ANANDRATHI

India I Equities

Retail

Company Update

Change in Estimates ☑ Target ☑ Reco ☐

5 May 2025

V-Mart Retail

Better demand, improved efficiencies aided margins; maintaining a Buy

Rating: **Buy**
Target Price (12-mth): Rs.4,826
Share Price: Rs.3,156

V-Mart's Q4 profitability improved, with a 272bps y/y higher EBITDA margin at 8.7% (~90bps above ARe), driven by lower Limeroad losses and better offline margins. FY25 sales/EBITDA grew ~17%/77% y/y, led by 11% SSSG. The focus is on enhancing product quality and designs, accelerating digital transformation and store network optimization/renovation to improve consumer experience. Apparel ASP declined a tad in FY25 due to the lower winter product sales mix. Benefiting from strategic store closures and product improvement, sales per sq.ft. for V-Mart/Unlimited grew ~11% y/y to Rs742/575. Net stores added were 53 (62 gross) in FY25, taking the total to 497. The company targets 13-15% net sq.ft. addition every year. Management guided to 17-20% revenue growth, with likely rangebound EBITDA margins as the focus is on gaining market share. Our FY26/27 revenue estimates are largely unchanged, while EBITDA is ~1% lower on average on incremental employee expenses. We retain our Buy rating, with a 12-month TP of Rs4,826 (earlier Rs5,150), 19x FY27e EV/EBITDA (21x FY27e).

Higher EBITDA margin vs. estimates. Q4 revenue grew 16.7% y/y to Rs7.8bn, led by 8% y/y SSSG (10% in Q3 FY25; 6% in Q4 FY24). Better sell-through of fresh merchandise and lower inventory provisioning expanded the gross margin 140bps y/y to 33.1%. Employee expenses grew ~45% y/y, led by ESOP expenses and higher sales incentives. EBITDA grew ~69% y/y to Rs681m and the margin, 272bps y/y to 8.7% on ~44% y/y lower Limeroad EBITDA losses, reduction in logistics cost, benefitting from closure of underperforming stores last year and operating leverage. Reassessment of lease terms in Q4 led to a one-time exceptional gain of Rs242m. Adj. net loss was Rs57m (vs. Rs389m loss in Q4 FY24). V-Mart (core) grew ~19% y/y to Rs6.5bn; the EBITDA margin, 171bps y/y to 9.5%. Unlimited grew ~11% y/y to Rs1.2bn, its EBITDA margin, 175bps y/y to 10.8%.

Working capital, cashflow. Inventory rose ~21% y/y Rs9.9bn in FY25, led by stocking up for summer season, store launches. Inventory days rose by 4 y/y to 111. Led by higher WC, OCF/FCF fell to Rs3.5bn/2.3bn (Rs3.9bn/2.7bn in FY24) despite flat net capex y/y and ~38% improvement in the cash conversion cycle. The Board approved the issue of bonus shares at 3:1 ratio.

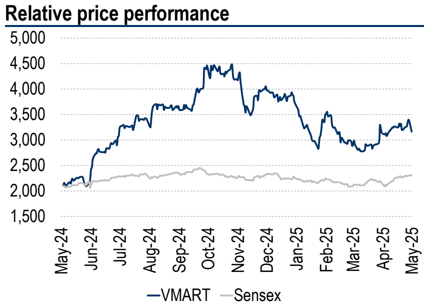
Valuation. We retain our Buy rating with a 12-month TP of Rs4,826, 19x FY27e EV/EBITDA. **Risks:** Mounting competition, stores in newer clusters taking longer to ramp up, more digital investments.

Key data	VMART IN / VMAR.BO
52-week high / low	Rs4520 / 2054
Sensex / Nifty	80797 / 24461
3-m average volume	$1.9m
Market cap	Rs.63bn / $743.9m
Shares outstanding	20m

Shareholding pattern (%)	Mar'25	Dec'24	Sept'24
Promoters	44.3	44.3	44.3
- of which, Pledged	-	-	-
Free float	55.7	55.7	55.7
- Foreign institutions	17.5	17.3	16.0
- Domestic institutions	32.9	32.5	32.8
- Public	5.3	5.9	6.9

Estimates revision (%)	FY26e	FY27e
Sales	0.6	(0.5)
EBITDA	(0.8)	(1.4)
EPS	6.6	13.1

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY23	FY24	FY25	FY26e	FY27e
Sales (Rs m)	24,648	27,856	32,539	37,893	44,843
Net profit (Rs m)	(72)	(961)	430	760	1,438
EPS (Rs)	(4.0)	(49.1)	11.0	38.6	73.0
P/E (x)	NA	NA	265.9	81.8	43.3
EV / EBITDA (x)	20.7	26.3	17.2	15.7	12.8
P/BV (x)	5.0	5.7	7.1	7.0	6.0
RoE (%)	(0.8)	(12.0)	5.5	9.0	15.0
RoCE (%)	5.8	(0.7)	17.3	15.8	20.6
Dividend yield (%)	-	-	-	-	-
Net debt / equity (x)	0.1	0.1	0.1	0.1	(0.0)

