

IPO ANALYSIS	
Sector: Retail	
Issue Price: INR 74 to INR 78	
Issue Size: INR 8,000 Cr	
Issue Opens/Closes: December 11 / December 13	
IPO Basics	
Promoters: Samayat Services LLP and Kedaara Capital Fund II LLP	
Selling Shareholders: Samayat Services LLP	
Lead Managers: Kotak Mahindra Capital, ICICI Securities, Intensive Fiscal Services, Jefferies India, J.P. Morgan India, Morgan Stanley India	
Registered Office: Gurugram, Haryana	
Registrar: KFin Technologies Ltd	
Listing: BSE and NSE	

IPO Capital Structure	
Fresh Issue	NA
Offer for Sale	1,02,56,41,025 equity shares upto INR 8,000 Cr
Total Issue as % of total capital (Post-Issue)	22.74%
Post Issue No. of Shares	4,508,719,493
Post Issue Market Cap	INR 33,365 Cr - INR 35,168Cr
Face Value	INR 10
Issue Route	Book Build Issue
All values calculated at upper band	

Financial Snapshot (INR in crs)			
Y/E Mar	FY23	FY24	H1FY25
Share Capital	4,506.59	4,508.72	4,508.72
Reserves	674.25	1,137.87	1,415.02
Net Worth	5,180.84	5,646.59	5,923.74
Revenue from ops	7,586.04	8,911.95	5,032.51
Revenue Growth (%)	35.74%	17.48%	19.27%
EBITDA	1,020.52	1,248.60	668.03
EBITDA (%)	13.45%	14.01%	13.27%
Net Profit	321.27	461.94	254.14
Net Profit (%)	4.24%	5.18%	5.05%
Basic EPS	0.71	1.02	0.56*
Diluted EPS	0.71	1.02	0.56*
NAV (INR)	11.50	12.53	13.14*
ROE (%)	6.2%	8.18%	4.29%*
ROCE (%)	75.8%	68.76%	29.77%
P/E (Based on Upper Band)			76.47
Average Industry P/E			130.91
P/B (Based on Upper Band)			5.93
Shareholding Pattern			
Holders		Pre-Issue	Post Issue
Promoters		98.77%	76.02%
Public		1.23%	23.98%
Total		100.00%	100.00%

Source: RHP, *not annualized, H2FY25 revenue growth compared with H1FY24
PE/PB based on upper price band,

Particulars	Retail Category	NII bid between INR 2 lakhs- INR 10 lakhs	NII bid above INR 10 lakhs
Minimum Bid Lot (Shares)	190	2,660	19,920
Minimum Bid Lot Amount	INR 14,820	INR 207,480	INR 10,07,760
No of Applications for 1x	18,89,339	19,279	38,558

Vishal Mega Mart Limited

Dec 09, 2024

Issue Highlights:

- Vishal Mega Mart was initially incorporated as Rishanth Wholesale Trading Pvt Ltd in 2018, later rebranded and converted into a public limited company in May 2024. It serves as a one-stop destination for middle and lower-middle-income groups in India, offering a diverse range of products across three categories: apparel, general merchandise, and FMCG. With a strong presence both offline and online, the company continues to expand its footprint in India, ensuring accessibility through its stores, website, and mobile application.
- As of September 2024, Vishal Mega Mart operates 645 stores across 414 cities, covering 11.49 million square feet of retail space. Despite closing 26 stores since FY2022, the company opened 35 new outlets in H1 FY2024, reflecting its strategic approach to growth. Its ability to achieve a 19-month payback period for stores opened in FY2023 demonstrates operational efficiency and underscores its leadership among offline-first diversified retailers in India.
- Vishal Mega Mart has solidified its leadership position in India, particularly in offering competitive pricing across apparel, FMCG, and general merchandise. The company achieved a revenue CAGR of 26.28% from FY2022 to INR8,911.95 crore in FY2024. Its EBITDA margin stood at 14.01%, while PAT margin was 5.18%. These metrics, combined with its ranking among the top three diversified offline-first retailers by retail space, highlight its growing dominance in the retail sector.
- The company's in-house brands have shown remarkable performance, with 19 brands recording sales of over INR100 crore each during FY2024, and six brands exceeding INR500 crore. These brands achieved a CAGR of 27.72% between FY2022 and FY2024. Vishal Mega Mart's loyalty program, with 133.82 million members, received the prestigious "Best Loyalty Programme of the Year" award at the International Loyalty Awards 2023, reflecting its strong customer engagement and focus on building lasting relationships.
- Vishal Mega Mart has a history of strategic corporate maneuvers to enhance its market presence. The company acquired Airplaza Retail Holdings Pvt. Ltd for INR 74.76 crore, with Kedaara Capital Fund II LLP playing a crucial role in its ownership structure through associated entities. Additionally, the merger with pre-merger VMMPPL marked a key step in its journey, enabling it to consolidate operations and strengthen its position as a leading diversified retailer in India.

Key Risks:

- The company faces intense competition from both local and international players, along with the rapid growth of e-commerce. This could impact its market share and profit margins, especially in price-sensitive categories.
- Economic cycles also pose risks, particularly in discretionary sectors like apparel. A slowdown in India's economy may affect consumer spending, which could challenge the company's growth and profitability targets.

