

ELECTRONICS MART INDIA LIMITED

Balancing Expansion with Market Headwinds

LKP
Since 1948

Trust • Invest • Grow

Electronics Mart India Ltd (EMIL) reported modest numbers as ASPs have been dropping in some technology categories due to depreciation and increasing volume. Revenue grew by 12.8% YoY to ₹17.2 bn in Q4 FY'25 led by large appliances (+15.2% YoY) contributing ~47% to the topline. EMIL reached a milestone of 200 stores (189 MBO/11 EBO) with addition of 8/40 stores in Q4/FY25. Further management expects to add more 25-30 stores in FY'26 and continue the momentum. SSSG stood at 1.5%/6.1% in Q4/FY25. EMIL saw strong Q4 FY25 growth across regions, led by Delhi NCR with revenue of ₹1.2 bn (+66% YoY) while SSSG stood at 33.8% and upcountry expansions, while Hyderabad faced a decline in SSSG (-0.9%) and marginal increase in revenue (+4% YoY) due to subdued demand from tighter credit, real estate slowdown, and rising inflation. Delayed summer season due to early rains has impacted cooling product sales, leading to slightly higher inventory levels—particularly for AC's—which management expects to carry forward for a few months, with redistribution from South to North to meet regional demand. Management expects 5–10% growth in Hyderabad, driven by higher volumes offsetting lower ASPs, with overall recovery supported by maturing stores, improving ASPs in FY26; especially for large appliances (AC's) and no structural concerns impacting margins, which are expected to remain stable around 5–5.5% as EBITDA trends upward. Given the government's decision to cut taxes in order to stimulate consumer spending; along with EMIL management's well-defined expansion strategy and the anticipated rise in ASPs of appliances, we believe EMIL is well-positioned to capitalize on growing consumer demand. Accordingly, we maintain a **BUY** rating to EMIL, with a TP of ₹151, based on a 22x multiple of FY27E EPS.

Result Snap shot

Revenue grew by 15.2% YoY to ₹17.2 bn. Gross margin improved by 20 bps to 14.6% in Q4, within the expectations of management. EBITDA grew by 5.8% to ₹1.14 bn, with a margin of 6.6% (-50 bps YoY), mainly impacted by operating cost of new stores which were still in the early stages of ramp up, not contributing to the revenue significantly. PAT for Q4 was ₹315 mn (-22.4% YoY) with a margin of 1.83% (-83 bps YoY). The company anticipates margin improvement and sees no fundamental obstacles to achieving this. ASPs in large appliances and air conditioners are expected to rise post Q2/Q3 of FY26, which should enhance value and support margin expansion in these categories. Additionally, incentive income from vendors remains historically stable and is not expected to be at risk.

Key Financials	FY23	FY24	FY25	FY26E	FY27E
Total Sales (₹ mn)	54,457	62,854	69,648	79,303	89,969
EBITDA Margins (%)	6.2	7.2	6.5	7.3	7.7
PAT Margins (%)	2.3	2.9	2.3	2.6	2.9
EPS (₹)	3.2	4.8	4.2	5.4	6.9
P/E (x)	39.5	26.4	30.3	23.4	18.3
P/BV (x)	4.1	3.5	3.2	2.9	2.6
EV/EBITDA (x)	16.0	12.2	12.9	9.7	7.9
RoE (%)	13.8	14.4	11.0	13.0	15.1
RoCE (%)	13.3	16.8	13.1	16.9	19.5

BUY

Current Market Price (₹)	:	126
12M Price Target (₹)	:	151
Potential Return (%)	:	20

Stock Data

Sector	:	Consumer Services
Face Value (₹)	:	10
Total MCap (₹ bn)	:	49
Free Float MCap (₹ bn)	:	17
52-Week High / Low (₹)	:	262 / 111
BSE Code / NSE Symbol	:	543626 / EMIL
Bloomberg	:	EMIL IN
Sensex / Nifty	:	24,813 / 81,597

