



INDIAN VALUE-APPAREL RETAIL INDUSTRY

Consumer Newsletter

October 2026

Value Retail - Attractive
Consumer Opportunity

o3capital

Your Partners, Your Advisors

Hello Readers,

Welcome to the latest edition of the o3 Capital Consumer Newsletter.

This edition focuses on India's value retail opportunity and the structural shifts reshaping the country's consumer landscape. At c.USD 1,000 bn, India is the fastest-growing retail market globally, and with per capita GDP now above USD 2,700, the country is entering "The Golden Decade" of consumption. Yet organized retail penetration stands at just 17%, growing at 20% CAGR, leaving substantial headroom for scaled players.

Apparel sits at the centre of this opportunity. With per capita apparel spend of only USD 37, India offers significant upside, and the market is steadily formalizing as consumers shift from unorganized to organized channels.

Global value leaders have shown how this model scales: playbooks built on sharp pricing, private label strength, disciplined store expansion and execution excellence have delivered superior scale and profitability. In India, value-led formats are on the same path, with Trent's Zudio crossing USD 1 bn in revenue across 960+ stores.

In this edition, we examine the drivers of India's retail growth, the formalization of the apparel market, the playbooks of global value retailers, the competitive landscape and trading comparables for listed value retailers.

We hope you enjoy reading the newsletter.

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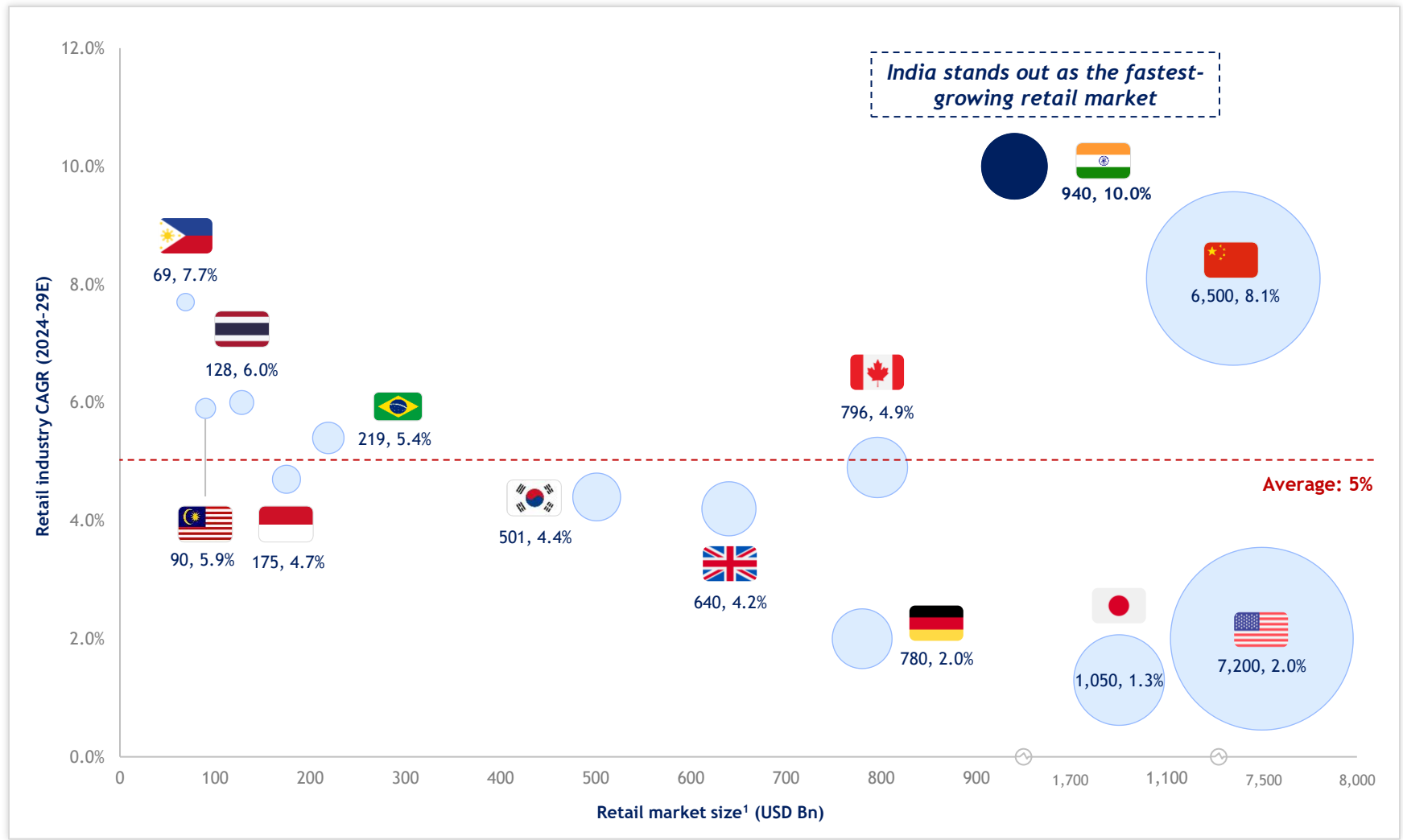