Particulars	No. of shares at Lower band (Cr.)	No. of shares at Upper band (Cr.)	Issue Size Amount at Lower band (INR. Cr.)	Issue Size Amount at Upper band (INR. Cr.)	% Of Issue
QIB	54.05	51.28	4,000.00	4,000.00	50%
NIB	16.22	15.38	1200.00	1200.00	15%
-NIB2 (Bid above INR 10 Lakhs)	10.81	10.26	800.00	800.00	-
-NIB1 (Bid between INR 2 to 10 Lakhs)	5.41	5.13	400.00	400.00	-
Retail	37.84	35.90	2800.00	2800.00	35%
Total	108.11	102.56	8,000.00	8,000.00	100.00%

An Indicative Timetable Post Issue Closing	
Particulars	Tentative Date
Finalization of Basis of Allotment	December 16, 2024
Refunds/un-blocking of ASBA Accounts	December 17, 2024
Credit of Equity Shares to DP Ac	December 17, 2024
Trading Commences	December 18, 2024

Investors are advised to refer disclosures made at the end of the research report.

BACKGROUND

Vishal Mega Mart, incorporated as Rishanth Wholesale Trading Pvt Ltd in March 2018, became a public limited company in May 2024 after several name changes. Promoted by Samayat Services LLP and Kedaara Capital Fund II LLP, it operates in apparel, general merchandise, and FMCG, with 626 stores and digital platforms as of September 30, 2024.

Initially founded as Micronet Infrastructure Pvt Ltd in May 2010, the entity was renamed TPG Wholesale Pvt Ltd and later Vishal Mega Mart Pvt Ltd in 2016. A merger approved by NCLT in 2020 transferred the business to Rishanth Wholesale Trading Pvt Ltd, which was subsequently renamed Vishal Mega Mart Pvt Ltd.

Vishal Mega Mart acquired Airplaza Retail Holdings Pvt Ltd (ARHPL) for INR74.76 crore from Kedaara Capital Fund II LLP and its nominee. Despite this, Kedaara Capital retains a controlling interest in Samayat Services LLP, the company's other promoter, through related entities like Rishay Services LLP and Rishanth Services LLP.

Brief Biographies of Directors

Gunender Kapur is the Managing Director and Chief Executive Officer of the Company. He was appointed to the Board of Directors with effect from September 22, 2020. He has over 40 years of experience in management and investment in the consumer and retail sectors. Previously, he was associated with Hindustan Lever Ltd, Unilever Nigeria PLC, Reliance Industries Ltd and TPG Capital.

Neha Bansal is the Chairperson and Independent Director of the Company. She was appointed to the Board of Directors w.e.f. February 25, 2022. She has over 16 years of experience in finance and business administration. She is the cofounder of Lenskart. She was previously associated with Vinod Kumar and Associates.

Soumya Rajan is the Independent Director of the Company. She was appointed to the Board of Directors from May 31, 2024. She has over 29 years of experience in strategy, finance, and operations. She is the founder and chief executive officer of Waterfield Advisors Pvt. Ltd. Previously, she was also associated with Standard Chartered Bank.

Sanjeev Aga is the Non-Executive Director of the Company. He has 37+ years of experience in management. Previously, he was associated with Asian Paints (India) Ltd, Blow Plast Ltd, Aditya Birla Group and Idea Cellular Ltd. He was appointed to the Board of Directors with from October 16, 2020.

Nishant Sharma is the Non-Executive Director of the Company. He was appointed to the Board of Directors from October 16, 2020. He has 20+ years of experience in various fields. He is the managing partner and chief investment officer of Kedaara Capital. Previously, he was associated with the Bill & Melinda Gates Foundation, General Atlantic and McKinsey and Company.

Manas Tandon is the Non-Executive Director of the Company. He was appointed to the Board of Directors from October 16, 2020. He is currently associated with the Partners Group and previously, he was associated with Cisco Systems Inc., Matrix India Asset Advisors Pvt. Ltd and TPG Capital India Pvt Ltd.

Amit Gupta is the Chief Financial Officer of the Company since July 27, 2023. He has 21+ years of experience in finance. He was previously associated with Agro Tech Foods Ltd, Jubilant Foodworks Ltd and Hindustan Coca Cola Beverages Pvt. Ltd.

Rahul Luthra is the Company Secretary of the Company since April 24, 2024, and was also appointed as the Compliance Officer of the Company on July 4, 2024. He has over 14 years of experience in legal compliance and corporate governance roles. Previously he has worked with One Mobikwik Systems Ltd, IndiaMart Intermesh Ltd and Viridian Development Managers Pvt. Ltd.

OFFER DETAILS

Offer For Sale by:	No. of Shares	WACA per Equity Share (INR)
Samayat Services LLP – Promoter selling shareholder	Up to 1,02,56,41,025 [^] Equity Shares	10.14

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Offer for sale shares [^]	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter & Promoters Group					
Promoter	4,45,31,18,981	98.77%	1,02,56,41,025	3,42,74,77,956	76.02%
Total for Promoter & Promoter Group	4,45,31,18,981	98.77%	1,02,56,41,025	3,42,74,77,956	76.02%
Public	5,56,00,512	1.23%	-	1,08,12,41,538	23.98%
Total for Public Shareholder	5,56,00,512	1.23%	-	1,08,12,41,538	23.98%
Total Equity Share Capital	4,50,87,19,493	100.00%	1,02,56,41,025	4,50,87,19,493	100.00%

(^ at upper price band)

BUSINESS OVERVIEW

Vishal Mega Mart caters to middle and lower-middle-income consumers, offering a wide range of products through its own and third-party brands. The company operates across three categories—apparel, general merchandise, and FMCG—via 645 stores, a mobile app, and a website as of September 30, 2024.

