

Arihant Capital
Generating Wealth



**Bridging Aspirational India to
Premium Retail Living**

CMP: INR 295

Rating: Buy

TP: INR 586

Stock Info

BSE	532638
NSE	SHOPERSTOP
Bloomberg	SHOP:IN
Reuters	SHOP.NS
Sector	Consumer Discretionary
Face Value (INR)	5
Equity Capital (INR cr)	55.04
Mkt Cap (INR Bn)	35
52w H/L (INR)	588/267
Avg Yearly Volume (in 000')	86.39

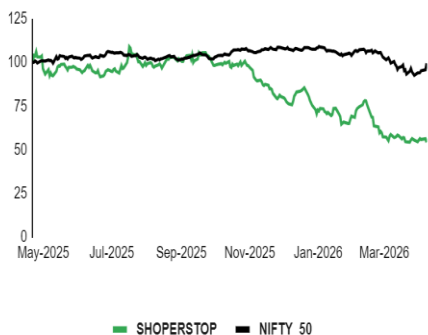
Shareholding Pattern %

(As on Mar 2026)

Promoter & Promotor Group	66.06
FII	2.06
DII	25.45
Public & Others	6.43

Stock Performance (%) 1m 6m 12m

SHOPPERSTOP	3.90 (42.7) (43.2)
Nifty 50	5.74 (4.8) (0.38)



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Shoppers Stop Ltd. is the nation's leading premier retailer of fashion and beauty brands established in 1991. Spread across 113 department stores, the Company also operates 12 premium home concept stores, 73 Specialty Beauty stores of M.A.C, Estée Lauder, Bobbi Brown, Clinique, Jo Malone, NARS, ARMANI beauty, PRADA BEAUTY and SS Beauty, 84 Intune stores and 13 Airport doors, occupying area of 4.5 M sq. ft. Shoppers Stop is home to one of the country's longest running and most coveted loyalty program 'First Citizen'. The Company's one-of-a-kind shopping assistance service, 'Personal Shopper' is revolutionizing the way Indian's shop, bringing more value, comfort, and convenience to customer experiences. The brand's diversified Omni channel offering spans over 800+ recognized and trusted brands across an incomparable range of products that together serve our overarching objective of delivering customer delight.

Proven Productivity Gains through Premiumisation and Store Optimisation:

The company has executed a successful premiumisation strategy, with approx. 70% of its product mix now premium. This shift is anticipated to deliver a compounding growth effect over the next 12-24 months, driven by Indian consumers' rising demand for high-value (ASP > INR 2,500) touch-and-feel experiences in physical stores. The company has noticed significant improved productivity wherever area is surrendered as part of renovation for example, the Malad store renovation cut its footprint by 40% (from 1.1 Lac Sq ft to 65K sq ft) while sustaining equivalent sales levels resulting into much higher profitability.

Market Leadership in Premium Beauty and Non-Apparel Segments:

The company differentiates itself from other Indian departmental stores through its substantial non-apparel mix, which represents 40-42% of total sales. The company leads as the largest offline beauty player in the sector, with beauty contributing 21% of total revenues. Its beauty distribution business has achieved ~90% YoY growth over the last two years and is poised to exceed more than INR 500-600 Cr in FY27, underpinned by exclusive partnerships with premium global brands including Nars, Clarins, Armani, Michael Kors, Versace and RALPH LAUREN. The global distribution business presents a strong opportunity to capture significant premium market share, given the least competition in this segment. With attractive margins, we see potential for more than 5x revenue growth over the long term.

Particulars (INR Cr)	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	4627.6	5043.3	5733.6	6623.8	7790.0
YoY	7.21%	8.98%	13.69%	15.53%	17.61%
Gross Profit Margin	41.07%	39.83%	40.40%	41.30%	42.00%
EBITDA Margin	15.31%	14.75%	15.90%	16.80%	17.50%
Adj. Net Profit	10.9	-17.1	82.1	219.7	393.6
Adj EPS (INR)	0.99	-3.28	7.46	19.96	35.76
P/E	298.1	-90.0	39.6	14.8	8.2
P/B	10.1	11.2	8.7	5.5	3.3
Debt / Equity	1.06	0.81	0.32	0.13	0.05
ROE	3.39%	-12.40%	22.00%	37.06%	39.91%
ROCE	6.94%	6.56%	10.57%	15.23%	19.73%

Investment Rationale

Robust Loyalty Moat and High-Value Customer Base: An extraordinary 83% of Shoppers Stop's sales emanate from the "First Citizen" loyalty program, delivering a stable and predictable revenue stream. The elite Black Card a paid annual membership exhibits +50% YoY growth with 134k+ members reached by FY26, with members visiting 5-6 times per year and posting average transaction values of INR 10,000-15,000, far exceeding walk-in benchmarks. This loyal cadre regards Shoppers Stop as a reliable arbiter of 100% authentic, ethical products, providing a vital differentiator in high-end perfumes amid pervasive online fakes.

Scalable Growth in Value Fashion (INTUNE) and Emerging Markets: The company is methodically tapping the \$80-100 Bn value fashion market through its INTUNE format. INTUNE stores exhibit high scalability, demanding only INR 70-80 lakhs in capex, INR 25-30 Lacs Lease Deposits and INR 40-50 lakhs in working capital. Beyond metros, the company targets fast-growing Tier I,II and III cities, including Coimbatore, Jaipur, Allahabad, Mangalore, Nashik, Tumkur etc. This dual-engine approach premium departmental stores in metros complemented by INTUNE in value segments, enables broad-spectrum capture of India's consumption growth narrative.

Outlook & Valuation:

Shoppers Stop offers a compelling multi-year growth story built on two core drivers: premiumization and store optimization. A key standout is that while the broader retail industry is shrinking store sizes and seeing sales take a hit, The company has managed to maintain sales volumes even with smaller stores, a dynamic that directly flows through to higher margins and better returns on space. This operational efficiency is further reinforced by one of retail's strongest loyalty franchises, with 13.5 million First Citizens members driving 83% of revenues, providing a highly predictable and sticky revenue base.

Beyond the core business, growth is being fueled by two scalable, asset-light opportunities: INTUNE, targeting a significantly underpenetrated youth segment, and an aggressive push into Tier-II/III markets, both of which address addressable markets well beyond traditional premium retail. The company's growing leadership in premium beauty and non-apparel further strengthens margins and competitive positioning in categories with structurally higher profitability.

On the financial side, the company is executing a clear deleveraging path, targeting debt-free balance sheet by FY27, which reduces downside risk and improves financial flexibility going forward.

The broader macro setup adds another layer of comfort. India's 6.5% GDP growth, rising urban incomes, and expanding discretionary spending create a demand environment that is materially stronger than most global markets, providing a durable runway for premium retail growth.

The key re-rating triggers to watch are INTUNE turning profitable by FY28, the beauty segment crossed INR 1,000 crore in revenues in FY26, and total consolidated revenues, including the distribution business, exceeding INR 1,600 crore by FY27.

For these reasons, we initiate coverage on Shoppers Stop Ltd with a Target Price of INR 586, yielding a 'BUY' rating, and an upside of 99% from the CMP of INR 295. We arrive at this value using EV/EBITDA Multiple of 9x (Pre IND AS).

Q4FY26 Concall Highlights

Financial Performance and Cash Flow Strength

- The department store business crossed the INR 5,000 Cr revenue milestone for the first time. The company achieved a 4.7% Like-for-Like growth for FY26, the highest in a decade.
- Core departmental EBITDA (excluding an INR 22 Cr one-off gain from the prior year) grew 52% YoY to INR 50 Cr in Q4.
- The company reported the highest cash from operations in eight years at INR 301 Cr, supported by INR 155 Cr in working capital optimization. The company retired INR 109 Cr of debt in FY26 and remains on track to be debt-free by Q4 FY27.

Strategic Pillar: Premiumization and Power Categories

- Premium brands now contribute 69% of total sales, an increase of 3.6%.
- Non-apparel power categories continue to drive growth: Watches (+16%), Fragrances (+12%), and Handbags (+10%).
- The Personal Shopper program saw a 24% growth in sales, contributing 26% of total revenue (INR 1,257 Cr). Average Transaction Value (ATV) rose 7% for the year and 8% in Q4.

Operational Efficiency and Store Strategy

- Renovating marquee stores (e.g., Juhu, Malad) has led to a 35% to 40% jump in sales productivity. The company plans to renovate five marquee stores in FY27.
- The company added 27 stores in FY26 and plans to add nine new marquee departmental stores in FY27.
- Loyalty program (First Citizen) recruits reached an all-time high of 9.4 lakh, with a 69% repeat rate contributing 84% of total sales.

New Ventures Performance (INTUNE and Beauty)

- Intune revenue grew 46% YoY to INR 282 Cr. The company is pausing store expansion in H1 FY27 to focus on unit economics and reaching a 25% to 30% increase in space productivity. The goal is to halve FY26 EBITDA losses in FY27 and reach business-level breakeven by FY28.
- The Global SS Beauty distribution segment grew 81% YoY with a three-year CAGR of 90%, positioning the company as a leading national beauty distributor.