o3 Capital Overview

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At c.USD 1,000 bn, India is the fastest-growing retail market globally

Indian retail growing at c.10% CAGR, 2x the global average and ahead of China (8.1%), adding c.USD 575 bn of retail sales



Source: Industry reports (IMARC Group, IBEF 2024, Market Research Future, Mordor Intelligence, Markntel); Note: 1. Retail market size as of FY24

India to witness unprecedented growth, as it enters “The Golden Decade” of consumption

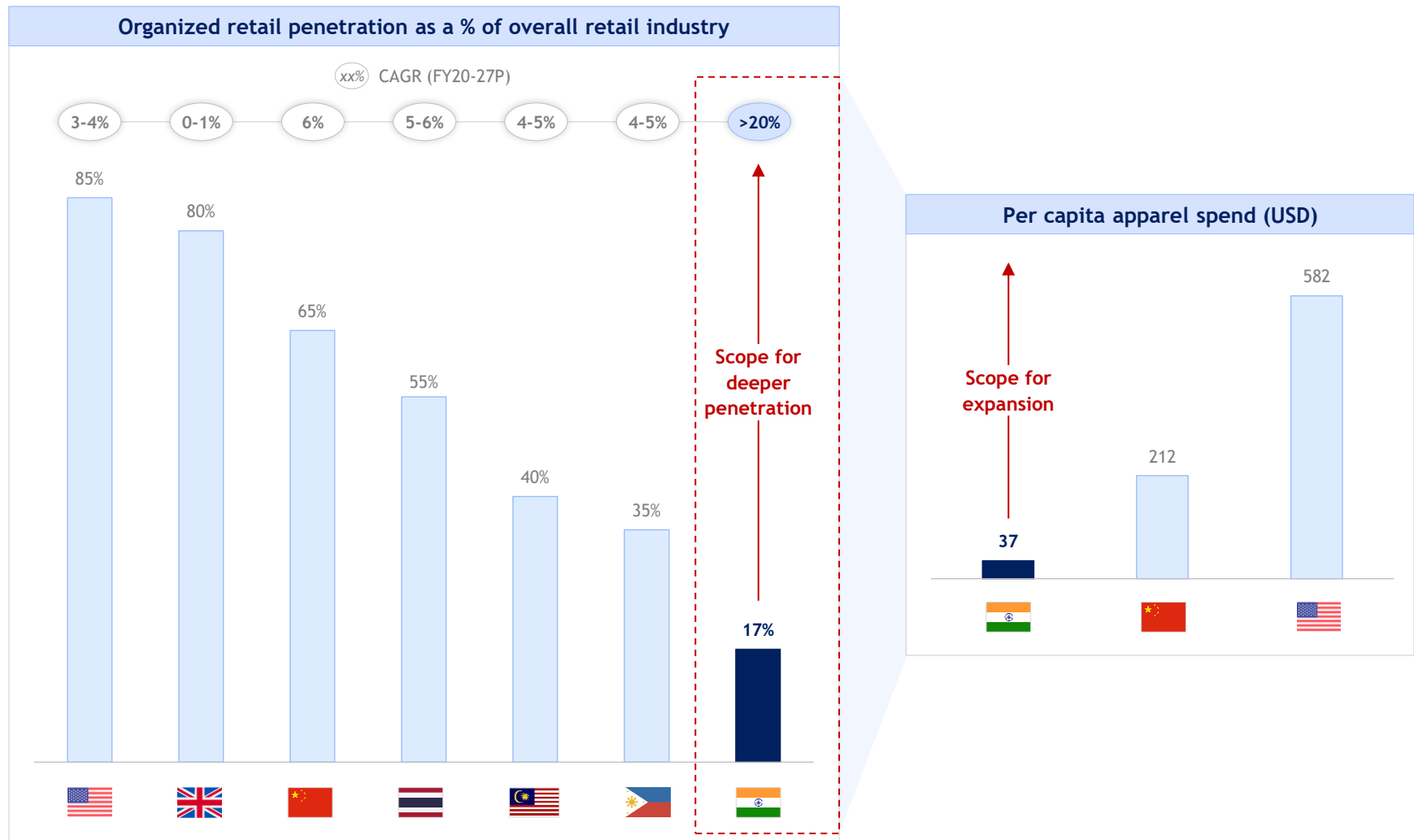
Country	Year of touching USD 2,500 GDP per capita mark	Trajectory of retail / apparel sales post touching USD 2,500 mark
Indonesia 	2010	<ul style="list-style-type: none"> Retail outlets grew <u>4.5x</u> over the next decade
China 	2007	<ul style="list-style-type: none"> Retail market size grew <u>4x</u> over the next decade
Russia 	2002	<ul style="list-style-type: none"> Retail market size grew <u>3x</u> over the next decade
Thailand 	1995	<ul style="list-style-type: none"> Retail outlets grew by <u>3x</u> over the next decade
Brazil 	1989	<ul style="list-style-type: none"> Retail market size grew <u>2x</u> over the next decade
Malaysia 	1990	<ul style="list-style-type: none"> Retail outlets grew by <u>3x</u> over the next decade
South Korea 	1985	<ul style="list-style-type: none"> Retail market size grew <u>4x</u> over the next decade
Singapore 	1984	<ul style="list-style-type: none"> Retail market size grew <u>3x</u> over the next decade
India 	2024	<ul style="list-style-type: none"> India is on the cusp of a significant demographic shift, characterized by increasing urbanization & higher share of discretionary spends