Ranked among the top three offline-first diversified retailers in India by retail space as of March 31, 2024, it is also the fastest-growing in PAT growth from FY 2021-2024 and a leader in same-store sales growth for FY 2024.

With ~225 million middle-income households in CY23, up from ~201 million in CY18, Vishal Mega Mart targets this segment. India's aspirational retail market, valued at INR68-72 trillion in CY23, is projected to grow at 9% CAGR to INR104-112 trillion by CY28.



Source: RHP

Vishal Mega Mart offers a diverse range of products under three product categories, Apparels, General Merchandize and Fast Moving Consumer Goods.



Source: RHP

The general merchandise category includes own-brand and third-party products like home appliances, crockery, furnishings, toys, stationery, travel items, and footwear. Product innovation, market trends, quality, reliability, and affordability guide its offerings.

The apparel category consists entirely of the company's own brands, offering a wide range of clothing for all family members. The portfolio includes t-shirts, shirts, denim, athletic wear, nightwear, innerwear, formal wear, and ethnic wear for men, women, children, and infants. Prioritizing affordability, fashion trends, and functionality, the company ensures its own brand products are stylish, comfortable, and quickly available.



Source: RHP

The fast-moving consumer goods category comprises the company's own- and third-party brand products across the packaged food, staples and non-food categories.



Source: RHP

Within this category, the company offers food products such as biscuits, savoury snacks (namkeen), noodles, tea, coffee, staples such as mustard oil, soya oil, clarified butter (desi ghee) and spices, and non-food products such as baby diapers, hair oil, sanitary pads and handwash, among others.

Vishal Mega Marts own brands



Source: RHP

The company focuses on affordability, quality and convenience to fulfil the daily and aspirational requirements of customers.

Apparel	T-Shirts  ₹99-599	Kids Wear  ₹19-999	Ethnic Wear  ₹99-1,999	Men's Shirts  ₹199-799	Denims  ₹299-1,299
General Merchandise	Slippers  ₹99-299	Double Bedsheets  ₹199-999	Spin Mop  ₹499-799	2 Burner Gas Stove  ₹1,299-1,899	Kettle  ₹499-649
Fast-Moving Consumer Goods	Bourbon Biscuit  ₹16	Dishwash Liquid  ₹17-185	Navratan Mixture  ₹30-159	Fruit Juice  ₹42	Noodles  ₹10-52

Source: RHP
*The prices listed in the graphic above relate to the company's own brands only.

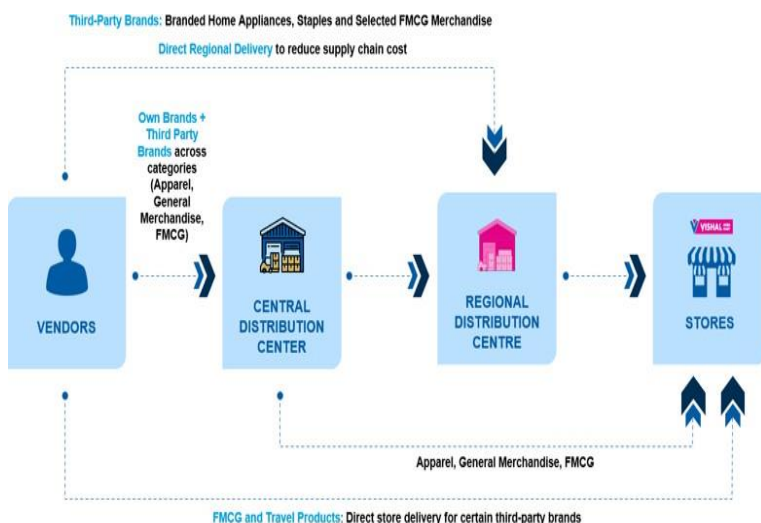
- Affordability:** The company leads in offering entry-level price points across apparel, general merchandise, and FMCG categories like dresses, jeans, t-shirts, bedsheets, spin mops, and snacks, as of April 30, 2024.
- Quality:** Products are either manufactured for the company by Indian vendors or sourced from select third-party brands. An in-house design team identifies trends and consumer preferences, ensuring quality through monitored manufacturing and control processes.
- Convenience:** Vishal Mega Mart has 645 stores across 414 cities in 28 states and 2 union territories, with locations in Tier 1 and Tier 2 cities. Consumers can shop in stores or online via its app and website, offering easy access nationwide.



Source: RHP

The company employs a hub-and-spoke distribution model for product sourcing and inventory management. As of September 30, 2024, it operates 1 central distribution center, 1 distribution center, and 17 regional centers near major demand areas. While the central and one distribution center are company-managed, regional centers are overseen by Promoter Samayat Services LLP. Two stores operate under franchise agreements, with no closures recorded for these stores in FY 2022-2024 or the six months ending September 2024.