Outlook and Risks

- The company noted a demand pick-up from mid-February that has sustained through April and early May, aided by a strong wedding calendar.
- Key risks include fuel and raw material inflation and potential supply chain disruptions in H2 FY27.
- Strategic inventory reductions were achieved in Private Brands (INR 40 Cr) and INTUNE (INR 36 Cr).

Accelerating Productivity Through Premiumization and Store Optimization:

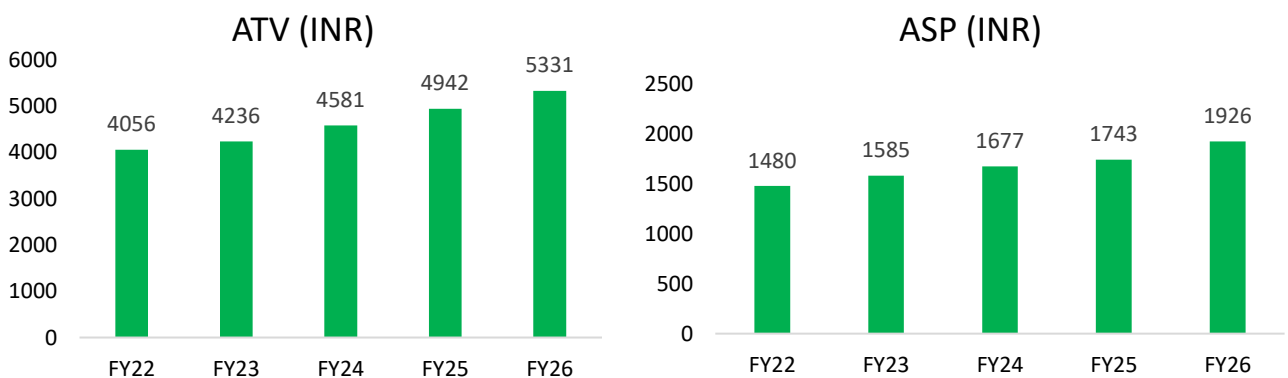
Strategic Pivot Toward Premium Mix: Over the past 24 months, the company has executed an aggressive inventory transformation strategy, shifting its product composition from 71% premium in Q4FY26 a fundamental recalibration that addresses both top-line quality and margin expansion. This premiumization strategy is not merely a merchandising shift; it represents a deliberate repositioning toward consumer cohorts with higher ATV, estimated at INR 5,000–5,500, substantially above mass-market competitors. The strategic onboarding of global prestige brands including Armani Exchange, True Religion, GANT, New Balance, Prada, Armani Beauty, Burberry, and GUCCI serves a dual purpose: elevating brand perception and capturing a disproportionately high-margin segment of India's consumption upcycle.

The company anticipates a compounding effect from this strategy over the next 12–24 months, predicated on a structural consumer preference for physical retail in the premium segment (products >INR 2,500). Unlike commodity apparel, which consumers increasingly purchase online, high-value luxury items remain firmly anchored to the experiential, touch-and-feel dynamics of brick-and-mortar retail. This behavioral asymmetry creates a durable competitive moat, as Shoppers Stop leverages its physical footprint to capture a consumer segment with demonstrably lower price elasticity and higher wallet share.

Targeting higher transaction values.

Operational Excellence and Space Productivity

The company has demonstrated a high-productivity store model that challenges the traditional notion that departmental stores need sprawling 120,000–150,000 sq. ft. formats, with the Malad flagship renovation serving as a clear proof point: despite reducing the store footprint from 1.1 lakh sq. ft. to 65,000 sq. ft. and surrendering one floor in Cyberabad, it has sustained the same absolute sales while improving profitability materially. The Juhu store serves as a premium experiential destination that has achieved a 35-40% performance uptick by optimizing its brand mix with highly premium labels tailored for its aspirational neighborhood and integrating enhanced customer experience zones. This improvement is being driven by three levers: a curated assortment that lowers SKU intensity in premium categories, allowing a 35,000–40,000 sq. ft. premium store to deliver sales comparable to or better than a 120,000 sq. ft. general merchandise format; higher experiential density through beauty lounges, interactive zones, personal shopper lounges, and gaming areas that increase dwell time and attachment rates; and omnichannel integration through Endless Aisle and BOPIS, which decouple inventory from physical space and enable smaller stores to serve a larger customer base more efficiently.



Source: Company Filings & Arihant Capital Research

Brand Portfolio Management: Shoppers Stop follows a disciplined and continuous brand churn process anchored to Gross Margin Return on Floorspace (GMROF) performance and profitability thresholds. Underperforming brands are systematically exited, while higher-productivity brands are inducted, ensuring portfolio hygiene and limiting exposure to margin dilution from legacy or low-yield relationships. This structured, metrics-driven approach to vendor management mitigates profitability risk and supports stable gross margins in a sector otherwise prone to sticky brand partnerships.

The company's store expansion strategy is becoming more capital efficient, with annual capex of INR 80-90 crore targeted toward opening 8-10 new department stores and an additional INR 30-40 crore earmarked for renovations, but on a meaningfully smaller footprint than legacy stores. This shift should support lower capex per store, faster payback periods, and a more replicable model across Tier 1 and Tier 2 cities where real estate economics and customer density are more favorable than in metro markets.

8-10 department stores per annum.

Annual capex guidance of INR 180-200 crores (including deposits) reflects disciplined capital discipline while maintaining momentum. This stands in sharp contrast to legacy retailers that pursued expansionist capex strategies, often destroying shareholder value through overexpansion.

Financial Impact and Margin Trajectory

The premium mix shift and store optimization are already translating into tangible margin expansion. The company targets a non-GAAP EBITDA margin of low single digit for the current fiscal year, with a clear trajectory to improve from here onwards as the premium mix scales and operating leverage diminishes. For context, this implies an incremental EBITDA CAGR of 15-20% even if topline growth remains moderate at 8-10%, creating a high-leverage expansion story for earnings.



Robust Loyalty Moat and High-Value Customer Base

The First Citizen Program: Shoppers Stop's First Citizen loyalty program is not merely a marketing initiative; it represents a structural revenue moat of institutional proportions. With 13.5 Mn members contributing ~83% of total sales in Q4FY26, this loyalty base provides:

A meaningful share of the company's revenue is derived from a well-defined and measurable customer base, which helps moderate top-line volatility and supports stronger working capital efficiency. In addition, loyalty members demonstrate materially higher purchase frequency and basket sizes versus walk-in customers, thereby enhancing customer lifetime value and improving overall economics.

The Black Card paid membership tier, with an annual fee of INR 4,500, is the company's most valuable customer cohort within the loyalty ecosystem, supported by a renewal of 66000 members that points to strong product-market fit and durable customer satisfaction. Members exhibit high engagement through 5-6 visits per year and average transaction values of INR 10,000–15,000, implying 2-3x higher spend than standard customers and ~1.8–2.5x the company's overall ATV, while recent additions of 50,000+ members highlight accelerating penetration of high-value consumers.



For Shoppers Stop, this translates into stronger margin defense, as loyalty members tend to be less price-sensitive, allowing the company to maintain pricing discipline and limit margin erosion during promotional periods, while also enabling cross-selling and wallet share growth across apparel, beauty, and accessories in a way that would be difficult to achieve through purely transactional retail.

Omnichannel Engagement and Personalization

The loyalty program's sophistication is further enhanced through omnichannel engagement mechanisms, including WhatsApp Commerce for real-time offers, product launches, and personalized recommendations, AI-based segmentation of the 13.3-million-member base into micro-cohorts for hyper-targeted messaging and efficient marketing spend, and a 69% repeat purchase rate that reflects the program's strong stickiness.

A critical qualitative differentiator is customer perception of 100% product authenticity and ethical sourcing, which strengthens the brand moat and supports premium trust. In categories such as prestige beauty and high-end perfumery, where counterfeiting and online fraud are material concerns, Shoppers Stop's physical retail presence and reputation provide a meaningful trust advantage, especially given the explosion of counterfeit luxury goods in e-commerce channels, consumers' willingness to pay a 10-15% price premium for authenticity assurance in prestige categories, and the inherent trust deficit associated with third-party e-commerce marketplaces.

This positioning creates a durable competitive moat insulating Shoppers Stop from pure e-commerce competition in the premium segment, where tangible and intangible attributes (brand heritage, authenticity assurance, personalized service) command a material price premium.