Scaled-up apparel retailers in India are positioned for disproportionate growth as current per capita GDP surpasses USD 2,700

Source: Industry reports

With USD 37 per capita, India's apparel spend offers significant upside potential

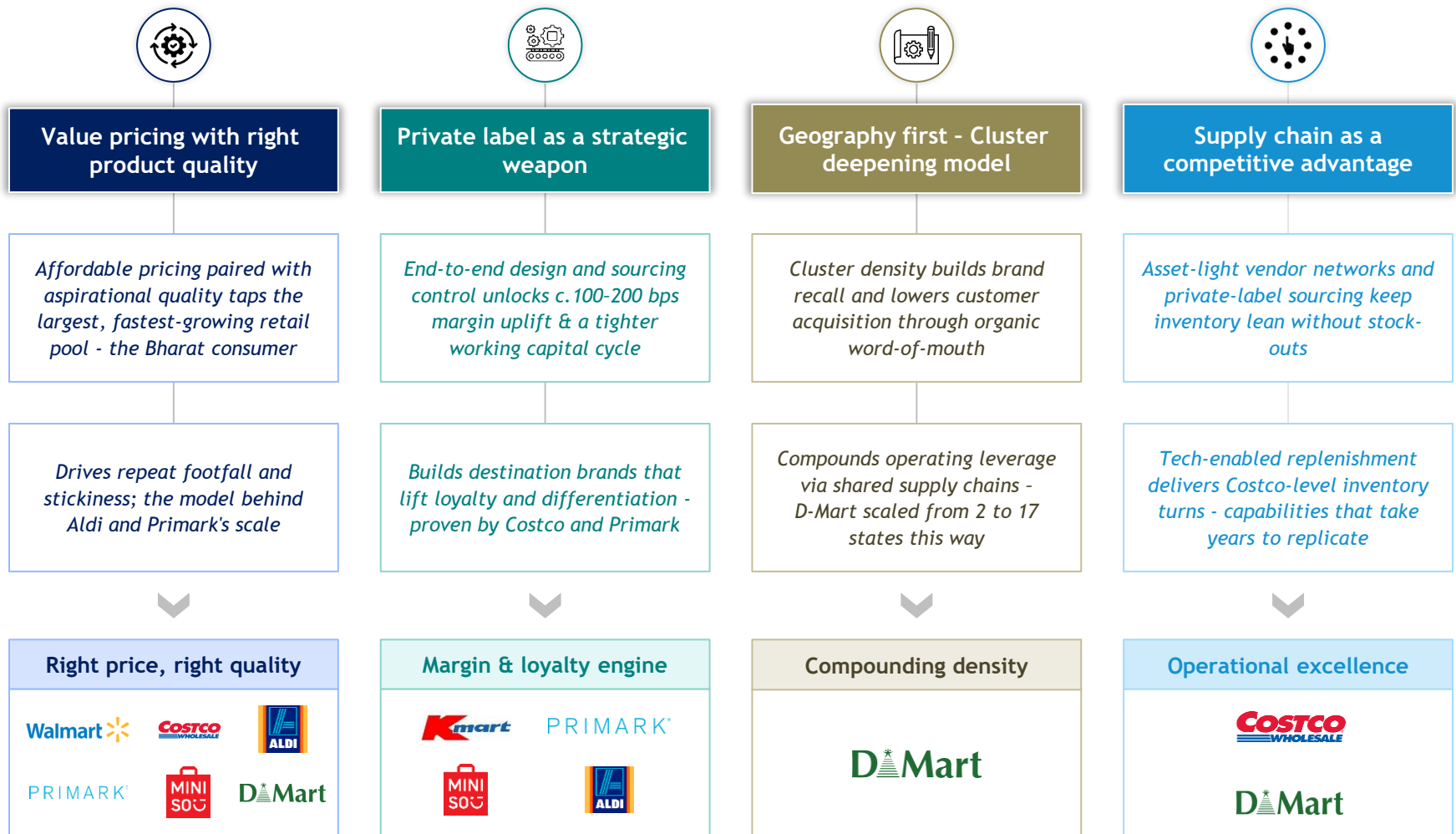
India's organized retail has significant headroom with just 17% penetration & is growing at 20% CAGR



Source: Industry DRHP's

Successful playbooks adopted by scaled-up players to become global leaders

Winning strategies have been built on pricing, private label strength, disciplined expansion and execution excellence



