

Vishal Mega Mart Ltd

Analyst Recommendation: BUY

BSE Code: 544307

NSE: VMM

CMP: Rs 123
2 Year Target - Rs 142

| | |
|---------------------------|--------|
| Face Value | 10.00 |
| Market Cap (Rs cr) | 57,668 |
| Stock PE | 73.4 |
| Dividend Yield | 0.00% |
| Shares O/S (Cr) | 467 |
| Book Value per Share (Rs) | 14.8 |
| Sensex | 79273 |
| Nifty | 24576 |

Investor's Rationale

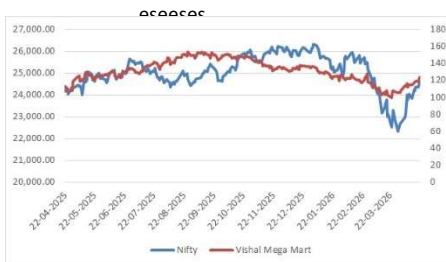
Diversified basket and sharp private-label pricing drive value proposition:

VMM positions itself as a diversified and one-stop fashion-led hypermarket chain. Its FY25 revenue is split across apparel (44%), general merchandise (28%) and FMCG (28%), showing shopping missions beyond pure fashion. Sharp pricing is central to VMM; our price-per-unit exercises show that on average, its private-label FMCG products are priced c.37% lower than national brands, while 32 of 36 SKUs are cheaper, presenting value in daily-need categories. Its model is structurally private-label led, with 26 private-label brands contributing c.73% of FY25 revenue and 74.5% of 9MFY26. Its playbook includes quality parity, c.30-40% lower pricing, and protected rupee gross profit per unit. VMM shares manufacturers with larger peers across multiple SKUs, thus maintaining quality.

Scaled pan-India network with clustering strategy:

VMM's retail network is scaled, with 771 stores across 500+ cities as of December 2025. It stays tilted to non-metro India; c.72% of its stores are in tier-2 cities and beyond. In FY25, both regional stores/revenue mix were broadly aligned; stores split/revenue in north India was 41%/42%, east at 26%/30%, south at 24%/20%, and west & central at 9%/8% – implying south is under-indexing due to store ramp-ups in that region. However, the network has diversified, with the latest south store mix rising to 27% from 17% five years ago and north moderating to 39% from 47%, supporting deeper south penetration. Store growth remains repeatable; we see 13% CAGR over FY25-28 vs. 12% over FY22-25.

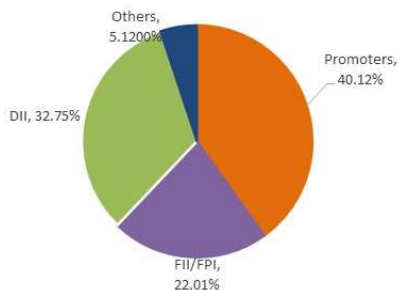
1 yr. Price Chart of Stock and Nifty



Valuation

Vishal Mega Mart (VMM) is a one-stop, pan-India value retailer catering to middle- and lower-middle-income consumers through a broad basket across discretionary and non-discretionary categories. As of December 2025, the company operated 771 stores across 517 cities, providing scale and reach that supports repeat-led consumption alongside discretionary spend. Its revenue mix remains well balanced across apparel, general merchandise, and FMCG, which helps sustain footfalls through the year rather than being dependent on a single-category cycle. The model is structurally private-label-led, with own brands contributing c.73-74% of revenue, enabling sharp value positioning at scale. Factoring all this, we initiate coverage on VMM with a BUY rating and target of Rs 142.

Shareholding pattern as on 31st Mar 2026



| Y/E Mar, Rs mn | FY25 | FY26E | FY27E | FY28E |
|--------------------------------|--------|--------|--------|--------|
| Net sales | 107163 | 127950 | 150513 | 174738 |
| EBIT | 9399 | 12030 | 14528 | 17011 |
| EBITDA (Core) | 15302 | 18692 | 22185 | 25833 |
| Net Profit | 6320 | 8362 | 10232 | 12073 |
| EPS (INR) | 1.4 | 1.8 | 2.2 | 2.6 |
| PER (x) | 76.1 | 65.7 | 53.7 | 45.5 |
| EV/EBITDA (x) | 30.9 | 28.7 | 23.9 | 20.2 |
| Return on equity (%) | 10.5 | 12.3 | 13.5 | 14.3 |
| Return on capital employed (%) | 10 | 12 | 12.9 | 13.6 |