Source: Company, Anand Rathi Research

Vaishnavi Mandhaniya
Research Analyst

Shreya Baheti
Research Associate

Hardik Shetty
Research Associate

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Net revenues	24,648	27,856	32,539	37,893	44,843
Growth (%)	*47.9*	*13.0*	*16.8*	*16.5*	*18.3*
Direct costs	15,971	18,251	21,297	24,820	29,372
SG&A	5,988	7,475	7,470	8,674	10,140
EBITDA	**2,689**	**2,131**	**3,771**	**4,399**	**5,331**
EBITDA margins (%)	10.9	7.6	11.6	11.6	11.9
Depreciation	1,800	2,221	2,330	2,333	2,474
Other income	150	210	121	189	224
Interest expenses	1,169	1,424	1,365	1,241	1,164
PBT	(130)	(1,305)	198	1,014	1,917
Effective tax rates (%)	39.7	25.9	(9.2)	25.0	25.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	(72)	(961)	430	760	1,438
Adjusted income	(78)	(968)	216	760	1,438
WANS	20	20	20	20	20
FDEPS (Rs)	(4.0)	(49.1)	11.0	38.6	73.0
FDEPS growth (%)	(167.4)	1,132.6	(122.3)	252.2	89.0
Gross margins (%)	35.2	34.5	34.5	34.5	34.5

Note: Figures as reported

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	198	198	198	198	198
Net worth	8,490	7,470	8,102	8,855	10,285
Debt	1,478	1,100	1,490	1,190	490
Minority interest	-	-	-	-	-
DTL / (Assets) *	11,336	11,999	5,494	5,494	5,494
Capital employed	**21,305**	**20,569**	**15,086**	**15,539**	**16,269**
Net tangible assets **	13,834	16,095	9,973	9,655	9,213
Net intangible assets	606	498	397	317	224
Goodwill	15	15	15	15	15
CWIP (tang. & intang.)	1,092	38	43	43	43
Investments (strategic)	-	-	-	-	-
Investments (financial)	85	47	51	51	51
Current assets (excl. cash)	11,082	10,668	12,641	13,599	16,081
Cash	181	272	394	586	602
Current liabilities	5,590	7,064	8,428	8,727	9,959
Working capital	5,492	3,604	4,213	4,872	6,121
Capital deployed	**21,305**	**20,569**	**15,086**	**15,539**	**16,269**
Contingent liabilities	-	-	-	-	-

*Note: Figures are as reported * includes lease liabilities ** includes right-to-use assets*

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
PBT (adj. for int. exp., other inc.)	(130)	(1,305)	440	1,014	1,917
+ Non-cash items	2,932	3,474	3,572	3,574	3,638
Oper. prof. before WC	2,802	2,169	4,012	4,588	5,555
- Incr. / (decr.) in WC	855	(1,716)	504	659	1,250
Others incl. taxes	182	26	14	253	479
Operating cash-flow	1,765	3,859	3,494	3,676	3,826
- Capex (tang. + intang.)	2,779	1,206	1,224	506	510
Free cash-flow	(1,014)	2,653	2,270	3,170	3,316
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	15	-	-	7	7
+ Equity raised	35	7	42	-	-
+ Debt raised	1,478	(378)	390	(300)	(700)
- Fin investments	(1,188)	(43)	(10)	-	-
- Misc. (CFI + CFF)	1,823	2,233	2,590	2,670	2,593
Net cash-flow	(150)	92	122	192	15

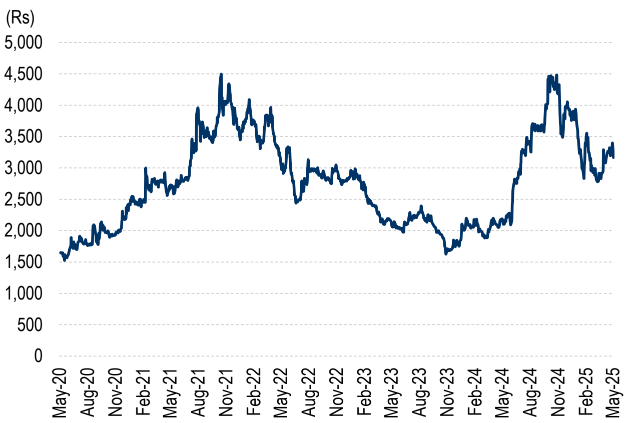
Source: Company, Anand Rathi Research Note: Figures as reported

