



Issue Opens - December 11, 2024 to December 13, 2024

Price Band
₹74 to ₹78

Face Value

₹10

Issue Size

₹8,000.00 Cr

Lot Size

190 Shares

Issue Type

Book Built

Issue Size

1,025,641,025 shares/ ₹8,000.00 Cr

Fresh Issue

N/A

Offer for Sale

1,025,641,025 shares/ ₹8,000.00 Cr

Basis of Allotment

Monday, December 16, 2024

Initiation of Refunds

Tuesday, December 17, 2024

Credit of Shares to Demat

Tuesday, December 17, 2024

Vishal Megamart Listing Day

Wednesday, December 18, 2024

research@ganeshstock.com

Objects of The Offer



The Company will not receive any proceeds of the Offer for Sale by the Promoter Selling Shareholder. The Promoter Selling Shareholder will be entitled to the entirety of proceeds of the Offer for Sale

Brief profile of the Directors

Gunender Kapur is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree in engineering with honours from the Birla Institute of Technology and Science and a master's degree in business administration from the University of Delhi. He has over 40 years of experience in management and investment in the consumer and retail sectors. Previously, he was associated with Hindustan Lever Limited, Unilever Nigeria PLC, Reliance Industries Limited and TPG Capital. He was appointed to our Board of Directors with effect from September 22, 2020.

Neha Bansal is the Chairperson and Independent Director of our Company. She holds a bachelor's degree in commerce (honours) from Gargi College, University of Delhi. She is a member of the Institute of Chartered Accountants of India and has successfully completed the course on valuation and a post qualification course in information systems audit held by the Institute of Chartered Accountants of India. She has over 16 years of experience in finance and business administration. She is the co-founder of Lenskart. She was previously associated with Vinod Kumar and Associates. She was appointed to our Board of Directors with effect from February 25, 2022.

Soumya Rajan is the Independent Director of our Company. She holds a bachelor's degree in maths with honours from St. Stephen's College, University of Delhi. She has over 29 years of experience in strategy, finance, and operations. She is the founder and chief executive officer of Waterfield Advisors Private Limited. Previously, she was also associated with Standard Chartered Bank. She was appointed to our Board of Directors from May 31, 2024.

About The Company



Incorporated in 2001, Vishal Mega Mart is a hypermarket chain that sells a wide range of products, including apparel, groceries, electronics, and home essentials.

They own their brands and third-party brands to meet consumers' everyday needs. The company offers a wide range of products across apparel, general merchandise, and FMCG, including its brands for clothing, home furnishings, travel accessories, kitchen appliances, food, non-food items, and staples.

The company operates an asset-light business model, leasing all its distribution centers and stores, while its products are manufactured by third-party vendors or sourced from third-party brands.

Key Business Operations

Vishal Mega Mart is one of India's largest retail chains, known for offering a wide variety of products at competitive prices. The key business operations of Vishal Mega Mart revolve around its core functions as a retail organization.

Here are the major aspects:

Retail Operations

- **Product Categories:** The store offers a diverse range of products, including:
 - **Apparel:** Clothing for men, women, and children.
 - **FMCG Products:** Daily essentials, groceries, and personal care items.
 - **Household Goods:** Kitchenware, appliances, and home décor.
 - **Electronics:** Basic gadgets and appliances.
- **Store Network:** Operates a chain of brick-and-mortar outlets across urban and semi-urban areas in India.
- **Customer Experience:** Focuses on offering value-for-money products with attractive discounts and offers.

Statement of Profit and Loss



(All amounts are in Indian Rupees millions, unless otherwise stated)