Investor's Rationale**Diverse products at sharp price-points**

Vishal Mega Mart runs a broad, balanced basket across discretionary and non-discretionary categories, which helps sustain footfalls through the year. In FY25, its revenue was judiciously split across three pillars – apparel (44%), general merchandise (28%), and FMCG (28%). The format is positioned as a one-stop value destination for middle- and lower-middle-income consumers, offering a wider, more dependable assortment than typical unorganized retail.

Supported by strong private-label playbook across categories

It operates 26 private-label brands, which contributed c.73% of FY25 revenue (74.5% in 9MFY26). These brands have meaningful standalone scale – 6 of them generated >Rs 5,000mn of annual sales each, while 19 generated >Rs 1,000mn each – which leads to higher purchasing power across its 839+ vendor base. This in turn supports lower input costs and allows cost efficiencies, which are reinvested into sharper consumer pricing while sustaining c.28% gross margin in FY25.

VMM runs a structurally more diversified sales mix vs. most value-fashion peers Over FY23-25

VMM's sales mix has been stable at 44% apparel, with the balance split between FMCG at 27-28% and general merchandise at 28-30%. This supports a wider basket of products and higher trip frequency vs. apparel-only stores. Its peers remain materially more apparel-led – V-Mart at 79-80%, Style Bazaar 84-87%, and V2 Retail at 88-92%, with lower contribution from non-apparel adjacencies. DMart sits at the other end of the spectrum, with food at 56-58% and GM at 22-23%, highlighting that VMM's differentiation is a balanced multi-category value retail mix rather than a staples-first or apparel-first construct.

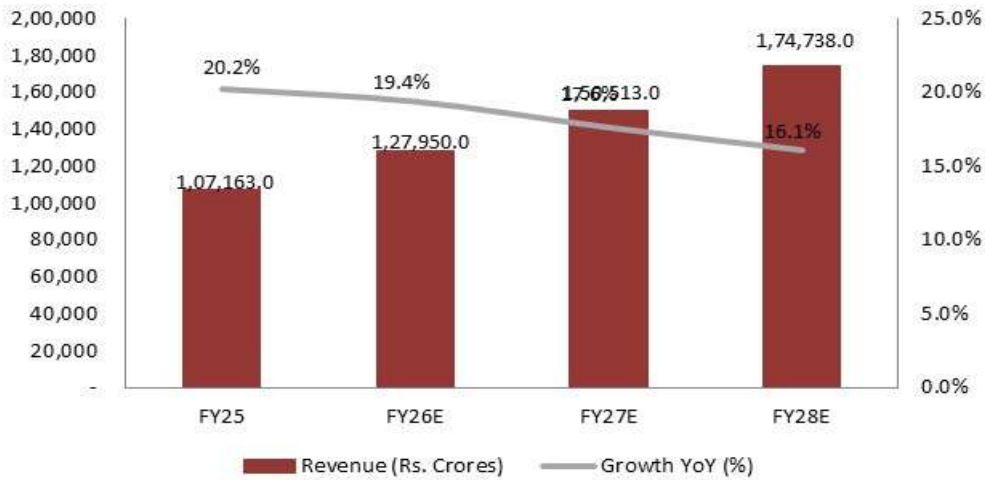
FMCG – strong value proposition led by rising private label exposure

FMCG is an important, steady leg within VMM's store model and acts as the key repeat-frequency driver versus the more discretionary nature of apparel. FMCG contributed c.28% of the business in FY25, with overall category mix broadly stable. The segment's value proposition is reinforced by private brands, where management highlighted c.35% share by value and c.60% by volume, positioned materially cheaper versus market leaders and enabling customers to trade down when required. This staples-led basket supports higher repeat visits, keeps footfalls sticky across seasons, and increases cross-category conversion into apparel and general merchandise within the same trip.