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	NA	NA	265.9	81.8	43.3
EV / EBITDA (x)	20.7	26.3	17.2	15.7	12.8
EV / Sales (x)	2.3	2.0	2.0	1.8	1.5
P/B (x)	5.0	5.7	7.1	7.0	6.0
RoE (%)	(0.8)	(12.0)	5.5	9.0	15.0
RoCE (%) - after tax	5.8	(0.7)	17.3	15.8	20.6
RoIC (%) - after tax	6.5	(0.8)	18.1	16.7	21.9
DPS (Rs)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - incl. DDT	-	-	-	1.0	0.5
Net debt / equity (x)	0.1	0.1	0.1	0.1	(0.0)
Receivables (days)	-	-	-	-	-
Inventory (days)	129	107	111	100	100
Payables (days)	72	83	85	75	72
CFO : PAT (%)	(2,248.6)	(398.8)	1,618.3	483.3	266.1

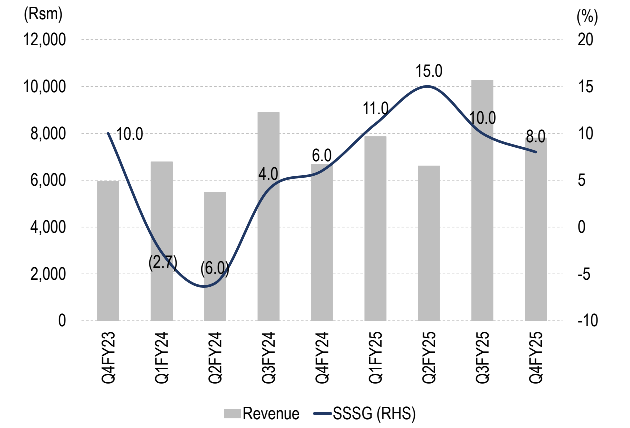
Source: Company, Anand Rathi Research Note: Figures as reported

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – Revenue and SSSG



Source: Company Note: SSSG is quarterly

Financial highlights

Q4 revenue grew 16.7% y/y to Rs7.8bn. The gross margin expanded 140bps y/y to 33.1%. Employee expenses rose 45.4% y/y, while other expenses fell 11.6% y/y. EBITDA grew 69.4% y/y to Rs681m and the margin expanded 272bps y/y to 8.7%. Depreciation/interest expense/other income fell 10.5%/51.5%/47.4% y/y. PBT (loss) was Rs13m (vs. loss of Rs520m in Q4 FY24). During the quarter, the term of leases was reassessed, resulting in an exceptional gain of Rs242m (vs. nil last year). Reported PAT was Rs185m (loss of Rs389m in Q4 FY24). Adj. net loss was Rs57m (loss of Rs389m the previous year)

Segment-wise, revenue from the retail channel (V-Mart + Unlimited) grew 18.1% y/y to Rs7.7bn, while commission revenue from the digital marketplace (Limeroad) fell ~38% y/y. The retail channel EBIT margin expanded to 1.4% (vs. a negative 4.6%) while the digital marketplace losses at the EBIT level were ~59% lower y/y at Rs71m.

FY25 revenue grew 16.8% y/y to Rs32.5bn. The gross margin was flat y/y at 34.5%. EBITDA grew 77% y/y to Rs3.8bn and the margin expanded 394bps y/y to 11.6%. Reported PAT was Rs458m (vs. loss of Rs968m in FY24). Adj. PAT was Rs216m in FY25.

FY25 net debt was Rs1,045m (Rs781m last year). OCF fell 9.5% y/y to Rs3.5bn in FY25. FCF declined 14.4% y/y to Rs2.3bn, with net capex being flat y/y at Rs1.2bn.

FY25 working capital days were 25 (vs. 24 in FY24), primarily led by 4 days y/y increase in inventory days to 111. Payable days were 2 days higher y/y at 85.

Fig 7 – Quarterly and full-year results

(Rs m)	Q4 FY25	Q4 FY24	Y/Y (%)	Q3 FY25	Q/Q (%)	FY25	FY24	Y/Y (%)
Revenue	7,801	6,686	16.7	10,267	(24.0)	32,539	27,856	16.8
Gross margin (%)	33.1	31.7	140bps	35.8	-267bps	34.5	34.5	7bps
Employee expenses	974	670	45.4	953	2.2	3,634	2,871	26.6
Other expenses	926	1,047	(11.6)	1,005	(7.8)	3,837	4,604	(16.7)
EBITDA	681	402	69.4	1,714	(60.2)	3,771	2,131	77.0
EBITDA margin (%)	8.7	6.0	272bps	16.7	-796bps	11.6	7.6	394bps
Depreciation	544	607	(10.5)	626	(13.1)	2,330	2,221	4.9
Other income	23	44	(47.4)	34	(31.1)	121	210	(42.1)
Interest expense	174	359	(51.5)	424	(59.0)	1,365	1,424	(4.2)
PBT	(13)	(520)	(97.5)	697	(101.8)	198	(1,305)	(115.2)
Tax	44	(131)	(133.5)	(19)	(331.7)	(18)	(337)	(94.6)
PAT – rep	185	(389)	(147.6)	716	(74.2)	458	(968)	(147.3)