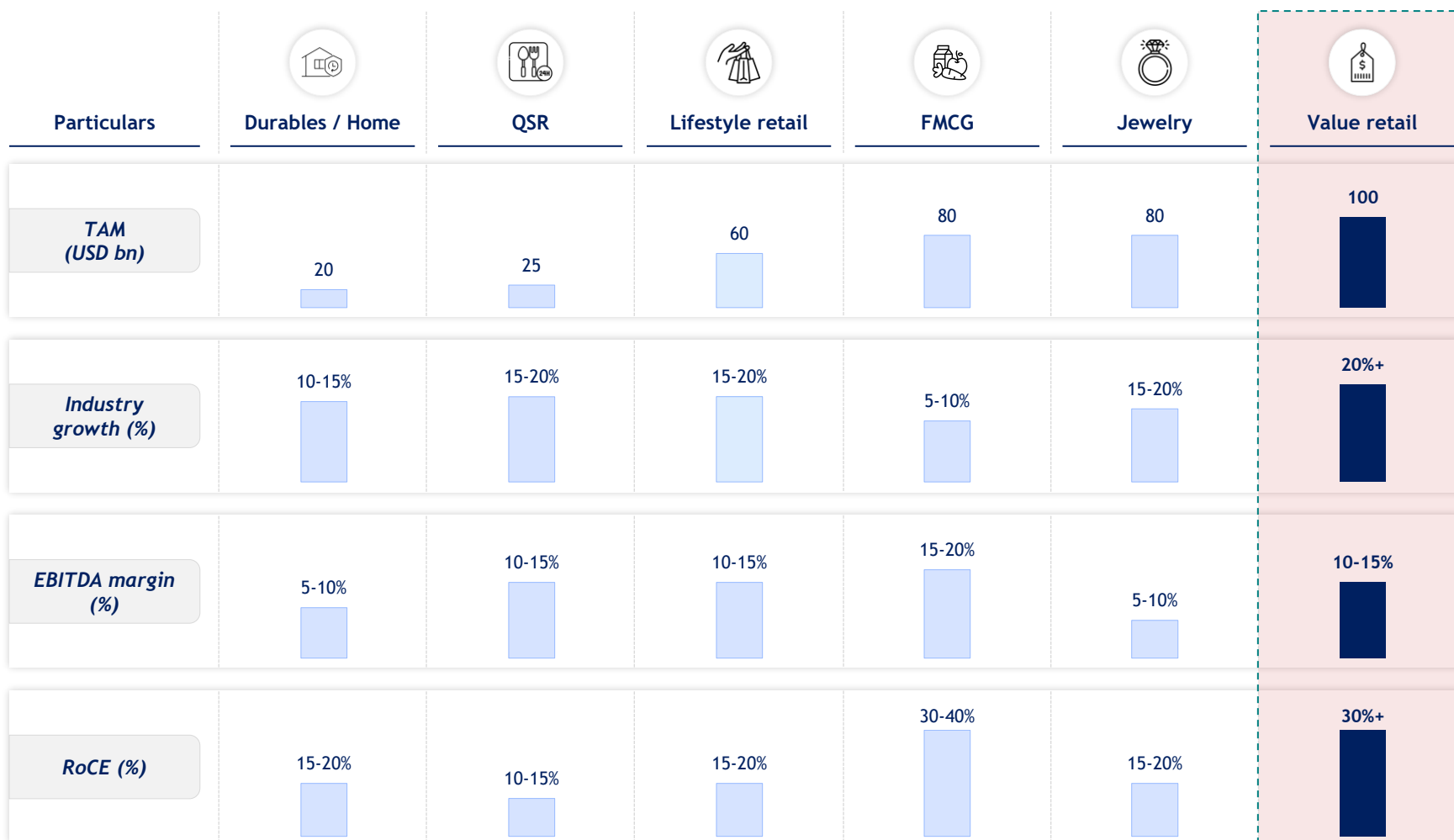
Source: o3 analysis; Company reports of global & domestic players

Value-led players have achieved superior scale & profitability outcomes

					
Valuation ¹	USD 125 bn Valuation (Est.)	USD 28 bn Market cap	USD 112 bn Market cap	USD 40 bn Valuation (Est.)	USD 58 bn Market cap ²
Market share ³	40% Wireless market share in India	30% Offline grocery market share in key markets	#1 Social commerce player in China	20% US fast fashion market	50% Market share
Scale relative to 2 nd largest peer ³	1.4x of the 2 nd largest player	~3x per store profitable than 2 nd largest player	2nd Largest player in terms of users, behind Alibaba	c. 1.5x online sales of Zara, 2x of H&M	c. 2x GMV of Tokopedia & Lazada in key markets
Profitability ³ (PAT margin)	20% c.2x margin of next player	5% c.1.5x margin of next player	23% c.1.5x margin of next player	c. 3% c.1.5x margin of next player	c. 3% Competitors still burning cash
Outcome	Fastest Telecom player to reach 400 mn users worldwide	Largest PPE adjusted sales per square foot retailer	Quickest Ecom company globally to reach USD 100 bn+ GMV	Biggest online only fashion brand globally	Most downloaded Ecom app in SEA & LATAM

Source: News articles, industry reports; Notes: 1. Market cap data as of 07/10/26 where available; 2. Represents market cap of parent company Sea Group; 3. All figures are indicative

