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(Joint Public Offer of equity shares on the part of Board of VISHAL MEGA MART LIMITED ("VME") and National Stock Exchange of India Limited ("NSE") in compliance with Chapter 3 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015 as amended ("SEBI ICDR Regulations").



## VISHAL MEGA MART LIMITED



(Please scan this QR code to view the RHP)

Our Company was originally incorporated as 'Ratanlal Khichadi Trading Private Limited' at Gungam, Haryana as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated March 27, 2018, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana (a 'RoC'). Subsequently, the name 'Ratanlal Khichadi Trading Private Limited' was changed to 'Vishal Mega Mart Private Limited' and a fresh certificate of incorporation was issued by the RoC on May 28, 2020. Subsequently, our Company was converted to a public limited company and the name of our Company changed to 'Vishal Mega Mart Limited' pursuant to a Shareholders' resolution dated April 26, 2024 and a fresh certificate of incorporation dated May 10, 2024 was issued by the RoC. For further details on the changes in the name and registered office of our Company, see 'History and Certain Corporate Matters' on page 186 of the Red Herring Prospectus dated December 4, 2024 ("RHP" or "Red Herring Prospectus") filed with the RoC.

Registered and Corporate Office: Plot No. 184, 8th Floor, Platinum Tower, Udyog Vihar Phase-1 Gurgaon - 122018 Haryana, India. Tel: +91 124 4880000.  
Website: www.vishalmegamart.com. Contact Person: Rajul Luthra, Company Secretary and Compliance Officer, E-mail: secretarial@vishalmegamart.com, Corporate Identity Number: U51909HR2018PLC0372322.

### SAMAYAT SERVICES LLP AND KEDAARA CAPITAL FUND II LLP ARE THE PROMOTERS OF OUR COMPANY

INITIAL PUBLIC OFFER OF UP TO 14 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF VISHAL MEGA MART LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹14 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹4 PER EQUITY SHARE) AGGREGATING UP TO ₹196.00 MILLION (THE "OFFER"), THROUGH AN OFFER FOR SALE OF UP TO 14 EQUITY SHARES OF FACE VALUE OF ₹10 EACH AGGREGATING UP TO ₹196.00 MILLION BY SAMAYAT SERVICES LLP ("PROMOTER SELLING SHAREHOLDER") AND SUCH EQUITY SHARES OFFERED BY THE PROMOTER SELLING SHAREHOLDER, THE "OFFERED SHARES").

#### DETAILS OF THE OFFER FOR SALE

NAME OF THE SELLING SHAREHOLDER	TYPE	NUMBER OF SHARES OFFERED/AMOUNT	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹ PER EQUITY SHARE)*
Samayat Services LLP	Promoter Selling Shareholder	Up to 14 Equity Shares of face value of ₹10 each aggregating up to ₹196.00 million	10.14

\*As certified by B.B. & Associates (FRN: 023670N), Chartered Accountants, pursuant to the certificate dated December 4, 2024.

We curate a diverse range of merchandise through our portfolio of own brands and third party brands. We offer products across three major product categories, i.e., apparel, general merchandise and fast-moving consumer goods, through a pan-India network of 645 Vishal Mega Mart stores (as of September 30, 2024) and our Vishal Mega Mart mobile application and website.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations  
QIB Portion: Not more than 50% of the Offer | Non-Institutional Portion: Not less than 15% of the Offer | Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹74 TO ₹78 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE AND THE CAP PRICE ARE 7.40 TIMES AND 7.80 TIMES THE FACE VALUE OF THE EQUITY SHARES, RESPECTIVELY.

BIDS CAN BE MADE FOR A MINIMUM OF 190 EQUITY SHARES AND IN MULTIPLES OF 190 EQUITY SHARES THEREAFTER.

THE PRICE TO EARNINGS RATIO ("P/E") BASED ON DILUTED EPS FOR FISCAL 2024 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND IS 77.23 TIMES

AND AT THE LOWER END OF THE PRICE BAND IS 73.27 TIMES

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated December 4, 2024, the above provided Price Band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section on page 88 of the RHP vis-à-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on page 88 of the RHP.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

In relation to Price Band, potential investors should only refer to this Price Band advertisement for the Offer and should not rely on any media articles/reports in relation to the valuation of the Company as these are not endorsed, published or confirmed either by the Company or by the BRLMs.

