VMM's portfolio of own brands in the FMCG category

Source: MOFSL, Company

Exhibit 22: VMM's own brands are at a significant discount compared to branded competitors

Brand	Item	Pack size	INR	Competitor	Competitor Pricing	% Discount
Biscuits						
First Crop	Cashew Cookies	600g	90	Good Day	108	17%
First Crop	Marie Biscuit	250g	32	Marie Biscuit	40	20%
Chips/Namkeen						
First Crop	Aloo Bhujia	1kg	199	Haldiram	235	15%
First Crop	Cream Onion	50g	17	Lays	20	16%
Tea/Coffee						
Full Bloom	Classic Tea	1kg	249	Tata Tea Agni	250	0%
Noodles						
First Crop	Masala Noodles	280g	40	Maggie	60	33%
Oil						
First Crop	Sunflower Oil	1l	152	Fortune	152	0%
Pure Burst	Cow Ghee	1l	545	Amul	675	19%
Atta/Rice						
First Crop	Rozana Rice	5kg	365	India Gate	419	13%
Personal Care						
Outshine	Sandalwood Beauty Bath Soap	125g*4	99	Pears	173	43%
First Crop	Coconut Oil	250ml	109	Parachute	172	37%
Outshine	Frangipani Shower Gel	250ml*2	179	Nivea	360	50%
Home Care						
Home Ninja	Detergent Powder	1kg	70	Rin	111	37%
Home Ninja	Dish wash Gel	2l	185	Vim	310	40%
Home Select	Citrus Air Freshener	10g	33	Odonil	51	36%

Source: MOFSL, Company

Exhibit 23: VMM's own-brand vendors either own well-established brands or are contract manufacturers for leading brands

VMM's key FMCG vendors	Brands Owned by Vendors
United Biscuits	❖ McVitie's
Indo Nissin Foods	❖ Top Ramen, Cup Noodles, Geki, Pokemon Ramen
Bikanervala Foods	❖ Bikano, Bikanervala
CCL Products	❖ Continental Coffee
Mohani Tea Leaves	❖ Mohani Tea
HPC Vendors	**Contract manufacturers for companies such as**
Anuspa Heritage Products	❖ HUL, Park Avenue, Godrej, Mama Earth, DMart
Swara Baby Products	❖ Pampers, Huggies, etc.
Concept Hygiene	❖ Walmart, Star Baazar, Nykaa, HUL, etc.
NG Electro Products	❖ Pee Safe, Patanjali, Equalife, Wahey, etc.
JRV Industries	❖ Reliance, Reckitt, Emami, Dabur, Walmart, etc.

Source: MOFSL, Company

As reflected in the above table, key vendors for VMM's own brands either own leading brands themselves or serve as contract manufacturers for other leading brands, which provides assurance regarding product quality.

With a proven private-label strategy, a multi-category portfolio, and a disciplined expansion plan, VMM is uniquely positioned to scale its private brands while capturing a larger share of India's INR70t aspirational retail market. The company's stronghold in Apparel through 100% private-label brands, along with its growing presence in GM and FMCG through forays into newer product categories at affordable prices, provides a long runway for growth, differentiation, and continued margin expansion.

Store visit observations/takeaways

To gain insights into business operations on the ground, we visited several VMM store formats in Indore. Below are our key observations/takeaways.

- **Customer profile:** VMM typically serves families with a monthly income under INR40,000.
- **Affordable pricing:** Compared to other value retailers such as V-Mart and V2 Retail, VMM offers lower entry price points and has a more diverse category mix.
- **Extensive product assortment:** VMM offers a diverse range of SKUs across FMCG, Apparel, and GM. The majority of shelf space is allocated to its private labels, reinforcing its value-driven retail strategy.
- **Higher employee turnover with cost efficiency:** VMM operates its stores with a lean workforce, which effectively results in more area being covered per employee. While this approach leads to higher employee turnover, store personnel indicated that staff availability remains unaffected.

Exhibit 24: Kurtis priced at an MRP of INR299

Source: MOFSL

Exhibit 25: Shirts priced at an MRP of INR499 with a buy one get one offer

Source: MOFSL

Exhibit 26: Prices are lower than branded footwear players

Source: MOFSL

Exhibit 27: Casual footwear at MRP of INR399/499

Source: MOFSL

Exhibit 28: Tandem (VMM's own brand) pressure cookers significantly cheaper than branded players' cookers

Source: MOFSL

Exhibit 29: Tandem (VMM's own brand) priced ~20% cheaper than Prestige

Source: MOFSL

Exhibit 30: VMM's own brand noodles (Firstcrop; INR33) cheaper than Nestle's Maggie (INR56)

Source: MOFSL

Exhibit 31: VMM's own brand biscuit (Firstcrop at INR80) cheaper than branded players (~INR100)

Source: MOFSL

Exhibit 32: VMM's private label shower gel at INR179/250ml (vs. ~INR250 for Nivea)

Source: MOFSL

VMM – one of the lowest-cost retailers in India

VMM is one of the lowest-cost retailers in India, enabled by its presence in tier 2 towns and beyond, where rentals are 15-20% lower than peers (~INR40/sq ft/month), albeit at lower SPSF. VMM's CoR (including rentals) at ~INR150/sq ft per month is significantly lower than that of both value fashion and large grocery retailers, driven by frugal store operations with fewer staff per sq ft, curtailed power and fuel costs during lean hours, and a hub-and-spoke distribution model, among others.

Exhibit 33: VMM's CoR (incl. rentals) at INR150/sq ft per month is one of the lowest among value retailers in India

Based on FY25 actuals (INR/sq ft per month)	VMM	V2 Retail	V-Mart	Style Baazar	DMart	Trent
Revenue	**771**	**957**	**665**	**660**	**2,977**	**1,210**
GP	**220**	**263**	**230**	**222**	**421**	**538**
GM%	***28.5***	***27.5***	***34.5***	***33.7***	***14.1***	***44.4***
Employee	46	70	74	57	52	87
Other expenses	63	65	78	72	135	251
Overheads	**110**	**135**	**153**	**129**	**187**	**338**
EBITDA	**110**	**128**	**77**	**93**	**234**	**200**
EBITDA margin %	*14.3*	*13.4*	*11.6*	*14.1*	*7.9*	*16.5*
Rentals below EBITDA	40	53	48	47	10	46
CoR incl. rentals	**150**	**188**	**201**	**176**	**197**	**383**
pre-IND-AS EBITDA	**70**	**75**	**29**	**46**	**224**	**154**
pre-IND-AS margin %	*9.1*	*7.8*	*4.4*	*7.0*	*7.5*	*12.8*

Source: MOFSL, Company

Exhibit 34: VMM's CoR (incl. rentals) at ~19% of sales is one of the lowest among value retailers in India

Based on FY25 actuals (% of sales)	VMM	V2 Retail	V-Mart	Style Baazar	DMart	Trent
Revenue	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Gross margin	**28.5**	**27.5**	**34.5**	**33.7**	**14.1**	**44.4**
Employee	6.0	7.3	11.2	8.6	1.8	7.2
Other expenses	8.2	6.7	11.8	10.9	4.5	20.7
Overheads	**14.2**	**14.1**	**23.0**	**19.6**	**6.3**	**27.9**
EBITDA	**14.3**	**13.4**	**11.6**	**14.1**	**7.9**	**16.5**
Rentals below EBITDA	5.2	5.5	7.2	7.1	0.3	3.8
CoR incl. rentals	**19.4**	**19.6**	**30.2**	**26.6**	**6.6**	**31.7**
pre-IND-AS EBITDA	**9.1**	**7.8**	**4.4**	**7.0**	**7.5**	**12.8**

Source: MOFSL, Company

Detailed comparison of Indian value retailers

Retail footprint: VMM is among the largest value retailers in India

VMM is one of the largest value retailers in India, with a retail footprint spanning 696 stores and 12.2m sqft. Among the peer set considered, only Zudio (Trent) has more stores, and DMart has a larger retail area than VMM. Given its scale, VMM's 10% retail area CAGR over FY22-25 is lower than that of most peers (excl. V-Mart). As VMM has more diversified offerings across the key categories, its store size at ~17.5k sqft is significantly larger than that of other value fashion retail peers (8-12k sqft), though it is significantly smaller than DMart's (40k+ sqft).

Exhibit 35: VMM is among the largest value retailers in India, with 696 stores

Stores	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	284	324	365	415	13.5%
Trent	445	590	811	1,043	32.8%
VMM	**501**	**557**	**611**	**696**	**11.6%**
V-Mart	380	423	444	497	9.4%
V2 Retail	101	102	117	189	23.2%
Style Baazar	106	135	162	214	26.4%

Source: MOFSL, Company

Exhibit 36: VMM's retail area expanded at ~10% CAGR over FY22-25 to reach 12.2m sqft

Retail area (m sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	11.5	13.4	15.2	17.2	14.3%
Trent	5.0	6.4	9.6	13.4	38.9%
VMM	**9.1**	**10.2**	**11.0**	**12.2**	**10.0%**
V-Mart	3.3	3.7	3.9	4.3	9.7%
V2 Retail	1.1	1.1	1.3	2.0	24.2%
Style Baazar	1.0	1.3	1.5	1.9	23.5%

Source: MOFSL, Company

Exhibit 37: VMM's typical store size of ~18k is larger than that of value fashion peers

Average store size (sqft)	FY22	FY23	FY24	FY25
DMart	40,528	41,327	41,507	41,446
Trent	11,226	10,775	11,817	12,822
VMM	**18,251**	**18,269**	**18,012**	**17,474**
V-Mart	8,579	8,794	8,694	8,652
V2 Retail	10,485	10,618	10,718	10,725
Style Baazar	9,623	9,259	9,074	8,977

Source: MOFSL, Company

Revenue and productivity: Significant headroom to improve SPSF for VMM

With FY25 revenue of ~INR107b, VMM is among the largest retailers in India. Driven by the post-Covid recovery, retailers posted robust revenue growth over FY22-25. VMM clocked ~24% revenue CAGR over FY22-25, driven by ~10% retail footprint CAGR and ~11% CAGR in sales per sqft (SPSF). Trent was an outlier with a significant scale-up in Zudio, while V2 Retail and Style Baazar recorded higher growth, albeit on a significantly lower base.

VMM recorded 11% CAGR in SPSF over FY22-25 to reach ~IN9.3k by FY25. While VMM's SPSF is higher than that of V-Mart and Style Baazar, it is relatively lower compared with pure-play fashion retailers such as V2 Retail/Zudio and significantly lower than DMart's. Despite FMCG accounting for ~28% of VMM's sales, its SPSF is relatively lower due to lower ASPs in fashion and a significant share of affordable private labels in GM and FMCG, in our view.

Given the company's large retail footprint, we believe store addition-led growth (in % terms) would likely be lower for VMM (vs. V2 Retail and Style Baazar). However, we believe there is significant headroom for VMM to improve SPSF from ~INR9.3k.

Exhibit 38: VMM posted ~24% revenue CAGR over FY22-25, driven by robust store additions and double-digit SSSG

Revenue (INR b)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	303.5	418.3	495.3	577.9	23.9%
Trent	38.8	77.2	119.3	166.7	62.6%
VMM	**55.9**	**75.9**	**89.1**	**107.2**	**24.2%**
V-Mart	16.7	24.6	27.9	32.5	25.0%
V2 Retail	6.3	8.4	11.6	18.8	44.1%
Style Baazar	5.5	7.9	9.7	13.4	34.6%

Source: MOFSL, Company

Exhibit 39: VMM's revenue per sqft at ~INR9.3k; still has significant headroom to improve

Revenue (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	29,933	33,601	34,711	35,728	6.1%
Trent	8,801	13,592	14,964	14,521	18.2%
VMM	**6,684**	**7,853**	**8,415**	**9,251**	**11.4%**
V-Mart	6,004	7,063	7,350	7,975	9.9%
V2 Retail	6,124	7,833	9,968	11,487	23.3%
Style Baazar	5,682	6,942	7,154	7,925	11.7%

Source: MOFSL, Company

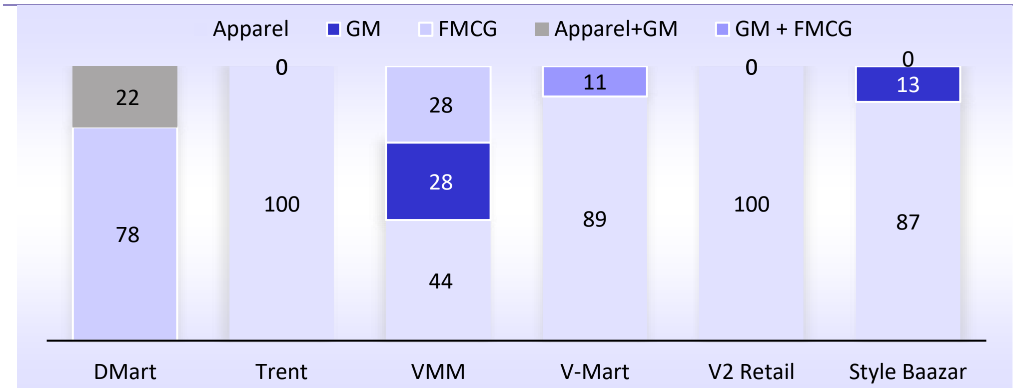
Diversified category mix drives VMM's relatively lower gross margin

As we noted above, VMM is not strictly comparable to other value fashion or grocery retailers due to its more diversified category mix across Apparel, GM, and FMCG and lower opening price points. A diversified portfolio helps VMM cater to a larger consumer base and increases its overall share of consumers' wallets, but leads to lower gross margin.

A higher share of FMCG (28% of VMM's sales), which typically is a lower gross margin category (single digit to mid-teens gross margin), leads to dilution in gross margins. However, the impact of high salience of FMCG is offset to an extent by VMM's private label offerings.

- For value fashion retailers, apparel, which is typically a higher gross margin category, accounts for 80%+ of total sales (vs. ~44% of sales for VMM). As a result, VMM lags peer value fashion retailers on gross margin.
- A higher share of apparel and GM (~72% for VMM vs. ~22% for DMart) and a higher contribution from private labels drive VMM's significantly higher gross margin as compared to DMart.

Exhibit 40: VMM has a more diversified revenue mix vs. other value retailers



Source: MOFSL, Company

Exhibit 41: VMM's gross margin is lower compared to typical value fashion retailers due to its diversified category mix

Gross margin (%)	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	14.2	14.5	14.1	14.1	(2)
Trent	51.0	45.4	45.2	44.4	(658)
VMM	**28.2**	**27.2**	**27.7**	**28.5**	**32**
V-Mart	34.5	35.2	34.5	34.5	3
V2 Retail	30.0	29.0	27.4	27.5	(250)
Style Baazar	31.8	32.2	33.5	33.7	186

Source: MOFSL, Company

VMM is one of the lowest-cost retailers in India

VMM ranks among the lowest-cost retailers in India, enabled by its strategic presence in Tier 2 and beyond towns, where rentals are 15-20% lower than peers' (~INR40/sq ft per month), albeit with lower SPSF. It follows a frugal operating model, with store staff covering a relatively larger area compared to peers. Costs are further optimized via break shifts during off-peak hours, and energy usage is curtailed in lean periods. VMM's supply chain is highly efficient, aided by regional distribution hubs and automated replenishment, enabling inventory discipline and minimal working capital. Its disciplined cost structure allows it to offer sharp price points and industry-leading margins, cementing its position as one of the most capital-efficient players in India's value retail ecosystem.

Employee expenses: Employee costs account for ~6% of VMM's sales, the lowest among value fashion retailers (~7-11%). VMM's lower employee cost is attributed to 1) a lower number of store-level employees despite larger store size, 2) a variable compensation structure, and 3) break shifts depending on lean and rush hours. VMM's employee cost per month on a per sqft basis at ~INR46/sqft is lower than INR57-74/sqft for peer value retailers and even lower than DMart's ~INR52/sqft.

Exhibit 42: VMM's employee costs as % of sales one of the lowest among value retailers

Employee cost as % of sales	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	1.8	1.5	1.6	1.8	(5)
Trent	8.7	7.5	7.9	7.2	(150)
VMM	**6.0**	**5.7**	**5.7**	**6.0**	**(7)**
V-Mart	10.8	10.4	10.3	11.2	39
V2 Retail	9.2	9.7	8.0	7.3	(183)
Style Baazar	8.4	8.7	8.7	8.6	21

Source: MOFSL, Company

Exhibit 43: VMM's employee costs on per sqft basis even lower than DMart's

Employee cost (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	541	521	551	626	5.0%
Trent	766	1,022	1,177	1,046	10.9%
VMM	**404**	**447**	**477**	**553**	**11.0%**
V-Mart	647	732	757	891	11.2%
V2 Retail	561	763	793	842	14.5%
Style Baazar	479	603	621	684	12.7%

Source: MOFSL, Company

Other expenses: VMM's other expenses are also relatively lower at ~8% of sales (vs. ~7-12% for value fashion retailers). Trent's other expenses are significantly higher, primarily due to its focus on the premium look and feel of stores, as well as a large part of its rentals being variable in nature, which is captured above EBITDA.