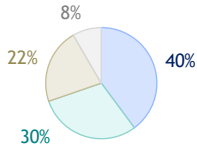
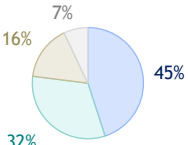
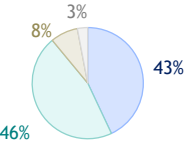
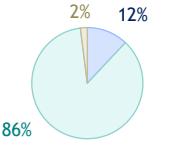
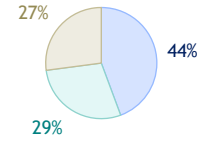
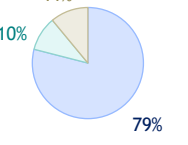
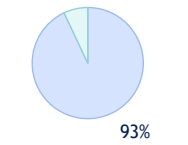
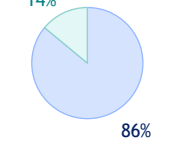
India's biggest consumer bet: "Value Retail" - Stellar growth & return metrics



Value retail stands out as the largest segment with TAM of USD 100 bn and growing the fastest across segments

Notes: 1. Industry-level metrics (except industry growth) have been computed by deriving the median of each metric for listed players in each industry

Listed value retailers - Key performance metrics

Particulars				
Region  North  East  South  West				
Cities present (#)	535	309	284	191
Active store count (#)	795	577	325	263
Store count in Tier 2+	74% beyond Tier 2+	77% beyond Tier 2+	87% beyond Tier 2+ ²	77% beyond Tier 2+
Category Mix  Apparel  General merchandise  FMCG				
Private label share (%)	74%	70%	90%+	53%
Revenue (INR mn)	129,065	37,895	30,670	18,410
Material Margin (INR mn %)	36,681 28%	13,032 34%	9,272 30%	6,145 33%
EBITDA ³ (INR mn %)	12,610 10%	2,359 6%	2,815 9%	1,137 6%
PAT (INR mn %)	8,656 7%	795 2%	1,663 5%	479 3%

Source: Company annual reports, investor presentations, and industry reports; Notes: 1. All figures are for FY26 unless otherwise stated; 2. V2 Retail's Tier 2+ split is as of 9MFY26; 3. EBITDA is on an I-GAAP basis

Decoding the store-wise unit economics of select listed value retail players



Notes: 1. Per sq.ft metrics are based on the average of opening and closing retail area for the specific period; 2. RoCE = EBITDA / average capital employed (excluding goodwill); 3. Inventory turnover = net revenue / average inventory

Trading comparables



Source: Capital IQ as of 24/09/2026; Note: 1. Based on I-GAAP; 2. Vishal Mega Mart trades at a premium multiple, driven by its diversified product mix and industry-leading efficiency metrics at scale

