ANANDRATHI

India I Equities

**Retail**

**Company Update**

Change in Estimates ☑ Target ☑ Reco ☐

27 July 2025

# V-Mart Retail

*Margin betterment, continued network expansion; maintaining a Buy*

Rating: **Buy**

Target price (12-mth): Rs.1,208

Share price: Rs.803

**Lower Limeroad losses, greater operational efficiencies and better offline margins drove a 166bp y/y higher EBITDA margin to 14.3% (~200bps above ARe and consensus). SSSG was 1%, hurt by advance Eid sales, an early monsoon and market sluggishness. Vmart's apparel ASP grew 2%. However, Unlimited's fell 3% led by focus on more value offerings. 13 net stores were added, with plans to add 65 net in FY26. Inventory days improved 5% y/y to 93 days; per store inventory rose slightly but was healthy. Management expects mid to high single-digit SSSG in FY26 and better absolute EBITDA, though margins are likely to be range-bound. Better products, sharper pricing, enhanced product display, supply-chain efficiencies and tech integration/ adoption would drive margins. Our FY26e/27e revenue remains unchanged while our EBITDA is 4.8% higher on avg. on consecutively better offline margins in the last few quarters. We expect ~17%/22% revenue/EBITDA CAGRs over FY25-28 while our PAT CAGR is higher at ~77% on a lower base. We retain our Buy rating, with a 12-month TP of Rs1,208, 16x Sep'27e EV/EBITDA (19x FY27e EV/EBITDA).**

**Greater efficiency driving EBITDA margins.** Q1 revenue grew 12.6% y/y to Rs8.9bn. SSSG was 1% (8% the quarter prior; 11% a year ago). Adjusting for advance Eid sales in the previous quarter, SSSG was 5%. The gross margin was flat y/y at 35.3%, hurt by the lower contribution from Limeroad (~47% y/y decline in revenue). Excl. Limeroad, the gross margin expanded 60bps y/y led by better full-price sales and liquidation of old inventory. EBITDA grew 27.5% y/y to Rs1.3bn and the margin expanded 166bps y/y to 14.3% led by ~55% y/y fall in Limeroad EBITDA losses, tighter cost control and operating leverage. PAT rose ~2.8x y/y to Rs336m led by lower interest expense. VMart (core) grew 14% y/y to Rs7.4bn; the EBITDA margin rose 98bps y/y to 14.4%. Unlimited grew ~11% y/y to Rs1.4bn; its EBITDA margin fell 28bps y/y to 17.7%.

**Network expansion, working capital.** Footfalls grew ~11% y/y, while the conversion rate was 48% and memo growth 18% y/y. 15 stores added, two closed, taking the total to 510. Sales per sq.ft./month grew 1% y/y to Rs716. Working capital utilisation fell to Rs350m (vs a temporary spike in Q4 FY25), expected, though, to rise in Q2 due to seasonal stocks but will hold at the Rs900m-1,000m avg. for FY26. OCF/FCF at Rs2.1bn/1.8bn (vs. Rs1.3bn/ 1bn in Q1 FY25).

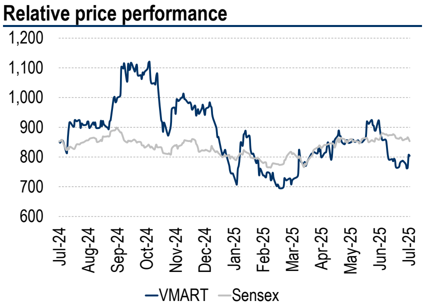
**Valuation.** We retain our Buy with a 12-month TP of Rs1,208, 16x Sep'27e EV/EBITDA. **Risks:** Mounting competition, stores in newer clusters taking longer to ramp up, more digital investments.

| Key data | VMART IN / VMAR.BO |
|---|---|
| 52-week high / low | Rs.1,130 / 676 |
| Sensex / Nifty | 81,463 / 24,837 |
| Market cap | Rs.64bn |
| Shares outstanding | 79m |

| Shareholding pattern (%) | Jun'25 | Mar'25 | Dec'24 |
|---|---|---|---|
| Promoters | 44.2 | 44.3 | 44.3 |
| *- of which, Pledged* | - | - | - |
| Free float | 55.8 | 55.7 | 55.7 |
| - Foreign institutions | 18.3 | 17.5 | 17.3 |
| - Domestic institutions | 31.5 | 32.9 | 32.5 |
| - Public | 6.0 | 5.3 | 5.9 |

| Estimates revision (%) | FY26e | FY27e |
|---|---|---|
| Sales | 0.0 | (0.0) |
| EBITDA | 5.2 | 4.5 |
| EPS | 22.0 | 10.3 |

Relative price performance




*Source: Bloomberg*

| Key financials (YE Mar) | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Sales (Rs m) | 27,856 | 32,539 | 37,893 | 44,843 | 52,734 |
| Net profit (Rs m) | (968) | 458 | 928 | 1,587 | 2,531 |
| EPS (Rs) | (12.3) | 2.7 | 11.8 | 20.1 | 32.1 |
| P/E (x) | NA | NA | 68.2 | 39.9 | 25.0 |
| EV / EBITDA (x) | 26.3 | 17.2 | 15.1 | 12.4 | 9.7 |
| P/BV (x) | 5.7 | 7.1 | 7.0 | 6.0 | 4.8 |
| RoE (%) | (12.1) | 5.9 | 10.8 | 16.2 | 21.3 |
| RoCE (%) | (0.7) | 17.3 | 14.6 | 19.0 | 23.9 |
| Dividend yield (%) | - | - | - | - | - |
| Net debt / equity (x) | 0.1 | 0.1 | 0.0 | (0.1) | (0.2) |