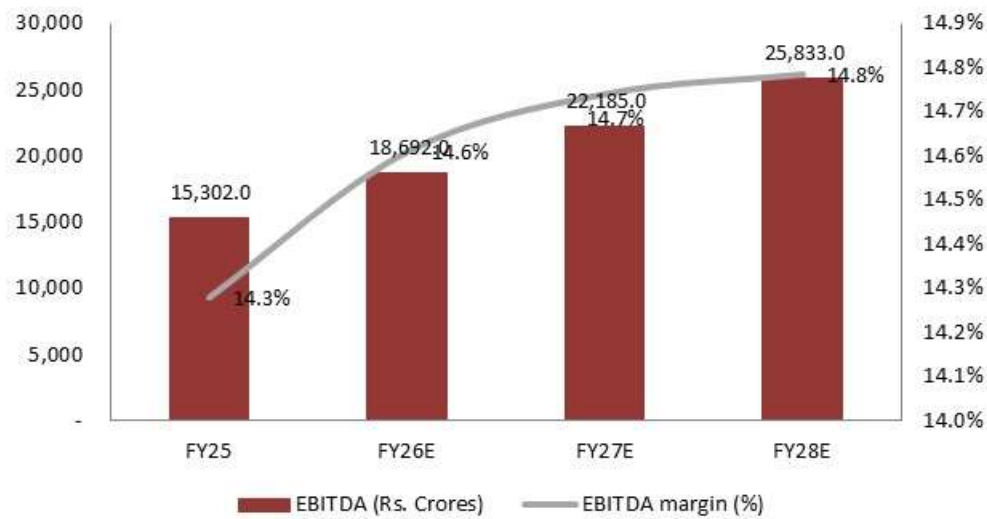
General merchandise – ramping up new product launches

Private-label anchors VMM's general merchandise (GM) at c.70-75% of GM sales. This helps it to structurally earn higher gross margins and enables tighter control on its assortment refreshes. The company has expanded its portfolio every year under its in-house GM brand Tandem, moving from a core set of appliances and utilities (for example, mixer grinders, gas stoves, pressure cookers, electric kettles, irons and OTGs) to incremental adjacencies such as batteries, induction cooktops, vegetable choppers and room heaters, and then into lighting, juicers and audio (sound bars/tower speakers) in subsequent years.

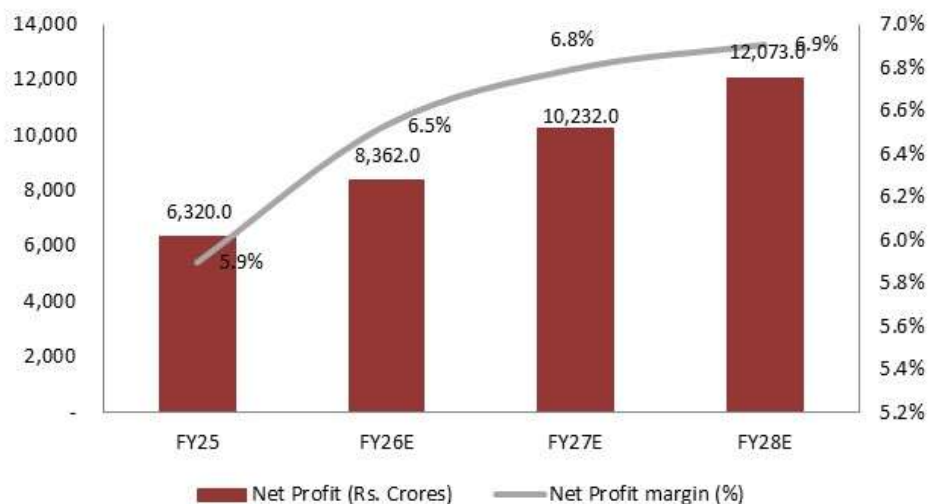
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead



Outlook and Valuation

Vishal Mega Mart (VMM) is a one-stop, pan-India value retailer catering to middle- and lower-middle-income consumers through a broad basket across discretionary and non-discretionary categories. As of December 2025, the company operated 771 stores across 517 cities, providing scale and reach that supports repeat-led consumption alongside discretionary spend. Its revenue mix remains well balanced across apparel, general merchandise, and FMCG, which helps sustain footfalls through the year rather than being dependent on a single-category cycle. The model is structurally private-label-led, with own brands contributing c.73-74% of revenue, enabling sharp value positioning at scale. Factoring all this, we initiate coverage on VMM with a BUY rating and target of Rs 142.