#### RISK TO INVESTORS

For details refer to section titled "Risk Factors" on page 22 of the RHP

1. **We do not manufacture any of the products sold in our stores, including our own brands:** We do not manufacture any of the products that are sold in our stores, and we rely entirely on third party vendors for the manufacturing of all products under our own brands. The table below sets out our revenue from sale of products under own brands (across our three product categories) for the period years indicated.

Particulars	Six months period ended September 30,			
	2024		2023	
	(₹ in million)	(% of revenue from operations)	(₹ in million)	(% of revenue from operations)
Sale of products under own brands (across our three product categories)	36,665.57	72.86	30,197.83	71.57

Particulars	Financial Year			
	2024		2023	
	(₹ in million)	(% of revenue from operations)	(₹ in million)	(% of revenue from operations)
Sale of products under own brands (across our three product categories)	63,993.42	71.81	53,479.79	70.50
			39,228.81	70.20

2. **Dependency on third party manufacturers:** We outsource the manufacturing of all products under our own brands to third party vendors, primarily under non-exclusive contract manufacturing agreements. The table below sets forth details relating to our vendors for the six months period ended September 30, 2024 and 2023, and for the Financial Years 2024, 2023 and 2022.

Particulars	For the six months period ended September 30,		For the Financial Year			
	2024		2023		2022	
	2024	2023	2024	2023	2022	2022
Number of vendors engaged to manufacture products under our own brands	781	769	839	861	786	
Total value of goods purchased under our own brands from three largest vendors by amounts incurred ("₹ in millions")	1,672.77	1,555.77	2,803.09	3,012.66	2,427.96	

Our reliance on vendors subjects us to a variety of risks, including dependence on vendors for continuity of supply of products; changes in cost of acquisition of our products; ability to enter into new agreements or extend existing agreements with vendors on favourable terms; delays in production and added costs as a result of the time required for new vendors to undertake manufacturing; dependence on continuing operations of third-party manufacturing facilities; protection of our trade secrets and intellectual property rights; and adverse changes in the financial or business condition of our vendors. We rely entirely on our vendors to source raw materials to manufacture and supply products to us. Moreover, as we do not enter into long-term manufacturing agreements with our vendors, the cost of acquisition of our products from vendors is not fixed and may fluctuate due to fluctuations in prices of raw materials sourced by vendors to manufacture and supply products to us.

3. Our Company will not receive any proceeds from the Offer for Sale.

4. **Geographical concentration Risk:** We derive a significant portion of our revenues from sale of products from our stores located in Uttar Pradesh, Karnataka and Assam, which are the top three states in terms of revenue contribution to our business. The tables below set out our number of stores as of the period/years ended and revenue contribution, during the period/years as indicated below, in these three states:

Particulars	For the six months period ended September 30,			
	2024		2023	
	Sale of products (₹ in million)	(% of revenue from operations)	Sale of products (₹ in million)	(% of revenue from operations)
Uttar Pradesh	7,796.36	15.43	6,706.20	15.89
Karnataka	5,671.11	11.67	4,875.37	11.55
Assam	4,640.33	9.22	4,128.58	9.78
Total - across all three product categories	18,277.80	36.32	15,710.15	37.22

Particulars	For the Financial Year ended March 31,					
	2024		2023		2022	
	Sale of products (₹ in million)	(% of revenue from operations)	Sale of products (₹ in million)	(% of revenue from operations)	Sale of products (₹ in million)	(% of revenue from operations)
Uttar Pradesh	14,542.69	16.32	12,904.00	17.01	9,585.58	17.15
Karnataka	10,084.73	11.32	8,033.33	10.59	5,819.02	10.41
Assam	8,664.44	9.72	7,539.60	9.94	5,570.03	9.97
Total-across all three product categories	33,291.86	37.36	28,476.93	37.54	20,974.63	37.53

5. **Regional supply chain risk:** As of September 30, 2024, we had one central distribution centre, one distribution centre and 17 regional distribution centres. Our central distribution centre is located in North India and serves as our principal hub, facilitating product dissemination to our regional distribution centres and stores across the country. The geographical location of our central distribution centre in North India renders our supply chain operations susceptible to regional risks, adverse changes and events occurring in and around the region. Regional risks, adverse changes and events that may affect our business operations may include and are not limited to disruptions to our infrastructure, significant natural disasters, workforce disruptions, as well as changes in the general economic conditions, regulatory environment and local government policies.