Source: Company

Fig 8 – Performance, by segment

(Rs m)	Q4 FY25	Q4 FY24	Y/Y (%)	Q3 FY25	Q/Q (%)	FY25	FY24	Y/Y (%)
Revenue								
V-Mart	6,532	5,470	19.4%	8,634	(24.3%)	26,962	22,361	20.6%
Unlimited	1,164	1,047	11.2%	1,528	(23.8%)	5,071	4,722	7.4%
Limeroad (commission revenue)	105	169	(37.9%)	105	(0.4%)	506	773	(34.5%)
Total revenue	**7,801**	**6,686**	**16.7%**	**10,267**	**(24.0%)**	**32,539**	**27,856**	**16.8%**
EBITDA								
V-Mart	623	428	45.6%	1,544	(59.7%)	3,392	2,431	39.5%
Unlimited	126	95	32.6%	235	(46.4%)	689	416	65.6%
LimeRoad	-68	-121	(43.8%)	-65	4.6%	-310	-716	(56.7%)
Total EBITDA	**681**	**402**	**69.4%**	**1,714**	**(60.3%)**	**3,771**	**2,131**	**77.0%**
EBITDA margins (%)								
V-Mart	9.5	7.8	171bps	17.9	-835bps	12.6	10.9	171bps
Unlimited	10.8	9.1	175bps	15.4	-455bps	13.6	8.8	478bps
LimeRoad	-64.8	-71.6	684bps	-61.7	-309bps	-61.3	-92.6	3,136bps
EBITDA margins (%)	**8.7**	**6.0**	**272bps**	**16.7**	-796bps	**11.6**	**7.7**	**394bps**

Source: Company

Other highlights

- **Demand trends** remained broadly healthy, with firm demand in tier-2/-3 cities and a pickup in tier 1, aided by evolving fashion preferences. Consumer spending in smaller towns stayed resilient, supporting value-retailers, while large, branded players witnessed neutral to slightly negative trends. Winter ended sooner than expected after the delayed onset, leading to muted sales in Jan and Feb, but demand rebounded sharply in Mar, supported by festival-buying during Holi and an early Eid. Ahead, good monsoon forecasts, higher farm income and improving employment prospects are expected to sustain rural demand. While Apr was softer due to the festival shift (Eid was in Mar this year vs. Q1 last year), management expects the broader growth momentum seen last year to continue.

- The **gross margin** improved 140bps y/y to 33.1%, led by full-price sell-through from an early summer launch and better inventory aging, which lowered provisioning. Despite a ~38% drop in LimeRoad marketplace revenue (which flows fully into gross margin), margins held up well. While the early onset of summer-disrupted winter inventory liquidation left some unsold stock to be discounted next year—preponed sale events and timely summer demand helped support margins. Management expects margins to remain rangebound, with the focus shifting to clearing leftover winter stock and driving growth in core categories.

- **Apparel ASP (overall)** declined ~2% to Rs343 in Q4, primarily due to lower contribution from winter merchandise and a higher mix of summer assortments. Management does not expect further correction in ASPs and expects prices to remain broadly stable, aside from normal seasonal variations. Further, Gen-Z's contribution rose from 20–23% to 30–33%, prompting the company to sharpen its youth-focused offerings and enhance omnichannel engagement.

- **Expenses** declined 130bps y/y in Q4, aided by operating leverage from comparable growth, lower marketing spends towards LimeRoad and benefits from closure of loss-making stores in earlier periods. Manpower costs rose ~45% y/y due to higher ESOP expenses and increased sales incentives, though the prior year had a cost reversal, making the y/y comparison optically higher. ESOP expense stood at ~1% of revenue in Q4 and ~0.5% for FY25. On a normalized basis, employee costs are expected to stabilize as ESOP spikes are absorbed. Other expenses declined 11.6% y/y, led by a reduction in the LimeRoad business, lower logistics and marketing costs, and efficiency gains across operations.

- **ESOP.** The company has implemented a long-term, performance-linked ESOP tied to achieving 20% annual growth and meeting at least 90% of set performance targets, replacing the earlier tenure-based model. The plan, aimed at retaining key talent, currently covers over 80 employees. Of the Rs160m ESOP expense for FY25, a portion represents a one-time charge related to the first performance-based ESOP vesting. This was not provisioned in the previous year due to non-performance. Ahead, annual ESOP cost is expected at Rs80–100m, with some recurring expense expected, based on performance and actuarial estimates.

- **Reassessment of lease terms.** The company reassessed lease-term estimates under IndAS 116, resulting in a one-time non-cash exceptional gain of Rs240m in Q4 and FY25. This change, aligned with a strategic review of the store portfolio, will reduce accounting losses ~50% for new stores in the first half of their lease cycle. While this supports long-term expansion plans, it has no impact on pre-IndAS profits and losses. The gap between pre and post-IndAS PBT, previously ~Rs600m, is expected to narrow over time as legacy leases phase out. EBITDA remains unaffected, though some difference in reported PBT will persist.