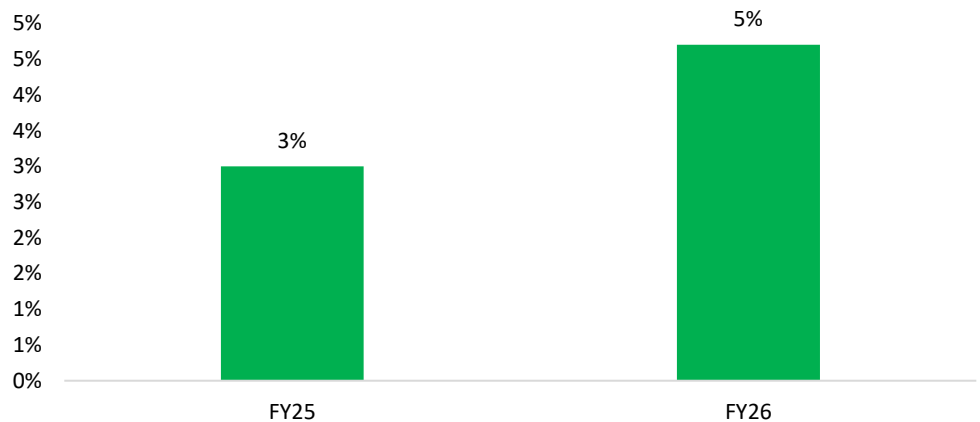
Personal Shopper

Shoppers Stop's Personal Shopper service has emerged as a key growth lever, now contributing more than 26% of overall sales, up over 300 bps, underscoring its rising significance to the company's revenue mix. By offering curated, one-on-one styling assistance within premium in-store experience zones, the service has meaningfully deepened customer engagement which are driving repeat footfall and strengthening brand loyalty. The model has also proven operationally efficient, sustaining high sales productivity even as the company optimizes its store footprint, while simultaneously helping Shoppers Stop gain incremental market share over competitors through a differentiated, experience-first retail proposition.

Leverage AI for growth

Shoppers Stop's First Citizen loyalty programme and Personal Shopper service collectively strengthen the investment thesis by improving revenue predictability, unit economics, and margin quality. The loyalty programme builds a structural competitive advantage through a high-retention, data-enriched customer base that progressively lowers acquisition costs, supports SSSG, and enables targeted basket expansion, generating a recurring revenue profile that warrants a valuation premium over more transactional peers. The Personal Shopper service complements this by contributing more than 26% of overall revenues without a commensurate increase in store footprint or headcount, reflecting a structurally improving revenue-per-sq-ft and a deliberate pivot toward premiumization, reducing reliance on discount-led footfall and supporting margin sustainability. Together, the two initiatives create a self-reinforcing flywheel loyalty data enables personalization, personalization drives conversion and repeat purchases, and repeat purchases deepen loyalty, improving LTV/CAC ratios, enhancing operating leverage, and delivering more durable earnings quality, which we view as positive view for the stock over the medium term.

Sales(Like - for like growth in departmental stores %)



Scalable Growth in Value Fashion (INTUNE) and Emerging Markets:

The INTUNE format represents a compelling strategic opportunity for Shoppers Stop. While the company’s core department stores continue to target affluent, metro-centric consumers with a premium positioning, INTUNE addresses a distinctly different and substantially larger addressable market, the value fashion segment, estimated at \$80–100 billion. This dual-format approach enables Shoppers Stop to simultaneously capture the premium segment through its department stores and the fast-growing value segment through INTUNE, which caters primarily to aspirational middle-class consumers across Tier-1, Tier-2, and Tier-3 cities. Unlike most competitors who have chosen either a pure premium or pure value strategy, this dual-engine model significantly expands the company’s total addressable market and reduces concentration risk.

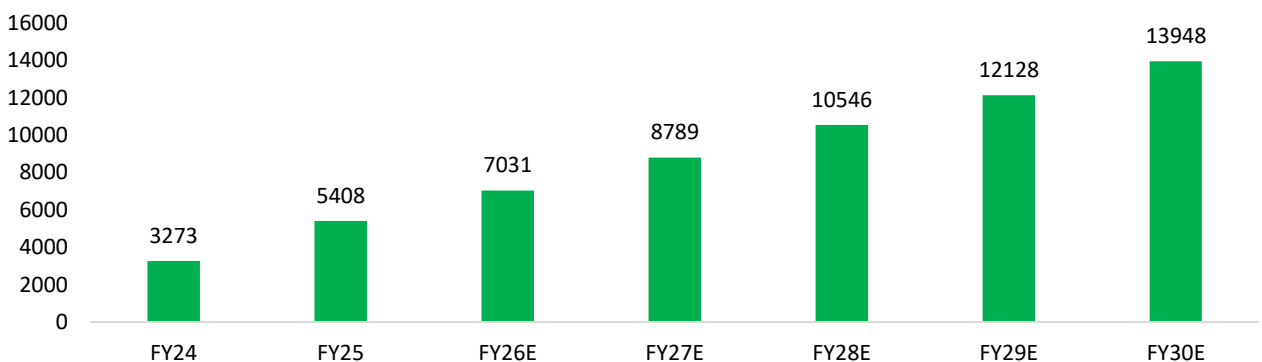
INTUNE stands out due to its fundamentally superior capital efficiency compared to traditional department stores. The format requires only INR 70–80 lakhs of capex per store and INR 40–50 lakhs in working capital, against INR 800–900 lakhs of capex for a department store. With an estimated payback period of 2.5–3.5 years, INTUNE offers a scalable and capital-light model that supports rapid rollout while delivering strong returns on capital.

On average, Intune stores are 5,000 sq. ft. in size. Sales per square foot vary by format mall stores are typically larger at around 10,000 sq. ft. and deliver higher productivity, while individual/standalone stores are smaller and generate lower sales per square foot. As a result, mall stores enjoy a significantly faster payback period compared to standalone outlets.

INTUNE, Shoppers Stop’s value-fashion format, distinguishes itself through affordable premiumization by offering superior quality and contemporary style at the best possible value, rather than competing solely on the lowest prices. As a 100% private brand unlike Zudio or Max, it maintains complete control over design, sourcing, and product development, allowing for frequent, trend-right drops that keep the assortment fresh. Targeting the entire modern Indian family (not just youth), Intune effectively bridges the mass-middle segment gap positioned just below Shoppers Stop’s premium department stores, while leveraging real-time data and omnichannel strengths from the parent ecosystem. With a compact average store size of 5,000 sq. ft. compared to 8,000 sq. ft. for Max and Zudio, it will enjoy better margin benefits, maintain a strong apparel focus, and generate 28-30% of revenue from kids’ wear a high-potential category with limited organized competition.

Capturing the \$80–100 Billion Value Fashion Market

Sales per sq.ft in intune stores (INR) Average



Source: Company Filings & Arihant Capital Research

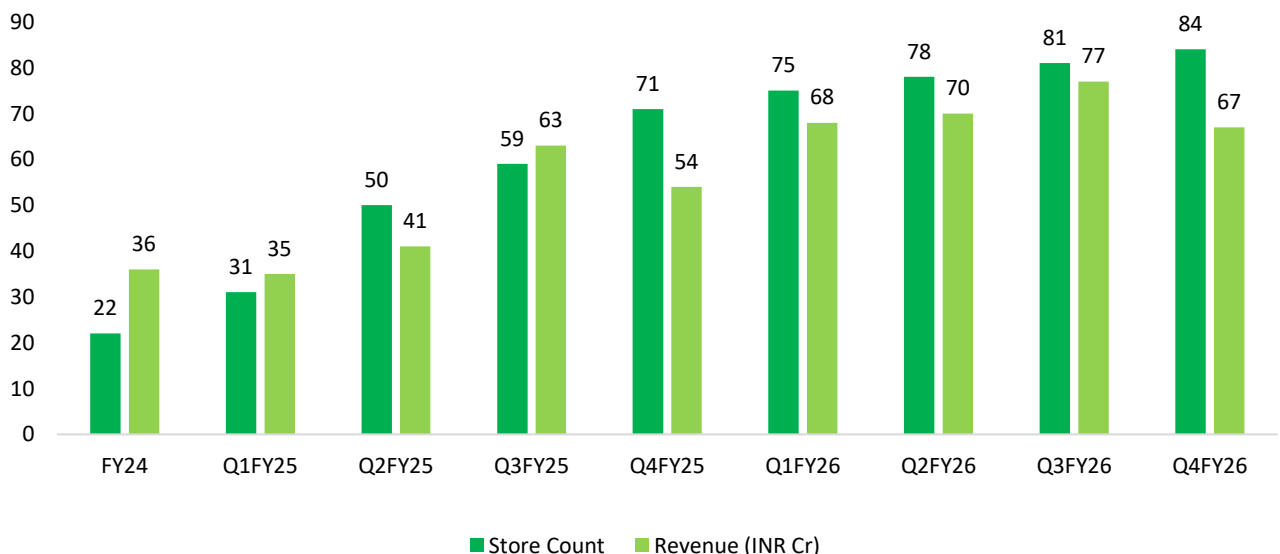
Strategically, Shoppers Stop is accelerating INTUNE's presence in Tier-2 cities such as Jaipur, Visakhapatnam, Vadodara, Guwahati, Patna, and Raipur. These markets benefit from strong demographic tailwinds, including a younger population profile, faster growth in discretionary income, rapid urbanization, and lower e-commerce penetration, which together favor organized physical retail.

This dual-engine strategy meaningfully de-risks the overall business by reducing dependence on affluent metro markets and tapping into the large unorganized value-fashion market (approximately \$100 billion) that is gradually shifting toward organized players. The approach mirrors successful international multi-format models, such as LVMH's portfolio strategy spanning different price points, which typically generate superior long-term returns on capital.