The table below sets out our transportation costs attributable to transport to and from our central distribution centre located in North India, for the period years indicated:

Particulars	For the six months period ended September 30,		For the Financial Year			
	2024		2023		2022	
	2024	2023	2024	2023	2022	2022
Transportation costs attributable to transport to and from central distribution centre in North India (₹ in millions)	682.97	489.48	1,020.63	930.56	705.68	
Transportation costs attributable to transport to and from central distribution centre in North India, as a percentage of transportation expenses (%)	62.78	66.08	64.69	66.39	67.95	

6. **Maintenance of relationships with third-party brands:** If we do not maintain our current relationships with third-party brands, or if we fail to establish such new relationships, the quantity and variety of products offered at our stores may decline, which in turn may adversely affect our business, results of operations, financial condition and cash flows. We have in the past sold, and will continue to sell, a significant amount of products from third-party brands across our three product categories, as set forth in the table below:

Particulars	Six months period ended September 30,			
	2024		2023	
	(₹ in million)	(% of revenue from operations)	(₹ in million)	(% of revenue from operations)
Sale of products from third-party brands (across our three product categories)	13,596.06	27.02	11,882.49	28.16
Sale of products from own brands (across our three product categories)	36,665.57	72.86	30,197.83	71.57

Particulars	Financial Year			
	2024		2023	
	(₹ in million)	(% of revenue from operations)	(₹ in million)	(% of revenue from operations)
Sale of products from third-party brands (across our three product categories)	24,926.03	27.97	22,150.13	29.20
Sale of products from own brands (across our three product categories)	63,993.42	71.81	53,479.79	70.50
			39,228.81	70.20

\*Other operating revenues constituted 0.12%, 0.27%, 0.22%, 0.30% and 0.27% of our revenue from operations during the six months period ended September 30, 2024 and 2023, and the Financial Years 2024, 2023 and 2022, respectively.

7. **Directives with requests for information from the Enforcement Directorate:** Our Company has received directives dated February 25, 2021 and December 1, 2023 from the Directorate of Enforcement, Ministry of Finance, Department of Revenue, Government of India ("ED") to furnish and/or obtain information and documents of our Company and the Pre-merger VMMPL related to business information on the Company including details of purchases and sales and related to foreign direct investments received by our Company. Our Company submitted the requisite information on March 17, 2021 and December 20, 2023, respectively. As on the date of the Red Herring Prospectus, our Company has not received any further communication from the ED in this respect.

8. **Price/Earnings (P/E) ratio** based on diluted EPS for Financial Year 2024 for the issuer at the Cap price of the Price Band is 77.23 times.

9. **Weighted Average Return on Net Worth** for Financial Year ended 2024, 2023 and 2022 is 6.85%. The Return on Net Worth for six months period ended September 30, 2024 and six months period ended September 30, 2023 is 4.29% and 3.63% respectively.

10. The average cost of acquisition per Equity Shares and acquired by the Promoters including the Promoter Selling Shareholder, as on the date of the Red Herring Prospectus is:

Particulars	Number of Equity Shares of face value of ₹10 each held <sup>a</sup>	Average cost of acquisition per Equity Share (in ₹) <sup>a</sup>
Promoter		
Samayat Services LLP <sup>a</sup>	4,45,31,18,981	10.14
Kedaara Capital Fund II LLP	Nil	N.A.

<sup>a</sup>Also the Promoter Selling Shareholder.

<sup>a</sup>As certified by B.B. & Associates (FRN: 023670N), Chartered Accountants pursuant to the certificate dated December 4, 2024.

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