VMM's other expenses on a per sq. ft basis at ~INR63/sqft are lower than ~INR65-78/sqft for value fashion peers and significantly lower than that of larger retailers such as DMart and Trent (even excl. variable rentals). However, VMM's other expenses on a per sqft basis recorded the highest CAGR at ~14% and we believe the room to reduce opex further would be low.

Exhibit 44: VMM's other expenses as % of sales relatively lower at ~8%

Other expenses as % of sales	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	4.1	4.2	4.2	4.5	41
Trent	26.0	23.3	21.1	20.7	(528)
VMM	**7.7**	**8.0**	**8.0**	**8.2**	**49**
V-Mart	11.5	13.9	16.5	11.8	32
V2 Retail	11.2	9.9	7.3	6.7	(442)
Style Baazar	11.0	10.7	10.2	10.9	(5)
Trent ex- rentals	16.5	14.1	11.7	11.4	(517)

Source: MOFSL, Company

Exhibit 45: VMM's other expenses (INR/sqft) the lowest but clocked the highest growth over FY22-25

Other expenses (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	1,233	1,406	1,472	1,618	9.5%
Trent	2,287	3,171	3,163	3,007	9.6%
VMM	**517**	**629**	**673**	**761**	**13.7%**
V-Mart	689	984	1,215	940	10.9%
V2 Retail	684	774	724	775	4.3%
Style Baazar	623	740	730	866	11.6%
Trent ex- rentals	1,456	1,923	1,746	1,652	4.3%

Source: MOFSL, Company

Cost of retailing excl. lease rentals: After staying range-bound at ~13.7-13.8% of sales, VMM's cost of retailing (CoR), excluding lease rentals, increased ~50bp to 14.2% of sales in FY25, likely driven by minimum wage hikes. Despite a 50bp increase, VMM's CoR, excl. leases, stood at ~14% of sales, one of the lowest among value retailers (~14-23% of sales), driven by lower employee and other expenses. Lower CoR enables VMM to offer products at the lowest opening price points.

On a per sqft basis, its CoR, excl. lease rentals stood at ~INR110/month (vs. INR129-153 per month for value fashion peers) and significantly lower than that of Trent and DMart.

Exhibit 46: VMM's CoR excl. lease rentals as % of sales relatively lower at ~14%

CoR excl. lease rentals as % of sales	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	5.9	5.7	5.8	6.3	36
Trent	34.7	30.9	29.0	27.9	(678)
VMM	**13.8**	**13.7**	**13.7**	**14.2**	**43**
V-Mart	22.3	24.3	26.8	23.0	71
V2 Retail	20.3	19.6	15.2	14.1	(624)
Style Baazar	19.4	19.4	18.9	19.6	16
Trent ex- rentals	25.3	21.7	19.5	18.6	(668)

Source: MOFSL, Company

Exhibit 47: VMM CoR excl. lease rentals at ~INR1,300/sqft remains best in class

CoR ex-lease rentals (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	1,773	1,927	2,023	2,245	8.2%
Trent	3,053	4,193	4,340	4,053	9.9%
VMM	**921**	**1,076**	**1,149**	**1,314**	**12.6%**
V-Mart	1,336	1,716	1,972	1,831	11.1%
V2 Retail	1,244	1,536	1,517	1,617	9.1%
Style Baazar	1,102	1,344	1,352	1,550	12.0%
Trent ex- rentals	2,223	2,945	2,923	2,698	6.7%

Source: MOFSL, Company

Reported EBITDA: VMM posted ~24% EBITDA CAGR over FY22-25

Despite having a diversified category mix, VMM's reported EBITDA margin at ~14.3% is the highest among the value retail peers (excl. Trent), driven by its lower CoR. VMM posted ~24% EBITDA CAGR over FY22-25, a couple of percentage points higher than that of DMart and V-Mart. VMM's EBITDA per sqft at INR110/month is higher than its value fashion peers, excluding V2 Retail. With a potential increase in SPSF, we believe VMM's EBITDA/sqft could increase further over the next few years.

Exhibit 48: VMM delivered ~24% reported EBITDA CAGR over FY22-25

Reported EBITDA (INR b)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	25.0	36.6	41.0	45.4	22.0%
Trent	6.3	11.2	19.3	27.5	63.2%
VMM	**8.0**	**10.2**	**12.5**	**15.3**	**23.9%**
V-Mart	2.0	2.7	2.1	3.8	22.7%
V2 Retail	0.6	0.8	1.4	2.5	60.8%
Style Baazar	0.7	1.0	1.4	1.9	40.5%

Source: MOFSL, Company

Exhibit 49: VMM's reported EBITDA margin at ~14%, higher than value fashion peers'

Reported EBITDA margin (%)	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	8.2	8.7	8.3	7.9	(38)
Trent	16.3	14.5	16.2	16.5	20
VMM	**14.4**	**13.5**	**14.0**	**14.3**	**(10)**
V-Mart	12.3	10.9	7.6	11.6	(67)
V2 Retail	9.7	9.4	12.2	13.4	374
Style Baazar	12.4	12.9	14.6	14.1	170

Source: MOFSL, Company

Exhibit 50: VMM delivered 11% CAGR in reported EBITDA per sqft over FY22-25

Reported EBITDA (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	2,467	2,939	2,873	2,808	4.4%
Trent	1,437	1,972	2,418	2,399	18.6%
VMM	**961**	**1,056**	**1,179**	**1,321**	**11.2%**
V-Mart	736	771	562	924	7.9%
V2 Retail	591	736	1,218	1,538	37.5%
Style Baazar	705	894	1,045	1,118	16.6%

Source: MOFSL, Company

Rentals: VMM's rental costs at ~INR 40/sq.ft/month are 15–20% lower than peers', driven by its strategic focus on non-prime urban and suburban locations. This prudent location strategy ensures high footfall at lower rental intensity, keeping rental expenses tightly capped at 5-6% of revenue. VMM's approach supports scalability by minimizing fixed costs. Combined with efficient store layouts and high SKU density, VMM achieves industry-leading unit economics and <2 years store-level paybacks. This disciplined, frugal model reinforces VMM's structural cost advantage and positions it as one of the most capital-efficient value-first retailers in India.

Exhibit 51: VMM's rental costs as % of sales one of the lowest among value retailers

Rentals as a % of Sales	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	0.5	0.4	0.4	0.4	(8)
Trent	8.5	5.8	4.5	3.8	(469)
VMM	**6.9**	**6.2**	**5.7**	**5.2**	**(174)**
V-Mart	7.5	7.2	7.3	7.2	(30)
V2 Retail	8.5	8.1	6.6	5.5	(297)
Style Baazar	7.8	7.1	7.2	7.1	(68)
Trent (incl. variable rent)	17.9	14.9	13.9	13.1	(479)

Source: MOFSL, Company

Exhibit 52: VMM's rental cost at ~INR40/sqft per month has largely remained stable, owing to expansion into lower-tier cities

Rentals (INR/Sq.ft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	144	144	134	145	0.1%
Trent	745	782	667	548	-9.7%
VMM	**463**	**486**	**479**	**480**	**1.2%**
V-Mart	451	510	537	575	8.5%
V2 Retail	521	635	654	636	6.9%
Style Baazar	441	496	514	561	8.4%
Trent (incl. variable rent)	1,575	2,030	2,083	1,903	6.5%

Source: MOFSL, Company

Cost of retailing incl. lease rentals: VMM's CoR incl. lease rentals at ~19.5% of sales is among the lowest (excl. DMart, which is predominantly a grocery retailer and owns stores). Further, driven by operating leverage, its CoR as % of sales has reduced by ~130bp over FY22-25. Lower CoR enables VMM to offer products at the lowest opening price points. On a per sqft basis, VMM's CoR, incl. lease rentals, stood at ~INR150/month (vs. INR175-200 per month for value fashion peers) and significantly lower than that of Trent and DMart.

Exhibit 53: VMM's CoR incl. lease rentals as % of sales relatively lower at ~19%

CoR incl. lease rentals as % of sales	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	6.4	6.2	6.2	6.7	28
Trent	43.2	36.6	33.5	31.7	(1,147)
VMM	**20.7**	**19.9**	**19.4**	**19.4**	**(131)**
V-Mart	29.8	31.5	34.1	30.2	41
V2 Retail	28.8	27.7	21.8	19.6	(921)
Style Baazar	27.2	26.5	26.1	26.6	(52)

Source: MOFSL, Company

Exhibit 54: VMM CoR incl. lease rentals at ~INR1,800/sqft remains best in class

CoR incl. rentals (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	1,918	2,070	2,157	2,389	7.6%
Trent	3,798	4,975	5,006	4,601	6.6%
VMM	**1,384**	**1,562**	**1,628**	**1,794**	**9.0%**
V-Mart	1,787	2,226	2,509	2,406	10.4%
V2 Retail	1,765	2,171	2,172	2,253	8.5%
Style Baazar	1,543	1,840	1,866	2,112	11.0%

Source: MOFSL, Company

Pre-IND-AS EBITDA comparison: VMM delivered the highest pre-IND AS EBITDA margin of ~9% in the value fashion segment (vs. 4-8% for peers), driven by its stringent cost controls, lower rentals, and efficient operations. Over FY22-25, VMM achieved ~33% pre-IND AS EBITDA CAGR, driven by a ~165bp improvement in pre-INDAS EBITDA margin, reflecting strong operating leverage. Its pre-IND-AS EBITDA per sq.ft stood at INR841, among the best in value fashion retailers.

Exhibit 55: VMM recorded ~33% Pre-IND-AS EBITDA CAGR over FY22-25

Pre-IND AS EBITDA (INR b)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	23.6	34.8	39.1	43.1	22.3%
Trent	3.1	6.8	14.0	21.3	90.9%
VMM	**4.2**	**5.5**	**7.4**	**9.7**	**32.7%**
V-Mart	0.8	0.9	0.1	1.4	21.6%
V2 Retail	0.1	0.1	0.7	1.5	173.9%
Style Baazar	0.3	0.5	0.7	0.9	54.5%

Source: MOFSL, Company

Exhibit 56: VMM's pre-IND AS EBITDA margin at ~9% much higher than value fashion peers

% Pre-IND AS EBITDA	FY22	FY23	FY24	FY25	FY22-25 change (bps)
DMart	7.8	8.3	7.9	7.5	(30)
Trent	7.9	8.8	11.7	12.8	488
VMM	**7.5**	**7.3**	**8.3**	**9.1**	**164**
V-Mart	4.8	3.7	0.3	4.4	(38)
V2 Retail	1.1	1.3	5.7	7.8	670
Style Baazar	4.6	5.7	7.4	7.0	238

Source: MOFSL, Company

Exhibit 57: VMM posted 19% CAGR in pre-IND AS EBITDA per sqft over FY22-25

Pre IND-AS EBITDA (INR/sqft)	FY22	FY23	FY24	FY25	FY22-25 CAGR
DMart	2,323	2,796	2,739	2,664	4.7%
Trent	692	1,190	1,751	1,852	38.8%
VMM	**498**	**571**	**700**	**841**	**19.1%**
V-Mart	286	260	25	349	6.9%
V2 Retail	70	101	564	902	134.3%
Style Baazar	264	398	531	557	28.3%

Source: MOFSL, Company

Working capital: VMM maintains tight control on inventory and core working capital, supported by its well-diversified category mix, efficient replenishment, and hub-and-spoke supply chain model. Its tech-driven hub-and-spoke supply chain ensures rapid stock rotation, while third-party sourcing avoids inventory build-up. As of FY25, inventory per sqft stood at INR1,521—about 40% lower than that of value fashion peers, reflecting superior stock efficiency. Core working capital per sq. ft remained minimal at INR360/sqft, driven by favorable supplier terms. This disciplined, fast-moving model enables robust cash conversion and reinforces VMM's capital efficiency.

Exhibit 58: VMM's inventory days best among value fashion retailers, while WC days are the best in the industry

Inventory Days	FY22	FY23	FY24	FY25
DMart	31	27	27	30
Trent	77	63	48	44
VMM	**79**	**72**	**60**	**63**
V-Mart	146	129	107	111
V2 Retail	155	107	113	102
Style Baazar	186	147	162	143

Inventory (INR/Sq.ft)	FY22	FY23	FY24	FY25
DMart	2,248	2,282	2,458	2,794
Trent	1,646	2,103	1,633	1,517
VMM	**1,330**	**1,465**	**1,331**	**1,521**
V-Mart	2,050	2,340	2,114	2,295
V2 Retail	2,524	2,276	2,871	2,596
Style Baazar	2,749	2,535	2,945	2,735

Working Capital days	FY22	FY23	FY24	FY25
DMart	27	23	23	26
Trent	49	34	27	25
VMM	**(16)**	**(0)**	**11**	**15**
V-Mart	83	57	24	25
V2 Retail	91	67	63	38
Style Baazar	66	70	64	58

WC (INR/Sq.ft)	FY22	FY23	FY24	FY25
DMart	1,987	1,942	2,088	2,413
Trent	1,050	1,140	930	866
VMM	**(265)**	**(6)**	**251**	**360**
V-Mart	1,158	1,028	473	523
V2 Retail	1,480	1,417	1,600	960
Style Baazar	982	1,207	1,164	1,117

Source: MOFSL, Company

Capital-efficient operations drive healthy return ratios

The company's capex efficiency is driven by disciplined operations and its focus on higher RoI. VMM's cash capex in FY25 stood at INR2,280/sq ft; however, we believe this was impacted by capex towards the refurbishment of stores as well as warehouse expansion capex. VMM's capex on store is typically lower at ~INR1,600/sqft. Among the value fashion players, only V2 Retail has lower capex per sqft at INR1,661. Cost-effective store layouts, minimalistic fit-outs, and complete outsourcing of manufacturing reduce capital intensity without compromising productivity. VMM's gross block per sqft at ~INR1,174 is among the lowest in the industry.

Several of VMM's peers have tweaked their lease accounting policy in recent years (reduced the number of years for accounting leases, which has led to lower RoU assets and a lower difference in reported and pre-INDAS profits). However, we understand VMM accounts for leases based on actual lease terms, which could explain its relatively higher RoU asset per sqft. Overall, VMM's capital-light approach, combined with rapid store paybacks, enabled VMM to deliver a post-tax ROCE of 40% in FY25, well above its peers.

Exhibit 59: VMM's gross block per sqft among the lowest

Gross Block (INR/sqft)	FY22	FY23	FY24
DMart	7,760	8,375	9,069
Trent	2,010	1,973	1,718
VMM	**970**	**1,028**	**1,174**
V-Mart	1,333	1,389	1,906
V2 Retail	1,797	1,886	1,923
Style Baazar	1,423	1,541	1,826
RoU (INR/sqft)	**FY22**	**FY23**	**FY24**
DMart	1,253	1,277	1,283
Trent	8,463	6,538	1,602
VMM	**2,000**	**2,161**	**2,485**
V-Mart	3,199	3,772	4,141
V2 Retail	4,554	4,311	4,540
Style Baazar	3,677	3,664	3,988

Source: MOFSL, Company

Exhibit 60: VMM's capex/sqft is broadly in line with other value fashion retailers

Capex (INR/sqft)	FY22	FY23	FY24	FY25
DMart	8,327	11,325	15,256	16,320
Trent	1,791	1,642	1,220	2,274
VMM		**2,119**	**3,007**	**2,280**
V-Mart	1,540	6,050	8,636	2,814
V2 Retail	2,167	4,132	1,790	1,661
Style Baazar	2,662	1,874	3,847	2,380

Source: MOFSL, Company

RoE, RoCE: VMM's reported return ratios are impacted by the large goodwill on its balance sheet. However, adjusted for the same, the company's return ratios are among the best in the industry, driven by its capital-efficient, asset-light business model and disciplined operations. The company's optimal store layouts, tight cost control, and fast inventory turns ensure strong unit economics and healthy cash generation. Low working capital intensity, efficient sourcing, and consistent high-single-digit EBITDA margins reinforce its robust return profile, with RoCE of ~41% in FY25.

Exhibit 61: VMM has strong return ratios (adjusted for goodwill)

RoE	FY22	FY23	FY24	FY25
DMart	12.3	16.8	15.1	14.1
Trent	7.7	11.3	18.5	23.6
VMM	**4.3**	**6.4**	**8.6**	**10.5**
V-Mart	1.4	n/m	n/m	2.6
V2 Retail	n/m	n/m	10.5	22.9
Style Baazar	n/m	3.0	10.7	4.8
ROIC	**FY22**	**FY23**	**FY24**	**FY25**
DMart	12.2	16.6	14.9	13.9
Trent	7.7	11.3	18.5	23.6
VMM	**4.6**	**6.3**	**7.9**	**9.2**
VMM (ex- Goodwill)	**28.3**	**40.4**	**47.0**	**40.6**
V-Mart	6.2	3.2	0.4	8.7
V2 Retail	n/m	n/m	13.4	22.8
Style Baazar	4.2	7.1	7.6	7.4

Source: MOFSL, Company

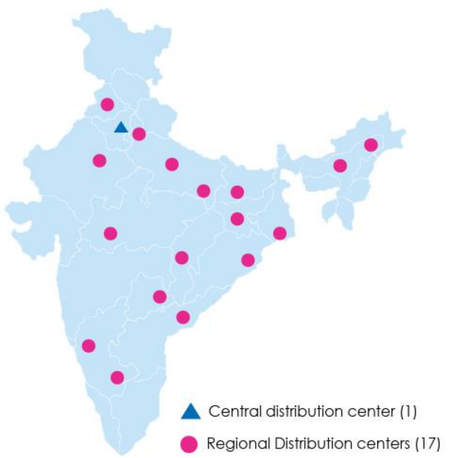
Integrated and automated supply chain and logistics

VMM has integrated technology and systems across its operations, diversified its vendor base, and established multiple distribution centers (17 regional and 1 central DC), ensuring timely and cost-effective product availability at stores. VMM leverages technology-driven systems to optimize procurement by analyzing daily sales and demand, ensuring that fast-moving items are replenished efficiently.