Vishal Mega Mart - Company Overview

Brief history, business model, and segment breakdown

- Vishal Mega Mart (VMM) operates as a pan-India value retailer targeting middle- and lower-middle-income consumers.
- The business is positioned as a one-stop retail destination, offering both discretionary and non-discretionary products.
- The model is structurally private-label led, with own brands contributing c.70%+ of revenue, rising to 74.5% in 9MFY26.
- VMM is not just a low-price retailer; it is a private-label-led value ecosystem.
- The real engine is control over pricing + assortment + margins, enabled by scale and sourcing.
- The balanced category mix is not incidental; it is what stabilises demand and drives repeat behaviour.

Business model (core pillars):

- Wide merchandise basket to drive high footfall and repeat purchases.
- Private labels enabling price control, margin capture, and differentiation.
- Focus on value pricing (c.30-40% lower vs. comparable brands in many cases).
- Presence skewed toward tier-2 and beyond markets, supporting access to underpenetrated demand.

Segment breakdown (FY25):

- Apparel: 44%
 - General merchandise: 28%
 - FMCG: 28%
-



Balance sheet (Consolidated)

| Y/E Mar, Rs mn | FY25 | FY26E | FY27E | FY28E |
|---------------------------------------|--------------|---------------|---------------|---------------|
| Cash & bank | 4637 | 9302 | 15223 | 22800 |
| Marketable securities at cost | 3873 | 3873 | 3873 | 3873 |
| Debtors | 664 | 701 | 825 | 957 |
| Inventory | 18503 | 22786 | 26804 | 31118 |
| Loans & advances | 1357 | 1493 | 1643 | 1840 |
| Other current assets | 3099 | 3316 | 3548 | 3974 |
| Total current assets | 32133 | 41470 | 51914 | 64562 |
| Investments | - | - | - | - |
| Gross fixed assets | 30755 | 34426 | 40258 | 46024 |
| Less: Depreciation | -8244 | -10181 | -12468 | -15142 |
| Add: Capital WIP | 42973 | 42973 | 42973 | 42973 |
| Net fixed assets | 65484 | 67218 | 70763 | 73855 |
| Non - current assets | 2313 | 2313 | 2313 | 2313 |
| Total assets | 99930 | 111001 | 124990 | 140729 |
| 0 | 0 | 0 | 0 | 0 |
| Trade Payables | 14786 | 17527 | 20618 | 23937 |
| Other current liabilities & provision | 3838 | 4124 | 4432 | 4764 |
| Total current liabilities | 18624 | 21652 | 25051 | 28701 |
| Non - current liabilities | 17294 | 17766 | 20227 | 22580 |
| Total liabilities | 35917 | 39418 | 45278 | 51281 |
| Paid - up capital | 45974 | 46730 | 46730 | 46730 |
| Reserves & surplus | 18039 | 24853 | 32982 | 42719 |
| Minorities | - | - | - | - |
| Shareholders' equity | 64013 | 71583 | 79712 | 89449 |
| Total equity & liabilities | 99930 | 111001 | 124990 | 140729 |

Profit & Loss Account (Consolidated)

| Y/E Mar, Rs mn | FY25 | FY26E | FY27E | FY28E |
|--------------------------|--------------|--------------|--------------|--------------|
| Net sales | 107163 | 127950 | 150513 | 174738 |
| Growth, % | 20.2 | 19.4 | 17.6 | 16.1 |
| Other operating income | - | - | - | - |
| Raw material expenses | 76636 | 91382 | 107316 | 124588 |
| Employee expenses | 6406 | 7236 | 8404 | 9794 |
| Other Operating expenses | 8820 | 10640 | 12608 | 14523 |
| EBITDA (Core) | 15302 | 18692 | 22185 | 25833 |
| Growth, % | 22.6 | 22.2 | 18.7 | 16.4 |
| Margin, % | 14.3 | 14.6 | 14.7 | 14.8 |
| Depreciation | 5902 | 6662 | 7657 | 8822 |
| EBIT | 9399 | 12030 | 14528 | 17011 |
| Growth, % | 28.5 | 28 | 20.8 | 17.1 |
| Margin, % | 8.8 | 9.4 | 9.7 | 9.7 |
| Interest paid | 1492 | 1655 | 1829 | 2049 |
| Other Income | 586 | 849 | 1036 | 1243 |
| Non-recurring Items | - | - | - | - |
| Pre tax profit | 8493 | 11224 | 13735 | 16205 |
| Tax provided | 2173 | 2862 | 3502 | 4132 |
| Profit after tax | 6320 | 8362 | 10232 | 12073 |
| Minorities/JV shares | - | - | - | - |
| Net Profit | 6320 | 8362 | 10232 | 12073 |