- The **EBITDA margin** expanded 272bps y/y to 8.7% for the quarter because of ~44% y/y lower EBITDA losses in Limeroad, higher sales of summer assortments aiding gross margins and lower other expenses. Unlimited/V-Mart reported 10.8%/9.5% margins in Q4. Excluding the ESOP expense, EBITDA margin stood at 9.6%/12.1% for Q4/FY25.

- **V-Mart's (core)** revenue grew 19.4% y/y to Rs6.5bn, bringing ~84% to overall sales in Q4. SSSG was 7% (10% the quarter prior; 5% a year back), while SSSG by volumes was 8% (10%; 4%). The total/apparel ASP declined 1%/3% y/y at Rs213/328. EBITDA grew 45.6% y/y to Rs623m, with the margin expanding 171bps y/y to 9.5%.

  FY25 revenue grew 20.6% y/y to ~Rs27bn; EBITDA rose 39.5% y/y to Rs3.4bn and margin expanded 171bps y/y to 12.6%. SSSG was 12% (1% in FY24). SSSG by volumes came at 9% (5%). The transaction size was flat y/y at Rs977 and is expected to remain the same as the growing youth contribution to the sales mix drives smaller basket sizes but higher store-visit frequency. Sales per sq.ft. per month grew ~11% y/y to Rs742.

- **Unlimited's Q4 revenue** grew 11.2% y/y to Rs1.2bn, bringing ~15% to overall sales (16% a year ago). SSSG was 10% (13%), while SSSG by volumes was 11% (26%). Total ASP fell 2% y/y to Rs401. EBITDA grew 32.6% y/y to Rs126m and the margin, 10.8% (9.1% a year prior).

  FY25 revenue grew 7.4% y/y to Rs5.1bn, and EBITDA rose 65.6% y/y to Rs689m and margin stood at 13.6% (vs. 8.8% in FY24). SSSG was 9% (0% a year ago). SSSG by volumes came at 14% (flat y/y). The transaction size declined 9% y/y to Rs1,746. Sales per sq.ft. per month grew ~11% y/y to Rs575.

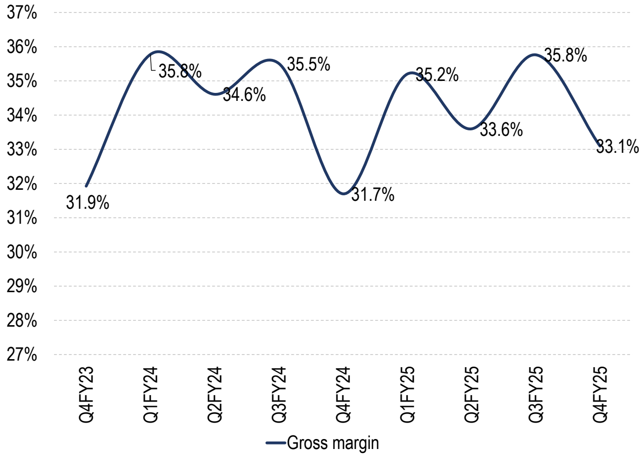
- **Limeroad's** commission revenue fell 38% y/y to Rs105m on a significant drop in marketing spends (though q/q, it was flat). The EBITDA loss narrowed ~44% y/y to Rs68m. FY25 EBITDA showed losses of Rs310m (down ~57% y/y). LimeRoad is still in the build-out phase and is being integrated into V-Mart's omni-channel ecosystem. The company is actively reducing marketplace exposure to improve operational performance. While breakeven is not expected in FY26, management expects losses to reduce by another 50% over FY25 levels.

- **Store network.** Q4 saw 9 (net) additions, taking the count to 497 (4.3m sq.ft.) for FY25. As on date, the count stands at 503, including six stores opened in the last one month. Capex was Rs1.2bn for the year, chiefly due to refurbishing and store openings. Some incremental investment is planned for the warehouse in the near term, including regular capex and automation upgrades. The current 0.5m sq.ft. facility has an expansion potential of up to 0.8m sq.ft., which may be undertaken after a couple of years.

- V-Mart: 52 stores were added during the year and five closed, taking net additions to 47, and the FY25 total to 412.
- Unlimited: 10 stores were added in the year and four closed; thus, net additions were six, taking the FY25 total to 85.