Hub-and-spoke model: The company follows a hub-and-spoke distribution model, consisting of one central distribution center, one distribution center (both managed by VMM), and 17 regional distribution centers (managed by its promoter, Samayat Services LLP), strategically located near demand areas. The largest central distribution center in North India spans 0.57m sq. ft., serving as the principal hub for nationwide product distribution. Equipped with dedicated truck parking, conveyors, bins, and pallets, it enhances operational efficiency. Following an asset-light model, all distribution centers and stores are leased, with products either manufactured by third-party vendors or sourced from third-party brands.

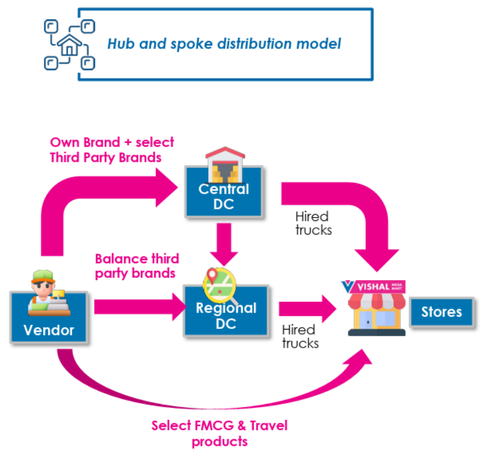
Logistics: For logistics, VMM engages third-party transport service providers on a need basis, without any long-term agreements. Additionally, under a logistics and warehousing agreement with its promoter, Samayat Services LLP, VMM receives transportation and distribution services through vendors, subcontractors, or containerized fleets.

Exhibit 62: VMM's regional distribution centers help in efficient supply chain and logistics



Source: MOFSL, Company

Exhibit 63: VMM follows a hub-and-spoke distribution model



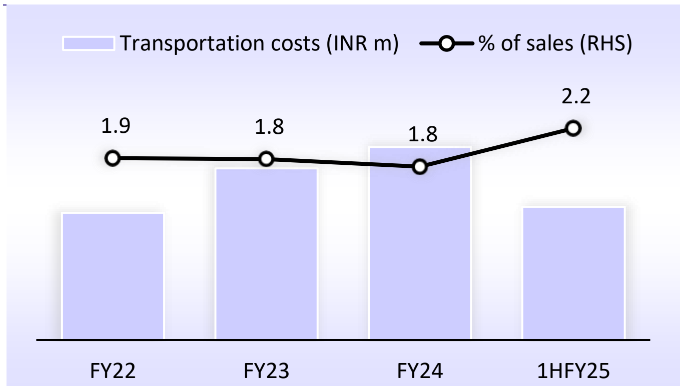
Source: MOFSL, Company

Exhibit 64: VMM pays ~0.5% of sales to its promoter, Samayat, for warehousing and transportation charges

	FY22	FY23	FY24
Charges paid to Samayat	**250**	**343**	**420**
Transportation charges	143	223	256
Warehousing charges	107	120	164
% of sales	**0.4**	**0.5**	**0.5**

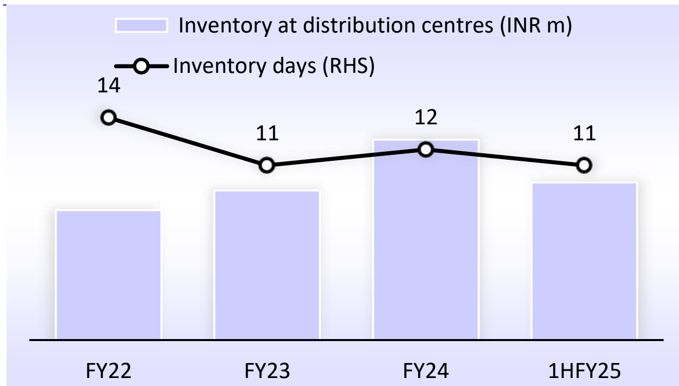
Source: MOFSL, Company

Exhibit 65: VMM's transportation costs stable at ~2% of sales



Source: MOFSL, Company

Exhibit 66: VMM carries ~11-12 days of inventory at distribution centers



Source: MOFSL, Company

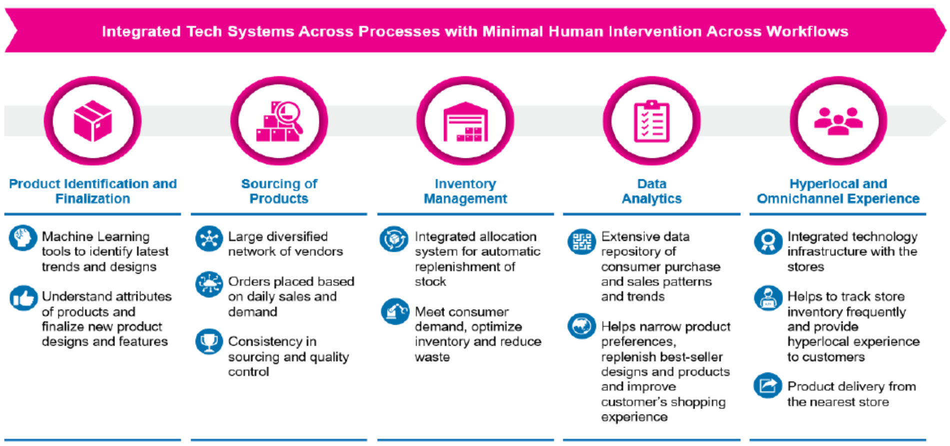
Transfer of products – VMM has a diverse vendor base to manufacture its own brands. These products are supplied by VMM to its material subsidiary, Airplaza Retail Holdings, and its other franchisees (two stores). Third-party brand products are procured by Airplaza Retail Holdings directly from such brands.

Exhibit 67: VMM has a diversified vendor base with reliance on top 3 vendors at ~4-5%

	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: MOFSL, Company

Exhibit 68: VMM has integrated tech systems across processes



Source: MOFSL, Company

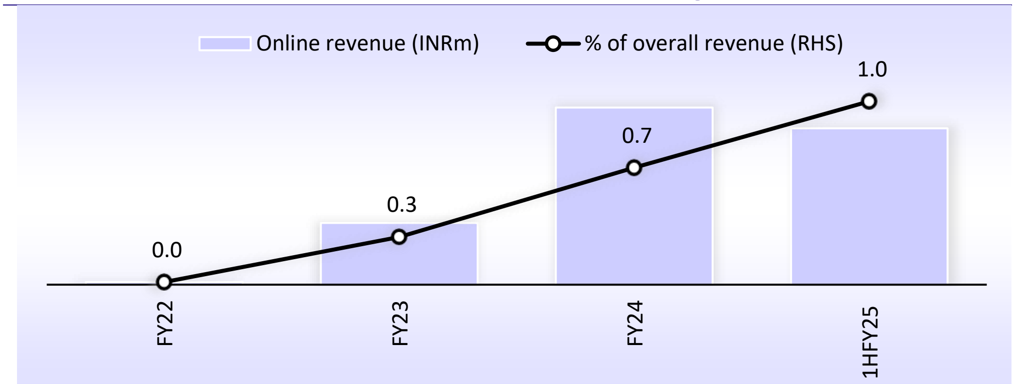
Ramping up its omnichannel play

VMM has established a pan-India omnichannel network through a combination of its offline physical store network and online channels through its website and mobile application (operated by VMM's wholly owned subsidiary).

Through its online presence, VMM has enabled its consumers to check product availability at their nearest stores and place orders online for delivery or pick-up from stores. Further, to enhance customer convenience, VMM has also enabled direct hyper-local delivery of products to consumers located in proximity to its stores. As of FY25-end, VMM has enabled hyperlocal deliveries in **656 stores across 429 cities and had ~9m registered users on its online platform**.

By maintaining uniform pricing across online and offline channels, VMM is looking to create a seamless shopping experience for its consumers and increase its share of consumers' wallets. The contribution from its online channel has grown significantly over the last 12-18 months, though the overall share of online sales remains modest at ~1% (as of 1HFY25). Further, management indicated that in towns underserved by quick commerce (QC) companies, online sales account for 3-5% of VMM's store revenue, and in cities with significant QC presence, the contribution of the online channel is ~1.5-2.0% of store revenue.

Exhibit 69: VMM's revenue from online channel has been rising; contribution low at ~1%



Source: Company, MOFSL

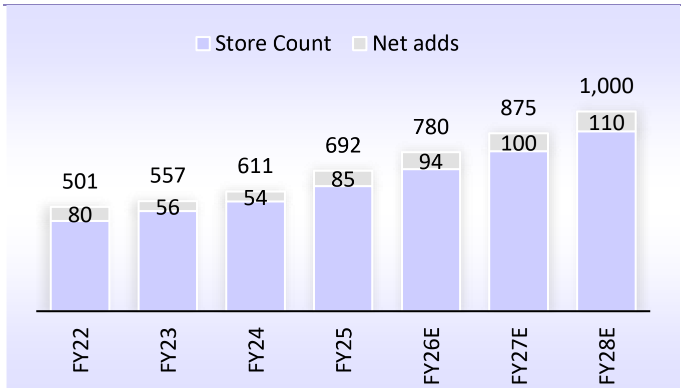
Expect 19%/20% revenue/EBITDA CAGR over FY25-28

We expect VMM to deliver a CAGR of 19%/20% in revenue/EBITDA over FY25-28, driven by 1) ~13% CAGR in store additions, 2) consistent double-digit SSSG, and 3) modest operating leverage benefits. Given VMM's debt-free balance sheet and robust cost controls, we expect ~24% PAT CAGR and cumulative OCF/FCF generation of ~INR32b/INR23b over FY25-28E.

Acceleration in store additions and robust double-digit SSSG to drive growth

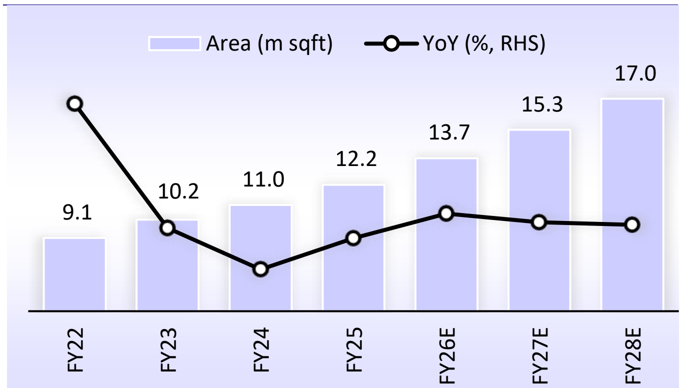
VMM added ~55 stores on average annually over FY22-24. However, the pace of store additions accelerated in FY25 with ~85 net store additions. Given a long runway for growth and its entry into new territories, we believe the pace of store additions will likely remain elevated over FY26-28 as VMM expands its presence in states such as Tamil Nadu, Gujarat, Maharashtra, etc. Overall, we build in ~13% CAGR in store additions for VMM over FY25-28 to reach 1,000 stores by FY28 (vs. 696 as of FY25-end). VMM operates on a big-box retail format with an average store size of ~17.5k sqft. Compared to ~10% CAGR in the retail area over FY22-25, we expect ~11% CAGR in the retail area over FY25-28 to reach ~17m sqft by FY28 (vs. 12.2m as of FY25-end).

Exhibit 70: Expect store additions to accelerate over FY25-28



Source: MOFSL, Company

Exhibit 71: Build in ~12% CAGR in retail area addition over FY25-28

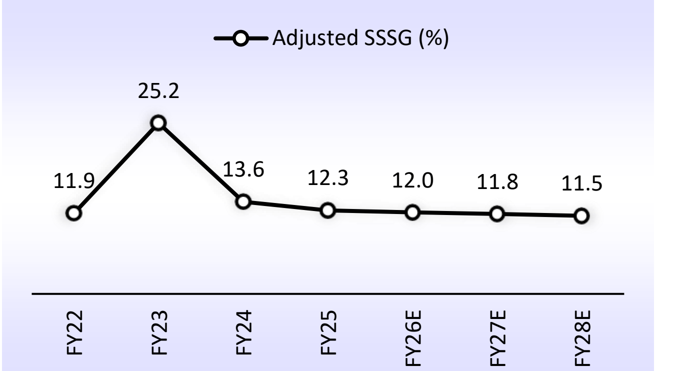


Source: MOFSL, Company

VMM has consistently delivered double-digit SSSG over FY22-FY25, driven by 1) attractive price points, 2) a well-diversified category mix, and 3) a large portfolio of own brands. Despite a weak discretionary demand environment, VMM has managed to deliver double-digit SSSG in FY25 at 12.3% (adjusted). We note that VMM defines SSSG as growth in net revenue for stores that have been operational for at least 15 months at the beginning of each quarter. Further, the company reports adjusted SSSG, which is adjusted to exclude stores that are temporarily non-comparable with the base due to refurbishment, cannibalization, area reduction, or any such event that may make it incomparable with the base.

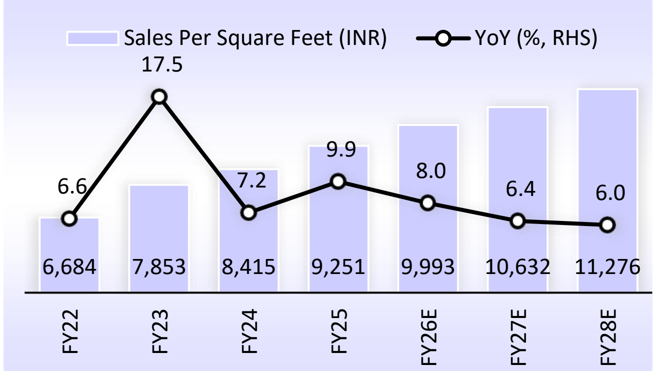
Given VMM's focus on providing superior value through its own brands' portfolio and leadership in opening price points, we believe VMM can sustain double-digit SSSG over the medium term, and we model ~11.5-12.0% SSSG over FY25-28. VMM's SPSF at ~INR9,250k is relatively lower than that of other diversified retailers, and we believe there is scope for improvement. We build in ~7% CAGR in SPSF for VMM over FY25-28 to cross INR11k/sqft productivity levels by FY28, driven by its entry into relatively affluent states such as Maharashtra, Gujarat, and Tamil Nadu.

Exhibit 72: Expect sustained double-digit SSSG for VMM over FY25-28



Source: MOFSL, Company

Exhibit 73: Expect ~7% CAGR in VMM's SPSF over FY25-28

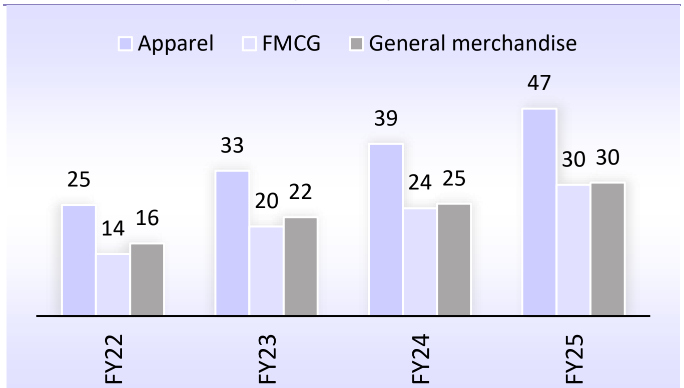


Source: MOFSL, Company

Well-diversified category mix and own-brand portfolio to drive revenue growth

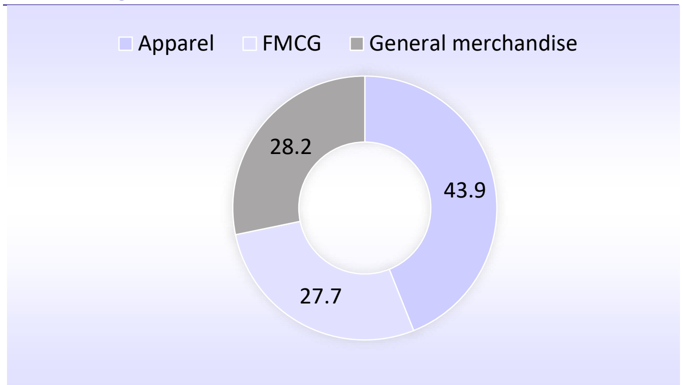
VMM's revenue has doubled over FY20-25, driven by robust store additions and healthy SSSG. Driven by the post-Covid recovery, VMM recorded a higher revenue CAGR of ~24% over FY22-25. For VMM, growth was robust across categories with ~22-23% revenue CAGR over FY22-25 in apparel and general merchandise. FMCG was the fastest-growing category with ~28% revenue CAGR over FY22-25. VMM's own brand portfolio delivered ~26% revenue CAGR over FY22-25, with the revenue contribution from own brands rising ~300bp over FY22-25 to ~73% by FY25.

