June 02,2026

V-Mart Retail Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based bank facilities (WC)	295.00	295.00	[ICRA]AA-(Stable); reaffirmed
Non-fund based bank facilities	5.00	5.00	[ICRA]A1+; reaffirmed
Total	**300.00**	**300.00**	

**Instrument details are provided in Annexure II*

Rationale

The ratings reaffirmation for V-Mart Retail Limited (VMRL or the company) factors in an expectation of steady operational performance for the entity going forward, benefitting from steady demand sentiments in the value retail industry. The company reported 16% growth in revenues in FY2026, driven by addition of stores (80 net additions in FY2026), along with an improvement in operating margins (13.6% from 11.6% in FY2025), benefitting from operating leverage benefits and reduced losses from the Limeroad business. This supported healthier debt coverage indicators with interest coverage of 6.8 times in FY2026 and total debt to operating profits of 1.9 times as per FY2026 financials. The growth in business is expected to remain supported by continued network expansion, steady growth in sales per sq. ft. and continued profitable ramp up in operations of the Unlimited stores, which is likely to help the company continue to generate healthy cash flows and gradually improve its credit profile.

The liquidity position of the entity remains supported by adequate cushion in the company's sanctioned working capital facilities and steady cash flow generation. The calibrated expansions and limited reliance on debt are aiding the company's financial risk profile to be healthy, characterised by a conservative capital structure and comfortable liquidity profile. The ratings continue to factor in the benefits being derived from the LimeRoad business, an online marketplace, which is expected to help VMRL strengthen its digital capabilities and expand its presence as an omni-channel value fashion retailer in the medium term. The losses from the LimeRoad business have also moderated gradually since acquisition, aided by reduction in marketplace exposure.

The ratings continue to be constrained by the intense competition in the retail sector due to the presence of numerous unorganised as well as organised players in the brick-and-mortar as well as online segments. The demand for the company's products is also linked to the performance of monsoon, to some extent. The ratings also consider the high working capital intensity and the risks of high inventory on the books, as inherent in the apparel retail business.

The Stable outlook on the long-term rating reflects expectations that, as the company expands its network through the addition of new stores, it will adopt a calibrated approach to growth, thereby maintaining its credit metrics at levels commensurate with the rating.

Key rating drivers and their description

Credit strengths

Established track record of promoters and management in retail industry with healthy brand presence – VMRL, incorporated in 2002, opened its first retail store in 2003. The promoters have been involved in this business for more than two decades and the management includes personnel with extensive experience in the industry. Through its extensive store network across northern, eastern and western India, VMRL has established a healthy brand presence and recall value in the domestic value fashion retail segment over the years.

Wide geographical presence and diversified product offerings across various segments – VMRL had an operational portfolio of 577 stores across 28 states/Union Territories (UTs) as of March 2026. The company's presence was restricted to the northern, western and eastern parts of the country till FY2021. With the acquisition of the Unlimited business in FY2022, the company ventured into the southern markets as well. As a result, its dependence on Uttar Pradesh and Bihar has decreased significantly. Since its acquisition, the company has been further expanding/diversifying its store network in the northern as well as the southern domestic markets, under both its brands (V-Mart and Unlimited), respectively, enabling higher regional diversification across the country. Moreover, the company has a diversified product profile comprising apparels, non-apparels and *kirana* items (limited to a few stores), with apparels comprising close to 80% of the turnover.

Established relationships with vendor base – The company enjoys established business relationships with its wide vendor base, which ensures cost optimisation and smooth operations. The same is likely to help the company maintain a healthy market position in the value retailing industry.

Credit challenges

Intense competition in retail sector – The company faces stiff competition from numerous players in the unorganised retail sector, along with competition from various organised players in the brick-and-mortar as well as online segments. Some of these organised players operating in smaller towns include Reliance Retail Limited, Max, and V2 Retail Limited, etc.

Operations remain vulnerable to downturn in demand, increasing raw material prices and changing consumer preferences/spending trends – VMRL's sales, profitability and cash accruals, like any other apparel retailers, are closely linked to macroeconomic conditions, consumer confidence and spending patterns. Its sales also remain vulnerable to changing consumer tastes and preferences. Given VMRL's target market, a large part of which lies in rural India, most of its products are cotton based. Therefore, any material upward movement in cotton prices may result in increased cost pressure on the company. Accordingly, the company's ability to protect its margins in such a scenario remains critical.

High working capital intensity of retail business and inventory obsolescence risk – The company remains exposed to various risks associated with high inventory on books, as inherent in the apparel retail business. There also continues to be the risk of its inventory getting damaged or going out of fashion. However, in the medium term, ICRA expects VMRL to maintain inventory of 90-120 days.