Integrated Automated & Efficient Supply Chain



Source: RHP

Pan India Network



KEY PERFORMANCE INDICATORS

Particulars	Units	6 Months ended Sept. 30 th		As at March 31st,		
		2024	2023	2024	2023	2022
Revenue from Operations	(INR in Cr)	5,032.51	4,219.46	8,911.95	7,586.04	5,588.52
Profit for the period/ year	(INR in Cr)	254.14	195.36	461.94	321.27	202.77
Net Cash flow from Operating activities	(INR in Cr)	991.84	486.55	829.67	635.53	657.10
Sales mix – Apparel	(INR in Cr)	2,244.85	1,860.60	3,901.32	3,292.68	2,517.95
Sales mix – Fast moving consumer goods	(INR in Cr)	1,379.94	1,148.50	2,447.31	2,031.96	1,405.69
Sales mix – General Merchandise	(INR in Cr)	1,401.37	1,198.93	2,543.32	2,238.35	1,649.30
Sales mix contribution – Apparel	(%)	44.61	44.1	43.78	43.4	45.06
Sales mix contribution – Fast moving consumer goods	(%)	27.42	27.22	27.46	26.79	25.15
Sales mix contribution – General Merchandise	(%)	27.85	28.41	28.54	29.51	29.51
Increase in revenue from operations	(%)	19.27	NA	17.48	35.74	25.52
Profit Margin	(%)	5.05	4.63	5.18	4.24	3.63
Gross Profit	(INR in Cr)	1,420.29	1,170.07	2,465.89	2,059.71	1,573.91
Gross Margin	(%)	28.22	27.73	27.67	27.15	28.16
EBITDA	(INR in Cr)	668.03	571.11	1,248.60	1,020.52	803.69
EBITDA Margin	(%)	13.27	13.54	14.01	13.45	14.38
Return on Capital Employed	(%)	29.77 [^]	35.07 [^]	68.76	75.8	56.43
Adjusted Return on Capital Employed	(%)	49.63 [^]	42.93 [^]	70.95	92.16	156.34
Inventory days	(No. of days)	60 [#]	67 [#]	61	65	71
Net Trade working capital days	(No. of days)	N.A.* [#]	N.A.* [#]	11	N.A.*	N.A.*
Adjusted Same-Store Sales Growth	(%)	12.57	13.34	13.57	25.16	11.89
Retail Space	(sq. ft. Mn)	11.49	10.48	11.01	10.18	9.14
Number of Stores	(No.)	645	576	611	557	501
Average store size	(sq. ft.)	17,812.32	18,201.74	18,011.56	18,268.86	18,250.95
Revenue contribution of own brands	(INR in Cr)	3,666.56	3,019.78	6,399.34	5,347.98	3,922.88
Revenue contribution of own brands (%)	(%)	72.86	71.57	71.81	70.5	70.2
Number of Stores – Tier 1 cities	(No.)	194	180	187	178	167
Number of Stores – Tier 2 cities and beyond	(No.)	451	396	424	379	334

Source: RHP, * N.A. since less than or equal to zero; ^ Not annualized; # Annualized

DESCRIPTION OF BUSINESS

The company offers a diversified portfolio across apparel, general merchandise, and FMCG under its own and third-party brands. It is involved in contract manufacturing, wholesale, and retailing for these product categories.














Products under the company's own brands are manufactured by contracted third parties and supplied to its Material Subsidiary, Airplaza Retail Holdings, and franchisees. Third-party brand products are directly procured by the Material Subsidiary and sold through Vishal Mega Mart stores, website, and mobile app, which are also managed by the subsidiary.

Products and Brands: The company's apparel category comprises exclusively of the own brands with a range of apparel for all members of a family.











Products and Brands	MEN'S WEAR	WOMEN'S WEAR	KIDS AND INFANTS WEAR
	T-shirts, shirts, trousers, track pants, denims, among others	Dresses, denims, kurta, lingerie, among others	T-shirts, shorts, pyjamas, among others
	"Black Tie" for formals   	"Pink Almirah" for ethnic wear   	"Yellow Hippo" for infants  
	"Drift Wood" for casuals   	"Lucky Charm" for western wear  	"Hand Print" for girls   
	"Wavelength" for denims   	"Wavelength" for denims  	"Slant" for boys  
	"Be Unstoppable" for athleisure   		
	"Mavie" for classics   		
	"Viveza" for fashion   	"Gold Foil" for lingerie   	

Source: RHP









The general merchandise category includes products under both the company's own brand and third-party brands, catering to diverse household needs. Third-party brand products include mixers, grinders, gas stoves, pressure cookers, induction cooktops, and trolley bags.

Products and Brands	HOME FURNISHINGS	HOUSEHOLD PRODUCTS	TRAVEL ACCESSORIES
	Pillows, bedsheets, curtains, door mats, towels, among others	Dinner sets, China mugs, glass tumblers, containers, bottles, cleaning aids, steel utensils, among others	Backpacks, duffle bags, trekking bags, among others
	"Home Beautiful" for home furnishings     	"Home Finery" for crockery   "Home Select" for general household products    	"Level NXT" for travel accessories  

Source: RHP

Products and Brands	HOME APPLIANCES	LIFESTYLE PRODUCTS	FOOTWEAR
	Mixer grinder, pressure cooker, gas stoves, kettles, air fryers, induction cooktops, iron, among others	Ladies' bags, belts, sunglasses, wallets, among others	Shoes, sandals, slippers, among others
		"Black Tie" for wallets and belts 	"Pink Almirah" for ethnic wear 
		"Lucky Charm" for ladies' bags 	"Brink" for slippers 
		"Brink" for caps 	"Slant" for kids 
			"Be Unstoppable" for athleisure 
			"Black Tie" for formals 
			"Lucky Charm" for sandals 

Fast-Moving Consumer Goods: The FMCG category includes the company's own and third-party brand products in food, non-food, and staples. Third-party products include biscuits, cake, cookies, flavoured milk, detergent powder, shampoo, sanitary pads, baby diapers, and personal care items like toothbrushes, razors, foam cream, and gels.