Exhibit 74: Broad-based revenue growth across categories for VMM over FY22-FY25 (in INR b)



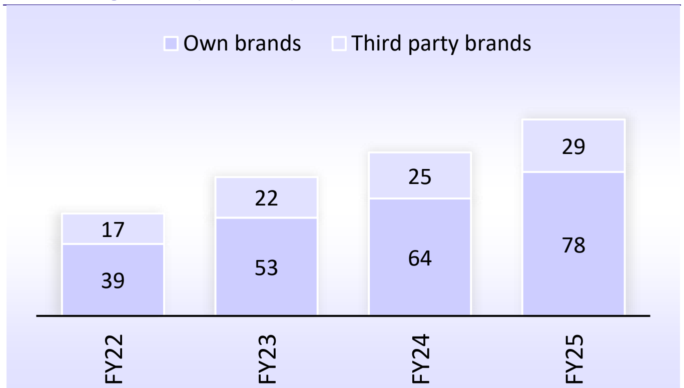
Source: MOFSL, Company

Exhibit 75: Apparel is the largest category for VMM, accounting for ~44% of revenue in FY25



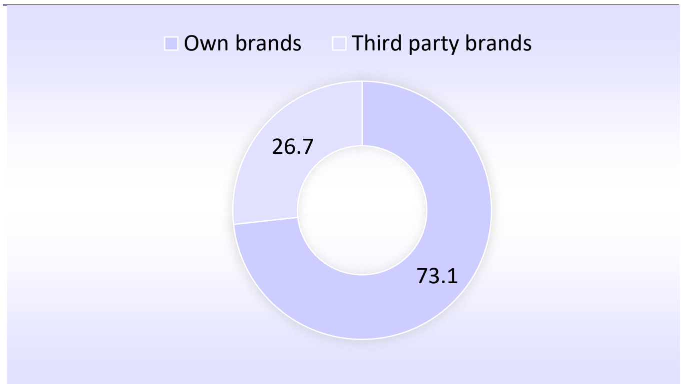
Source: MOFSL, Company

Exhibit 76: The contribution of VMM's own brands has been on a rising trend (in INR b)



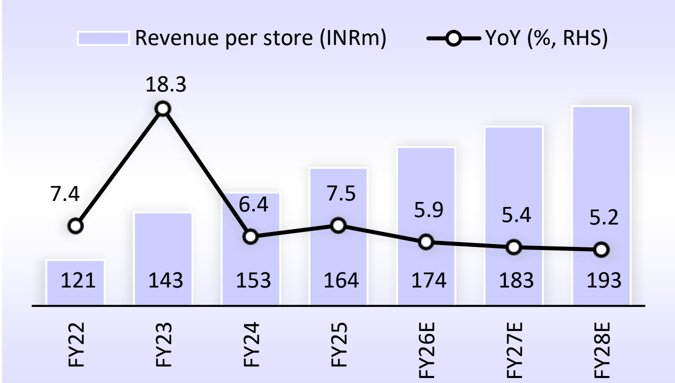
Source: MOFSL, Company

Exhibit 77: The share of own brands in VMM's revenue mix increased further to ~73% in FY25



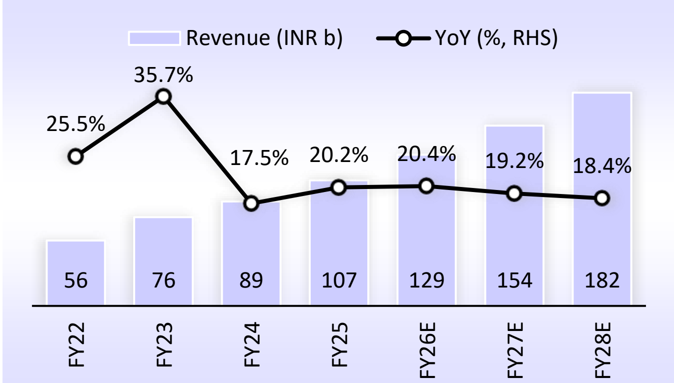
Source: MOFSL, Company

Exhibit 78: Expect 5.5% CAGR in revenue per store for VMM over FY25-28



Source: MOFSL, Company

Exhibit 79: Expect ~19% CAGR in VMM's revenue over FY25-28

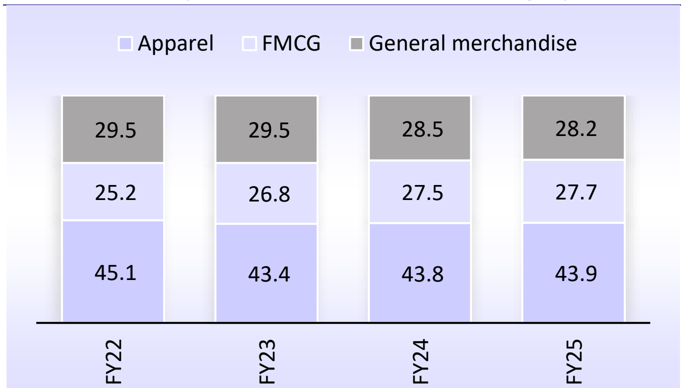


Source: MOFSL, Company

Expect gross margins to remain broadly stable over FY25-28

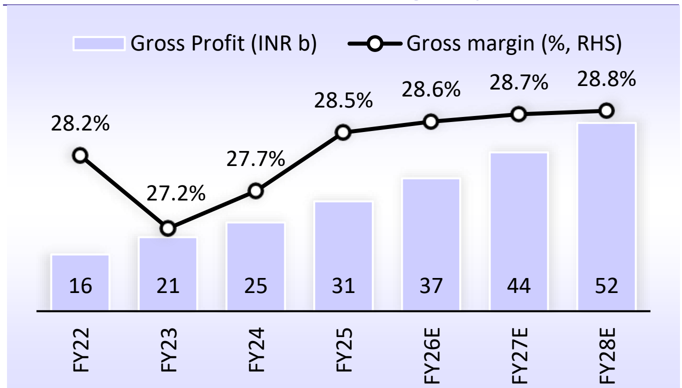
VMM's gross margin has been fairly consistent in the 27-28.5% range over FY20-25, as the company's category-wise revenue mix has remained broadly stable, with apparel contributing 44-45%, followed by 27-28% each for GM and FMCG. Typically, apparel contributes the highest gross margin among VMM's three categories, while gross margins in FMCG are typically the lowest. Driven by faster growth in FMCG over FY22-24, with its share in revenue mix rising from ~25% to 27.5%, VMM's gross margin contracted by ~50bp over FY22-24. However, with a slight improvement in apparel's contribution to the revenue mix and the rising share of private labels, VMM's gross margin improved ~80bp YoY to 28.5% in FY25. Given VMM's focus on providing greater value to its consumers, rising salience of private label brands, and relatively stable category mix, we build in only a modest expansion in gross margin over FY25-28E to reach 28.8% by FY28.

Exhibit 80: Rising own brands' salience offsets higher share of FMCG (+250bp over FY22-25) in VMM's category mix



Source: MOFSL, Company

Exhibit 81: Expect modest ~30bp gross margin expansion over FY25-28 to drive ~20% CAGR in gross profit



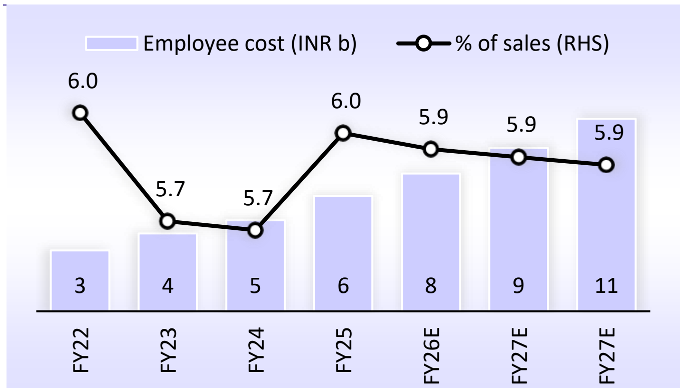
Source: MOFSL, Company

VMM's cost leadership to drive ~20% EBITDA CAGR over FY25-28E

VMM is one of the lowest-cost retailers in India with tight control over employee, rental, and other expenses.

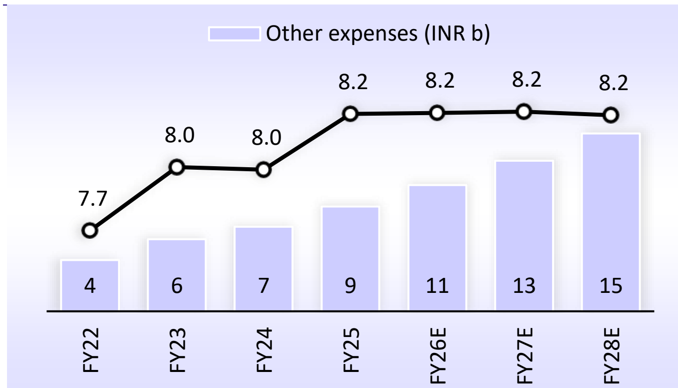
- **Employee expenses** accounted for ~6% of VMM's sales in FY25 (lower than 7-11% of sales for peer value fashion retailers). We believe this was driven by VMM's diversified category mix and strategy of having lower employee per sqft, which are likely to be sustainable cost advantages for VMM. We expect VMM's employee cost to remain broadly stable at ~6% of sales over FY25-28E.
- **Other expenses (including variable rentals)** accounted for ~8% of VMM's sales (vs. ~7-12% of sales for peer value fashion retailers) in FY25. We believe this was due to lower power/fuel expenses (well diversified category mix, lower for FMCG/GM) and logistics costs (scale benefits). We expect other expenses as % of sales to remain steady at ~8% over FY25-28E as investments in a new warehouse and automation are likely to offset cost inflation. Overall, we note VMM's CoR, excluding lease rentals, stood at ~INR1,300/sqft in FY25, lower than that of its peer value fashion retailers as well as other large retailers such as DMart and Trent.
- **Lease rentals or rentals below EBITDA** formed ~5% of VMM's sales or ~INR40/sqft per month on average (vs. INR47-53/sqft for peer value fashion retailers), significantly lower than overall rentals for Trent (~INR180/sqft). We believe VMM's lower rental is driven by its greater presence in tier 2 and beyond towns, as well as larger store sizes (~2x of peer value fashion retailers). We expect only a modest uptick in VMM's rental costs over FY25-28E.
- Overall, we expect **VMM to deliver ~20%/23% CAGR in reported/pre-INDAS EBITDA over FY25-28E**, driven by improving SPSF and tight control on costs.

Exhibit 82: Employee cost accounts for ~6% of sales



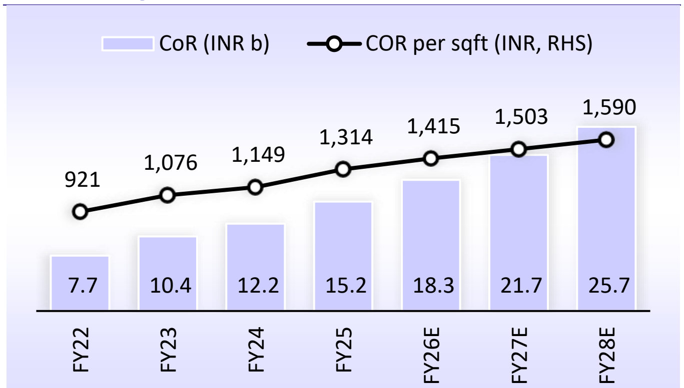
Source: MOFSL, Company

Exhibit 83: Other expenses account for ~8% of sales



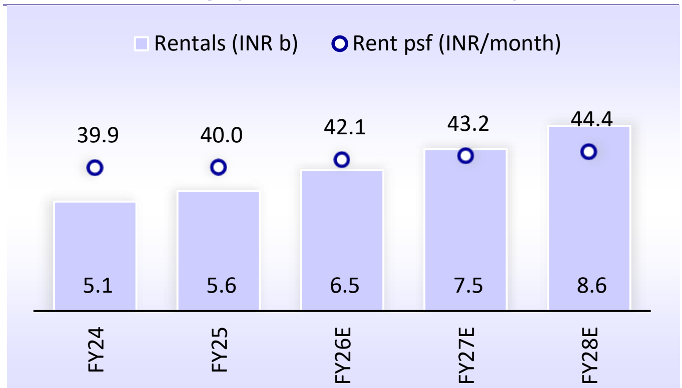
Source: MOFSL, Company

Exhibit 84: CoR, excl. rentals, stood at INR1,300/sqft in FY25, among the lowest for Indian retailers



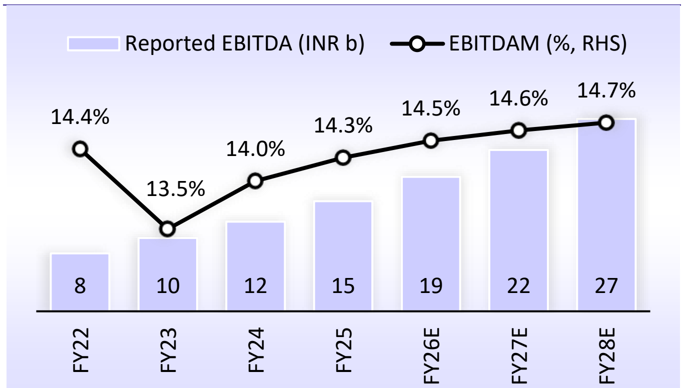
Source: MOFSL, Company

Exhibit 85: VMM's rental costs lower compared to other retailers due to high presence in tier 2 and beyond towns



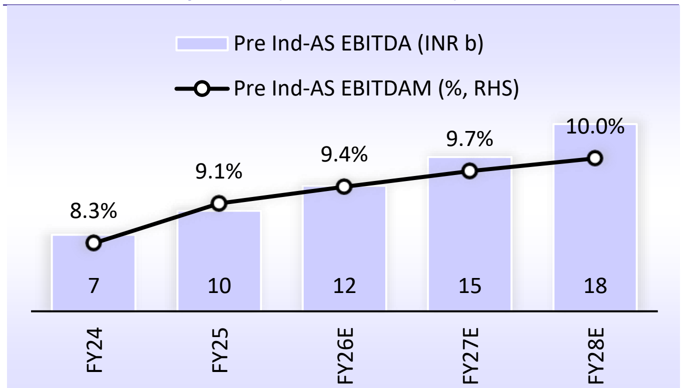
Source: MOFSL, Company

Exhibit 86: Expect ~20% CAGR in VMM's reported EBITDA over FY25-28E



Source: MOFSL, Company

Exhibit 87: Expect VMM's pre-IND-AS 116 EBITDA margins to reach ~10% by FY28E (vs. ~9% in FY25)

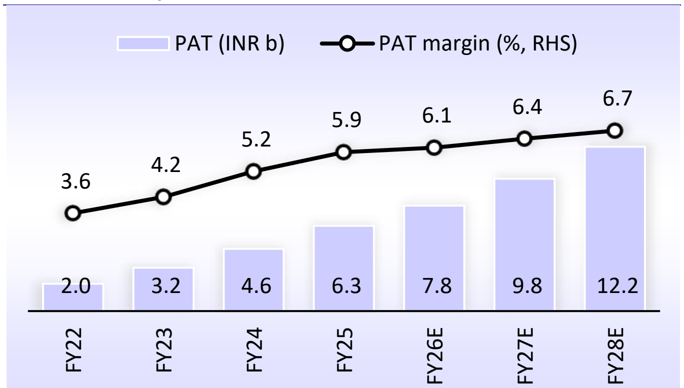


Source: MOFSL, Company

Expect 24% PAT CAGR over FY25-28 to drive INR23b cumulative FCF generation

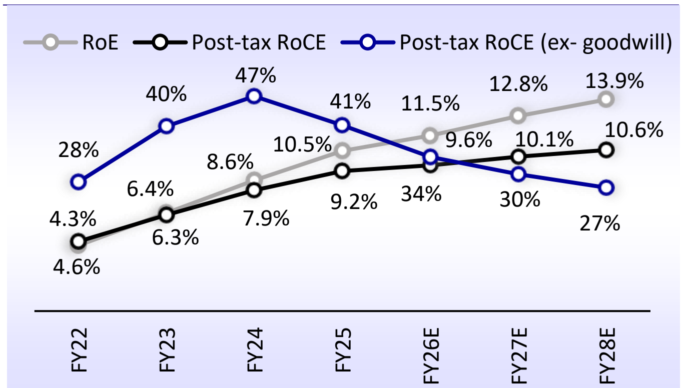
Given strong operational performance and robust cost controls (~24% EBITDA CAGR over FY22-25), VMM became a debt-free company (excl. leases) in FY24. With continued strong performance (likely 20% EBITDA CAGR over FY25-28E), we expect VMM to record ~24% PAT CAGR over FY25-28E, with its post-tax RoCE (excl. goodwill of ~INR42.7b) remaining robust at ~30%. VMM's strong operational performance, combined with tight working capital management (~15 net working capital days), should drive cumulative FCF/OCF generation of ~INR23b/INR32b over FY25-28E.