Shareholding Pattern

(%)	Mar-25	Dec-24	Sep-24	Jun-24
Promoter	65.17	65.17	65.17	72.97
FPIs	8.68	9.23	8.80	4.95
MFs	18.03	17.41	18.35	16.43
Insurance	0.36	0.18	0.20	0.18
Others	7.76	8.01	7.48	5.47

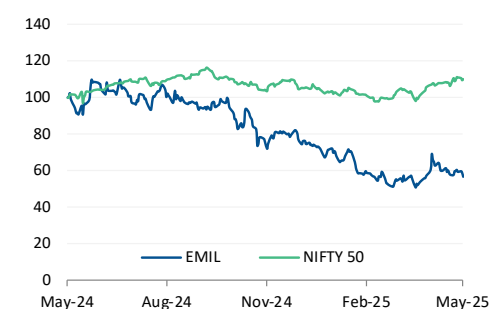
Source: BSE

Price Performance

(%)	1M	3M	6M	12M
EMIL	-6.4%	-3.5%	-21.0%	-43.1%
Nifty 50	2.9%	8.9%	6.3%	10.1%

* To date / current date : May 21, 2025

EMIL vs Nifty 50



Annually, company reported a revenue of ₹69.6 bn (+10.8% YoY) due to soft consumer demand across categories. PAT was ₹1.6 bn (-13% YoY) mainly impacted by operational cost of new 40 stores added in the year, which were still in the early stage and not contributing to the revenues majorly. On balance sheet front, EMIL incurred ₹3.5 bn of capex in FY25, primarily for opening new stores and strategically acquiring property, especially in Delhi. Around ₹2.5 bn was allocated to property purchases, with the remainder used for store build-outs. This expansion was largely funded through debt, leading to an increase in leverage. As a result, net debt to EBITDA rose to 2.16 and gross debt to equity stood at 0.66 as of March 31, 2025. However, the company views this as a planned move under its long-term growth strategy, with debt levels expected to decline over the next few years.

Quarterly performance

(₹ mn)	Q4 FY25	Q3 FY25	QoQ (%)	Q4 FY25	YoY (%)
Net Sales	17,190	18,848	-8.8	15,242	12.8
COGS	14,671	16,299	-10.0	13,040	12.5
Gross Profit	2,518	2,549	-1.2	2,202	14.4
Gross margin (%)	14.6	13.5	110 bps	14.4	20 bps
Employee cost	351	367	-4.3	294	19.1
Other Expenditure	1,029	1,193	-13.8	831	23.8
EBITDA	1,139	989	15.1	1,076	5.8
Margins (%)	6.6	5.2	140 bps	7.1	-50 bps
Depreciation	355	298	19.2	293	21.1
Interest	365	300	21.7	280	30.2
Other Income	21	25	-14.0	30	-28.7
PBT	440	417	5.7	533	-17.3
Tax	126	101	24.3	127	-1.1
Rate (%)	28.5	24.3	420 bps	24	464 bps
Adjusted PAT	315	316	-0.3	405	-22.4
Pat Margin (%)	1.8	1.7	10 bps	2.7	-90 bps
EPS (₹)	0.82	0.82	-0.3	1.1	-22.4

Source: Company, LKP Research

Outlook & Valuation

The company maintains a clear leadership position in Andhra Pradesh and Telangana and is now strategically targeting the high-growth Delhi/NCR region, a significantly larger and more competitive market. Its continued focus on expanding the store network and improving customer experience positions it well for future growth. In light of the subdued ASPs and elevated operating costs in FY25, we have adjusted our estimates accordingly. Despite these near-term challenges, the company's valuation remains attractive relative to peers. We therefore maintain our **BUY** rating on the stock, with a revised target price of ₹151.