Products and Brands	FOOD	NON-FOOD	STAPLES
	Tea, coffee, mango juice, biscuits, sauce, noodles, candy, dairy whitener, butter biscuits, savoury snacks (namkeens), among others	Baby diapers, hair oil, wipes, cleaning agents, kitchen roll napkin, facial tissue, incense aromatic sticks (agarbatti), sanitary napkins, handwash, soap, coconut oil, among others	Soya oil, mustard oil, rice, dal, sesame seed oil, roasted lotus seeds, cashew, clarified butter (desi ghee), cow ghee, spices, among others
	"Full Bloom" for tea, coffee, mango juice among others 	"Yellow Hippo" for baby diapers, wipes, among others 	"First Crop" for soya oil, mustard oil, rice, dal, among others 
	"Imli Tree" for sauce, mayonnaise, among others 	"Home Ninja" for stain remover detergent, floor cleaner, dishwash liquid, among others 	"Pure Burst" for clarified butter (desi ghee), cow ghee, among others 
	"Pure Burst" for candy, dairy whitener, among others 	"Home Select" for kitchen roll napkin, facial tissue, among others 	"Imli Tree" for Indian spices such as garam and chicken masala, among others 
	"First Crop" for butter biscuits, savoury snacks (namkeens), among others 	"Home Pure" for incense aromatic sticks (agarbatti), among others 	
		"Equalife" for sanitary napkins, among others 	
		"Outshine" for handwash, soap, among others 	
		"First Crop" for coconut oil, among others 	

Source: RHP

Product Development: The company develops a wide range of merchandise under its own brands to meet consumer needs. It uses technology to track the latest trends in apparel, features in general merchandise, and consumer preferences in FMCG, ensuring products align with evolving consumer aspirations.

Particulars	6 Months ended Sept. 30 th				As at March 31 st ,					
	2024		2023		2024		2023		2022	
	INR Cr	%	INR Cr	%	INR Cr	%	INR Cr	%	INR Cr	%
Product development expenditure*	17.14	0.34%	14.53	0.34%	28.15	0.32%	24.49	0.32%	20.56	0.37%

Source: RHP, * Includes software cost, design license cost and employee-related cost.

Vendors relating to Own Branded Products and Quality Assurance: The company sources its own branded products from third-party contract manufacturers under non-exclusive agreements. In the periods ending September 30, 2024 and 2023, and FY 2024, 2023, and 2022, the company engaged 781, 769, 839, 861, and 786 vendors, respectively, to manufacture its products.

Particulars	6 Months ended Sept. 30 th ,		As of March 31 st ,		
	2024	2023	2024	2023	2022
Number of own brands (Apparel)	5	5	5	5	5
Number of own brands (General merchandise)	4	4	4	4	4
Number of own brands (Fast-moving consumer goods)	8	8	8	8	8
Number of own brands (Both apparel & general merchandise*)	7	7	7	7	7
Number of own brands (Both general merchandise & fast-moving consumer goods*)	1	1	1	1	1
Number of own brands (Both apparel and fast-moving Consumer goods*)	1	1	1	1	1
Total number of own brands	26	26	26	26	26

Source: RHP, *These own brands are offered under both the above-mentioned product categories.

The company does not manufacture its own products but relies on third-party vendors for its own branded products. The procurement process includes thorough vendor due diligence and close monitoring of manufacturing and quality control to ensure product quality. Under contract manufacturing agreements, vendors manufacture products per agreed formulations and determine prices at the time of the contract. Vendors can use the company's intellectual property for branding.

Vendors relating to Third-Party Branded Products: The company's material subsidiary, Airplaza Retail Holdings Pvt. Ltd, procures third-party branded products. No vendor contributes more than 10% of total sales for third-party brands. The company conducts due diligence on vendors, assessing their capabilities and reputation before selling their products in stores.

Particulars	6 months ended Sept 30th				As at March 31st,					
	INR Cr	%	INR Cr	%	INR Cr	%	INR Cr	%	INR Cr	%
Sales of Products										
-from third-party brands	1,359.61	27.02	1,188.25	28.16	2,492.60	27.97%	2,215.01	29.20%	1,650.06	29.53%
- from own brands	3,666.56	72.86	3,019.78	71.57	6,399.34	71.81%	5,347.98	70.50%	3,922.88	70.20%

Source: RHP

Omni-Channel Network: The company has developed a pan-India omnichannel network, combining its offline stores with an online presence through the Vishal Mega Mart website and mobile app, operated by its wholly owned Material Subsidiary.

Particulars	6 Months ended Sept. 30th		As at March 31st,		
	2024	2023	2024	2023	2022
Revenue from physical store network	4,974.19	4,184.93	8,833.09	7,542.47	5,572.12
Revenue from online channel	51.98	23.11	58.85	20.52	0.83
Total sale of traded goods	5,026.16	4,208.03	8,891.95	7,562.99	5,572.94

Source: RHP

Offline Channel: The company's offline channel comprises of 645 stores across 414 cities in India, with an aggregate store area of 11.49 mn square feet, as of September 30, 2024.

Revenue across regions for FY2024

	Contribution to revenue from operations	2 largest contributing states
East (including Northeast)	29.12%	Assam and West Bengal
North	43.21%	Uttar Pradesh and Delhi
South	19.15%	Karnataka and Telangana
West (including Central)	8.30%	Madhya Pradesh and Chhattisgarh
Total	99.78%	

Source: RHP

Online Channel: The company's online platform includes its website and mobile app, allowing customers to check product availability at nearby stores and place orders for delivery or pick-up. Hyper-local delivery, operated by company employees, is available in 600 stores across 391 cities, with 6.77 million registered users as of September 30, 2024.