Exhibit 88: Expect ~24% CAGR in PAT over FY25-28



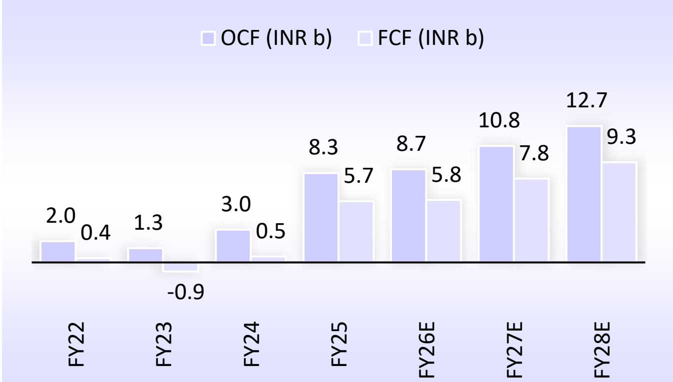
Source: MOFSL, Company

Exhibit 89: Expect VMM's post-tax RoCE (excl. goodwill) to remain robust at ~30%



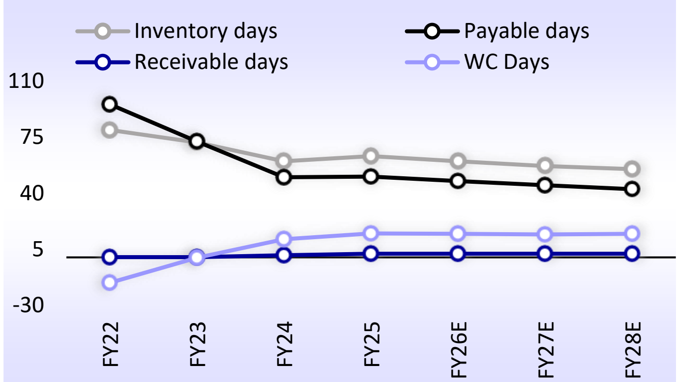
Source: MOFSL, Company

Exhibit 90: Expect cumulative FCF/OCF generation of ~INR23b/IN32b over FY25-28E



Source: MOFSL, Company

Exhibit 91: Expect net working capital days to remain stable at ~15 over FY25-28



Source: MOFSL, Company

Exhibit 92: Summary of our key assumptions for VMM

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Store count	**501**	**557**	**611**	**696**	**790**	**890**	**1,000**
Net store adds		56	54	85	94	100	110
Retail area (msf)	**9.1**	**10.2**	**11.0**	**12.2**	**13.7**	**15.3**	**17.0**
YoY (%)		11.3	8.1	10.5	12.4	11.7	11.5
SSSG (%)	**11.9**	**25.2**	**13.6**	**12.3**	**12.0**	**11.8**	**11.5**
Revenue (INR b)	**55.9**	**75.9**	**89.1**	**107.2**	**129.0**	**153.8**	**182.1**
Rev/sqft (INR)		7,853	8,415	9,251	9,993	10,632	11,276
YoY (%)		35.7	17.5	20.2	20.4	19.2	18.4
Gross margin (%)	28.2	27.2	27.7	28.5	28.6	28.7	28.8
EBITDA (INR b)	**8.0**	**10.2**	**12.5**	**15.3**	**18.7**	**22.5**	**26.7**
EBITDA margin (%)	14.4	13.5	14.0	14.3	14.5	14.6	14.7
Pre-INDAS EBITDA (INR b)	**4.2**	**5.5**	**7.4**	**9.7**	**12.2**	**14.9**	**18.1**
Pre-INDAS margin (%)	7.5	7.3	8.3	9.1	9.4	9.7	10.0
PAT	**2.0**	**3.2**	**4.6**	**6.3**	**7.8**	**9.8**	**12.2**
Capex (INR b)	1.6	2.2	2.5	2.6	2.9	3.1	3.4

Source: MOFSL, Company

Exhibit 93: Sensitivity of VMM's FY28E EBITDA to revenue growth and EBITDA margin

FY28 EBITDA (INR b)		**FY25-28E revenue CAGR (%)**				
		14.3	**16.8**	**19.3**	**21.8**	**24.3**
FY28E EBITDA margin (%)	**13.5**	21.6	23.1	24.6	26.2	27.8
	14.0	22.4	23.9	25.5	27.1	28.8
	14.7	23.5	25.1	**26.7**	28.5	30.2
	15.0	24.0	25.6	27.3	29.1	30.9
	15.5	24.8	26.5	28.2	30.0	31.9

Source: MOFSL, Company

Initiate coverage with a BUY rating and a TP of INR165

We initiate coverage on VMM with a BUY rating and a TP of INR165, premised on DCF implied ~45x Sep'27 pre-INDAS 116 EBITDA. This implies ~31x Sep'27E reported EBITDA and ~69x Sep'27E P/E. Our implied valuation is at ~4-7% premium to VMM's average multiples since the listing.

Exhibit 94: We ascribe a TP of INR165, based on ~31x Sep'27E reported EBITDA

INR b	EBITDA	Multiple (x)	Value
Enterprise value	**24.6**	**31**	**761**
Net debt (incl. leases)			1
Equity value			**759**
TP (INR/share)			**165**
CMP (INR/share)			137
Potential upside (%)			21

Source: MOFSL

Exhibit 95: Our TP implies ~45x Sep'27E pre-IND-AS-116 EBITDA

INR b	EBITDA	Multiple (x)	Value
Enterprise value	**16.5**	**45**	**739**
Net debt (excl. leases)			-20
Equity value			**759**
TP (INR/share)			**165**
CMP (INR/share)			137
Potential upside (%)			21

Source: MOFSL

Based on our reverse DCF analysis (10.5% risk-free rate and 6.5% terminal growth rate), our TP of INR165 implies ~16% revenue CAGR over FY25-35E. This is driven by ~110 annual store additions (at ~10% CAGR) and ~5% CAGR in revenue per store. However, the revenue CAGR would taper to ~9% over FY35-50E, led by ~120 annual store additions (at ~4.7% CAGR) and ~3.5% CAGR in revenue per store. Overall, based on our reverse DCF analysis, our TP implies ~11%/13% revenue/pre-IND-AS-116 EBITDA CAGR over FY25-50E.

Exhibit 96: Key assumptions for our reverse DCF model

DCF valuation		
WACC	%	10.5%
Terminal growth	%	6.5%
PV of FCF (FY25-50E)	**INR b**	**381**
Exit FCF multiple	x	26.6
PV of terminal value	**INR b**	**358**
Enterprise value	**INR b**	**739**
Net cash	INR b	20
Equity value	**INR b**	**759**
Target Price	**INR/sh**	**165**

Source: MOFSL

Exhibit 97: Our reverse DCF model implies a revenue/pre-IND-AS EBITDA CAGR of ~11%/13% over FY25-50E

VMM	FY25-35E	FY35-50E	FY25-50E
Store additions CAGR	10.0%	4.7%	6.8%
Revenue/store CAGR	4.9%	3.6%	4.2%
Revenue CAGR	15.8%	8.6%	11.4%
EBITDA CAGR	**18.2%**	**9.0%**	**12.6%**

Source: MOFSL

Exhibit 98: Sensitivity of our TP to revenue growth and EBITDA margin

VMM's TP (INR/sh)		FY25-28E revenue CAGR (%)				
		14.3	**16.8**	**19.3**	**21.8**	**24.3**
FY28E EBITDA margin (%)	**13.5**	105	120	136	153	172
	14.0	117	132	149	168	187
	14.7	130	147	**165**	185	207
	15.0	141	158	178	198	221
	15.5	153	172	193	215	239

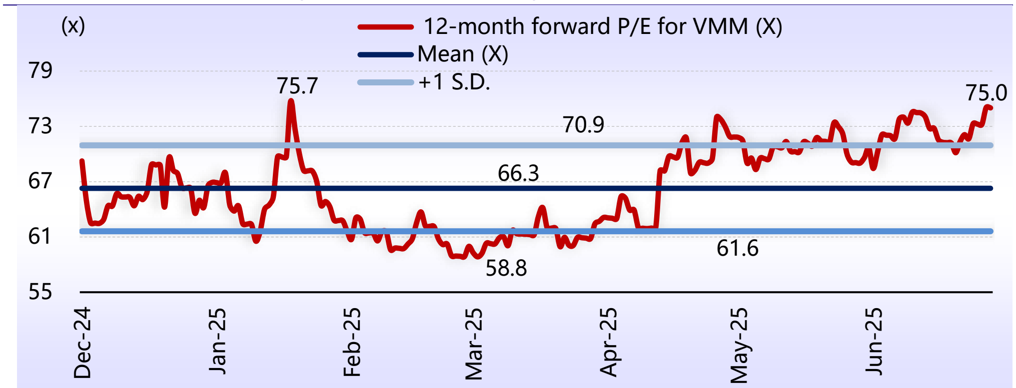
Source: MOFSL

Exhibit 99: Sensitivity of our TP to discount and terminal growth rate

VMM's TP (INR/sh)		Discount rate (%)				
		9.5%	**10.0%**	**10.5%**	**11.0%**	**11.5%**
Terminal growth (%)	**5.5%**	164	155	148	143	138
	6.0%	175	164	156	149	143
	6.5%	191	176	**165**	157	150
	7.0%	213	192	177	166	157
	7.5%	246	214	193	178	167

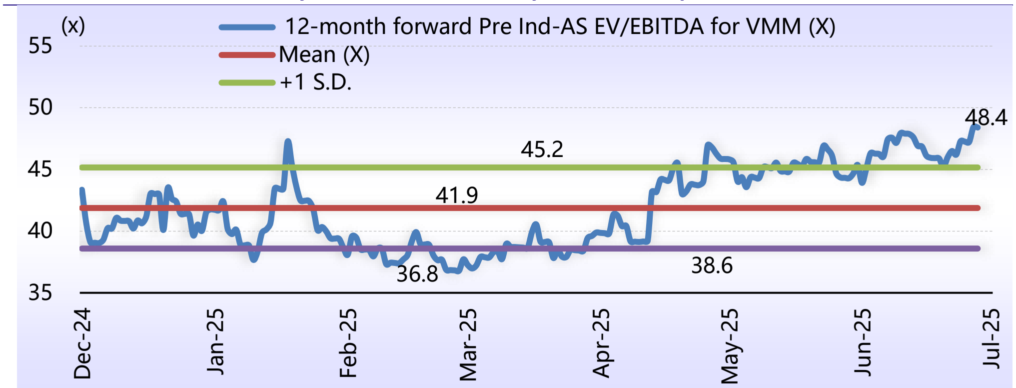
Source: MOFSL

Exhibit 100: VMM currently trades at ~75x one-year forward P/E



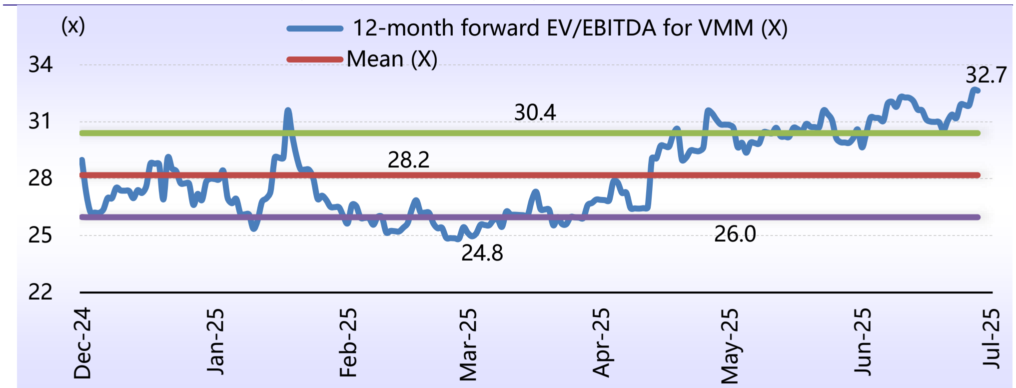
Source: MOFSL, Company

Exhibit 101: VMM currently trades at ~48x one-year forward pre-IND-AS EV/EBITDA



Source: MOFSL, Company

Exhibit 102: VMM currently trades at ~33x one-year forward EV/EBITDA



Source: MOFSL, Company

Shift from unorganized to organized retail a multi-decadal growth story

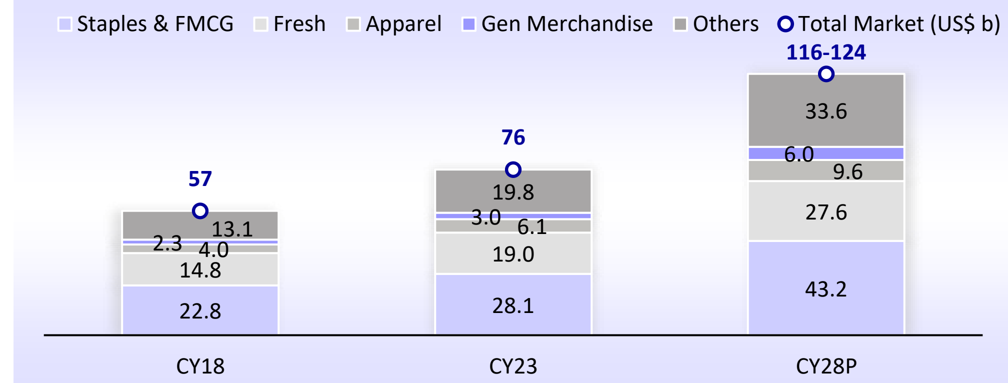
The INR120t Indian retail opportunity

The Indian retail market has exhibited strong structural resilience and sustained momentum, rebounding swiftly post-Covid. After posting a CAGR of ~12% between CY16 and CY19 to reach INR63t (USD764b), the market recovered from pandemic disruptions to hit INR76t (USD916b) by CY23. This rebound reflects not just a recovery in demand but also an ongoing structural shift driven by favorable demographics, policy support, and rapid formalization.

India's retail market is poised to clock a 9% CAGR, reaching INR120t (USD1.45t) by 2028, fueled by structural reforms and rising consumption. Policy measures such as GST implementation, liberalized FDI norms, and the rapid adoption of digital payments such as UPI have formalized the sector and enhanced efficiency. Simultaneously, government welfare schemes have supported consumer spending. The expanding middle-income cohort, rising urbanization beyond metros, and growing female workforce participation are transforming consumption dynamics. With per capita retail spending at just USD640—far below the U.S. and China—India offers significant headroom for growth, particularly in discretionary and branded categories.

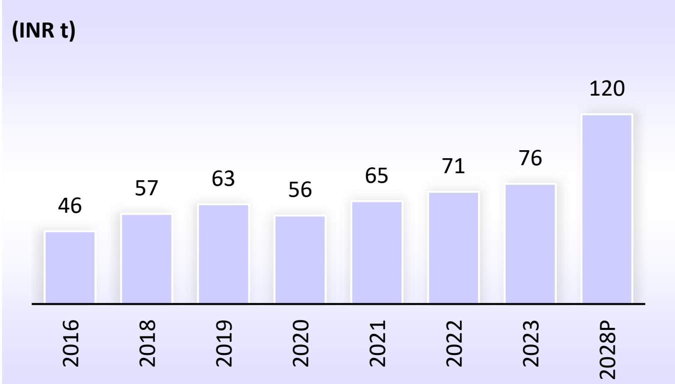
Organized retail is increasingly garnering share, particularly in categories such as apparel, staples, FMCG, and GM, which together contributed ~50% of total retail market value in CY23 and are expected to retain their prominence. These segments benefit from high-frequency, value-conscious demand and rising expectations for quality and accessibility—factors that continue to make them critical growth drivers in India's evolving consumption landscape.