*Source: Company, Anand Rathi Research*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# Quick Glance – Financials and Valuations

## Fig 1 – Income statement (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Net revenues | 27,856 | 32,539 | 37,893 | 44,843 | 52,734 |
| *Growth (%)* | *13.0* | *16.8* | *16.5* | *18.3* | *17.6* |
| Direct costs | 18,251 | 21,297 | 24,820 | 29,148 | 34,277 |
| SG&A | 7,475 | 7,470 | 8,447 | 10,125 | 11,552 |
| **EBITDA** | **2,131** | **3,771** | **4,626** | **5,570** | **6,905** |
| *EBITDA margins (%)* | *7.6* | *11.6* | *12.2* | *12.4* | *13.1* |
| Depreciation | 2,221 | 2,330 | 2,723 | 2,868 | 3,023 |
| Other income | 210 | 121 | 114 | 135 | 158 |
| Interest expenses | 1,424 | 1,365 | 798 | 721 | 666 |
| PBT | (1,305) | 198 | 1,219 | 2,116 | 3,374 |
| *Effective tax rates (%)* | *25.9* | *(9.2)* | *23.9* | *25.0* | *25.0* |
| + Associates / (Minorities) | - | - | - | - | - |
| Net income | (968) | 458 | 928 | 1,587 | 2,531 |
| Adjusted income | (968) | 216 | 928 | 1,587 | 2,531 |
| WANS | 79 | 79 | 79 | 79 | 79 |
| FDEPS (Rs) | (12.3) | 2.7 | 11.8 | 20.1 | 32.1 |
| *FDEPS growth (%)* | *1,132.6* | *(122.3)* | *329.9* | *71.0* | *59.5* |
| *Gross margins (%)* | *34.5* | *34.5* | *34.5* | *35.0* | *35.0* |

## Fig 2 – Balance sheet (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| Share capital | 198 | 198 | 792 | 792 | 792 |
| Net worth | 7,470 | 8,102 | 9,030 | 10,617 | 13,148 |
| Debt | 1,100 | 1,490 | 1,190 | 490 | 90 |
| Minority interest | - | - | - | - | - |
| DTL / (Assets) * | 11,999 | 5,494 | 5,494 | 5,494 | 5,494 |
| **Capital employed** | **20,569** | **15,086** | **15,714** | **16,601** | **18,731** |
| Net tangible assets ** | 16,095 | 9,973 | 9,586 | 9,055 | 8,370 |
| Net intangible assets | 498 | 397 | 307 | 215 | 122 |
| Goodwill | 15 | 15 | 15 | 15 | 15 |
| CWIP (tang. & intang.) | 38 | 43 | 43 | 43 | 43 |
| Investments (strategic) | - | - | - | - | - |
| Investments (financial) | 47 | 51 | 51 | 51 | 51 |
| Current assets (excl. cash) | 10,668 | 12,641 | 13,599 | 16,081 | 18,898 |
| Cash | 272 | 394 | 841 | 1,101 | 2,944 |
| Current liabilities | 7,064 | 8,428 | 8,727 | 9,959 | 11,712 |
| Working capital | 3,604 | 4,213 | 4,872 | 6,121 | 7,187 |
| **Capital deployed** | **20,569** | **15,086** | **15,714** | **16,601** | **18,731** |
| Contingent liabilities | - | - | - | - | - |

** includes lease liabilities ** includes right-to-use assets*

## Fig 3 – Cash-flow statement (Rs m)

| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| PBT (adj. for int. exp., other inc.) | (1,305) | 440 | 1,219 | 2,116 | 3,374 |
| + Non-cash items | 3,474 | 3,572 | 3,521 | 3,589 | 3,689 |
| Oper. prof. before WC | 2,169 | 4,012 | 4,740 | 5,705 | 7,063 |
| - Incr. / (decr.) in WC | (1,716) | 504 | 659 | 1,250 | 1,065 |
| Others incl. taxes | 26 | 14 | 291 | 529 | 844 |
| Operating cash-flow | 3,859 | 3,494 | 3,790 | 3,926 | 5,155 |
| - Capex (tang. + intang.) | 1,206 | 1,224 | 510 | 510 | 510 |
| Free cash-flow | 2,653 | 2,270 | 3,280 | 3,416 | 4,645 |
| Acquisitions | - | - | - | - | - |
| - Div. (incl. buyback & taxes) | - | - | - | - | - |
| + Equity raised | 7 | 42 | - | - | - |
| + Debt raised | (378) | 390 | (300) | (700) | (400) |
| - Fin investments | (43) | (10) | - | - | - |
| - Misc. (CFI + CFF) | 2,233 | 2,590 | 2,533 | 2,456 | 2,401 |
| Net cash-flow | 92 | 122 | 447 | 260 | 1,843 |