Marketing and Advertising: The company uses various marketing campaigns throughout the year to increase store footfall, especially during national holidays and festivals. Advertising and promotion expenses totaled INR25.23 Cr in H1 2024. The company's loyalty program, awarded "Best Loyalty Programme of the Year" in 2023, has 133.82 million registered customers as of September 2024.

Information Technology: The company has implemented strategic technology systems to enhance operational efficiency. It plans to continue using technology to improve customer engagement, drive sales, and enhance the shopping experience by facilitating cross-selling and up-selling.

COMPETITIVE STRENGTHS

Serving a Large and Growing Section of the Indian Population

The company caters to the middle and lower-middle income segment with affordable, branded products. The number of middle-income households in India increased to ~225 million in CY2023, driven by economic growth and a shift to manufacturing and services. The aspirational retail market is expected to reach INR104-112 trillion by 2028, growing at 9% CAGR. With 451 stores in Tier 2 cities and beyond, the company is well-positioned to tap into this expanding market.

Consumer-Centric Approach Resulting in a Large and Loyal Consumer Base

The company focuses on variety, affordability, quality, and convenience to meet consumer needs.

Variety: The company offers a wide range of products under its own and third-party brands, with over 25% revenue contribution from each category—apparel, general merchandise, and FMCG in FY 2024.

Affordability: The company leads in opening price points, offering products like t-shirts for men from INR99 to INR599 and women's western wear from INR89 to INR2,499.

Quality: Strict quality control standards are implemented to ensure good quality across all product categories.

Convenience: Customers can check product availability at nearby stores and order for delivery or pick-up. The company ranks among the top offline-first retailers for same-day delivery in India.

The company's loyalty program, which has 133.82 million members, won multiple awards at the 2023 International Loyalty Awards.

Diverse and Growing Portfolio of Own Brands across Product Categories

The company's own brands span apparel, general merchandise, and FMCG. In FY 2024, 19 brands saw sales of over INR100 Cr each, with 6 brands surpassing INR500 Cr. Own brands contributed 71.81% of revenue in FY 2024. The company has expanded its offerings under brands like 'Tandem' for home appliances and 'First Crop' for FMCG products.

Pan-India Presence with a Track Record of Successful Store Growth

With 645 stores across 33 Tier 1 cities and 381 Tier 2 cities, Vishal Mega Mart ranks among the top offline-first retailers in India. In FY 2024, it opened 61 new stores and closed 26. The company continues to expand its footprint successfully.

Total number and geographic distribution of stores

Particulars	6 Months ended Sept. 30 th		As at March 31 st ,		
	Sept-2024	Sept-2023	2024	2023	2022
Total number of stores	645	576	611	557	501
Stores in Tier 1 cities	194	180	187	178	167
Stores in Tier 2 cities and beyond	451	396	424	379	334

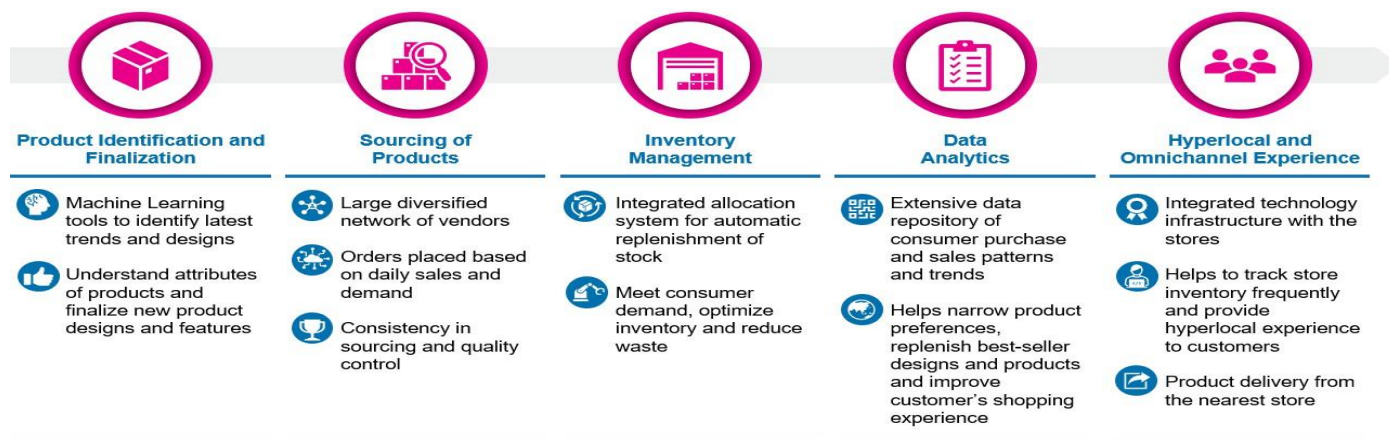
Source: RHP

The company's stores average 18,000 square feet, with designs focused on visibility and ease of navigation. All stores are leasehold, allowing efficient expansion with minimal upfront investment. The average payback period for new stores opened in FY 2023 was 19 months, the shortest among leading offline-first retailers in India. As of September 30, 2024, the company's hyper-local delivery service had 6.77 million registered users across 600 stores in 391 cities.