Exhibit 103: Overall retail market by category – India (USD b)



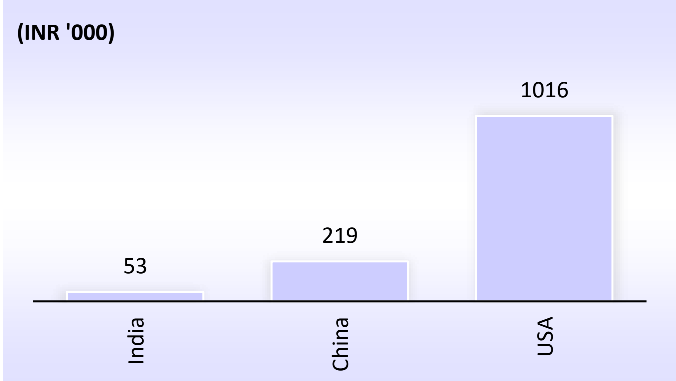
Source: MOFSL, Company

Exhibit 104: Indian retail market expected to reach INR120t by FY28



Source: MOFSL, Company

Exhibit 105: Retail per capita spends significantly lower for India at ~INR53k



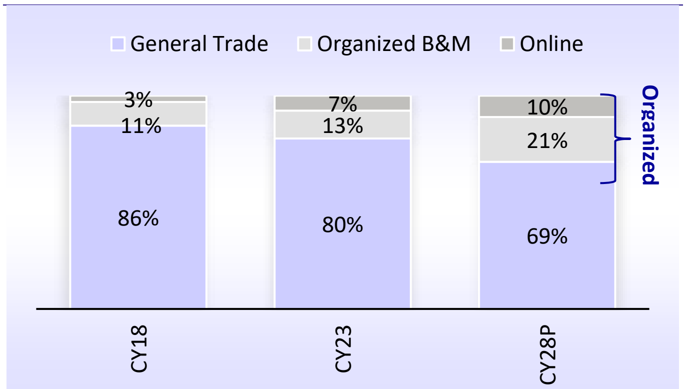
Source: MOFSL, Company

Organized retail to soar, led by the continued shift from unorganized retail

India's organized retail market has expanded from INR7.7t (USD93b) in CY18 to INR14.9t (USD180b) now, reflecting structural improvements across pricing, product assortment, and consumer experience. This growth is led by increasing digital adoption and sustained investments by organized players in store infrastructure, supply chain efficiencies, and omnichannel integration. With continued formalization and expanding consumer demand, the market is projected to reach INR36-38t (USD434-458b) by CY28.

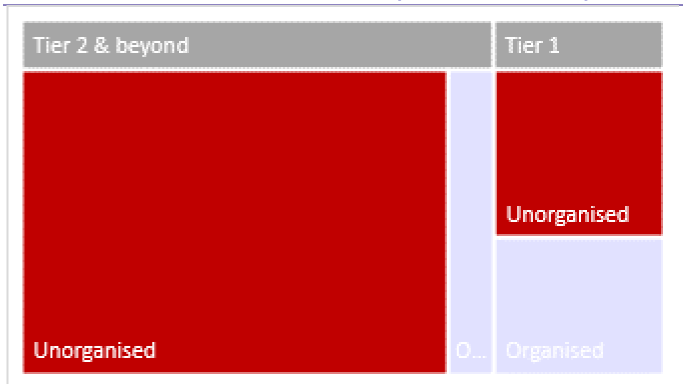
Organized brick-and-mortar retail, a core sub-segment, has grown to INR10t from INR6.3t over the past five years and is expected to reach INR23-26t by CY28, clocking a CAGR of 19-20%. Tier-2+ cities are driving future expansion, with growth projection at ~32% CAGR due to low organized store density and rising consumption. Even Tier-1 cities remain underpenetrated, with unorganized retail accounting for 50-55% of the market.

Exhibit 106: The unorganized to organized shift would accelerate



Source: MOFSL, Company

Exhibit 107: Overall retail market by channel and city tier



Source: MOFSL, Company

Overall retail space (including discretionary and non-discretionary) grew 6% over CY18-23, moderating due to the Covid-19 disruption. It is now projected to record a stronger ~10% CAGR over CY23–28, supported by structural recovery and formalization-led consumption. Within the retail space, discretionary categories are set to outpace overall growth. Apparel is projected to record ~10% CAGR, and GM is set to clock ~14% CAGR over CY23–28, driven by rising demand from Tier-2+ cities, evolving consumer preferences, and deeper penetration of organized retail.

Exhibit 108: Growth expectation of different segments

INRt	CY18	CY23	CY28P	CAGR CY18-23	CAGR CY23-28
Retail	57	76	120	6%	10%
-Staples/FMCG	22.8	28.1	43.2	4%	9%
-Fresh	14.8	19	27.6	5%	8%
-Apparel	4	6.1	9.6	9%	10%
-GM	2.3	3	6	6%	15%
-Others	13.1	19.8	33.6	9%	11%

Source: Company, MOFSL

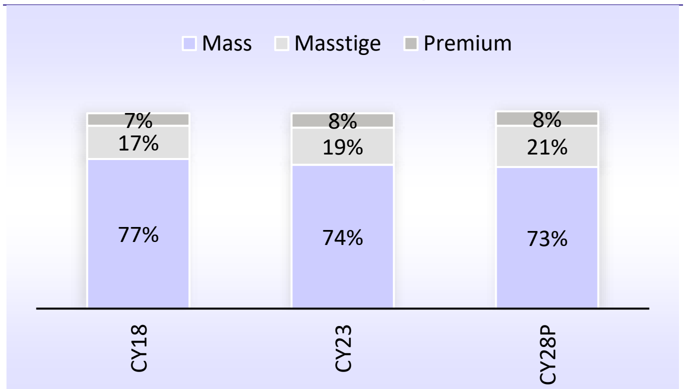
The overall retail sector is expected to grow by 10% CAGR over CY23-28. Within retail, apparel and GM are expected to clock a 10% and 15% CAGR over CY23-28, respectively.

About 85% of Indian HHs are in Tier 2 and below cities, which are the key markets for value retailers.

Value retail – Long runway for growth

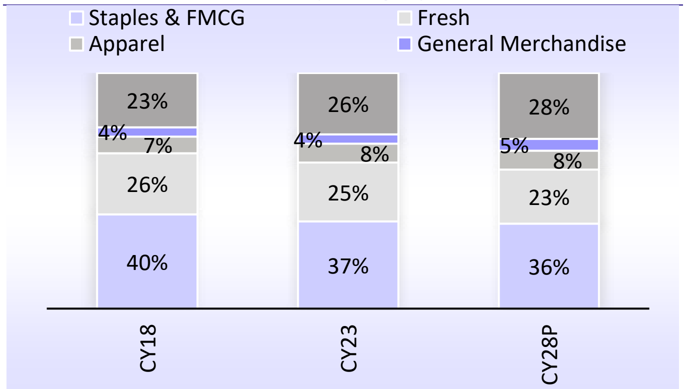
India's **value retail segment** *(mass)*, contributing 74% of the total retail market, was valued at INR56t in CY23 and is projected to record 9% CAGR to reach INR87t by CY2028. Dominated by categories such as Fresh, Staples, and FMCG, the segment is witnessing a gradual shift as Apparel and GM gain consumer share. Simultaneously, the broader **Aspirational Retail segment**—which includes both mass and masstige brands—accounted for 90–95% of the overall retail market, valued at INR68–72t (USD820–870b) in CY2023. It is expected to reach INR104–112t (USD1.25–1.35t) by CY28, at a 9% CAGR. Growth is primarily fueled by rising brand affinity, increasing demand from Tier-2+ cities, and accelerated formalization.

Exhibit 109: Retail market by price segment in India



Source: MOFSL, Company

Exhibit 110: Retail market by category

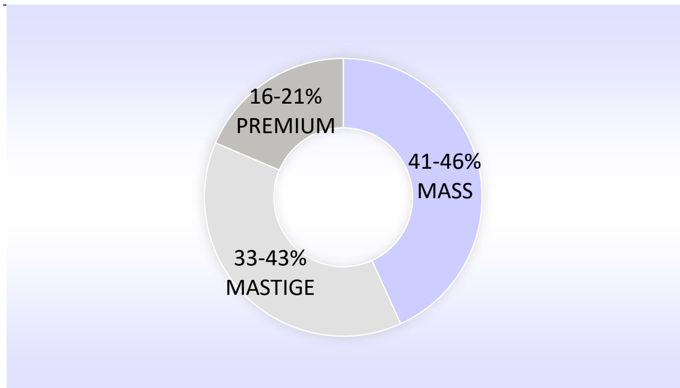


Source: MOFSL, Company

Apparel

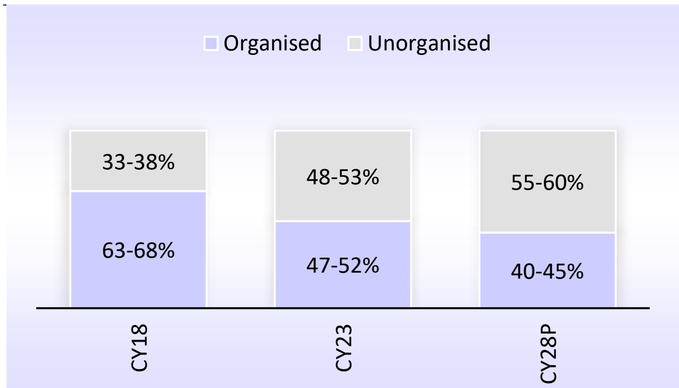
India's retail apparel market, valued at INR6t (USD71b) in CY23, is projected to record ~10% CAGR to reach INR10t (USD116b) by CY28. The value and aspirational segments constituted 44% *(mass – INR2.6t)* and 78% *(mass + masstige – INR4.9t)* of the market, respectively, reflecting strong traction from value-conscious and trend-aware consumers. The unorganized channel, which commanded a 47-52% share in CY23, is steadily losing ground to organized retail, driven by rising consumer expectations for quality, wider product assortments, sharper pricing, and growing urban retail footprints. The organized players are scaling their presence across formats and cities and are expected to capture 55-60% market share by CY28, emphasizing a structural shift toward formal, brand-led, and experience-driven retail.

Exhibit 111: Mass and masstige form a dominant share



Source: MOFSL, Company

Exhibit 112: Shift from unorganized to organized retail would accelerate

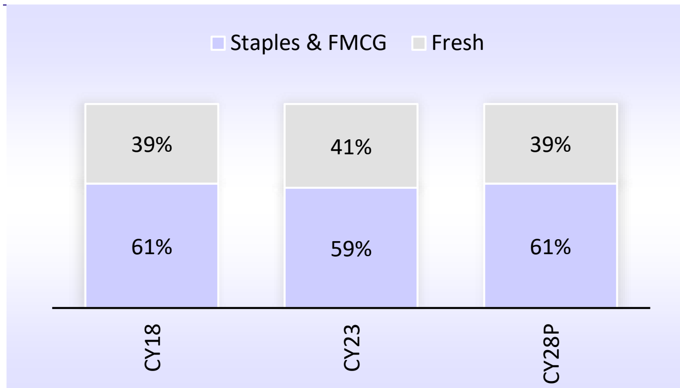


Source: MOFSL, Company

Staples & FMCG

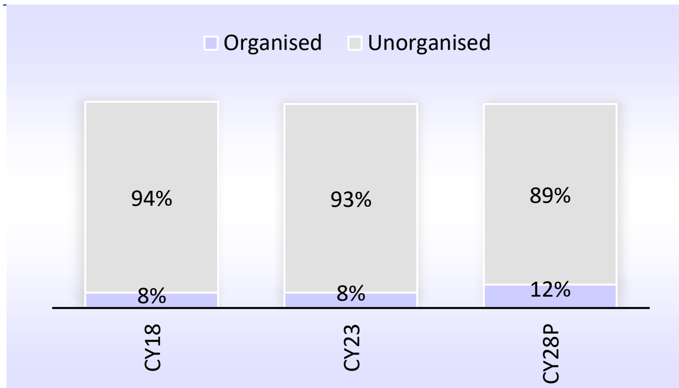
India's grocery retail market stood at INR47t (USD568bn) in CY23, with Staples & FMCG accounting for ~59% or INR28t (USD335b). The segment is projected to clock 9% CAGR to reach INR42t (USD511bn) by CY28, driven by shifting consumer preferences toward packaged, branded, and health-oriented products. Despite the current dominance of the unorganized channel (90–95% share in CY2023), the transition toward organized formats is accelerating. Organized retailers are gaining traction due to superior assortment, consistent quality, improved store formats, price transparency, and promotional intensity. The growing influence of e-commerce and evolving consumer expectations centered on convenience, hygiene, and healthier choices are reinforcing this shift. As a result, organized channels are expected to capture 9–14% of the Staples & FMCG market by CY28, signaling a gradual but steady formalization of grocery retail.

Exhibit 113: Staples and FMCG form a dominant share



Source: MOFSL, Company

Exhibit 114: Organized retailers to gain share over CY23-28

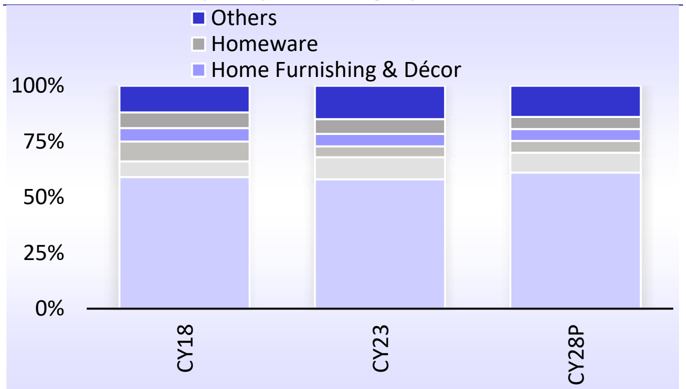


Source: MOFSL, Company

GM

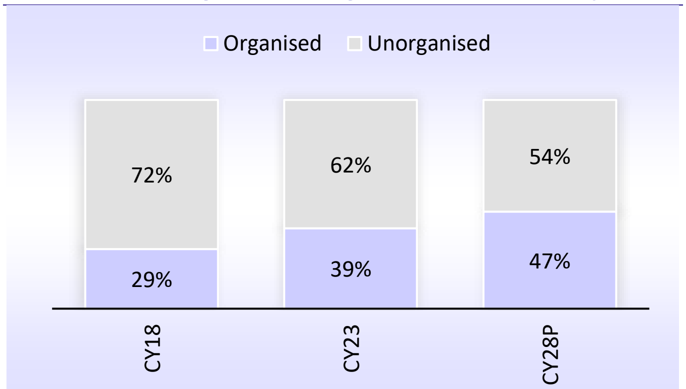
India's GM retail market was valued at INR3t (USD37b) in CY23 and is expected to double to INR6t (USD69b) by CY28, posting a 14% CAGR. Value and Aspirational segments comprised 53% *(masstige - INR1.6t)* and 78% *(mass + masstige – INR2.6t)* of the market, respectively. Organized retail, particularly in Tier-2+ cities, is gaining momentum by offering wider assortments, superior accessibility, and enhanced consumer experience. The share of the unorganized channel, currently at 59-64%, is expected to decline as consumers increasingly prioritize quality, trust, and convenience. Organized retailers are projected to reach 44-49% market share by CY28. Growth is likely to be driven by rising demand in footwear, fashion accessories, luggage, and small home appliances, as well as a shift toward home décor, DIY culture, and travel-related merchandise—trends that align well with the capabilities of organized retail formats.

Exhibit 115: GM split by sub-category



Source: MOFSL, Company

Exhibit 116: Unorganized to organized shift underway



Source: MOFSL, Company

In India, the Value (mass) segment constitutes a dominant share across all key retail categories, which is targeted by VMM and other value-focused retailers. As of CY23, value apparel accounted for 44% of the total apparel market. The GM value segment comprises 54% of the GM market, and the value segment within staples and FMCG commands a substantial 74% share of its category.

Exhibit 117: Apparel, GM, and FMCG – market sizing

CY23 (INRt)	Apparels	Staples and FMCG	GM
Mass	2.6	20.7	1.6
Masstige	2.3	7.2	1
Premium	1.1	0.6	0.4
Total	**6.1**	**28.1**	**3**

CY23 (mix %)	Apparels	Staples and FMCG	GM
Mass	44%	74%	54%
Masstige	38%	26%	32%
Premium	19%	2%	14%

Source: MOFSL, Company

A significant portion of India's value apparel market is served by a fragmented base of regional retailers, largely concentrated in Tier-2 and below cities and catering to middle- and low-income households. While the overall apparel category is projected to record a 10% CAGR over CY23-28, organized value apparel retail is expected to outpace this growth. Key drivers include rising disposable incomes, increasing urbanization, and a favorable demographic profile—particularly the expanding base of millennial and Gen Z consumers—supporting stronger formalization and brand adoption within this segment.