Cash Flow (Consolidated)

| Year ended 31 Mar FY24 | FY25 | FY26e | FY27e | FY28e |
|-------------------------------------|---------------|----------------|----------------|----------------|
| PBT | 3380 | 6756 | 10526 | 19827 |
| Depreciation & amortization | 2873 | 4713 | 8601 | 15953 |
| Interest expense | 7592 | 10867 | 18411 | 29090 |
| (Inc)/Dec in working capital | 4120 | 20529 | 16777 | -2222 |
| Tax paid | -1324 | -1730 | -2695 | -5076 |
| Less: Interest/Div. Income Recd. | -1336 | -4066 | -3940 | -4210 |
| Other operating Cash Flow | 125 | - | - | - |
| CF from operating activities | 15431 | 37069 | 47680 | 53363 |
| Capital expenditure | -32621 | -112905 | -179660 | -160390 |
| Inc/(Dec) in investments | -8671 | -16341 | 10972 | 20914 |
| Add: Interest/Div. Income Recd. | 1530 | 4066 | 3940 | 4210 |
| CF from investing activities | -39761 | -125180 | -164748 | -135267 |
| Inc/(Dec) in share capital | 22933 | - | - | - |
| Inc/(Dec) in debt | 20100 | 79875 | 130012 | 112478 |
| Others | -2691 | -10867 | -18411 | -29090 |
| CF from financing activities | 40342 | 69008 | 111601 | 83388 |
| Net cash flow | 16012 | -19103 | -5467 | 1484 |
| Opening balance | 13149 | 29160 | 9446 | 4450 |
| Closing balance | 29160 | 9446 | 4450 | 6074 |

Key Ratios & Valuations (Consolidated)

| Year ended 31 Mar | FY25 | FY26e | FY27e | FY28e |
|--------------------------|--------------|-------------|-------------|-------------|
| Growth (%) | | | | |
| Revenue | 6.5 | 47.3 | 90.4 | 78.1 |
| EBITDA | 13.4 | 47.9 | 83.9 | 80.6 |
| Adj PAT | 115.9 | 88.7 | 55.8 | 88.4 |
| Adj EPS | 115.9 | 88.7 | 55.8 | 88.4 |
| Valuation (x) | | | | |
| P/E (x) | 64.5 | 34.2 | 21.9 | 11.7 |
| P/BV (x) | 3.8 | 3.4 | 3 | 2.4 |
| EV/EBITDA (x) | 20 | 19 | 14.3 | 9.7 |
| EV/Sales (x) | 17.6 | 16.7 | 12.2 | 8.4 |
| Return ratios (%) | | | | |
| RoE (%) | 7.5 | 10.6 | 14.5 | 22.6 |
| RoCE (%) | 8.7 | 9.2 | 9.5 | 11.2 |
| Asset/T.O (x) | 0.1 | 0.1 | 0.1 | 0.1 |
| Net Debt/Equity (x) | 1.7 | 3.5 | 5.3 | 5.7 |
| EBIT/Interest (x) | 1.5 | 1.6 | 1.6 | 1.7 |
| Margins (%) | | | | |
| EBITDA Margin (%) | 87.9 | 88.3 | 85.3 | 86.5 |
| EBIT Margin | 67.5 | 65.5 | 63.4 | 63.7 |



Equity Research

| Large Cap. | Return | Mid/Small Cap. | Return |
|---------------|------------------------|--------------------|--------------------------|
| Buy | More than equal to 10% | Buy | More than equal to 15% |
| Hold | Between 10% & -5% | Accumulate* | Upside between 10% & 15% |
| Reduce | Less than -5% | Hold | Between 0% & 10% |
| | | Reduce/sell | Less than 0% |

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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