*Source: Company, Anand Rathi Research*

## Fig 4 – Ratio analysis

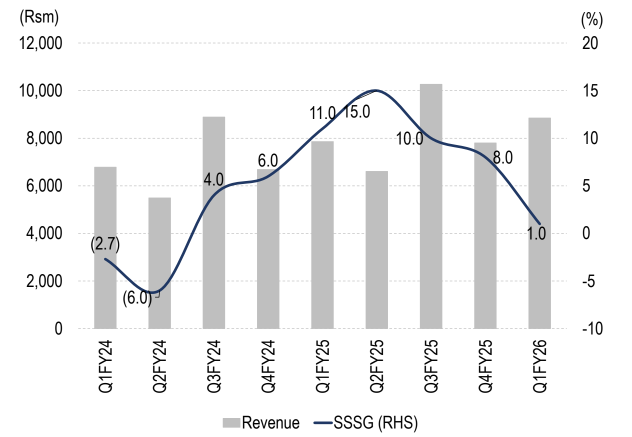
| Year-end: Mar | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| P/E (x) | NA | NA | 68.2 | 39.9 | 25.0 |
| EV / EBITDA (x) | 26.3 | 17.2 | 15.1 | 12.4 | 9.7 |
| EV / Sales (x) | 2.0 | 2.0 | 1.8 | 1.5 | 1.3 |
| P/B (x) | 5.7 | 7.1 | 7.0 | 6.0 | 4.8 |
| RoE (%) | (12.1) | 5.9 | 10.8 | 16.2 | 21.3 |
| RoCE (%) - after tax | (0.7) | 17.3 | 14.6 | 19.0 | 23.9 |
| RoIC (%) - after tax | (0.8) | 18.1 | 15.7 | 21.0 | 28.8 |
| DPS (Rs) | - | - | - | - | - |
| Dividend yield (%) | - | - | - | - | - |
| Dividend payout (%) - incl. DDT | - | - | - | - | - |
| Net debt / equity (x) | 0.1 | 0.1 | 0.0 | (0.1) | (0.2) |
| Receivables (days) | - | - | - | - | - |
| Inventory (days) | 107 | 111 | 100 | 100 | 100 |
| Payables (days) | 83 | 85 | 75 | 72 | 72 |
| CFO : PAT (%) | (398.8) | 1,618.3 | 408.3 | 247.4 | 203.7 |

*Source: Company, Anand Rathi Research*

## Fig 5 – Price movement


*Source: Bloomberg*

## Fig 6 – Revenue up 12.6% y/y with SSSG at 1% in Q1FY26




*Source: Company Note: SSSG is quarterly*

# Financial highlights

**Q1** revenue grew 12.6% y/y to Rs8.9bn. The gross margin was flat y/y at 35.3%. Employee expenses grew 13% y/y while other expenses declined 2.6% y/y. EBITDA grew 27.5% y/y to Rs1.3bn while the margin expanded 166bps y/y to 14.3%. Depreciation climbed 19.6% y/y, while interest expense/other income fell 51.3/36.9% y/y. Profit before tax rose ~4.6x y/y to Rs429m. Rep. PAT grew 2.8x y/y to Rs336m.

Segment-wise, retail trade (V-Mart + Unlimited) revenue grew 13.5% y/y to Rs8.8bn and the EBIT margin expanded to 6% (vs. 3.6% a year ago). The digital marketplace (Limeroad) revenue fell ~47% y/y to Rs62m and its EBIT loss declined to Rs51m (vs. Rs132m a year back).

**Fig 7 – Quarterly results**

| (Rs m) | Q1 FY26 | Q 1FY25 | Y/Y(%) | Q4 FY25 | Q/Q (%) | FY25 | FY24 | Y/Y(%) |
|---|---|---|---|---|---|---|---|---|
| Revenue | 8,852 | 7,861 | *12.6* | 7,801 | *13.5* | 32,539 | 27,856 | *16.8* |
| Gross margins, % | *35.3* | *35.2* | *9bps* | *33.1* | *219bps* | *34.5* | *34.5* | *7bps* |
| Employee expenses | 950 | 841 | *13.0* | 974 | *(2.5)* | 3,634 | 2,871 | *26.6* |
| Other expenses | 912 | 937 | *(2.6)* | 926 | *(1.5)* | 3,837 | 4,604 | *(16.7)* |
| EBITDA | 1,262 | 990 | *27.5* | 681 | *85.2* | 3,771 | 2,131 | *77.0* |
| EBITDA margins, % | *14.3* | *12.6* | *166bps* | *8.7* | *552bps* | *11.6* | *7.6* | *394bps* |
| Depreciation | 679 | 568 | *19.6* | 544 | *24.9* | 2,330 | 2,221 | *4.9* |
| Other income | 29 | 46 | *(36.9)* | 23 | *25.8* | 121 | 210 | *(42.1)* |
| Interest expense | 182 | 375 | *(51.3)* | 174 | *4.8* | 1,365 | 1,424 | *(4.2)* |
| PBT | 429 | 93 | *360.7* | (13) | *(3,428.7)* | 198 | (1,305) | *(115.2)* |
| Tax | 93 | (28) | *(431.2)* | 44 | *113.2* | (18) | (337) | *(94.6)* |
| Tax rates, % | *21.8* | *(30.3)* | *NA* | *(339.5)* | *NA* | *(9.2)* | *25.9* | *NA* |
| PAT – Rep. | 336 | 121 | *176.8* | 185 | *81.5* | 458 | (968) | *(147.3)* |