INTUNE is currently in an investment phase. The company closed FY26 with a loss of approximately INR 80 crore, narrowing sharply half in FY27 (including all overheads). Q1 FY27 has been identified as the key inflection point, with EBITDA breakeven targeted during FY27 and overall profitability expected by FY28. To achieve this, the company is executing a focused recovery plan that includes aggressive inventory cleanup (reducing inventory from INR 100 crore to a targeted INR 60 crore by year-end to ensure 100% fresh stock), a shift to weekly product launches for better freshness, rigorous store-by-store profitability reviews, and calibrated expansion (only three new stores planned in Q4 FY26). Unit economics show a capex intensity of around INR 1,600 per sq ft, inventory loading of INR 1,700 per sq ft, and a current conversion rate of approximately 18%. Recent capex has been fully funded through internal accruals, reflecting disciplined capital allocation.

Overall, INTUNE provides Shoppers Stop with a high-potential, capital-efficient growth engine that significantly broadens its market reach while leveraging favorable structural trends in India's evolving retail landscape. Once the current operational refinements are completed, the format is well-positioned to deliver sustainable and profitable growth from FY28 onward.

Intune Store Count and Revenue Growth (FY24- Q4FY26)



Source: Company Filings & Arihant Capital Research

Market Leadership in Premium Beauty and Non-Apparel Segments:

The Beauty Segment: A Transformational Business

Shoppers Stop has established undisputed market leadership in premium beauty retail within India's departmental store sector. The beauty segment is no longer a supporting category; it has become a standalone transformational business and a primary driver of profitability and growth. Key metrics underscore this evolution:

Beauty distribution has grown at a 90% CAGR over the past two years and crossed an INR of 400 crore run rate, positioning Global SS Beauty Brands as India's second-largest premium beauty distributor. With superior per-sq-ft productivity versus apparel, beauty remains the most profitable category by unit economics and contributes 18% of revenues, or 38-40% of non-apparel sales.

Exclusive Global Brand Partnerships

Unlike competitors pursuing mass-market beauty strategies, Shoppers Stop has deliberately positioned itself as the exclusive or preferred retail partner for premium and luxury beauty brands in India.

Shoppers Stop's strategically curated portfolio of key partnerships spans prestige brands like MAC, Estée Lauder, Bobbi Brown, Clinique, and Jo Malone, alongside premium and luxury labels including NARS, Armani Beauty, Prada, Burberry, Gucci, Valentino, Clarins, and Yves Saint Laurent, where superior brand prestige directly correlates with enhanced margins. This exclusivity-driven curation delivers competitive moats through restricted distribution, shielding the retailer from commoditized pricing pressures, enforcing disciplined pricing power, and generating substantial customer traffic as shoppers with limited alternatives for these sought-after brands gravitate to Shoppers Stop outlets, thereby bolstering footfall and overall store anchoring.

Most of the international beauty brands are available.

The company Three E's framework enhances beauty retail productivity through expression of personal identity via prestige products, engagement via immersive in-store experiences, and education through expert beauty advisors, thereby strengthening brand affinity and lifting conversion.

Shoppers Stop's engagement-led beauty model is evidenced by over 200,000 makeovers per quarter, while masterclasses and soirées deepen loyalty and are estimated to lift basket size by 2-3x.

Non-Apparel Diversification: A Strategic Moat

Non-apparel categories (Beauty, Watches, Leather Goods, Sunglasses, Jewelry, Home Décor) now represent 40-42% of total sales a substantially higher proportion than peer departmental stores, where non-apparel typically represents 20-25% of sales. This diversification creates multiple strategic advantages:

Non-apparel, particularly beauty and luxury accessories, delivers materially higher GMROF than apparel, supported by stronger inventory turns, SOR/ROR-led sourcing, and lower space intensity. The category also benefits from strong cross-sell into apparel customers, lifting basket size and ATV.

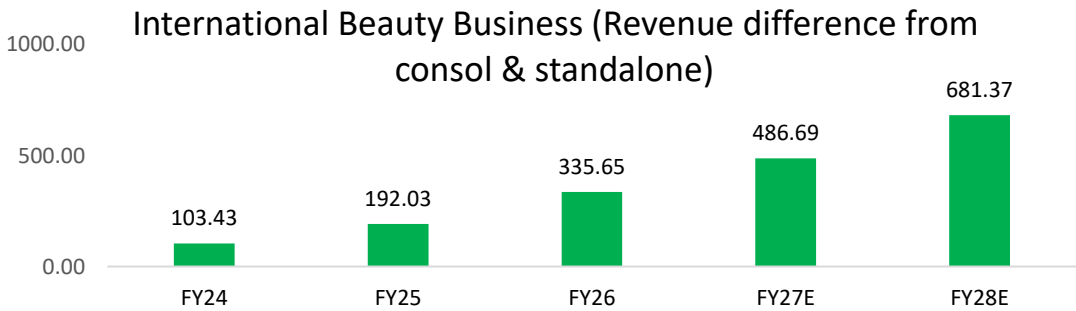
Watches and accessories command high ASPs, typically INR 15,000-75,000, and benefit from strong brand loyalty, repeat purchase potential, and festive/gifting-led demand.

Watches and premium accessories are emerging growth drivers for Shoppers Stop, supported by an expanded portfolio including AIGNER, BOSS, CERRUTI 1881, and TITAN in watches, alongside DOLCE & GABBANA, Jimmy Choo, and Versace in sunglasses. Watches contribute 10% of total revenue, underscoring the category’s growing relevance in the overall mix.

Global SS Beauty Brands Limited marks a strategic inflection for Shoppers Stop by positioning the company not just as a retailer, but also as a distributor of premium beauty brands across other retail channels, creating wholesale revenue streams, leveraging existing brand relationships built for its retail business, and diversifying the model beyond departmental store footfall to provide greater revenue stability through wholesale partnerships.

The 90% YoY growth trajectory of the distribution business suggests that wholesale beauty distribution could represent 35-40% of total beauty revenues by FY27–FY28, creating a meaningful incremental earnings stream.

Personal shoppers, which contribute 27% of total sales, help drive Average Transaction Values that are about 3x higher than normal by curating complete looks that combine premium apparel with high-end beauty products and non-apparel accessories such as jewelry and watches, while this synergy is further amplified through the SSBeauty.in app and core Shoppers Stop digital platforms, which blend online and offline experiences through virtual try-ons and personalized recommendations to drive consumption across beauty and premium lifestyle accessories.



The margin on international beauty brand distribution is **highly profitable**, specifically benefiting from a significant "multiplier" between import prices and final consumer sales prices



Source: Company Filings & Arihant Capital Research

Company Overview

Shoppers Stop Limited, founded in 1991 under the K. Raheja Corp Group, holds a pioneering position in India's organized premium retail landscape, specializing in multi-brand department stores that focus on fashion, beauty, accessories, and lifestyle products. As of FY25, the company operates an expansive network spread across 113 department stores, the Company also operates 12 premium home concept stores, 73 Specialty Beauty stores of M.A.C, Estée Lauder, Bobbi Brown, Clinique, Jo Malone, NARS, ARMANI beauty, PRADA BEAUTY and SS Beauty, 84 Intune stores and 13 Airport doors, occupying area of 4.5 M sq. ft. This scale positions company as one of the largest offline beauty retailers in India, curating over 800 premium brands while leveraging in-house labels for margin accretion, amid a FY25 beauty segment topline of INR 1,095 crore (up 11% YoY including distribution) and First Citizen loyalty program driving 84% of sales from 13.5 million members.

Corporate History and Strategic Evolution

Since its inception as a trailblazer in organized department store retailing, the company has undergone a deliberate transformation from transactional outlets to experiential lifestyle destinations, anchored by a premiumisation thesis that permeates store design, assortment curation, and customer interactions. Key inflection points include aggressive network buildout into Tier 2/3 markets via tailored formats like INTUNE and expansion of standalone SS Beauty stores and luxury beauty boutique rollouts (e.g., 1 Prada Beauty and 4 Armani and 2 Nars Beauty boutiques), proprietary JOYOLOGY skincare launch, and in-house brand revitalization (Kashish, Bandeya for ethnic/kid's category; Fratini for Women's Western and STOP with new formalwear lines). Recent flagship renovations at Malad Inorbit Mall and Juhu exemplify this shift, incorporating state-of-the-art digital fixtures, grandeur facades, coffee lounges, gaming zones, kids' play areas, and ample seating to elevate dwell time and conversion. The company's competitive edge stems from its over-indexing in premium segments relative to multi-brand peers, fostering higher ASPs, loyalty, and ROIC in a market where organized retail penetration hovers below 15% but targets \$1,728 billion by 2029 (9% CAGR from 2020).

Shoppers Stop maintains four wholly owned subsidiaries, all incorporated and operating in India. Global SS Beauty Brands Limited (formerly Upasna Trading Limited) is the key material subsidiary, managing wholesale/retail distribution of premium international beauty brands across 565+ points of sale as the national importer. Shoppers' Stop.Com (India) Limited drives digital retail expansion, while Shoppers Stop Brands (India) Limited (formerly Shopper's Stop Services) and Gateway Multichannel Retail (India) Limited remain non-operational, with the latter's catalogue business discontinued.