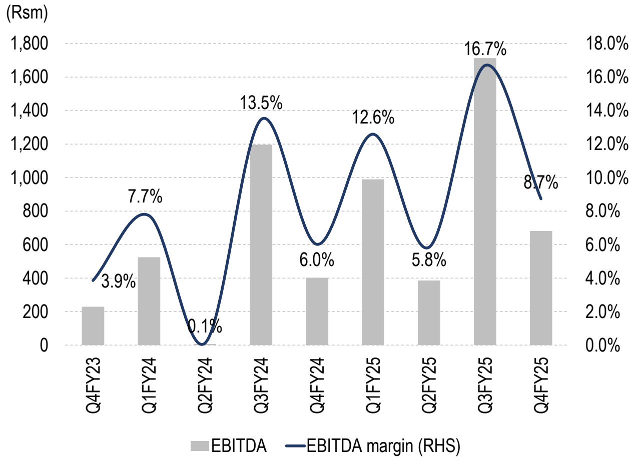
- **Inventory** was Rs9.9bn (111 days) as of end-FY25 (vs. 107 in FY24; 92 as of 9M FY25). The marginal build-up was deliberate to support the upcoming summer and wedding season, along with Q1 product launches. Inventory health remains strong, supported by tech-driven improvements in design, sourcing, quality control and replenishment, which have led to better sell-through rates.
- **Outlook.** The company has guided for 17–20% revenue growth ahead, backed by consistent network expansion and structural tailwinds from the ongoing shift in value-fashion from unorganised to organised retail. The company targets 13-15% net sq.ft. addition (~65 new stores) in FY26. 30–35% of store additions will be in existing cities, while the rest will target new towns. States like Tamil Nadu and Kerala, along with underpenetrated northern markets such as Uttarakhand, Gujarat, MP, etc., will remain key focus areas. Expansion will also continue in core markets like UP and Bihar. Further, Unlimited's pre-IndAS EBITDA margin is improving and is expected to grow gradually, as new stores with lower rentals, better profitability and efficiency ramp up vs. the legacy Unlimited stores, thus narrowing the gap with core V-Mart business over time.

Fig 9 – Gross margin



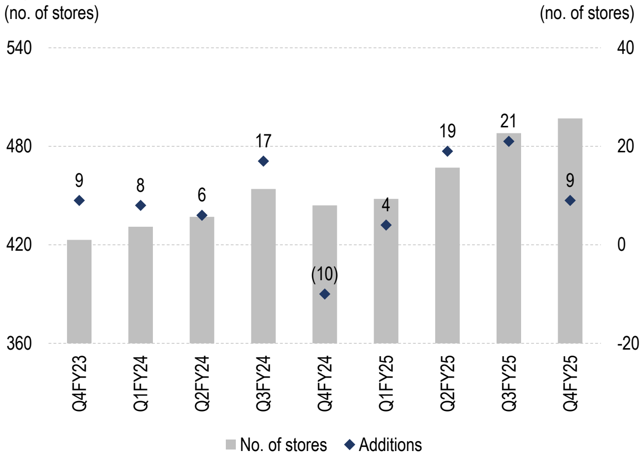
Source: Company

Fig 10 – EBITDA and EBITDA margin



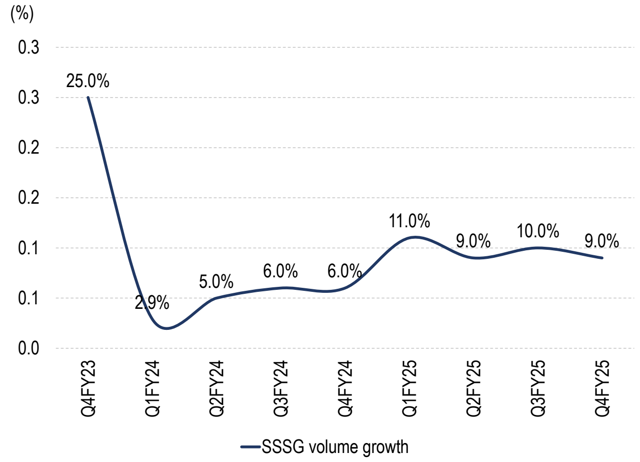
Source: Company

Fig 11 – Store count and additions



Source: Company

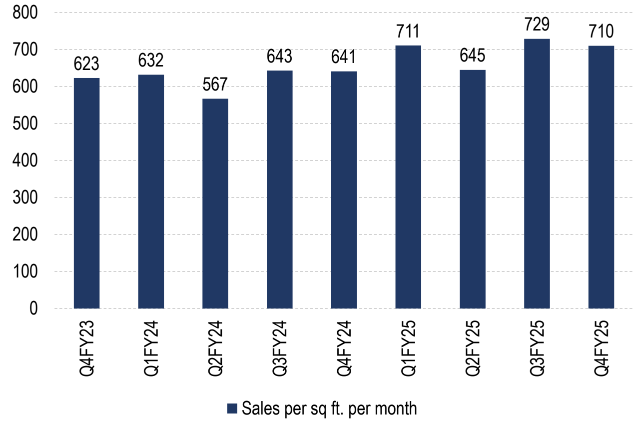
Fig 12 – SSS volume growth



Source: Company *Note: On ytd basis*

Fig 13 – Sales per sq. ft. per month

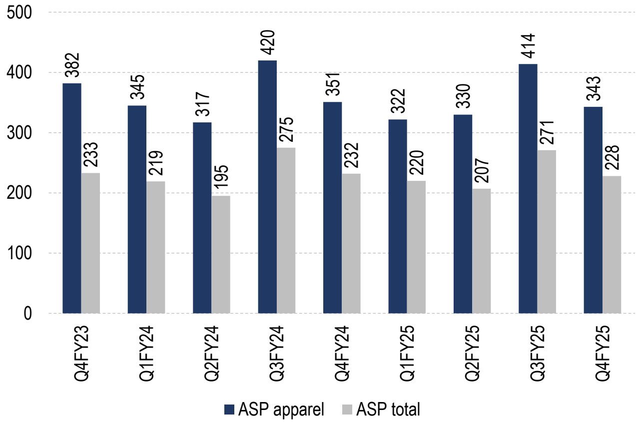
(Rs per sq ft / month)