*Source: Company*

**Fig 8 – Performance, by segment**

| (Rs m) | Q1 FY26 | Q1 FY25 | Y/Y(%) | Q4 FY25 | Q/Q (%) | FY25 | FY24 | Y/Y(%) |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| V-Mart | 7,407 | 6,500 | *14.0* | 6,532 | *13.4* | 26,962 | 22,361 | *20.6* |
| Unlimited | 1,383 | 1,245 | *11.1* | 1,164 | *18.8* | 5,071 | 4,722 | *7.4* |
| Limeroad (commission revenue) | 62 | 116 | *(46.6)* | 105 | *(41.0)* | 506 | 773 | *(34.5)* |
| **Total revenue** | **8,852** | **7,861** | ***12.6*** | **7,801** | ***13.5*** | **32,539** | **27,856** | ***16.8*** |
| **EBITDA** | | | | | | | | |
| V-Mart | 1,063 | 869 | *22.3* | 623 | *70.6* | 3,392 | 2,431 | *39.5* |
| Unlimited | 245 | 224 | *9.4* | 126 | *94.4* | 689 | 416 | *65.6* |
| Limeroad | (46) | (103) | *(55.3)* | (68) | *(32.4)* | (310) | (716) | *(56.7)* |
| **Total EBITDA** | **1,262** | **990** | ***27.5*** | **681** | ***85.3*** | **3,771** | **2,131** | ***77.0*** |
| **EBITDA margins (%)** | | | | | | | | |
| V-Mart | 14.4 | 13.4 | *98bps* | 9.5 | *481bps* | 12.6 | 10.9 | *171bps* |
| Unlimited | 17.7 | 18.0 | *-28bps* | 10.8 | *689bps* | 13.6 | 8.8 | *478bps* |
| Limeroad | (74.2) | (88.8) | *1,460bps* | -64.8 | *-943bps* | (61.3) | (92.6) | *3,136bps* |
| **EBITDA margins (%)** | **14.3** | **12.6** | ***166bps*** | **8.7** | *553bps* | **11.6** | **7.7** | ***394bps*** |

*Source: Company*

## Other highlights

- **Demand trends** in Q1 were positive despite the shift of Eid to the prior quarter, supported by strong footfalls and higher memo count, aided by a healthy wedding season in May.

  While business momentum briefly slowed in parts of north India due to the Indo-Pak conflict and early monsoon, the region overall did well. By contrast, the East continued to be faced with challenges, particularly near the Bangladesh border, where footfalls were hit by a sharp decline in Bangladeshi consumers, a key demand segment, which has significantly reduced in the past 3-6 months.

  Jul was slightly soft, but demand is expected to pick up from Raksha Bandhan and Durga Puja (advanced by 7-10 days), with Q2 likely to see a better y/y performance, especially in the latter half of Sep.

- **SSSG** was 1% (8% the prior quarter and 11% a year ago). Normalized for Eid timing, SSSG was ~5% for both V-Mart and Unlimited.

  Per management, the moderation in SSSG was due to the advancement of key festivals to Q4 FY25; it does not see this as a structural demand concern.

- The **gross margin** was flat y/y at 35.3%, owing to a ~47% fall in Limeroad's revenue contribution, which flows entirely to the gross margin.

  Excl. Limeroad, the gross margin expanded 60bps y/y to 34.8%, driven by better full-price sell-through and liquidation of aged inventory, leading to provision reversals. The company is refining its pricing and product-mix strategy to reinforce its value positioning and maintain a fresher product assortment via more efficient merchandise planning and execution.

- **Expenses** declined 160bps y/y, driven by a sharp cut in Limeroad's online marketing spend, which was partially offset by higher sourcing of online orders via V-Mart stores. Manpower costs rose 13% y/y owing to stores added and incentive-linked payouts. Other expenses fell 2.6% y/y, driven by lower marketing spends in the online business and reduced logistics costs, along with a few structural efficiency initiatives.

- The **EBITDA margin** (excl. Limeroad) expanded ~80bps y/y to 14.9%, driven by continuing operational efficiencies. Incl. Limeroad, where the EBITDA loss has shrunk ~55% y/y, overall EBITDA grew 27% y/y, with the consolidated margin rising 166bps to 14.3%. With Limeroad losses tapering, management sees potential for pre-Ind AS FY26 EBITDA margin to approach ~7%, though it is conservative in its outlook.

- **V-Mart's (core)** revenue grew 14% y/y to Rs7.4bn, bringing ~84% to overall sales in Q1. SSSG was 1% (7% the quarter prior; 12% a year back), while SSSG volumes were 1% (8%, 10%). Total ASP for its core business was flat y/y at Rs201 and ASP (apparel) grew ~2% y/y to Rs309. EBITDA grew 22.3% y/y to Rs1.1bn, with the margin expanding 98bps y/y to 14.4%.

  The transaction size declined 3% y/y to Rs932. Sales per sq.ft. per month was flat y/y at Rs748.

- **Unlimited's Q1 revenue** grew 11.1% y/y to Rs1.4bn, bringing 15.6% to overall sales (flat y/y). SSSG was 1% (8%), while SSSG volumes were 5% (15%).

  Total ASP fell 6% y/y to Rs396 as the company continues to push more value-led offerings under Unlimited. Given this focus, ASPs in Unlimited are unlikely to rise markedly in the near term. EBITDA grew 9.4% y/y to Rs245m and the margin, 17.7% (18% a year prior).

  The transaction size declined 6% y/y to Rs1,716. Sales per sq.ft. per month grew ~5% y/y to Rs603.

- **Limeroad's** commission revenue declined ~47% y/y to Rs62m, with its EBITDA loss narrowing ~55% y/y to Rs46m. The company continues to reduce marketplace exposure, drive cost efficiencies and sharpen its focus on breakeven targets over pure revenue growth. Management expects EBITDA losses to continue declining as efficiencies scale up.