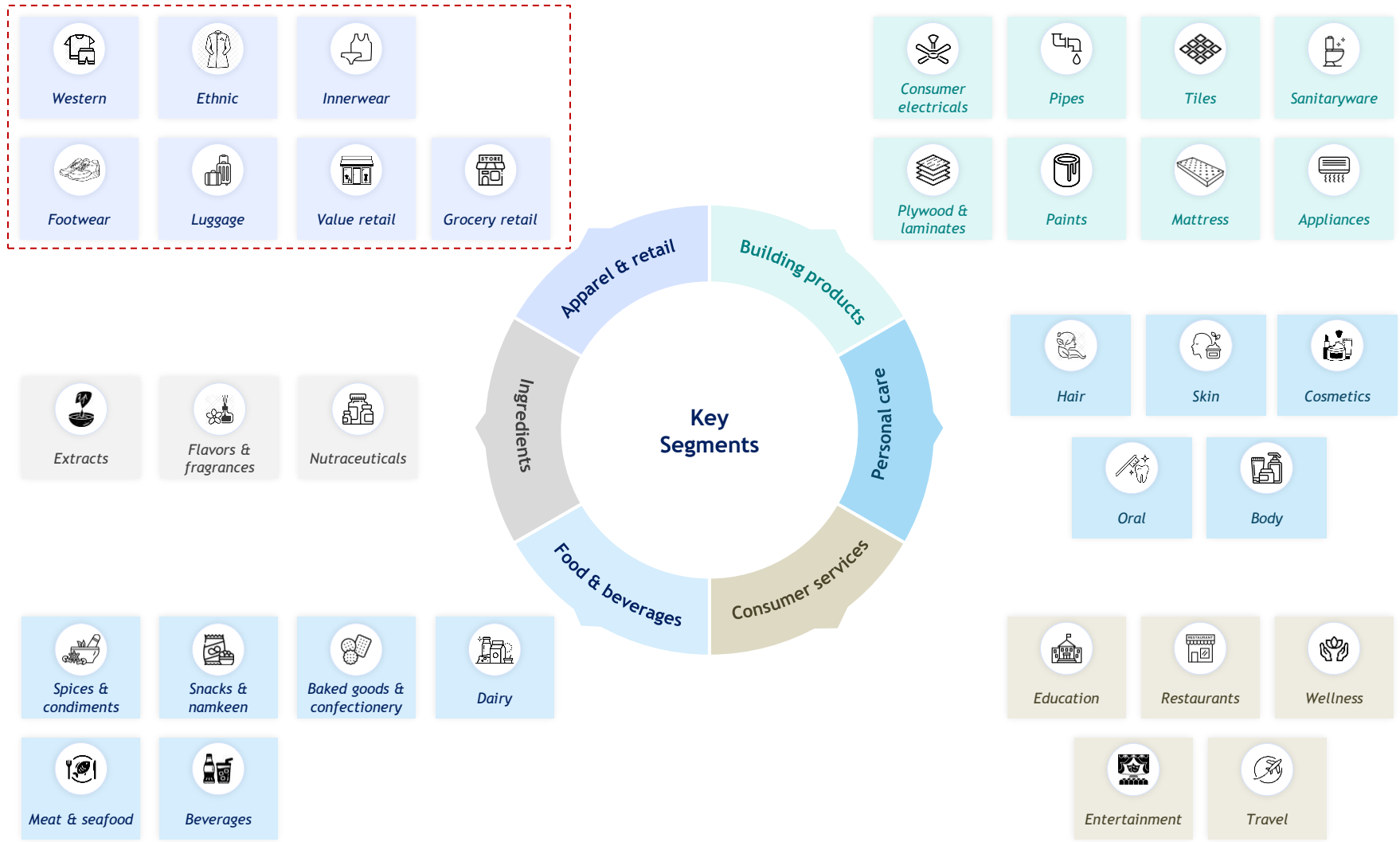
o3 Capital consumer practice: An overview



Apparel & Retail			Home and Personal Care			F&B		Education
 Hopscotch raised funds from Amazon	 SIGULER & GUFF o3 alts Siguler Guff, o3 Alts acquires stake in Baazar Kolkata	 SEQUOIA  Go Colors raised funds from Sequoia Capital India	Leading traditional haircare player On-going buy-side engagement for skincare opportunities	One of the fastest growing new-age BPC player On-going sell-side engagement	 Perfora raised funds from RPSG and Sauce Ventures	 Motilal Oswal Private Equity invests in Lahori	 VKC Nuts raised funds from AvH and Venturi Partners	 XSEED raised Series B funding from Verlinvest
 Chai Point raised funds from Eight Roads Ventures	 Kalyan Jewellers IPO advisor	 WARBURG PINCUS MedPlus raised funds from Warburg Pincus	 BSC raised funds from Malabar Capital & others	 Gynoveda raised funds from India Alternatives, Fireside Ventures	 WestBridge Capital makes significant investment in Enrich	 Nestlé India Advisory for on investor vote exercise	 BIRA raised funds from Kirin Holding & MUFG	 CLSA and IBOF sold their existing stake in Resonance
 NSR acquired majority stake in Moshe's	 Big Basket acquired Delyver	 Guardian Nutrition raised funds from Mitsui Ventures	 Premier was acquired by BILT	 Enrich raised funds from JM Financial	 Origami raised growth capital from BanyanTree	 Barbeque Nation raised funds from CX Partners	 Stake sale by Goldman Sachs in Cremica to Motilal Oswal	 Career Point raised funds from Darby

● Color denotes o3 Capital's client

Super-specialists across different segments of consumers



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