Source: Company

Fig 14 – ASP (apparel and total)

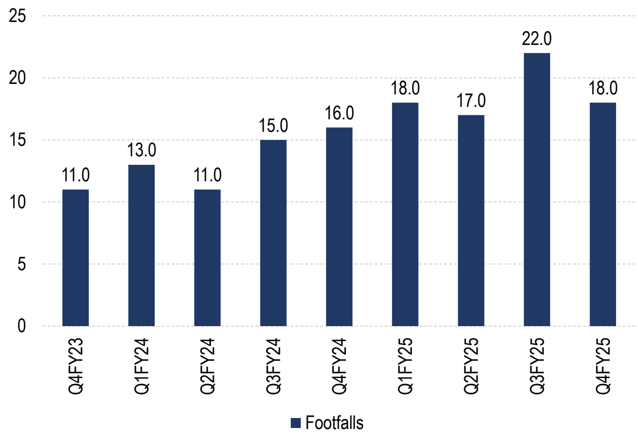
(Rs per piece)



Source: Company

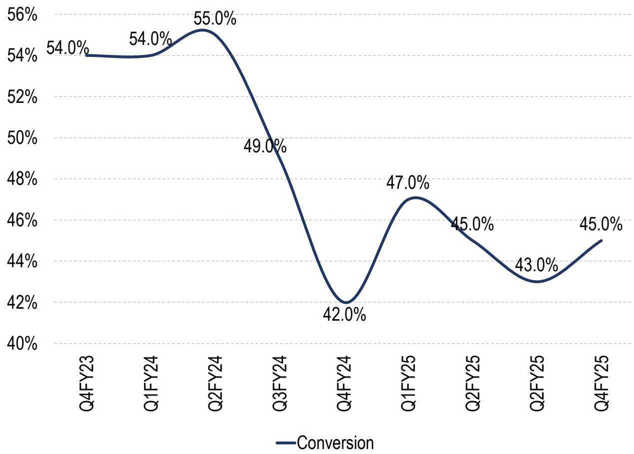
Fig 15 – Footfalls

(m no.)



Source: Company

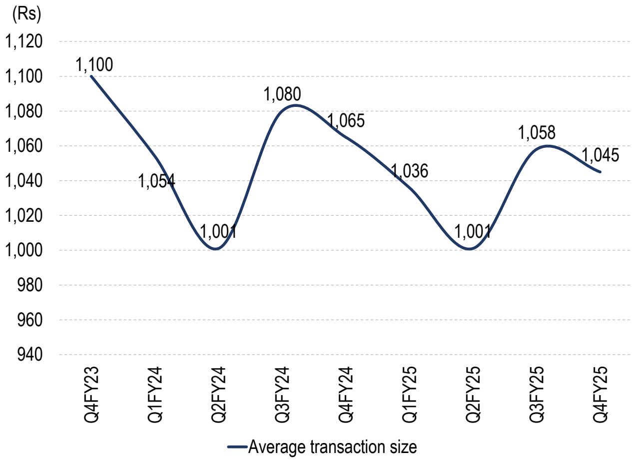
Fig 16 – Conversion rate



Source: Company

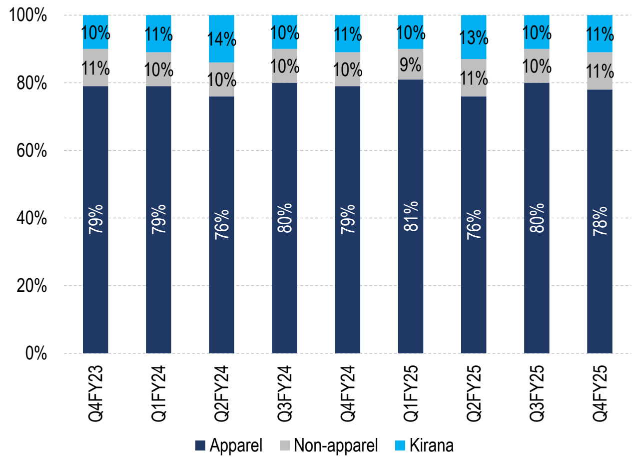
Fig 17 – Average transaction size

(Rs)



Source: Company *Note: On ytd basis*

Fig 18 – Revenue break-up



Source: Company

Change in estimates

Our FY26e/27e revenue remain largely unchanged.