Exhibit 118: The majority of Indian HHs (288m out of 339m in CY23, i.e., 85%) are in Tier 2 and below cities

Total Household in Tier 2 and below	CY18	CY23	CY28E
High Income (INR1m+)	19	26	42
Middle Income (INR0.15-1m)	175	193	206
Low Income (<INR0.15)	75	69	55
Total	**269**	**288**	**303**

Total HH/Categorization	CY18	CY23	CY28E
High Income (INR1m+)	28	41	60
Middle Income (INR0.15-1m)	201	225	246
Low Income (<INR0.15m)	80	73	59
Total	**309**	**339**	**365**

Source: MOFSL, Company

Value-first offline retailers: Expanding reach and market potential

- **The value-first offline retailers** are predominantly brick-and-mortar-driven businesses that focus on affordability, volume-driven sales, and wide consumer reach. Built on lean cost structures, rapid inventory turnover, and strategic store expansion, these retailers offer competitively priced, quality products to value-conscious consumers, primarily across Tier-2 cities and beyond.
- They serve one of ***India's largest Serviceable Addressable Markets (SAM), valued at INR56–60t (USD680–720b) in CY23***, which is projected to clock 10% CAGR to reach INR90–96t (USD1.09–1.150t) by CY28.
- With access to ~250m households, more than double the reach of premium offline or quick commerce players, these retailers benefit from the formalization of consumption and infrastructure improvements in semi-urban India.
- Their competitive edge is in maintaining ***Opening Price Points (OPPs) 10–20% below average across aspirational retail models***, thus balancing affordability with viable unit economics. While e-commerce platforms may offer lower OPPs, they often face margin pressures and lack sustainable profitability at these price levels.
- The segment's growth is primarily fueled by rising demand from middle- and lower-income groups, including high-income consumers in underserved regions where premium formats and online retail access remain limited.

Exhibit 119: SAM by organized retail business models INRt (USD b)

Business Model	Primary Presence	CY23	CY28
Value First Offline	Offline	56-60 (680-720)	90-96 (1,090-1,150)
Premium Offline	Offline	26-30 (320-360)	49-55 (600-660)
E-Commerce	Online	61-65 (740-780)	99-105 (1,200-1,260)
Quick Commerce	Online	26-30 (320-360)	49-55 (600-660)

Source: Company, MOFSL

Exhibit 120: Addressable HHs by organized retail business models

Business Model	Primary Presence	High Income (>INR 10 LPA)	Upper Middle Income (INR 7.6-10 LPA)	Middle Income (INR 2.5-7.5 LPA)	Lower Middle Income (INR 1.6-2.5 LPA)	Lower Income (<INR 1.5 LPA)	Addressable HHs (m)
Value First Offline	Offline						252
Premium Offline	Offline						109
E-Commerce	Online						266
Quick Commerce	Online						109

Source: MOFSL, Company

Exhibit 121: Opening price point benchmarking (mean indexed to 100) and EBITDA margins by business models

Business Model	Primary Presence	Apparel	Grocery (incl Fresh)	GM	BPC	Overall	EBITDA Margins
E-Commerce	Online	63	78	80	69	72	(19%)-6%
Value First Offline	**Offline**	**89**	**84**	**87**	**78**	**85**	**8-14%**
Quick Commerce	Online	225	95	118	102	135	(120%)-(17%)
Premium Offline	Offline	161	144	154	174	158	11-18%

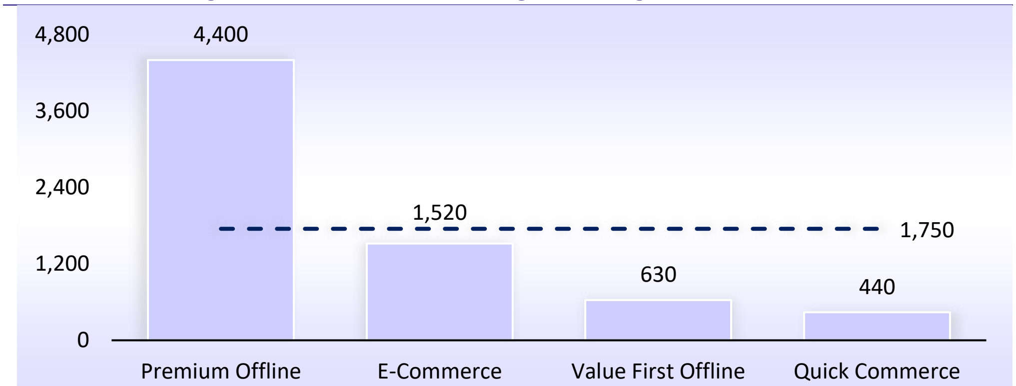
Source: MOFSL, Company

Exhibit 122: Comparison of geographical presence and delivery speed of various retail formats

Business Model	Primary Presence	Geographic Presence	Tier-2 cities and beyond presence	Tier-2 cities and beyond Delivery Speed
Value First Offline	Offline	Pan-India	High	Instant/In-store Pickup
Premium Offline	Offline	Primarily Tier-1 and Tier-2 cities	Medium	Instant/In-store Pickup
E-Commerce	Online	Pan-India	High	>3 days
Quick Commerce	Online	Primarily Tier-1 cities	Low	<30 minutes

Source: MOFSL, Company

Exhibit 123: Average order value benchmarking across organized retail business models



Source: MOFSL, Company

Company overview

- VMM is a leading offline-first diversified retailer in India, catering to middle- and lower-middle-income consumers in India. VMM offers a diverse product portfolio of its own brands and third-party brands across three key categories: Apparel (44% of revenue), GM (28%), and FMCG (28%). VMM has a pan-India presence with a network spread across 696 stores across 458 cities in 30 states and union territories, a mobile app, and a website.
- VMM's apparel category comprises exclusively its own brands, catering to the apparel needs of all members of a family. VMM prioritizes fashion, speed-to-market, functionality, and feel by identifying global and Indian fashion trends and making products available at affordable prices. In GM, VMM offers its own brand and third-party brands across home appliances, crockery, utensils, home products and furnishings, toys, stationery, travel products, and footwear, among others. VMM also offers FMCG products across the packaged food, staples, and non-food categories under its own as well as third-party brands.

Exhibit 124: Key event timeline

FY	Major events and milestones of pre-merger VMM
FY17	❖ Crossed revenue of INR20b, with 195 stores
FY18	❖ Achieved the majority of sales from own brands in apparel and accelerated the share of own brands in GM and FMCG segments
FY19	❖ Expanded operations in Southern India
FY21	❖ Crossed revenue of INR50b, with more than 350 stores running
	Major events and milestones of post-merger VMM
FY22	❖ Inaugurated its 500th store in India, and the spread of stores reached more than 300 cities
FY22	❖ Launched E-commerce/ Omni-channel Platform and Vishal Mega Mart Mobile Application, operated by a material subsidiary
FY23	❖ Surpassed an aggregate of 10m sqft of retail space
FY24	❖ Inaugurated its 600th store in India, and the spread of stores reached nearly 400 cities
FY24	❖ Became debt-free after repaying term loans taken for operational purposes
FY25	❖ Became a listed entity with INR500b+ market cap

Source: MOFSL, Company

Backed by Kedaara Capital and Partners, VMM has integrated its wholesale and retail arm

VMM was originally incorporated in 2001 as Vishal Retail Private Limited and was founded by Mr. Ram Chandra Agarwal (current promoter of V2 Retail). The company was later acquired by TPG and Shriram Group for INR0.7b through a corporate debt restructuring scheme in 2011. VMM previously operated through two distinct divisions: wholesale (TPG) and retail (Shriram Group).

- VMM's retail division is operated by its master franchisee, Airplaza Retail Holdings Private Limited (ARHPL). In 2018, Kedaraa Capital Fund II LLP acquired a stake in ARHPL.
- The company's wholesale division was originally part of Vishal Retail Limited, which was acquired by TPG Wholesale Private Limited in 2011. In 2019, Rishanth Wholesale Trading Private Limited, backed by Kedaara Capital Fund II LLP, acquired the business.
- Following a Scheme of Amalgamation in 2020, Rishanth Wholesale Trading Private Limited was renamed Vishal Mega Mart Private Limited (VMMPL).
- Simultaneously, VMMPL acquired the entire share capital of the ARHPL from Kedaara Capital Fund II LLP and Aman Gandhi, the nominee of Kedaara Capital Fund II LLP, for a total consideration of INR 747.56m in 2020. Now it is the material and 100% subsidiary of VMM, contributing 68% of the consolidated revenue.

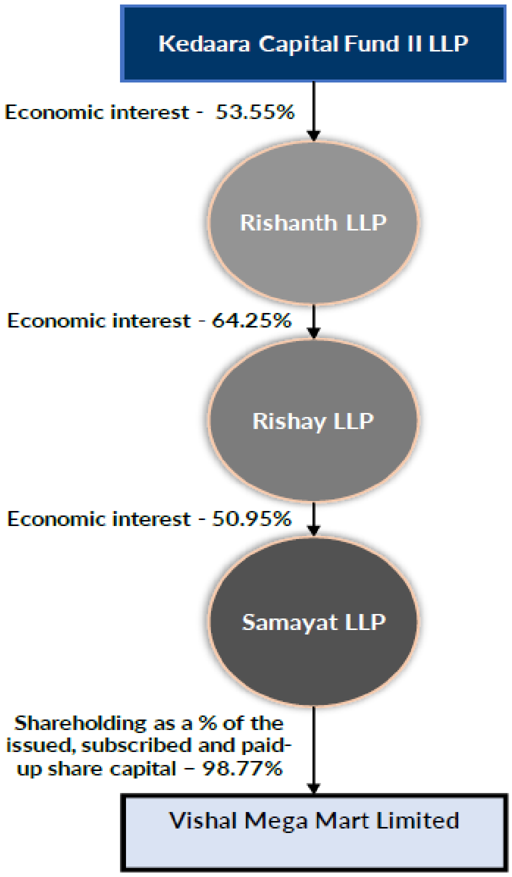
- Subsequently, the company was converted into a public limited company and renamed Vishal Mega Mart Limited (VMM), following a shareholders' resolution in Apr'24.

Kedaara Capital Fund II LLP does not directly own equity shares in VMM but controls it indirectly through a structured chain of limited liability partnerships (LLPs). The control structure is as follows:

- Kedaara Capital Fund II LLP holds a controlling interest in Rishanth Services LLP
- Rishanth Services LLP then holds a controlling stake in Rishay Services LLP
- Rishay Services LLP, in turn, holds a controlling interest in Samayat Services LLP, which is the direct promoter and largest shareholder of VMM.
- After the IPO and recent stake sale, Samayat owns ~54.4% stake in VMM.

Through its layered LLP structure, Kedaara Capital Fund II LLP effectively controls Samayat Services LLP and thereby exerts indirect control over VMM.

Exhibit 125: VMM's ownership structure; after the IPO and recent stake sale, Samayat's stake in VMM has reduced to ~54.4% (from 98.8% pre-IPO)



Source: MOFSL, Company

Key risks and concerns

Though an unorganized-to-organized shift offers a long runway for growth for value retailers such as VMM, there are certain risks to our thesis:

- **Dependence on third-party vendors for manufacturing**: VMM does not manufacture any of the products that are sold in its stores and relies entirely on third-party vendors for the manufacturing of all products under its own brands. The vendors are required to meet product specifications, quality, design, and manufacturing standards. Failure to maintain quality and manufacturing standards subjects the company to operational, financial, and reputational risks.
- **High competition from other value retailers and ecommerce:** The company faces competition from existing value retailers – both organized (V-Mart, V2 Retail, Style Baazar, Baazar Kolkata, Citykart, DMart, and Zudio) and unorganized (mom and pop shops) players – and new entrants (Intune (Shopper Stop), Yousta (Reliance Retail), Styleup (ABFRL)) in the value/fast fashion retailing. Further, VMM faces competition from online retailers and e-commerce marketplaces like Meesho and Shein (re-entered India in a tie-up with Reliance).
- ➢ Some of the competitors might have competitive advantages such as a greater number of stores, a longer operating history, better brand recognition, greater financial resources, greater market penetration, better store locations, leaner supply chains, more efficient distribution networks, or a more diverse merchandise mix, which may hurt the operating performance of VMM.
- ➢ Heightened competition from existing retailers and new entrants in the retail and consumer industry may result in pricing pressures, which may affect the ability to maintain or increase the product prices, adversely impacting the business operations and profit margins.
- **Inflationary risk:** The key moat for value retailers is their relatively lower pricing. Higher inflation in India could lead to a rise in the costs for third-party suppliers and vendors, rent, wages, and other expenses for the company. VMM is one of the lowest-cost retail operators, though an increase in inflation will possibly result in a higher cost of operations, thereby affecting its margin.
- ➢ Additionally, the company operates on lower labor wages. Any change in policy towards higher minimum wages could impact the company's performance.
- **Inability to identify and effectively respond to changing consumer preferences:** The retail industry is characterized by frequent changes in consumer preferences, especially in the apparel category. An inability to identify changes in consumer preferences and effectively respond with new products/designs could place the company at a competitive disadvantage. Further, this could also expose the company to inventory liquidation risks.
- **Sales concentration in select states:** The top 3 states (Uttar Pradesh, Karnataka, and Assam) accounted for ~35% of VMM's total stores and ~37% of revenue in FY24, with overall store throughput significantly higher than company-level throughput in the state of Assam. The company has not faced any adverse developments in these states so far. However, a slowdown in economic activity in these states or adverse events such as political unrest or natural disasters can hurt VMM.

Exhibit 126: Store and revenue concentration of VMM in its top 3 states

	FY22	FY23	FY24	1HFY25
Store concentration				
Uttar Pradesh	101	105	108	111
Karnataka	53	63	67	73
Assam	35	36	40	42
Stores in top 3 states	**189**	**204**	**215**	**226**
Share of top 3 states (%)	*37.7*	*36.6*	*35.2*	*35.0*
Revenue concentration (INR b)				
Uttar Pradesh	9.6	12.9	14.5	7.8
Karnataka	5.8	8.0	10.1	5.9
Assam	5.6	7.5	8.7	4.6
Revenue from top 3 states	**21.0**	**28.5**	**33.3**	**18.3**
Share of top 3 states (%)	*37.5*	*37.5*	*37.4*	*36.3*
Revenue throughput (INR m/store per month)				
Uttar Pradesh		10.4	11.4	11.8
Karnataka		11.5	12.9	14.0
Assam		17.7	19.0	18.9
Throughput - top 3 states		**12.1**	**13.2**	**13.8**
VMM's overall throughput		12.0	12.7	13.4

Source: MOFSL, Company

- **Follow-on promoter stake sales:** Kedaara Capital Fund-II LLP is one of the majority shareholders of the company. It does not possess adequate experience in the retail industry and does not actively participate in the business activities of the company. The business operations of the company are managed by management and professionals. The promoters have already sold ~44% stake in the company in the past six months, and being a private equity-backed company, there could be an overhang of follow-on stake sales by the promoter.

Management background

Exhibit 127: Key management personnel (KMPs)

Name	Designation	Experience	Details
Gunender Kapur	MD and CEO	41+ years	❖ He had previously been associated with Hindustan Lever, Unilever Nigeria PLC, Reliance Industries, and TPG Capital. He was a director on the Board of the pre-mergerVMMPL.
Amit Gupta	CFO	21+ years	❖ Previously, he was associated with Agro Tech Foods Limited, Jubilant Foodworks, and Hindustan Coca-Cola Beverages.
Manoj Kumar	COO	30+ years	❖ He was previously associated with Walmart.
Dhruva Kumar Dubey	CHRO	22+ years	❖ He had previously been associated with Spencer's Retail, The Hong Kong and Shanghai Banking Corporation, Dell International Services India, and Quikr India.
Karthik Kuppusamy	CIO	24+ years	❖ Previously, he was the CIO of Pre-merger VMMPL. He was also associated with Accenture India Private Limited, Infosys Technologies Limited, SAP India, and Spencer's Retail.
Anne Puvis	Chief B&M - Apparel	30+ years	❖ Previously, she was the Chief B&M Officer-Apparel of the pre-merger VMMPL. She was also previously associated with Club Méditerranée, Camif Group, Sociedad Nestlé, A.E.P.A., and Redoute France.
Samir Agrawal	VP – General Merchandise	21+ years	❖ Previously, he was the Vice President-General Merchandising of the Pre-merger VMMPL. He was also previously associated with Aditya Birla Retail, Shopper's Stop, GE Countrywide Consumer Financial Services, and Whirlpool of India.
Vishal Mehrotra	VP - FMCG	23+ years	❖ Previously, he was the Vice President- FMCG of Pre-merger VMMPL. He was also associated with Snapdeal, Spencer's Retail Limited, ICICI Bank, Dabur India Limited, and Britannia Industries.
S Raamesh	VP - Supply Chain	26+ years	❖ Previously, he was the Vice President- Supply Chain of Pre-merger VMMPL. Also previously associated with Reliance Retail Limited, Amazon Seller Services Private Limited, Toyota Boshoku Automotive India Private Limited, Tata Johnson Controls Automotive, and IFB Industries.
Kuldeep Sharma	VP - Legal and Compliance head	25+ years	❖ Previously, he was associated with Fabindia Overseas, Max Healthcare Institute, SCtar Shopping Centres, Spencer's Retail Limited, and Hindustan Lever.