Retail Network and Omnichannel Footprint

The company multi-format optimizes coverage across premium, value, and convenience touchpoints: Spread across 110 department stores, the Company also operates 11 premium home concept stores, 79 Specialty Beauty stores of M.A.C, Estée Lauder, Bobbi Brown, Clinique, Jo Malone, NARS, ARMANI beauty, PRADA BEAUTY and SS Beauty, 81 Intune stores and 20 Airport doors, occupying area of 4.4 M sq. ft. Physical backbone integrates with a robust omnichannel layer, AI-driven personalization, real-time inventory visibility, click-and-collect (BOPIS), endless aisle, hyperlocal delivery, unified checkouts, virtual try-ons, and conversational commerce, capitalizing on India's digital surge where e-commerce claims 20% of retail sales and UPI transactions project tripling to 439 billion by 2029.

Category Deep-Dive and Performance Metrics

Beauty emerges as SSL's crown jewel, outpacing the broader \$20-34 billion Indian BPC market (10-11% CAGR to 2028, propelled by Gen Z/young millennials at 53% of consumers embracing skincare trends, social media influence, and non-metro per capita spend uplift). FY25 category sales hit INR 1,095 crore (+11% YoY), bolstered by distribution almost doubling; the 100% subsidiary Global SS Beauty Brands Limited (GSSBL) achieved INR 236 crore non-GAAP YTD (100% YoY growth, profitable) across 565+ points-of-sale with 27 retailer partners in quick commerce and pharmacies. Differentiators include experiential activations like makeovers, masterclasses, Beauty Soirees, Glamfluencer real-time tutorials/influencer collaborations, and themed IPs (Gifts of Love, India Weds, ShowStoppers) that drive festive uplift and loyalty; recent wins encompass ARMAF, Valentino, YSL, Versace, Michael Kors, Moschino signings alongside Prada/Armani expansions.

Fashion and apparel strategy aligns with the \$17.24-24.35 billion market (9.02% CAGR to 2029), driven by rising middle-class aspirations, urbanisation, brand consciousness, and ethical shifts. SSL amplifies private labels for exclusivity and superior margins—Kashish/Bandeya filling ethnic/kids category voids with first-time customer traction across physical/digital channels; Fratini and STOP enhanced by waistcoat/blazer formalwear introductions—while deepening ties with marquee partners like Armani Exchange, True Religion, Guess, Gant, House of Fett, Elle, and Calvin Klein. Emphasis on trend-right assortments, exclusive collections, refined merchandising, and personalized services caters to diverse style profiles, fostering deeper engagement in a premiumising landscape favoring quality over price.

Non-apparel categories balance volume and margins within the \$113.7 billion accessories market (6% CAGR to 2029), tapping gifting culture and luxury statements: standout performers include Guess handbags; expanded watches lineup (Cerruti 1881, Aigner, Titan limited editions, Swarovski, Michael Kors); footwear additions (New Balance, Ecco, Vizzano); plus, sunglasses, fine jewelry via dedicated zones, styling services, and targeted marketing for enhanced in-store journeys.

High-touch levers like Personal Shoppers, customer service lounges, and QR-code native-language feedback (instant AI translation/analysis for actionable insights) address key consumer shifts: experience prioritization by younger cohorts, hyper-personalization via AI/data analytics, support for homegrown/sustainable brands, women's influence across categories, Gen Z/millennial premiumisation in Tier 2/3, and omnichannel seamlessness (live consultations, same-day delivery).

Industry Overview

India's Retail Industry Overview

India's retail industry remains a pivotal driver of economic expansion, contributing over 10% to GDP and employing approximately 8% of the workforce. As one of the world's fastest-growing consumer markets, the sector is underpinned by favourable demographics, a young population, an expanding middle class, rapid urbanisation, and deepening digital adoption. Private consumption has nearly doubled since 2013, reaching approximately US\$2.1 trillion in 2024 with a 7.2% CAGR, outperforming peers such as the US, China, and Germany.

Market Size and Projections

The total Indian retail market was valued in the range of US\$952–1,060 billion in 2024, with consensus forecasts pointing to robust growth at a 9–10% CAGR. Projections indicate the market could reach US\$1.6–1.93 trillion by 2030, positioning India as the third-largest global retail market. Organized retail, currently around US\$132–156 billion, is outpacing the broader sector and is expected to expand to US\$230–328 billion by 2030, capturing over 35% market share as consumers shift toward branded and formal formats.

E-commerce serves as a primary growth catalyst, representing 7–10% of total retail (~US\$75–125 billion) in 2024. It is forecast to grow at 15–20%+ CAGR, potentially reaching US\$260–345 billion by 2030, driven by UPI's dominance (83% of digital transactions), quick commerce expansion, and deeper penetration into Tier II/III cities. India ranks third globally in e-retail shoppers, with over 270 million online users in 2024.

Global Context

In global context, the worldwide retail market is projected at US\$35.2 trillion in 2025, growing to ~US\$50.8 trillion by 2030 at a 7.65% CAGR. Asia, led by India and China, delivers the strongest volume growth on the back of youthful demographics and technology adoption. Supportive policies, including 2025 budget measures enhancing disposable incomes for 25–30 million taxpayers, further bolster India's trajectory.

Metric / Market	2024/2025 (US\$)	2030 Projection (US\$)	CAGR
Worldwide Retail Market	\$35.2 Tn (2025)	\$50.8 Tn	7.65%
India — Total Retail	\$1.0 Tn (2024)	\$1.6–1.93 Tn	9–10%
India — Organized Retail	\$132-156 Bn (2024)	\$230–328 Bn	~12%
India — E-commerce	\$75-125 Bn (2024)	\$260–345 Bn	15–20%+
India Private Consumption	\$2.1 Tn (2024)	—	7.2% (2013–24)

Source: Company Filings & Arihant Capital Research, Ibef

Key Sub-Sectors

India's Fashion Market - India's fashion market is poised for strong expansion, with revenues projected at US\$17.24 billion in 2025, growing to US\$24.35 billion by 2029 at a 9.02% CAGR. Key drivers include rising disposable incomes, an expanding middle class, rapid urbanisation, and shifting consumer preferences toward branded, high-quality lifestyle products.

The sector is experiencing a clear shift toward organised retail and premiumisation, with consumers increasingly brand-conscious and prioritising variety, quality, and exclusivity. Ethical and sustainable fashion is also gaining traction, influencing brand strategies and purchase decisions. Growth is further supported by mall expansions and experiential retail formats that enhance customer engagement.

Aligning with these trends, Shoppers Stop is strategically strengthening its fashion portfolio through scaled private labels (KASHISH, FRATINI, STOP—including new formalwear like waistcoats and blazers) and deepened partnerships with premium international and national brands such as Armani Exchange, True Religion, GUESS, GANT, House of Fett, ELLE, and Calvin Klein.

Overall, India's fashion industry is set for sustained growth, innovation, and elevated consumer aspiration.

Beauty & Personal Care - India's Beauty & Personal Care market is on a high-growth trajectory, expanding from ~US\$20–33 billion currently to US\$34 billion by 2028 at a 10–11% CAGR—the fastest globally. Momentum is led by premiumisation, rising consumer awareness, sophisticated routines influenced by social media, and demand for ingredient-focused, high-efficacy products.

Gen Z and young millennials (53% of the base) are the primary drivers, adopting advanced skincare early and propelling prestige/masstige segments. Non-metro markets are emerging as key growth engines, with accelerating per capita spend and deeper offline/online penetration.

Aligning with these trends, Shoppers Stop has materially strengthened its premium/luxury beauty positioning. The category delivered INR 1,095 crores in sales (including distribution), up 11% YoY, with the distribution arm doubling revenues. Portfolio expansion includes marquee global brands (M·A·C, Estée Lauder, Bobbi Brown, Clinique, Jo Malone, Prada Beauty, Armani Beauty boutiques, NARS, Clarins, Dior, YSL, Valentino) and the launch of exclusive skincare line JOYOLOGY.

Accessories (incl. Jewelry & Watches) - India's accessories market (encompassing watches, jewelry, bags, luggage, and related items) is projected to exhibit moderate expansion, with consensus estimates indicating a market volume in the range of US\$110–140 billion in 2025 and a ~6% CAGR through 2029 (per Statista and aligned sources). Growth is underpinned by evolving fashion trends, a robust gifting culture, rising luxury aspiration, and increasing demand for statement and branded pieces.

Category	CAGR (%)	Market Size 2025	Period
Fashion	9.0%	\$17.2 Bn	2025–2029
Beauty & Personal Care	10.5%	\$20–33 Bn	To 2028
Accessories	6.0%	\$110–140 Bn	Through 2029

Source: Company Filings & Arihant Capital Research

Watches and jewelry dominate the segment, accounting for the bulk (~US\$95–100 billion), driven by cultural affinity for gold/precious items and premium timepieces. Other categories, including handbags, luggage, and footwear accessories, benefit from urban lifestyle shifts. While brick-and-mortar retains primacy, e-commerce is accelerating penetration, enabling broader access to premium and trend-driven offerings.