We lower our FY26e/27e EBITDA ~1% on average. Our FY26e/27e EBITDA margins are 17/11bps lower vs. earlier at 11.6%/11.9% due to Rs80m-100m increase in employee expenses due to ESOPs.

Our FY26e/27e EPS increases are sharper at ~6.6%/13.1%, due to IND AS 116 adjustments.

Fig 19 – Change in estimates

	Old		New		Change (%)	
	FY26e	FY27e	FY26e	FY27e	FY26	FY27
Revenue	37,650	45,064	37,893	44,843	0.6	(0.5)
EBITDA	4,436	5,408	4,399	5,331	(0.8)	(1.4)
PAT	713	1,272	760	1,438	6.7	13.0
EPS	36.2	64.5	38.6	73.0	6.6	13.1

Source: Anand Rathi Research

Valuation

We retain our Buy rating with a 12-month TP of Rs4,826 (earlier Rs5,150), 19x FY27e EV/EBITDA (21x FY27e EV/EBITDA).

Fig 20 – Valuation summary

(Rs m)	FY27e
EBITDA	5,331
Multiple (x)	19.0
Enterprise value	1,01,282
Debt *	6,825
Cash and cash equivalents	652
Net debt	6,173
Market cap	95,109
No. of shares (m)	19.7
TP (Rs)	**4,826**
CMP (Rs)	3,156
Upside / (Downside) %	**52.9%**

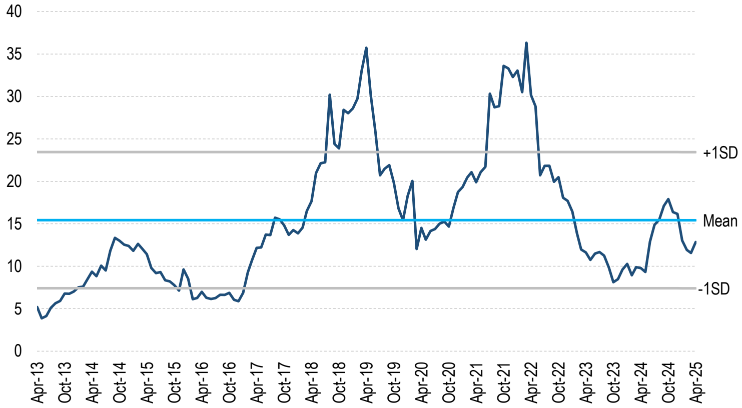
Source: Anand Rathi Research ** includes lease liabilities*

Fig 21 – Valuation parameters

	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	NA	NA	265.9	81.8	43.3
EV / EBITDA (x)	20.7	26.3	17.2	15.7	12.8
EV / Sales (x)	2.3	2.0	2.0	1.8	1.5
RoE (%)	(0.8)	(12.0)	5.5	9.0	15.0
RoCE (%)	5.8	(0.7)	17.3	15.8	20.6

Source: Company, Anand Rathi Research

Fig 22 – 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 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 affect core business profits.

Appendix

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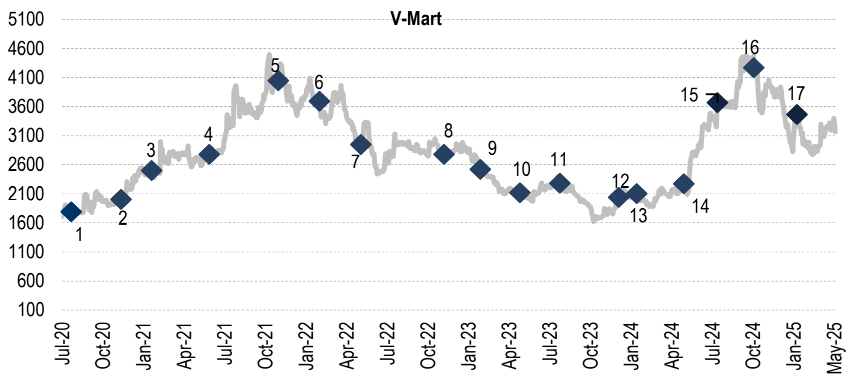
Rating and Target Price History (as of 5 May 2025)



	Date	Rating	TP (Rs)	Share Price (Rs)
4	01-Jun-21	Hold	3,016	2,775
5	10-Nov-21	Hold	4,640	4,247
6	11-Feb-22	Hold	4,244	3,574
7	30-May-22	Hold	3,814	3,325
8	14-Nov-22	Hold	3,475	2,822
9	07-Feb-23	Hold	3,096	2,638
10	19-May-23	Hold	2,528	2,060
11	12-Aug-23	Hold	2,517	2,329
12	04-Jan-24	Hold	2,284	2,125
13	08-Feb-24	Hold	2,258	2,108
14	16-May-24	Hold	2,410	2,222
15	11-Aug-24	Buy	4,633	3,673
16	31-Oct-24	Buy	5,624	4,500
17	08-Feb-25	Buy	5,150	3,463

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Ratings Guide (12 months)

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Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

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Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
Grievance officer: Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
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