Key Highlights of Earnings Call

- **Impact of Rapid Expansion on Profitability:** In FY25, EMIL added 44 new stores, reaching a total of 200 outlets, reflecting a rapid expansion strategy. While this growth increased market presence, it also raised operating costs as the newly opened stores are still in their ramp-up phase and have not yet meaningfully contributed to revenue.
- Out of these 200 stores, approximately 50% are under 24 months. These stores are described as being in the early stages of ramp-up and are not yet stabilized or mature
- This led to increased fixed costs, weighing on EBITDA and margins. Management views this as a long-term investment to strengthen the company's growth trajectory.
- **FY26 Expansion & CapEx Strategy:** For FY26, EMIL plans to open 25–30 new stores. Future expansion, particularly beyond the current phase, will favor leasing over outright property purchases—even in Delhi/NCR—to optimize capital deployment. The earlier property acquisition in Delhi was a one-time strategic move to establish long-term presence in a key market.
- **Profitability & Margin Outlook:** As newly added stores mature, throughput and contribution are expected to rise, improving cost absorption and operating leverage. Management guides for Pre-Ind AS EBITDA margins of ~3.5% in North India in FY26, with margins expected to improve across the board.
- **Q1 FY26 Outlook:** While early rains slightly affected cooling product sales in May, inventory levels remain manageable. Management does not anticipate the need for additional discounting, and excess inventory will be redistributed regionally. Overall sentiment remains positive heading into FY26.
- **Regional & Category Performance:**
 - **Hyderabad:** Slight rebound with 4% revenue growth in Q4 FY25; outlook of 5–10% growth in FY26 led by higher volumes.
 - **Delhi NCR:** Strong turnaround with positive EBITDA expected in FY26.
 - **Upcountry Stores:** Younger stores in AP and Telangana are expected to outperform due to low competition from organized players.

Income Statement (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Total Income	62,854	69,648	79,303	89,969
Raw material Cost	53,707	59,679	67,566	76,293
Employee Cost	1,115	1,331	1,586	1,808
Other expenses	3,538	4,133	4,362	4,948
Total operating Expenses	58,360	65,143	73,514	83,050
EBITDA	4,494	4,505	5,789	6,919
EBITDA Margins(%)	7.2	6.5	7.3	7.7
Depreciation & Amortisation	1,057	1,267	1,552	1,847
EBIT	3,438	3,238	4,237	5,072
Interest	1,077	1,175	1,581	1,664
Other Income	101	91	119	135
Recurring PBT	2,462	2,155	2,775	3,543
PBT	2,462	2,155	2,775	3,543
Less: Taxes	622	554	702	892
Net Income (Reported)	1,839	1,600	2,073	2,651
Adjusted Net Income	1,839	1,600	2,073	2,651

Balance Sheet (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
Assets				
Total Current Assets	16,261	18,682	18,942	21,816
Cash & Cash Eqv.	855	305	917	1,516
Total Curr. Liabilities & Provs	9,766	11,821	13,774	15,935
Net Current Assets	6,495	6,860	5,168	5,881
Net Fixed Assets	13,564	17,583	19,531	19,884
Capital Work-in-Progress	449	304	304	304
Total Assets	20,507	24,747	25,003	26,069
Liabilities				
Borrowings	7,128	9,840	8,715	8,015
Deferred Tax Liability	(317)	(402)	(402)	(402)
Equity Share Capital	3,847	3,847	3,847	3,847
Face Value per share (₹)	10.0	10.0	10.0	10.0
Reserves & Surplus	9,849	11,462	12,842	14,609
Net Worth	13,697	15,309	16,690	18,456
Total Liabilities	20,507	24,747	25,003	26,069