- **Store network.** The quarter saw 13 net additions, taking the total store count to 510 (4.4m sq. ft.). YTD capex was Rs300m, primarily for store openings and refurbishments.

  - V-Mart added 10 stores and closed one, resulting in a net addition of nine, taking the total count to 421.

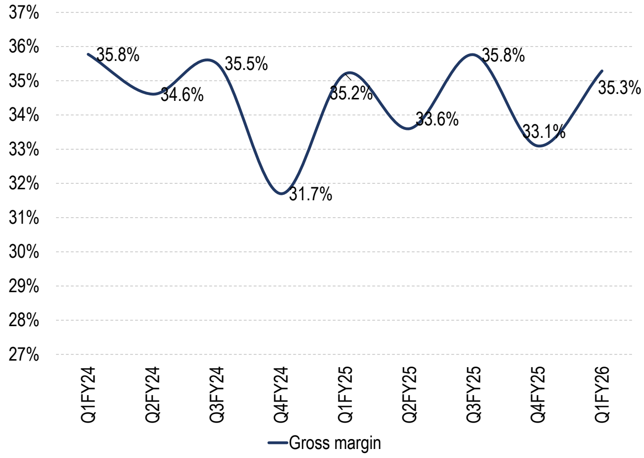
  - Unlimited added five stores and closed one with the net addition at four, taking the total count to 89.

- **Inventory** was Rs180m (93 days), marking a 5% y/y improvement. While per-store inventory rose slightly, it remained within a healthy range.

  Provision for aged inventory reduced significantly to 0.7% (from 1.7% last year), driven by liquidation of old stock and tech-led enhancements across design, sourcing, quality control and replenishment. Further, management is targeting 70-75 days of inventory over the medium to long term.

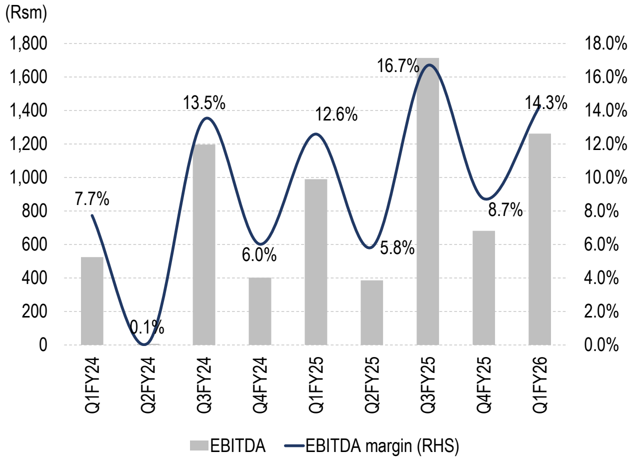
- **Outlook.** Management has guided to mid- to high-teen revenue growth in FY26, aided by an early festival season, with Q2 expected to benefit from Durga Puja sales. SSSG is expected in the mid- to high-single-digits for the year. The company plans to add 65 (net) stores in FY26, translating to 12-15% (net) retail area growth. Store closures are expected to be limited (1-2%), as the bulk of rationalisation was under-taken last year. The focus remains on improving the product profile, enhancing design and display, and strengthening supply-chain integration to drive growth and margins.