Technology Enabled and Systems Driven Operations

The company uses technology and systems to enhance operational efficiency, ensuring timely and cost-effective product offerings to consumers.

Integrated Tech Systems Across Processes with Minimal Human Intervention Across Workflows



Source: RHP

Product Identification and Finalization: The company uses technology to identify global trends, designs, and features in apparel and general merchandise.

Sourcing of Products: The company's systems track fast-selling items across stores, enabling timely procurement from vendors.

Inventory Management: An integrated allocation system automates stock replenishment at stores directly from distribution centers.

Data Analytics: The company has a data repository that tracks consumer purchase and sales trends.

Hyperlocal and Omnichannel Experience: The company's technology connects stores, enabling frequent inventory tracking and a seamless omnichannel experience for consumers.

Professional and Experienced Management Team

Led by a CEO with 41 years in consumer and retail sectors, the company's management team includes experts in consumer goods, retail, technology, and marketing.

Track Record of Delivering Revenue, Profit Growth and Capital Efficiency

Revenue grew at a CAGR of 26.28% to INR8,911.95 Cr in FY2024 from INR5,588.52 Cr in FY2022. EBITDA for the 6-month period ended September 30, 2024, was INR668.03 Cr with an EBITDA margin of 13.27%. Profit for FY2024 was INR461.94 Cr, with a PAT margin of 5.18%.

KEY BUSINESS STRATEGIES

Expand the Pan-India Store Network

The company plans to enter new cities and towns and strengthen its presence in existing cities and towns.

Entering New Cities and Towns

The company plans to expand to cities with populations over 50,000. As of CY23, India has ~50 tier 1 cities and 1,250 tier 2 cities, representing a large untapped market. The company expanded its presence in cities with populations over 50,000 from 290 in March 2022 to 352 in September 2024.

Strengthen Presence in Existing Cities and Towns

In cities where it already operates, the company has increased store counts. For example, the number of stores in Hyderabad grew from 15 in March 2022 to 23 in June 2024. Similarly, in Karnataka, stores increased from 53 to 70 in the same period. As of September 2024, the company had more than 1 store in 64 cities, up from 46 in March 2022.

Expansion of the Portfolio: The company will introduce new products and expand its existing brands, including new apparel lines and general merchandise like study lamps and induction cooktops, along with new food and non-food items.

Expansion of Hyperlocal Offering: The company plans to expand its hyperlocal offerings to all stores via the mobile app and website.

Leverage Technology and Data Obtained from the Loyalty Program: The company will use technology and loyalty data to improve consumer engagement and drive sales.

Enhanced In-store Experiences: The company is enhancing in-store experiences through better visual merchandising, lighting, and streamlined checkout processes. Recent refurbishments have contributed to sales growth.

Commitment to Consumer Centricity

The company will continue leveraging technology to meet evolving consumer aspirations, while maintaining affordability and expanding accessibility through its store network.

Aspirations: The company will use technology to track fashion trends and product features, launching new products to meet evolving consumer aspirations.

Affordability: The company focuses on maintaining price leadership while offering products across various price points.

Accessibility: The company is expanding its store network to improve product accessibility for consumers.

Driving Cost Efficiencies Across the Operations

The company will continue to drive cost-efficiencies across its operations through multiple initiatives, these include:

Reduce Store Operating Costs: The company plans to implement processes to minimize loss and wastage of inventory.

Continue to Optimize the Supply Chain: The company aims to achieve sourcing efficiencies and optimization by leveraging economies of scale and cost-effective procurement of raw materials and finished products.

Further Grow the Own Brand Portfolio: The company plans to expand its own brand portfolio by introducing new product lines and enhancing the quality of existing products to drive repeat sales.

Drive Focused Marketing Efforts: The company aims to optimize marketing returns by expanding store presence in current markets and achieving economies of scale.

COMPETITIVE LANDSCAPE

The company faces competition from both organized and unorganized retailers, potential industry entrants, and online retailers and e-commerce marketplaces.

COMPARISON WITH INDUSTRY PEERS (AS ON 31ST MARCH 2024)

Particulars	FV per Share (INR)	CMP (INR)	Revenue (INR Cr)	EPS		P/E (x)	RoNW (%)	NAV (INR)
				Basic (INR)	Diluted(INR)			
Vishal Mega Mart Limited*	10	N.A.	8,911.95	1.02	1.01	76.47	8.18%	12.53
Avenue Supermarts Limited	10	3,829.85	50,788.83	38.99	38.93	107.05	13.56%	287.47
Trent Limited	1	6,841.35	12,375.11	41.82	41.82	186.65	39.99%	104.59

Source: RHP; *CMP as on December 3, 2024

PE of Vishal based on upper price band

Restated Consolidated Statement of Profit and Loss

(INR Cr)