Ratios

Y/E March	FY23	FY24	FY25	FY26E
Per Share Data (in ₹)				
AEPS	4.8	4.2	5.4	6.9
CEPS	2.2	0.8	2.4	3.9
BVPS	35.6	39.8	43.4	48.0
DPS	-	-	1.8	2.3
Growth Ratios (%)				
Total Revenues	15.4	10.8	13.9	13.4
EBITDA	33.7	0.2	28.5	19.5
PAT	49.8	(13.0)	29.5	27.9
AEPS	49.8	(13.0)	29.5	27.9
CEPS	(57.9)	(64.3)	200.4	65.3
Valuation Ratios				
P/E	26.4	30.3	23.4	18.3
P/CEPS	56.7	158.8	52.8	32.0
P/BV	3.5	3.2	2.9	2.6
EV / EBITDA	12.2	12.9	9.7	7.9
EV / Sales	0.9	0.8	0.7	0.6
Operating Ratio				
Raw Material/Sales (%)	85.4	85.7	85.2	84.8
SG&A/Sales (%)	5.6	5.9	5.5	5.5
Effective Tax Rate (%)	25.3	25.7	25.3	25.2
NWC / Total Assets (%)	27.5	26.5	17.0	16.7
Inventory Turnover (days)	56.3	68.0	55.0	55.0
Receivables (days)	10.5	9.3	9.0	9.0
Payables (days)	2.7	5.9	3.0	3.0
D/E Ratio (x)	0.5	0.6	0.5	0.4
Return/Profitability Ratio (%)				
RoCE	16.8	13.1	16.9	19.5
RoNW	14.4	11.0	13.0	15.1
Dividend Payout Ratio	0.0	0.0	33.4	33.4
Dividend Yield	0.0	0.0	1.4	1.8
PAT Margins	2.9	2.3	2.6	2.9
EBITDA Margins	7.2	6.5	7.3	7.7

Cash Flow (Consolidated)

(₹ mn)	FY24	FY25	FY26E	FY27E
PBT	2,462	2,155	2,775	3,543
Depreciation	1,057	1,267	1,552	1,847
Chng in working capital	(2,185)	(2,157)	120	(1,960)
Tax paid	(703)	(608)	(702)	(892)
Interest Expense	1,050	1,138	1,581	1,664
Other Adjustments	-82	-37	669	979
Cash flow from operations (a)	4,487	4,523	6,577	8,032
Free cash flow	6,225	1,172	5,029	7,237
Capital expenditure	1,738	(3,351)	(1,548)	(796)
Other investing activities	569	31	-	-
Cash flow from investing (b)	1,169	(3,320)	(1,548)	(796)
Inc/dec in borrowings	(143)	2,712	(1,125)	(700)
Dividend paid (incl. tax)	-	-	(693)	(885)
Interest paid	(1,161)	(1,322)	(1,581)	(1,664)
Other financing activities	(303)	(377)	(437)	(538)
Cash flow from financing (c)	(1,606)	1,012	(3,835)	(3,786)
Net chng in cash (a+b+c)	(1,177)	(549)	612	599
Closing cash & cash equivalents	855	305	917	1,516

DISCLAIMERS AND DISCLOSURES

LKP Sec. Ltd. (CIN-L67120MH1994PLC080039, www.lkpsec.com) and its affiliates are a full-fledged, brokerage and financing group. LKP was established in 1992 and is one of India's leading brokerage and distribution house. LKP is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). LKP along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds etc.

LKP hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on LKP for certain operational deviations in ordinary/routine course of business. LKP has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

LKP offers research services to clients. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by LKP and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

Research Analyst or his/her relative's financial interest in the subject company. (NO)

LKP or its associates may have financial interest in the subject company.

LKP or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (LKP) has not been engaged in market making activity for the subject company.

LKP or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

LKP or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

LKP or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Subject Company may have been client of LKP or its associates during twelve months preceding the date of distribution of the research report and LKP may have co-managed public offering of securities for the subject company in the past twelve months.

Research Analyst has served as officer, director or employee of the subject company: (NO)

LKP and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LKP or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person.

Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

All trademarks, service marks and logos used in this report are trademarks or registered trademarks of LKP or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LKP. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of LKP.