**Fig 9 – Gross margin stood at 35.3% in Q1**



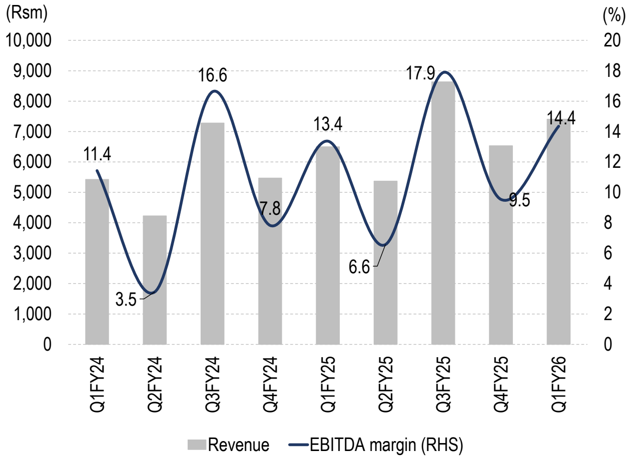

*Source: Company*

**Fig 10 – EBITDA margin up 166bps y/y to 14.3% in Q1**



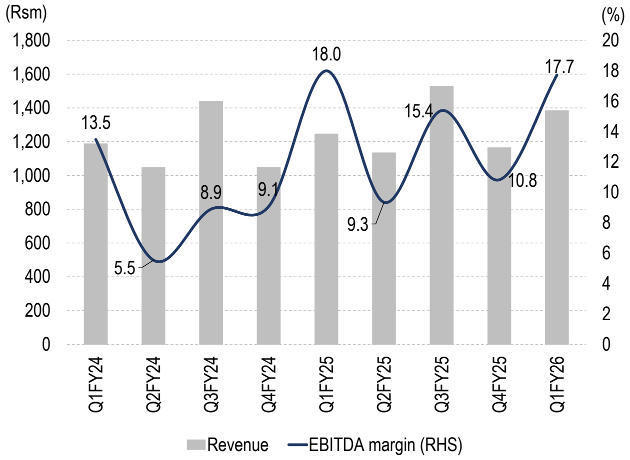

*Source: Company*

**Fig 11 –Vmart (core) sales up 14% y/y, EBITDA margin at 14.4%**



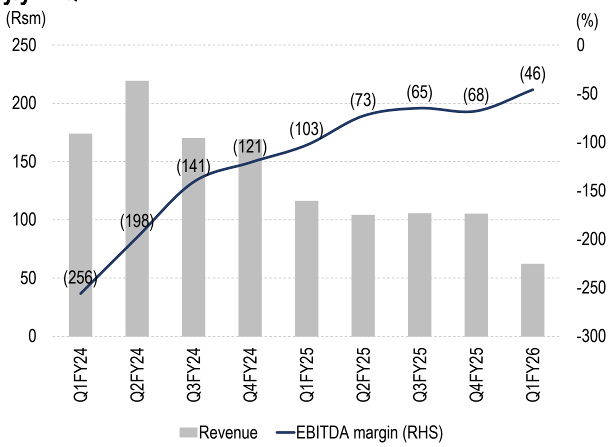

*Source: Company*

**Fig 12 –Unlimited sales up ~11% y/y, EBITDA margin at ~18%**



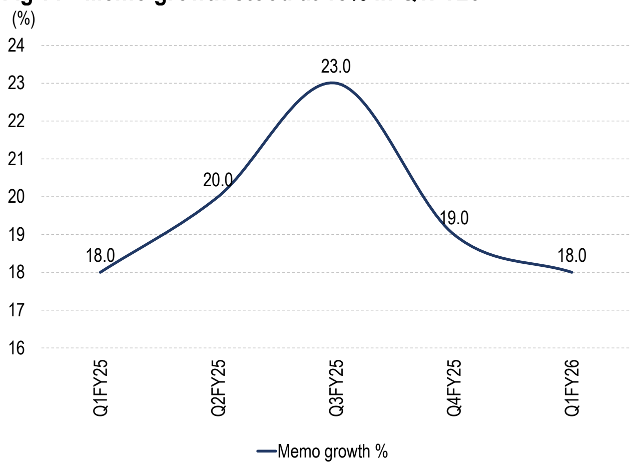

*Source: Company*

**Fig 13 – Limeroad revenue/EBITDA losses declined ~47%/55% y/y in Q1**



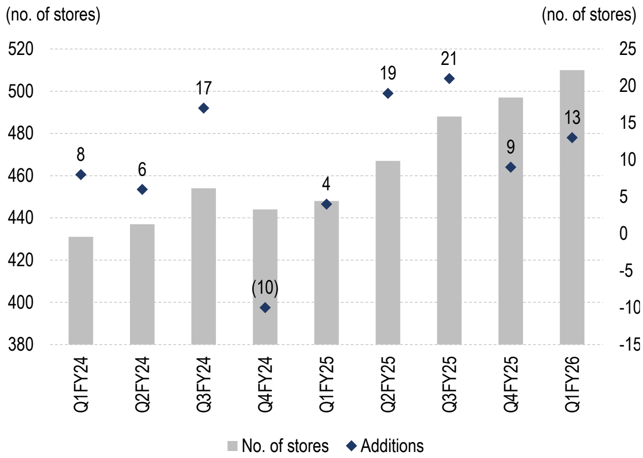

*Source: Company*

**Fig 14 – Memo growth stood at 18% in Q1FY26**



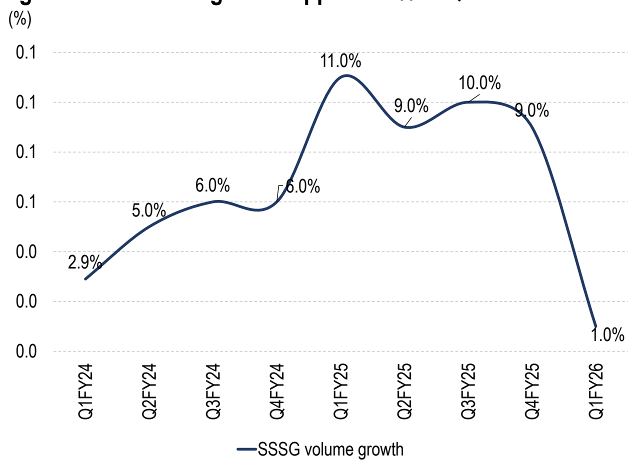

*Source: Company*

**Fig 15 – 13 (net) stores added in Q1; Store count stands at 510**



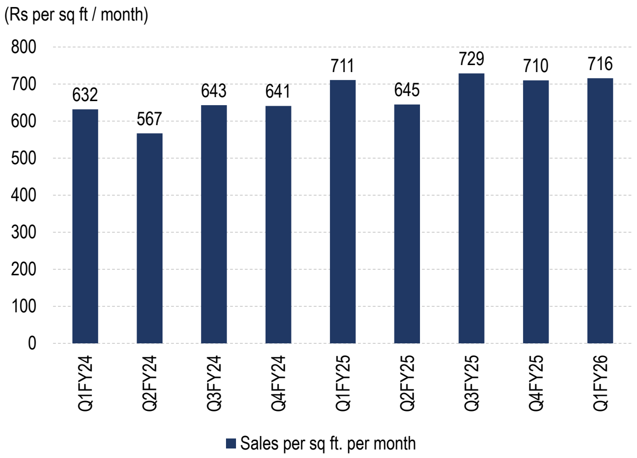

*Source: Company*

**Fig 16 – SSS volume growth dipped to 1% in Q1 FY26**



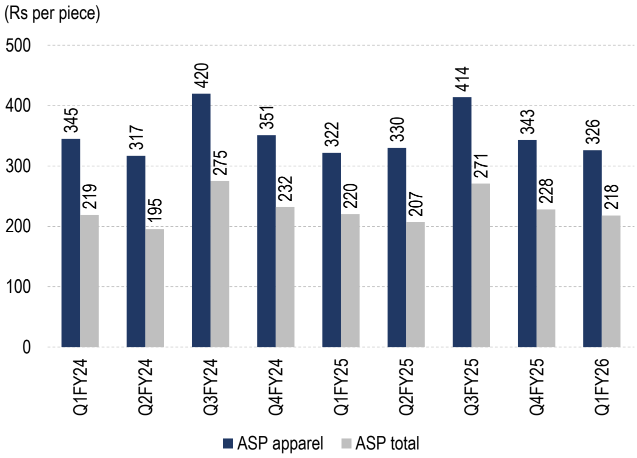

*Source: Company* *Note: On ytd basis*

**Fig 17 – Sales per sq. ft. per month rose by ~1% y/y in Q1**




*Source: Company*

**Fig 18 – ASP (apparel and total)**

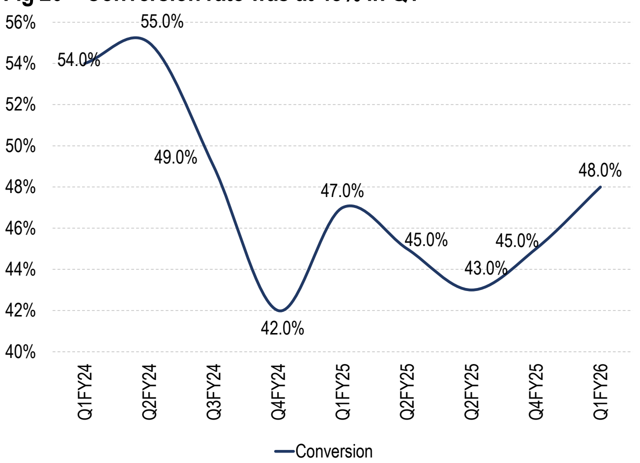



*Source: Company*

**Fig 19 – Footfalls grew ~11% y/y in Q1FY26**

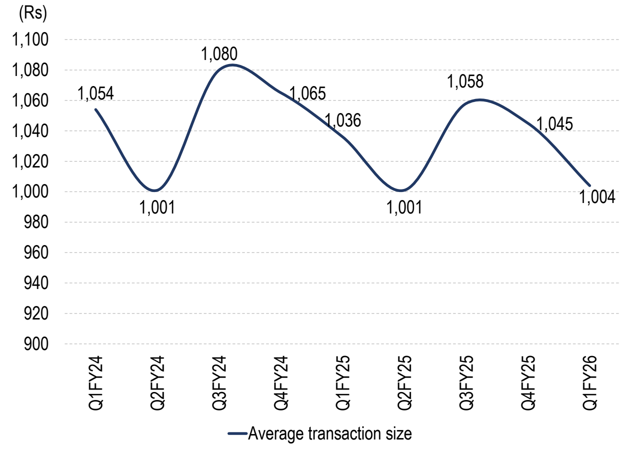