Particulars	For 6 months ended Sept. 30 th		As at March 31 st		
	2024	2023	2024	2023	2022
Income					
Revenue from Operations	5,032.51	4,219.46	8,911.95	7,586.04	5,588.52
Other Income	20.90	15.98	33.18	32.86	65.34
Total Income	5,053.42	4,235.44	8,945.13	7,618.89	5,653.85
Expenses					
Purchases of stock-in-trade	3,995.73	3,151.99	6,420.85	5,799.72	4,261.07
Changes in inventories	(383.51)	(102.60)	25.21	(273.39)	(246.46)
Employee benefits expense	302.37	243.48	504.70	431.78	337.71
Depreciation and amortization expense	278.87	249.15	517.29	461.44	405.56
Finance costs	68.416	74.29	143.54	161.40	193.81
Other expenses	449.89	355.48	712.60	607.41	432.52
Total Expenses	4,711.77	3,971.79	8,324.18	7,188.36	5,384.20
Restated profit before tax	341.65	263.65	620.95	430.53	269.65
Total tax expense	87.51	68.29	159.02	109.26	66.88
Restated Profit for the year/period	254.14	195.36	461.94	321.27	202.77
Other comprehensive income	(1.64)	(1.44)	(1.46)	(0.83)	(0.65)
Restated total comprehensive income for the year/period	252.50	193.92	460.47	320.45	202.12
EPS (Basic & Diluted)	0.56	0.43	1.02	0.71	0.45

Source: RHP; ^ not annualized

Restated Consolidated Statement of Assets and Liabilities

(INR Cr)

Particulars	For 6 months ended Sep. 30 th		As at March 31 st		
	2024	2023	2024	2023	2022
ASSETS					
Non-Current Assets					
Property, plant and equipment	626.95	484.37	591.82	463.06	401.75
Capital work-in-progress	35.272	89.13	38.33	68.52	11.14
Right-of-use assets	1,221.63	1,259.13	1,299.63	1,136.95	1,103.06
Goodwill	4,283.63	4,283.63	4,283.63	4,283.63	4,283.63
Other intangible assets	8.234	6.60	8.17	8.92	14.00
Financial assets					
Other financial assets	90.37	85.42	85.51	87.85	81.96
Deferred tax assets	229.52	211.50	218.17	216.09	203.63
Non-current tax assets (net)	19.925	20.24	3.96	12.90	9.88
Other non-current assets	5.034	15.33	4.81	16.03	7.37
Total non-current assets	6,520.56	6,455.35	6,534.03	6,293.96	6,116.40
Current assets					
Inventories	1,849.06	1,593.03	1,464.97	1,490.74	1,215.98
Financial assets					
-Investments	466.91	96.59	-	35.08	416.79
-Trade receivables	29.014	19.61	31.74	4.15	2.32
-Cash and cash equivalents	194.50	112.56	86.96	45.50	97.16
-Bank balances other than cash and cash equivalents	25.768	56.70	31.93	123.72	118.69
-Other financial assets	137.26	63.08	51.70	15.04	6.73
Other current assets	328.67	308.09	304.76	280.72	243.91
Total current assets	3,031.19	2,249.65	1,972.05	1,994.95	2,101.57
Total Assets	9,551.75	8,705.00	8,506.08	8,288.91	8,217.98
EQUITY AND LIABILITIES					
Equity					
Equity share capital	4,508.72	4,506.59	4,508.72	4,506.59	4,503.30
Other equity	1,390.27	845.60	1,113.12	649.50	321.88
Total equity	5,898.99	5,352.19	5,621.84	5,156.09	4,825.18
Liabilities					
Non-current liabilities					
Borrowings	-	-	-	92.25	403.66
Lease liabilities	965.89	995.15	1,024.85	882.39	882.13
Provisions	35.337	29.43	31.04	25.82	22.39
Total non-current liabilities	1,001.23	1,024.58	1,055.89	1,000.45	1,308.18
Current liabilities					
Borrowings	-	113.09	-	41.25	93.75
Lease liabilities	443.60	451.47	458.54	445.74	409.98
Trade payables	2053.421	1,608.20	1,220.02	1,500.78	1,460.62
Other financial liabilities	75.26	88.48	85.41	84.39	63.40
Other current liabilities	50.001	49.74	45.70	45.15	41.13
Provisions	20.273	17.25	18.68	15.06	15.73
Current tax liabilities (net)	8.974	-	-	-	-
Total current liabilities	2,651.53	2,328.23	1,828.35	2,132.37	2,084.61
Total liabilities	3,652.76	3,352.81	2,884.24	3,132.82	3,392.79
TOTAL EQUITY AND LIABILITIES	9,551.75	8,705.00	8,506.08	8,288.91	8,217.98

Source: RHP

Restated Statement of Cash Flows

(INR Cr)

Particulars	For 6 months ended Sep. 30 th		As at March 31 st		
	2024	2023	2024	2023	2022
Restated Profit/(Loss) before tax	341.65	263.65	620.95	430.53	269.65
Adjustments Related to Non-Cash & Non-Operating Items	349.25	309.65	626.89	595.03	581.20
Operating Profits before Working Capital Changes	690.90	573.30	1,247.84	1,025.56	850.84
Adjustments for Changes in Working Capital	405.97	(16.20)	(268.49)	(265.56)	(123.77)
Net cash generated from operations before tax	1,096.86	557.10	979.35	760.01	727.08
Income tax paid – (net)	(105.03)	(70.55)	(149.68)	(124.47)	(69.98)
Net cash generated from operating activities (a)	991.84	486.55	829.67	635.53	657.10
Net cash used in investing activities (b)	(621.53)	(140.08)	(130.05)	177.34	27.20
Net cash used in financing activities (c)	(262.77)	(279.42)	(658.15)	(864.53)	(710.49)
Net (decrease) / increase in cash & cash equivalents during the period (a+b+c)	107.54	67.06	41.46	(51.66)	(26.19)
Cash and Cash Equivalents at Beginning of the Year	86.96	45.50	45.50	97.16	123.35
Cash and Cash Equivalents at End of the Year	194.50	112.56	86.96	45.50	97.16

Source: RHP

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