Exhibit 128: Board of directors

Name	Designation	Experience	Details
Neha Bansal	Chairperson and Independent Director	17+ years	❖ She is the Co-Founder of Lenskart. Previously, she was associated with Vinod Kumar and Associates.
Manas Tandon	Non-Executive Director	NA	❖ He is currently with the Partners Group and previously was associated with Cisco Systems Inc., Matrix India Asset Advisors, and TPG Capital India. Further, he was a director on the Board of the pre-merger VMMPL.
Nishant Sharma	Non-Executive Director	20+ years	❖ He is the Managing Partner and CIO of Kedaara Capital. Previously, he was associated with the Bill & Melinda Gates Foundation, General Atlantic, and McKinsey and Company, and was a director on the Board of the Pre-merger VMMPL.
Gunender Kapur	MD and CEO	41+ years	❖ Previously associated with Hindustan Lever Limited, Unilever Nigeria PLC, Reliance Industries Limited, and TPG Capital. Were directors on the board of Pre-merger VMMPL
Sanjeev Aga	Non-Executive Director	38+ years	❖ Previously, he was associated with Asian Paints (India), Blow Plast, Aditya Birla Group, and Idea Cellular. He was a director on the Board of the pre-merger VMMPL.
Soumya Rajan	Independent Director	30+ years	❖ She is the founder and CEO of Waterfield Advisors. Previously, she was also associated with Standard Chartered Bank.

ESG initiatives

Environmental initiatives:

- VMM complies with key environmental regulations such as the Environment Protection Act, Water Act, and Air Act, ensuring that its operations align with national environmental standards
- The company has introduced sustainability measures, including the reduction of cardboard usage in footwear packaging.
- VMM also introduced shampoo dispensers at select stores to reduce single-use plastic waste.
- Compliance with the Plastic Waste Management Rules, 2016, and E-Waste Management Rules, 2023, demonstrates VMM's commitment to minimizing environmental impact.

Social responsibility:

- VMM promotes equal opportunity employment and has been recognized with the Helen Keller NCPEDP Award (2019) for its commitment to hiring differently-abled personnel
- The company runs Corporate Social Responsibility (CSR) programs, including:
- ➢ Tree-planting initiatives in NCR
- ➢ Midday meal programs for government school children
- ➢ Educational support for children in Anganwadi centers
- ➢ Livelihood support programs for marginalized women and children
- ➢ Supports Anganwadi centers and provides vocational training to 1,000+ differently-abled individuals to facilitate employment in the retail industry
- CSR expenditures for the company have also grown, reinforcing strong community engagement.

Governance practices:

- VMM adheres to SEBI's corporate governance regulations and has a well-structured board comprising six directors, including two independent directors (both women)
- The company has established a Risk Management Committee, which includes ESG-related risk oversight to ensure compliance and sustainable business practices.
- VMM's Corporate Social Responsibility Committee formulates and monitors its CSR policy and ensures compliance with the Companies Act, 2013
- Strong internal governance mechanisms, including audit committees and compliance teams, ensure operational transparency and accountability.

Bull and bear cases

Bull case

- ☑ In our Bull case scenario, we assume a ~22.5% revenue CAGR over FY25-28E vs. ~19.3% in our Base case. We expect sharper revenue growth to be driven by faster store additions and also higher SSSG (vs. 11.5-12.0% SSSG in our base case).
- ☑ Driven by higher SSSG, we expect the EBITDA margin to improve to 15.2% by FY28 (50bp higher than our base case assumption).
- ☑ Based on a higher target P/E multiple of 75x Sep'27E (vs. 69x implied in our base case), we arrive at a bull case TP of INR210 (implying ~53% upside potential).

Bear case

- ☑ In our Bear case scenario, we assume a ~16% revenue CAGR over FY25-28 vs. ~19.3% in our Base case. We expect a more measured store expansion and moderation in SSSG (vs. 11.5-12.0% SSSG in our base case).
- ☑ Due to lower SSSG, we expect a lower EBITDA margin of ~14.2% by FY28 (50bp lower than our base case assumption).
- ☑ Based on a lower target P/E multiple of 60x Sep'27E (vs. 69x implied in our base case), we arrive at a bear case TP of INR120 (implying ~12% downside potential).

Exhibit 129: Scenario analysis – Risk-reward skew appears favorable

INR b	Bull			Base				Bear		
Scenario Analysis	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	**132**	**162**	**197**	**107**	**129**	**154**	**182**	**126**	**145**	**167**
YoY growth	24%	22%	22%	20%	20%	19%	18%	17%	16%	15%
EBITDA	**20**	**24**	**30**	**15**	**19**	**22**	**27**	**18**	**21**	**24**
Margins	15.0%	15.1%	15.2%	14.3%	14.5%	14.6%	14.7%	14.0%	14.1%	14.2%
PAT	**9**	**11**	**15**	**6**	**8**	**10**	**12**	**7**	**8**	**10**
Margins	6.7%	7.0%	7.3%	5.9%	6.1%	6.4%	6.7%	5.4%	5.7%	6.0%
Sep'27E PE Ratio (x)		**75**				**69**			**60**	
Equity value		**964**				**759**			**554**	
TP (INR/sh)		**210**				**165**			**120**	
CMP (INR/sh)		137				137			137	
Return potential		**53%**				**21%**			**-12%**	

Source: MOFSL, Company

SWOT analysis

Strength

- ☑ Pan-India geographical presence offering products across apparel, general merchandise, and FMCG
- ☑ Ownership of opening price point across categories
- ☑ One of the lowest-cost retailers in India
- ☑ Own-branded products contribute >70% to the mix

Weakness

- ☑ Largely concentrated on the value segment with little to no presence in the premium segment
- ☑ Limited presence across digital and e-commerce

Opportunity

- ☑ Huge opportunity to strengthen its online presence and expand into the growing digital commerce space.
- ☑ Well positioned to grasp the tailwinds in the value retail segment
- ☑ Scope of expansion into under-penetrated states in India

Threats

- ☑ Competitive pressure from other value retailers
- ☑ High dependence on third-party vendors

Financials and valuations

Consolidated - Income Statement							INRm
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Total Income from Operations	**55,885**	**75,860**	**89,119**	**1,07,163**	**1,29,047**	**1,53,810**	**1,82,058**
Change (%)	25.5	35.7	17.5	20.2	20.4	19.2	18.4
Raw Materials	40,146	55,263	64,461	76,636	92,092	1,09,610	1,29,650
Gross Profit	**15,739**	**20,597**	**24,659**	**30,527**	**36,955**	**44,200**	**52,408**
Margin (%)	28.2	27.2	27.7	28.5	28.6	28.7	28.8
Employees Cost	3,377	4,318	5,047	6,406	7,646	9,075	10,696
Other Expenses	4,325	6,074	7,126	8,820	10,627	12,674	14,974
Total Expenditure	**47,848**	**65,655**	**76,633**	**91,862**	**1,10,365**	**1,31,359**	**1,55,320**
% of Sales	85.6	86.5	86.0	85.7	85.5	85.4	85.3
EBITDA	**8,037**	**10,205**	**12,486**	**15,302**	**18,682**	**22,451**	**26,738**
Margin (%)	14.4	13.5	14.0	14.3	14.5	14.6	14.7
Depreciation	4,056	4,614	5,173	5,902	7,622	9,152	10,872
EBIT	**3,981**	**5,591**	**7,313**	**9,399**	**11,060**	**13,300**	**15,866**
Int. and Finance Charges	1,938	1,614	1,435	1,492	1,685	1,937	2,218
Other Income	653	329	332	586	1,083	1,771	2,637
PBT bef. EO Exp.	**2,696**	**4,305**	**6,210**	**8,493**	**10,458**	**13,133**	**16,285**
PBT after EO Exp.	**2,696**	**4,305**	**6,210**	**8,493**	**10,458**	**13,133**	**16,285**
Total Tax	669	1,093	1,590	2,173	2,635	3,310	4,104
Tax Rate (%)	24.8	25.4	25.6	25.6	25.2	25.2	25.2
Reported PAT	**2,028**	**3,213**	**4,619**	**6,320**	**7,822**	**9,824**	**12,181**
Adjusted PAT	**2,028**	**3,213**	**4,619**	**6,320**	**7,822**	**9,824**	**12,181**
Change (%)	71.0	58.4	43.8	36.8	23.8	25.6	24.0
Margin (%)	3.6	4.2	5.2	5.9	6.1	6.4	6.7

Balance Sheet							INRm
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	45,033	45,066	45,087	45,974	45,974	45,974	45,974
Total Reserves	3,219	6,495	11,131	18,039	25,861	35,685	47,866
Net Worth	**48,252**	**51,561**	**56,218**	**64,013**	**71,835**	**81,659**	**93,840**
Total Loans	17,895	14,616	14,834	17,294	19,995	22,857	26,217
Net Deferred Tax Liabilities/ (Asset)	-1,978	-2,139	-2,221	-2,464	-2,464	-2,464	-2,464
Capital Employed	**64,169**	**64,038**	**68,831**	**78,843**	**89,367**	**1,02,052**	**1,17,593**
Net Fixed Assets	**15,048**	**16,000**	**18,914**	**22,407**	**25,185**	**27,499**	**29,704**
Goodwill on Consolidation	42,976	42,926	42,918	42,941	42,958	42,972	42,982
Capital WIP	111	685	383	136	136	136	136
Total Investments	**4,987**	**1,229**	**855**	**4,791**	**4,791**	**4,791**	**4,791**
Curr. Assets, Loans&Adv.	**16,921**	**19,759**	**19,769**	**27,191**	**37,591**	**50,868**	**67,286**
Inventory	12,160	14,907	14,650	18,503	21,213	24,020	27,433
Account Receivables	23	42	317	664	800	954	1,129
Cash and Bank Balance	2,158	1,692	1,189	4,637	11,509	21,054	33,003
Other Current Assets	2,506	2,958	3,565	3,341	4,023	4,795	5,675
Loans and Advances	74	160	48	46	46	46	46
Curr. Liability & Prov.	**15,875**	**16,561**	**14,009**	**18,624**	**21,295**	**24,215**	**27,307**
Account Payables	14,606	15,008	12,200	14,786	16,794	18,963	21,199
Other Current Liabilities	634	844	1,311	3,249	3,912	4,663	5,520
Provisions	635	710	497	589	589	589	589
Net Current Assets	**1,046**	**3,198**	**5,760**	**8,567**	**16,296**	**26,653**	**39,979**
Appl. of Funds	**64,169**	**64,038**	**68,831**	**78,843**	**89,367**	**1,02,052**	**1,17,593**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	**0.5**	**0.7**	**1.0**	**1.4**	**1.7**	**2.1**	**2.6**
Cash EPS	1.4	1.7	2.2	2.7	3.4	4.1	5.0
BV/Share	10.7	11.4	12.5	13.9	15.6	17.8	20.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	304.3	192.2	133.7	99.7	80.5	64.1	51.7
Cash P/E	101.4	78.9	63.1	51.5	40.8	33.2	27.3
P/BV	12.8	12.0	11.0	9.8	8.8	7.7	6.7
EV/Sales	11.3	8.5	7.2	6.0	4.9	4.1	3.4
EV/EBITDA	78.7	61.8	50.6	42.0	34.2	28.1	23.3
Dividend Yield (%)	NA	NA	NA	NA	NA	NA	NA
FCF per share	0.1	-0.2	0.1	1.2	1.3	1.7	2.0
Return Ratios (%)							
RoE	4.3	6.4	8.6	10.5	11.5	12.8	13.9
RoCE	4.6	6.3	7.9	9.2	9.6	10.1	10.6
RoIC	5.4	7.1	8.6	10.3	11.6	13.4	15.2
Working Capital Ratios							
Fixed Asset Turnover (x)	3.7	4.7	4.7	4.8	5.1	5.6	6.1
Asset Turnover (x)	0.9	1.2	1.3	1.4	1.4	1.5	1.5
Inventory (Days)	79	72	60	63	60	57	55
Debtor (Days)	0	0	1	2	2	2	2
Creditor (Days)	95	72	50	50	48	45	43
Net WC days	-16	0	11	15	15	14	15
Leverage Ratio (x)							
Current Ratio	1.1	1.2	1.4	1.5	1.8	2.1	2.5
Interest Cover Ratio	2.1	3.5	5.1	6.3	6.6	6.9	7.2
Net Debt/Equity	0.2	0.2	0.2	0.1	0.1	0.0	-0.1

Cash Flow Statement — INRm

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	2,696	4,305	6,210	8,493	10,458	13,133	16,285
Depreciation	4,056	4,614	5,173	5,902	7,622	9,152	10,872
Interest & Finance Charges	1,938	1,614	1,435	1,492	1,685	1,937	2,218
Direct Taxes Paid	-700	-1,245	-1,497	-2,400	-2,635	-3,310	-4,104
(Inc)/Dec in WC	-1,419	-2,934	-3,024	503	-856	-812	-1,377
CF from Operations	**6,571**	**6,355**	**8,297**	**13,991**	**15,190**	**18,329**	**21,257**
Leases and interest paid	-4,600	-5,028	-5,266	-5,683	-6,531	-7,505	-8,595
CF from Operating incl EO	**1,971**	**1,327**	**3,030**	**8,308**	**8,659**	**10,824**	**12,662**
(Inc)/Dec in FA	-1,575	-2,187	-2,494	-2,638	-2,870	-3,050	-3,350
Free Cash Flow	**397**	**-860**	**537**	**5,669**	**5,789**	**7,774**	**9,312**
(Pur)/Sale of Investments	1,800	3,909	1,086	-3,563	-	-	-
Others	47	51	107	97	1,083	1,771	2,637
CF from Investments	**272**	**1,773**	**-1,301**	**-6,105**	**-1,787**	**-1,279**	**-713**
Issue of Shares	222	22	18	897	-	-	-
Inc/(Dec) in Debt	-2,727	-3,639	-1,333	-	-	-	-
Others	-	-	-	667	-	-	-
CF from Fin. Activity	**-2,505**	**-3,617**	**-1,315**	**1,564**	**-**	**-**	**-**
Inc/Dec of Cash	**-262**	**-517**	**415**	**3,767**	**6,872**	**9,545**	**11,949**
Opening Balance	1,234	972	455	870	4,637	11,509	21,054
Closing Balance	**972**	**455**	**870**	**4,637**	**11,509**	**21,054**	**33,003**

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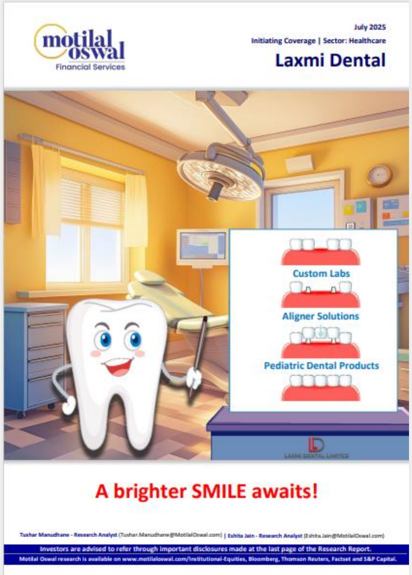

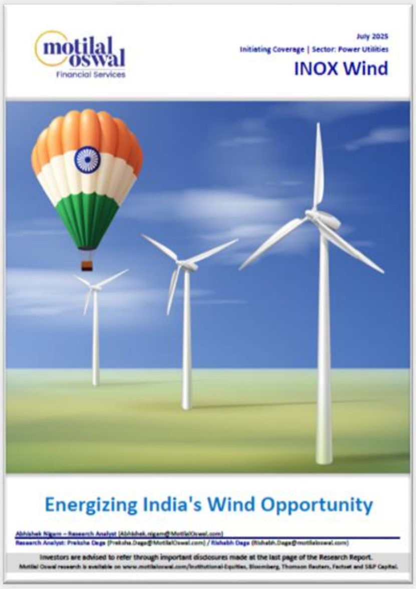

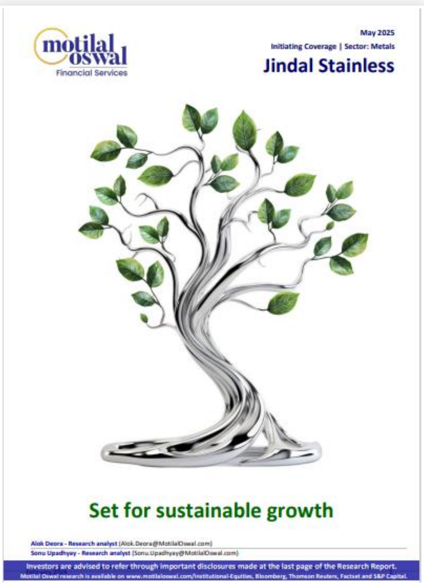

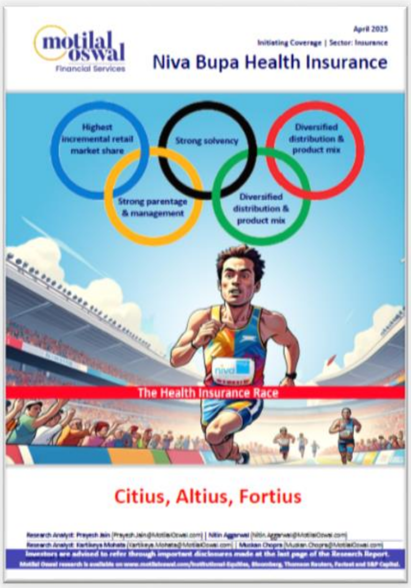

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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