*Source: Company*

**Fig 20 – Conversion rate was at 48% in Q1**



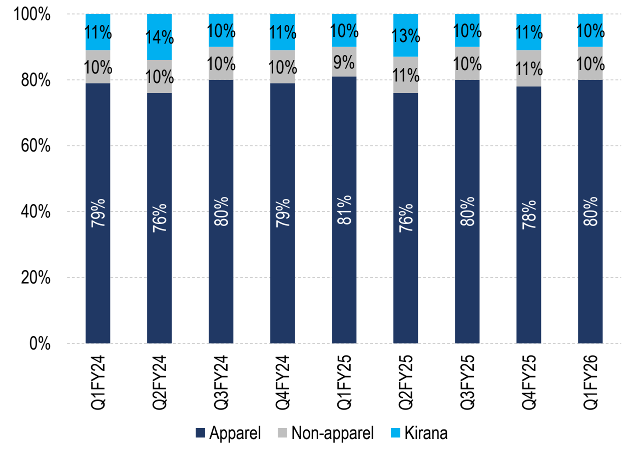

*Source: Company*

**Fig 21 – Average transaction size declined ~3% y/y in Q1**




*Source: Company* *Note: On ytd basis*

**Fig 22 – Revenue mix across categories**




*Source: Company*

# Change in estimates

Our FY26e/27e revenues are unchanged.

We increase our FY26e/27e EBITDA ~4.8% on average on consecutively better offline margins and lower Limeroad EBITDA losses over the last few quarters. Our FY26e/27e EBITDA margins are 60/53bps higher than earlier at 12.2%/12.4%.

Our FY26e/27e EPS increases are sharper at 16.2% on avg., led by the better EBITDA margin and IND AS 116 adjustments.

**Fig 23 – Change in estimates**

| | Old | | New | | Change (%) | |
|---|---|---|---|---|---|---|
| | FY26e | FY27e | FY26e | FY27e | FY26 | FY27 |
| Revenue | 37,893 | 44,843 | 37,893 | 44,843 | *0.0* | *(0.0)* |
| EBITDA | 4,399 | 5,331 | 4,626 | 5,570 | *5.2* | *4.5* |
| PAT | 760 | 1,438 | 928 | 1,587 | *22.1* | *10.4* |
| EPS | 9.7 | 18.3 | 11.8 | 20.1 | *22.0* | *10.3* |

*Source: Anand Rathi Research*

# Valuation

We retain our Buy recommendation with a 12-month TP of Rs1,208, 16x Sep'27e EV/EBITDA (19x FY27e EV/EBITDA).