Underpinning these dynamics is India's broader premiumisation trend, fueled by decades of economic transformation, expanding middle-class affluence, and heightened aspirational consumption—shifting preferences toward high-quality, branded alternatives over basic options.

Shoppers Stop is capitalising on this momentum by bolstering its premium accessories portfolio across luxury watches, sunglasses, handbags, footwear, and fine jewelry. Key launches include GUESS handbags (strong performance) and expanded watch assortments featuring Cerruti 1881, Aigner, limited-edition Titan, Swarovski, and Michael Kors, with emphasis on exclusive collections. Footwear additions comprise New Balance, ECCO, and Vizzano.

Enhancements include dedicated accessory zones, personal styling services, exclusive brand partnerships, targeted marketing, and optimised in-store experiences to drive customer preference in the competitive premium space.

Operating Environment and Trends

The sector exhibits cautious optimism amid easing inflation and stabilising rates, though urban caution persists due to prior geopolitical/inflationary pressures. Premiumisation dominates rising ASPs and items per transaction reflect aspirational shifts, with prestige beauty and luxury.

Other trends include:

- Private labels gaining traction (52% consumer adoption in 2025).
 - Omni-channel integration.
 - Sustainability/ethical fashion.
 - Experience-driven retail (e.g., >70% prefer participatory entertainment in malls).
- Seasonality remains pronounced, with Q3 (festive/wedding) driving peak demand, while value fashion moderates' post-rapid growth.

Growth Drivers: By 2030, India's per capita income is projected to exceed US\$4,000, with the number of middle-income households reaching approximately 158 million. Digital and credit penetration is rapidly expanding, driven by a surge in UPI and other digital transactions, while unsecured retail loans now account for about 25% of the overall loan portfolio. Infrastructure development is accelerating, with 16.6 million square feet of new mall space expected by 2026 and the e-warehousing sector forecasted to grow to US\$35.6 billion by 2033. These trends are further supported by favorable government policies, including free trade agreements (such as the India-UK deal that lowers duties on cosmetics), liberalization of foreign direct investment, and various initiatives aimed at stimulating consumption.

Competitive Peer Analysis

Shoppers Stop operates in India's dynamic organized retail sector, positioning itself as a "bridge to luxury" player. This differentiates it from peers across department stores, value fashion (via its INTUNE vertical), and beauty/speciality segments.

The company highlights a premium product mix (70% premium products), higher non-apparel contribution (40-42%), elevated ASP (>INR 2,000), and a flexible "Modified Sale or Return" inventory model (INR 1,300-1,400 crore exposure) as key edges over competitors chasing mass-market volumes.

In India's retail market, peers like Lifestyle and Zudio navigate shallow value waters to drive volume. Shoppers Stop is sailing deeper into premium, prioritizing curated luxury experiences over discounting.

Departmental Store Peers

These form the core competition in multi-brand retail, where Shoppers Stop emphasizes, global premium brands over value own-label expansion.

- Lifestyle: Closest peer; shifting toward value via private labels, contrasting Shoppers Stop's premium elevation.
- Reliance Retail: Aggressive acquirer of international brands; Shoppers Stop benefits from a strong partnership with Reliance Brands for in-store stocking.
- Tata/Trent: Broad retail presence across formats, intensifying overall competitive pressures.

Value Fashion Peers (INTUNE Vertical)

INTUNE targets the crowded \$80-100 billion value fashion market, facing scaled leaders with rapid store expansions and SSS growth.

- Zudio (Trent): Market leader; surpassed INR 10,000 crore revenue through aggressive scaling.
- Max and Pantaloons: Key players in mid-value segment.
- V-Mart: Resilient with steady SSS growth.
- Localized Players: Regional chains like Kolkata Bazar, Vishal Mega Mart, and Style Baazar.

Beauty and Speciality Peers

Shoppers Stop focuses on prestige/luxury beauty, avoiding mass online/value overlap while competing for footfalls.

- Nykaa: Dominant online beauty player; Shoppers Stop targets "best luxury" vs. Nykaa's mass/value focus.
- Tira: Offers similar global beauty brands.
- DMart: Anchors footfalls in Tier 3/4 cities.
- Standalone Brand Stores: In performance/sports footwear—Skechers, Nike, Puma, Adidas, Asics—operate exclusives alongside Shoppers Stop multi-brand availability.

Segment	Key Peers	Shoppers Stop Differentiator
Departmental	Lifestyle, Reliance Retail, Trent	Premium global brands vs. value private labels
Value Fashion	Zudio, Max, Pantaloons, V-Mart	Niche entry vs. scaled mass leaders
Beauty/Speciality	Nykaa, Tira, DMart, Brand Standalone	Prestige/luxury focus + offline "touch & feel"

Source: Company Filings & Arihant Capital Research

Peer Financials

Company (FY25) (6th April 2026)	CMP (INR)	Market Cap (INR Cr)	Revenue (INR Cr)	EBITDA (INR Cr)	EBITDA Mar (%)	PAT (INR Cr)	PAT Mar (%)	ROE (%)	ROCE (%)	PE(x)	EPS (INR)	D/E
Shoppers Stop Ltd	301	3,315	4,628	708	15.3%	10.9	0.24%	3.4%	6.9%	299	0.99	1.06
Aditya Birla Fashion & Retail Ltd	59	7,200	7,351	-179	-2.4%	-625		-5.5%	-2.0%	-	-3.08	0.21
Aditya Birla Lifestyle Brands Ltd	103	12523	7830	647	8.3%	168						
Trent Ltd	3,788	1,34,807	17,135	2,820	16.5%	1,534	8.95%	28.3%	29.1%	122	43.51	0.09
Avenue Supermarts Ltd	4,480	2,91,684	59,358	4,495	7.6%	2,707	4.56%	12.6%	16.9%	98	41.62	0.00
Vishal Mega Mart	112	52,502	10,716	1,564	14.6%	632	5.90%	9.9%	13.4%	76	1.37	0.00
V-Mart Retail Ltd	600	4,920	3,254	380	11.7%	46	1.41%	5.7%	13.8%	126	5.78	0.18
V2 Retail Ltd	193	7,069	1,884	260	13.8%	72	3.82%	20.8%	16.5%	82	2.08	0.33

Key Risks

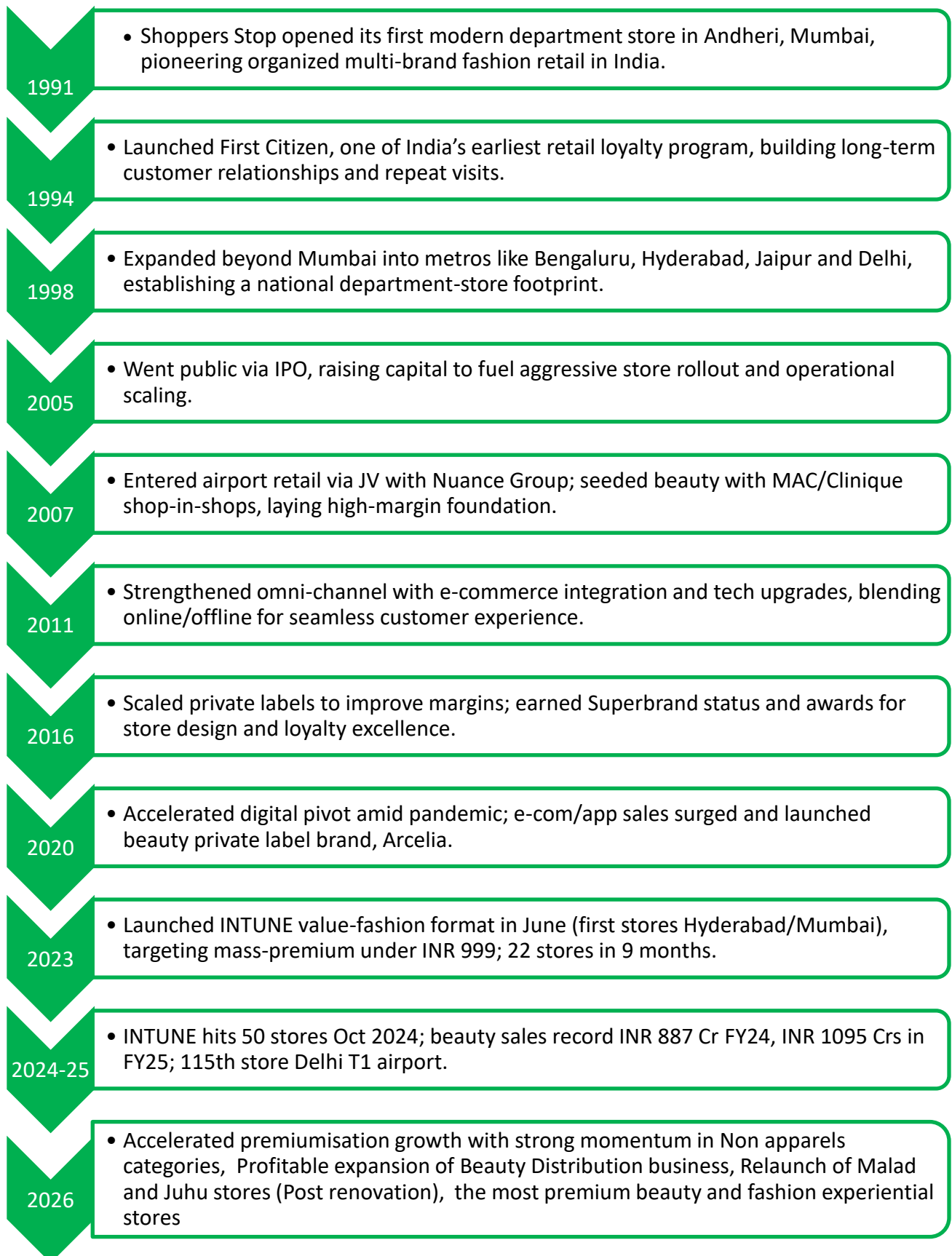
- **Macroeconomic Risk:** Exposure to global uncertainties, inflation, interest rate volatility, fluctuating discretionary spending, and wedding season variability could dampen demand and profitability; mitigated via lean agile operations, dynamic inventory/pricing adjustments, balanced premium-value portfolio, strong financial controls, and multi-category diversification.
- **Competitive Intensity Risk:** Escalating competition from global brands, domestic players, and digital disruptors threatens market share and margins; countered by premium differentiation through curated brands, design innovation, superior store experiences, value segment private label refinement, Tier 2/3 market expansion, and digital platform scaling.
- **Consumer Trend Volatility Risk:** Rapid fashion preference shifts risk inventory obsolescence and relevance loss; addressed through enhanced trend forecasting, accelerated design cycles, frequent product drops, and real-time cross-channel analytics driving merchandising decisions.
- **Real Estate Availability and Cost Escalation Risk:** Challenges in securing prime locations at viable rents and rising lease costs pressure expansion and margins; handled through long-term leases with escalation clauses and rigorous performance-based decisions on renewals, relocations, or closures.