Environmental and Social Risks

Environmental considerations: The domestic apparel retail sector remains exposed to the risks of elevated input costs, owing to increased compliance costs faced by suppliers from tightening environmental regulations. As these costs account for only a fraction of the overall costs and given the high demand for such products, over time, retailers can pass on such costs to end-consumers and/or diversify their sourcing and product mix to ensure sustainable supply chains. Further, the company has put in place procedures for sustainable sourcing of its products to mitigate the associated operational risks.

Social considerations: From the social standpoint, increasing usage of customer data following growing penetration of e-commerce, poses privacy and legal risks for retail entities. The retail industry also needs to adapt to the changing consumer preferences from time to time. Being a manpower-intensive sector, entities are exposed to the risks of disruptions from the inability to properly manage human capital for their overall well-being. Besides, human rights issues and the inability to ensure diversity, while providing equal opportunity could pose social risks for the company. As a retailer, the company is also subject to other social factors such as responsible sourcing, product and supply-chain sustainability, given the high reliance on external suppliers. The company makes efforts to provide a healthy and safe working environment to its employees and strictly forbids hiring or using child labour and expects the same from its vendors.

Liquidity position: Adequate

VMRL's liquidity profile is expected to remain **Adequate**, characterised by free cash and bank balance and liquid investments of around Rs. 35 crore, and unutilised fund-based working capital facilities of Rs 195 crore as on March 31, 2026. Further, the company has no debt repayment obligations and primarily utilises its internal accruals to fund its network expansion. ICRA expects the company's fund flow from operations to be adequate to comfortably meet the foreseeable capex as well as working capital requirements in the near to medium term.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company reports a meaningful growth in its scale of operations, along with an improvement in profitability, leading to healthier credit metrics.

Negative factors – The ratings could be downgraded if a material decline in the operating income and/or a contraction in the profit margins, results in a decline in return metrics on a sustained basis. Further, an increase in the working capital intensity, or other factors, adversely impacting the cash flows, could put pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

VMRL was incorporated as Varin Commercial Private Limited in 2002. The company started its operations in the value retail segment by launching its first store in Gujarat in 2003. In 2006, the company was renamed as V-Mart Retail Private Limited. Subsequently, in 2008, the constitution of the company was changed to public limited and renamed once again as V-Mart Retail Limited.

VMRL is mainly involved in value retailing of apparels with minor presence in non-apparel (footwear, accessories, toys/ games, home textiles, furnishings, and appliances, etc.) and *kirana* products. It is one of the largest value retail chains in India in terms of store count and retail area, operating 577 stores measuring ~50 lakh sq. ft., as of March 2026. Most of VMRL's stores are in tier-II, III and IV cities and towns of India. While its highest concentration of stores remains in Uttar Pradesh and Bihar, Tamil Nadu, Jharkhand and Rajasthan have also become major markets.

Key financial indicators (audited)

Standalone	FY2025	FY2026
Operating income	3,254	3,789
PAT	46	124
OPBDIT/OI	11.6%	13.6%
PAT/OI	1.4%	3.3%
Total outside liabilities/Tangible net worth (times)	1.9	1.8
Total debt*/OPBDIT (times)	2.1	1.9
Interest coverage (times)**	2.8	6.8

*PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore*Total debt of Rs. 958 crore in FY2026 comprises lease liabilities of Rs. 858 crore; **OPBDITA/Interest and finance charges*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount Rated (Rs Crore)	June 02,2026	Date	Rating	Date	Rating	Date	Rating
Fund-based bank facilities (WC)	Long-term	295.00	**[ICRA]AA-(Stable)**	20-May-25	[ICRA]AA-(Stable)	6-Dec-24	[ICRA]AA-(Stable)	15-Jun-23	[ICRA]AA-(Stable)
						6-May 24	[ICRA]AA-(Stable)	-	-
Non-fund-based bank facilities	Short-term	5.00	**[ICRA]A1+**	20-May-25	[ICRA]A1+	6-Dec-24	[ICRA]A1+	15-Jun-23	[ICRA]A1+
						6-May-24	[ICRA]A1+	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based bank facilities (WC)	Simple
Non-fund-based bank facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based bank facilities (WC)	-	-	-	295.00	[ICRA]AA- (Stable)
NA	Non-fund-based bank facilities	-	-	-	5.00	[ICRA]A1+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis- Not Applicable

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ABOUT ICRA LIMITED

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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