**Fig 24 – Valuation summary**

| (Rs m) | Sep'27e |
|---|---|
| EBITDA | 6,238 |
| Multiple (x) | 16.0 |
| Enterprise value | 99,804 |
| Debt * | 6,625 |
| Cash and cash equivalents | 2,073 |
| Net debt | 4,552 |
| Market cap | 95,253 |
| No. of shares (m) | 78.8 |
| **TP (Rs)** | **1,208** |
| CMP (Rs) | 803 |
| **Upside / (Downside) %** | **50.4** |

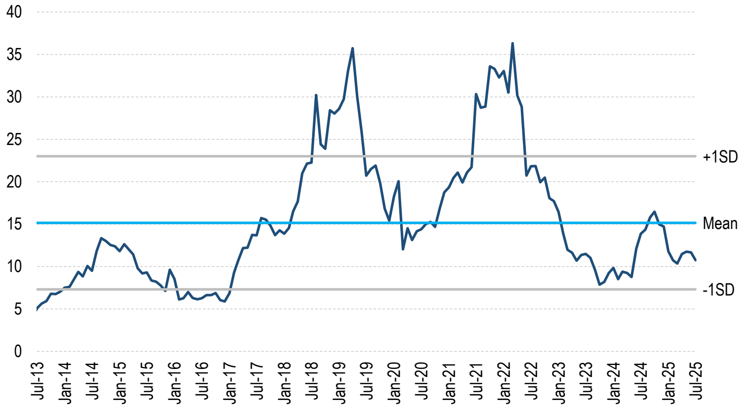
*Source: Anand Rathi Research* ** includes lease liabilities*

**Fig 25 – Valuation parameters**

| | FY24 | FY25 | FY26e | FY27e | FY28e |
|---|---|---|---|---|---|
| P/E (x) | NA | NA | 68.2 | 39.9 | 25.0 |
| EV / EBITDA (x) | 26.3 | 17.2 | 15.1 | 12.4 | 9.7 |
| EV / Sales (x) | 2.0 | 2.0 | 1.8 | 1.5 | 1.3 |
| RoE (%) | (12.1) | 5.9 | 10.8 | 16.2 | 21.3 |
| RoCE (%) | (0.7) | 17.3 | 14.6 | 19.0 | 23.9 |

*Source: Company, Anand Rathi Research*

**Fig 26 – One-year-forward EV/EBITDA**




*Source: Bloomberg, Anand Rathi Research*

### Risks

- Prolonged economic slowdown heightens consumer hesitancy in discretionary spending and could lead to sluggish demand.
- Keener competition from national and local retailers could curb performance. Market share could be lost due to stiff competition in the formal and grey markets.
- The company has been rapidly expanding beyond its strong northern market to the east and northeast. Less-than-expected growth or a gradual rise in stores in these markets could curb SSSG
- More investment in the digital channel may curtail core business profits.

## Appendix

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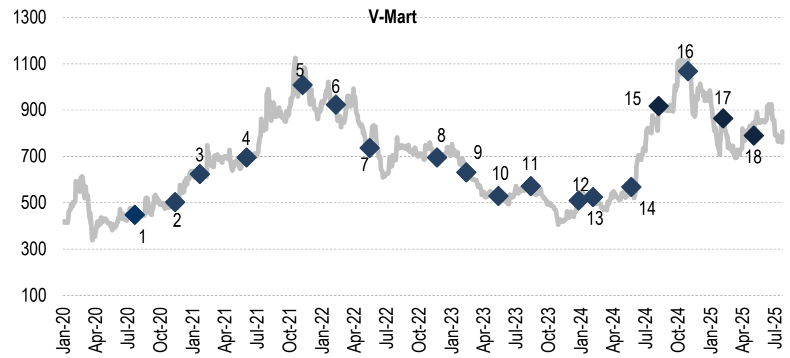


| | Date | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 5 | 10-Nov-21 | Hold | 1,160 | 1,062 |
| 6 | 11-Feb-22 | Hold | 1,061 | 894 |
| 7 | 30-May-22 | Hold | 954 | 831 |
| 8 | 14-Nov-22 | Hold | 869 | 706 |
| 9 | 7-Feb-23 | Hold | 774 | 660 |
| 10 | 19-May-23 | Hold | 632 | 515 |
| 11 | 12-Aug-23 | Hold | 629 | 582 |
| 12 | 4-Jan-24 | Hold | 571 | 531 |
| 13 | 8-Feb-24 | Hold | 565 | 527 |
| 14 | 16-May-24 | Hold | 603 | 556 |
| 15 | 11-Aug-24 | Buy | 1,158 | 918 |
| 16 | 31-Oct-24 | Buy | 1,406 | 1,125 |
| 17 | 8-Feb-25 | Buy | 1,288 | 866 |
| 18 | 5-May-25 | Buy | 1,207 | 789 |

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|---|---|---|---|
| Large Caps (Top 100 companies) | >15% | 0-15% | <0% |
| Mid Caps (101st-250th company) | >20% | 0-20% | <0% |
| Small Caps (251st company onwards) | >25% | 0-25% | <0% |

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