Key Personnel

Name & Designation	Description
Mr. B. S. Nagesh <i>Former Chairman</i>	Mr. B. S. Nagesh founded TRRAIN to empower retail sector individuals, embodying his 'Learn, Earn and Return' philosophy after serving as Shoppers Stop's first employee and MD since 1991. He stepped down after an extraordinary journey of 34 years at Shoppers Stop.
Mr. Neel C. Raheja <i>Non-Executive Director</i>	Mr. Neel C. Raheja, Group President of K Raheja Corp (Shoppers Stop, Chalet Hotels, Mindspace REIT), pioneered India's malls and organised retail, forged global partnerships (Blackstone, GIC, JP Morgan)
Mr. Ravi C. Raheja <i>Non-Executive Director</i>	Mr. Ravi C. Raheja leads K Raheja Corp, India's top real estate group (Shoppers Stop, Chalet Hotels, Mindspace REIT), with build-and-hold strategies, global partnerships, green initiatives, and EY Entrepreneur 2020.
Mr. Nirvik Singh <i>Chairman and Non-Executive Director</i>	Mr. Nirvik Singh has over 35 years of leadership experience in global marketing, having served as Global COO & President (International Markets) at Grey Group. He currently serves on the boards of Gulf Oil Lubricants India Ltd and S4 Capital PLC.
Mr. Kavindra Mishra <i>Managing Director & CEO</i>	Mr. Kavindra Mishra (Kavi) has over 26 years of experience in retail and brand leadership and currently serves as Managing Director & CEO of Shoppers Stop. He has previously led Pepe Jeans India and House of Anita Dongre and was recognized with the Economic Times Inspiring CEO Award in 2022.
Mr. Mahesh Chhabria <i>Independent & Non-Executive Director</i>	Mr. Mahesh Chhabria is a Chartered Accountant with over three decades of experience in financial services, having held senior leadership roles in private equity, investment banking, and as Managing Director of Kirloskar Industries Limited.
Mr. Arun Sirdeshmukh <i>Independent & Non-Executive Director</i>	Mr. Arun Sirdeshmukh has over 25 years of experience in India's fashion and retail industry, having led major brands and businesses at Reliance Retail, Amazon Fashion, and Ola Electric, and currently serves as an Independent Director at Shoppers Stop Limited.
Ms. Smita Jatia <i>Independent & Non-Executive Director</i>	Ms. Smita Jatia is the Vice Chairperson of Westlife Foodworld Ltd., the master franchisee of McDonald's in West and South India, with over two decades of leadership experience in building the brand and driving growth and serves on the boards of several leading companies.
Ms. Purvi Sheth <i>Independent & Non-Executive Director</i>	Ms. Purvi Sheth is the CEO of Shilputsi Consultants, India's first strategic HR consulting firm, with over 25 years of experience in HR leadership, strategy, and board advisory, and serves on multiple corporate boards.
Mr. Ashish Hemrajani <i>Independent & Non-Executive Director</i>	Mr. Ashish Hemrajani is the Founder & CEO of Big Tree Entertainment, the company behind BookMyShow, India's leading online entertainment platform with international operations across multiple markets.

Source: Company Filings & Arihant Capital Research

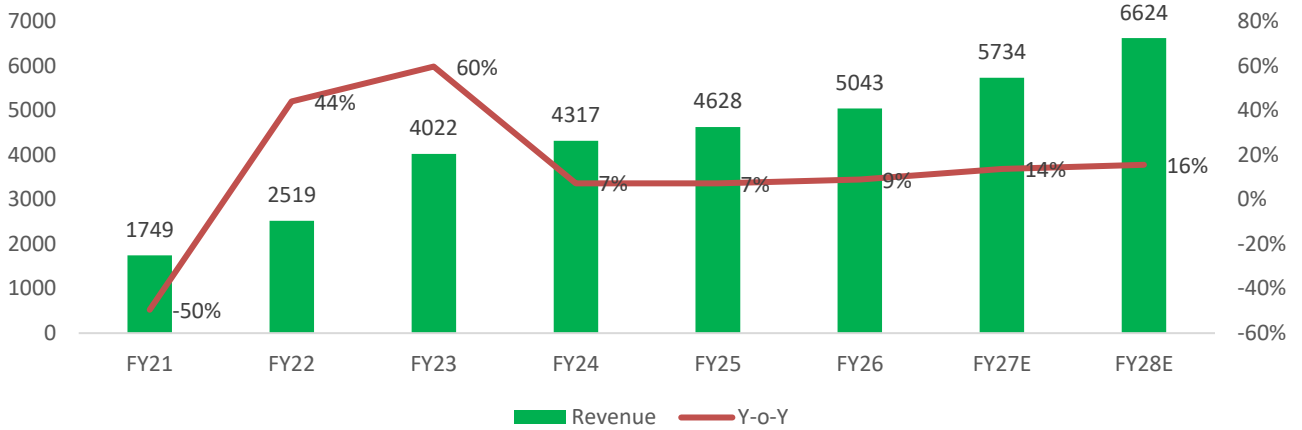
Journey Map



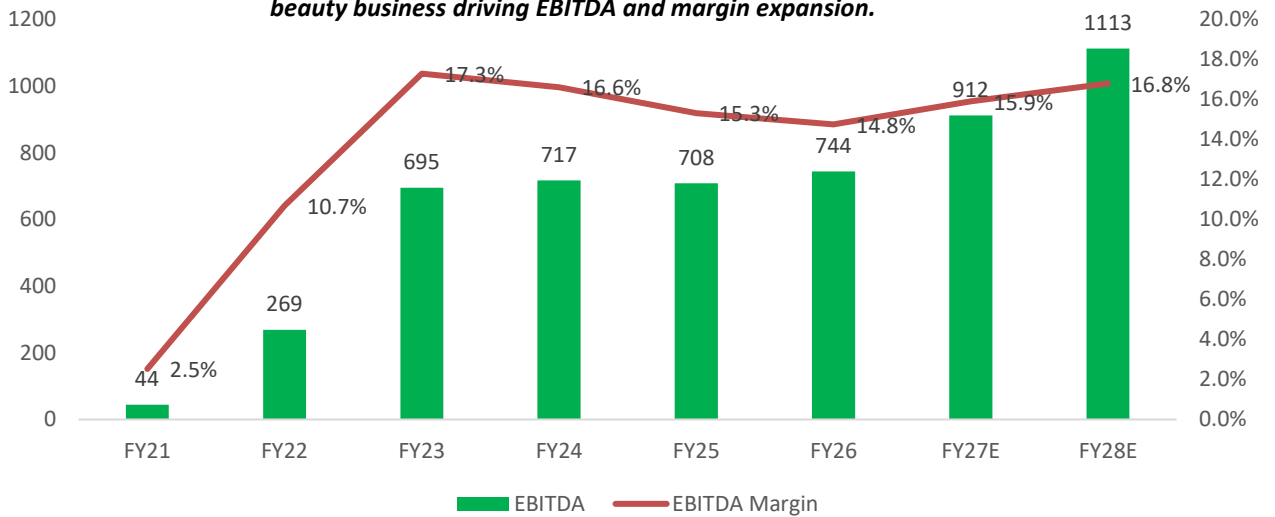
Source: Company Filings & Arihant Capital Research