	For the six months period ended 30 September 2024	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Income	50,325.13	89,119.46	75,860.37	55,885.15
Revenue from operations	209.03	331.81	328.56	653.36
Other income	50,534.16	89,451.27	76,188.93	56,538.51
Total income				
Expenses	39,957.32	64,208.47	57,997.17	42,610.68
Purchases of stock-in-trade	(3,835.08)	252.06	(2,733.85)	(2,464.61)
Changes in inventories of stock-in-trade	3,023.66	5,046.95	4,317.79	3,377.06
Employee benefits expense	2,788.74	5,172.93	4,614.44	4,055.64
Depreciation and amortisation expense	684.16	1,435.38	1,614.02	1,938.08
Finance costs	4,498.89	7,125.97	6,074.05	4,325.17
Other expenses	47,117.69	83,241.76	71,883.62	53,842.02
Total expenses				
Profit before tax	3,416.47	6,209.51	4,305.31	2,696.49
Tax expense:				
Current tax	983.06	1,606.08	1,214.49	931.83
Deferred tax	(107.96)	(15.92)	(121.91)	(263.04)
Total tax expense	875.10	1,590.16	1,092.58	668.79
Profit for the period/year	2,541.37	4,619.35	3,212.73	2,027.70
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit obligations	(21.89)	(19.55)	(11.00)	(8.72)
Income-tax relating to items that will not be reclassified to profit or loss	5.54	4.91	2.72	2.23
Other comprehensive loss for the period/year, net of tax	(16.35)	(14.64)	(8.28)	(6.49)
Total comprehensive income for the period/year, net of tax	2,525.02	4,604.71	3,204.45	2,021.21
Profit for the period/year attributable to:				
Owners of the Holding Company	2,541.37	4,619.35	3,212.73	2,027.70
Other comprehensive loss attributable to:				
Owners of the Holding Company	(16.35)	(14.64)	(8.28)	(6.49)
Total comprehensive income attributable to:				
Owners of the Holding Company	2,525.02	4,604.71	3,204.45	2,021.21
Earnings per equity share of Rs. 10 each				
- Basic (Rs.)	0.56	1.02	0.71	0.45
- Diluted (Rs.)	0.55	1.01	0.70	0.45

Strengths



- **Consumer-Centric Product Portfolio:**

Vishal Mega Mart offers a diverse range of own-brand products in apparel, general merchandise, and FMCG, tailored to the needs of middle—and lower-middle-income consumers. With 19 brands generating over ₹1,000 million each in sales in FY2024, its portfolio combines affordability, quality, and variety.

- **Extensive Pan-India Presence:**

Operating 645 stores across Tier 1 and 2 cities and beyond, Vishal Mega Mart leverages strategic store locations and consistent layouts to provide convenience and accessibility. Its leasehold store model ensures rapid expansion with minimal upfront costs, achieving industry-leading payback periods of 19 months for new stores.

- **Technology-Driven Operations:**

Advanced systems for inventory management, trend identification, and data analytics optimize operations. Integrating hyperlocal delivery and omnichannel services further enhances convenience, catering to 6.77 million registered online users across 391 cities.

- **Strong Leadership and Expertise:**

A professional management team with decades of experience in retail, supply chain, and technology drives operational excellence, innovation, and sustainable growth, positioning the company as a leader in the evolving Indian retail landscape.

Threats

- **Intensifying Competition in Organized Retail:**

The rapid growth of organized retail in India, fueled by domestic and international players, poses a significant threat. Competitors with larger budgets, innovative business models, or advanced technology could attract consumers and erode market share.

- **Dependence on Economic and Demographic Factors:**

Vishal Mega Mart's success relies heavily on the growth of middle and lower-middle-income households and discretionary spending. Any slowdown in economic growth, shifts in consumer behavior, or external shocks (e.g., inflation or policy changes) could adversely impact its target market and sales.

Valuation and Outlook



Vishal Mega Mart LTD IPO is expected to be priced between ₹74 to ₹78 per share. At this price, the company is valued at a Price-to-Earnings (P/E) ratio of 76.13 (Pre-IPO) and 69.19 (Post-IPO) whereas the industry average is 130.91x

Name of Company	Consolidated	Face Value Per Share (₹)	Closing price on NSE – December 3, 2024 (₹)	Revenue from operations for the year ended March 31, 2024 (in ₹ million)	EPS ⁽¹⁾ (₹)		P/E ⁽⁴⁾	Return on Net Worth (%) ⁽²⁾	Net Asset Value per Equity Share (₹) ⁽³⁾
					Basic	Diluted			
Vishal Mega Mart Limited*	Consolidated	10	N.A.	89,119.46	1.02	1.01	N.A. [†]	8.18	12.53
Peer Group									
Avenue Supermarts Limited	Consolidated	10	3,829.85	507,888.30	38.99	38.93	98.23	13.56	287.47
Trent Limited	Consolidated	1	6,841.35	123,751.10	41.82	41.82	163.59	39.99	104.59

The company holds a solid market position as a leading offline retailer in India, with consistent financial performance reflected in its growing revenue and profitability. Vishal mega mart's core strengths include its affordable pricing strategy, extensive presence in tier 2 and tier 3 cities, efficient supply chain management, and asset-light business model. Its strong focus on private label brands and adaptability to market trends further enhance its competitive edge in India's retail sector. The IPO offers a reasonable valuation compared to peers, though it is a complete offer for sale (OFS), meaning the company will not receive any proceeds.

We rate **"APPLY"** to for this IPO for high-risk investors looking for exposure to the retail sector.

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