Story in Chart (Consol Number INR Cr)

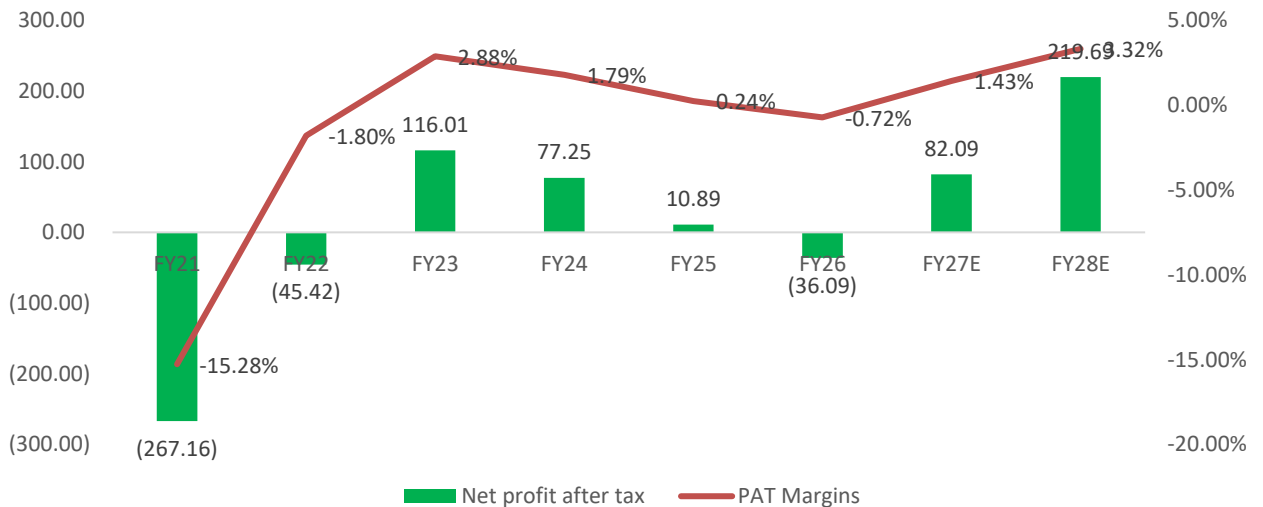
Revenue growth accelerating from 7% in FY25 to 15% by FY28, driven by premiumisation, beauty segment expansion, and INTUNE scale-up.



Better product mix, smaller but more profitable stores, and high-margin beauty business driving EBITDA and margin expansion.



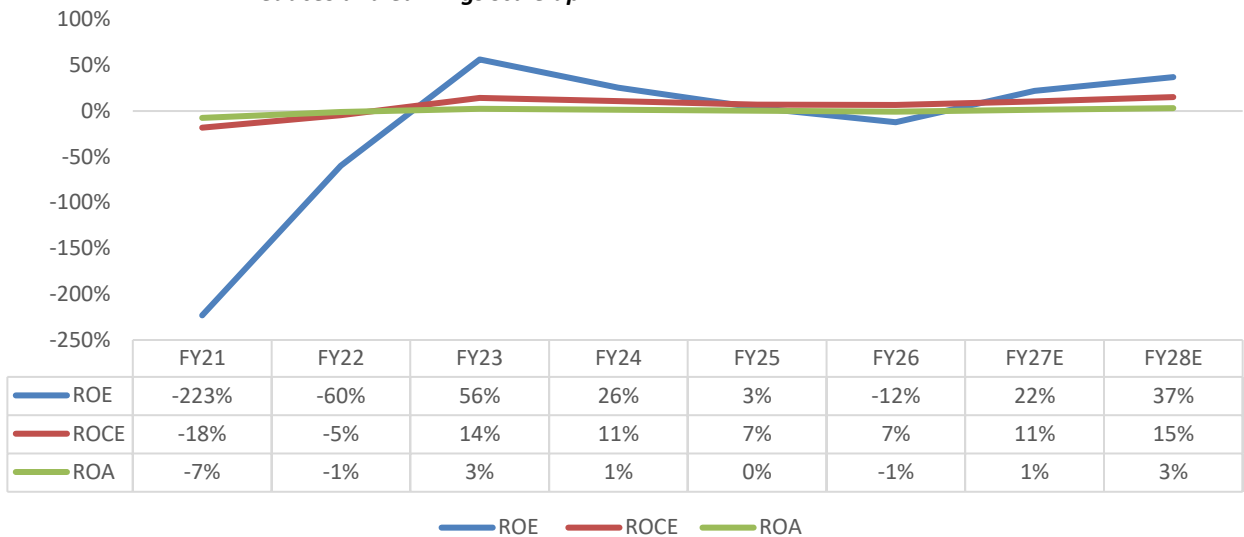
Higher operating profits, declining debt burden, and INTUNE losses narrowing driving sharp PAT recovery and margin expansion.



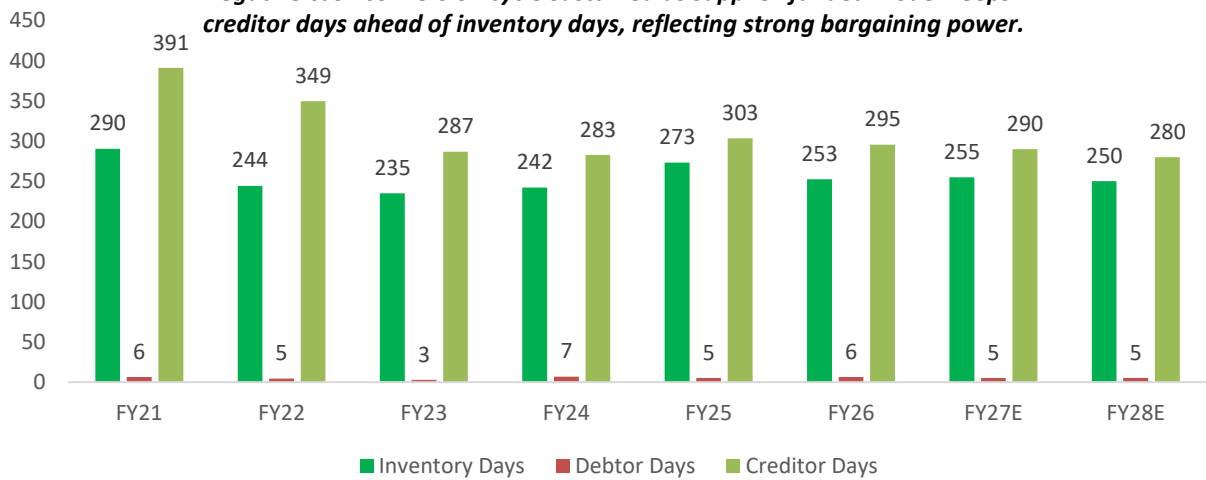
Source: Company Filings & Arihant Capital Research

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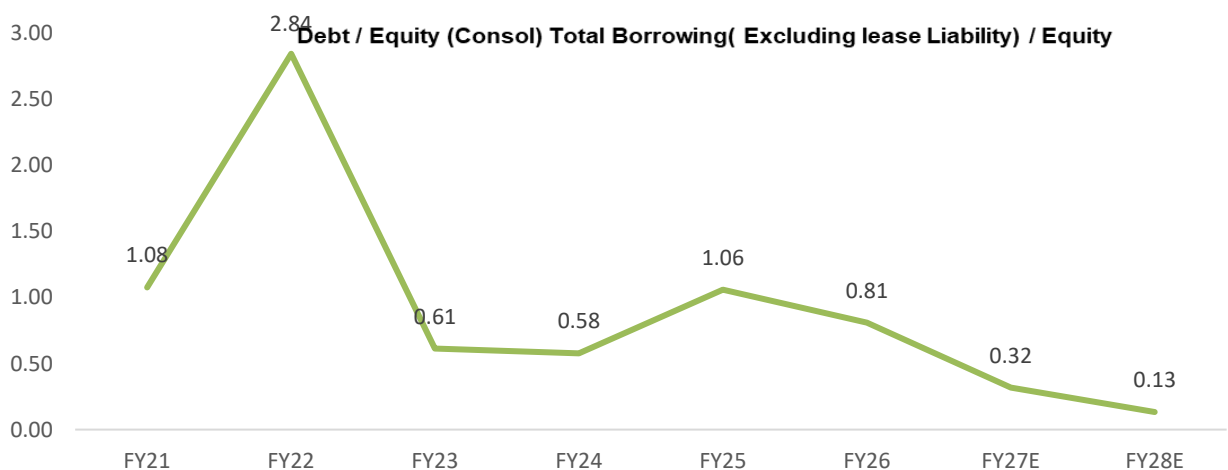
Improving profitability and efficient use of assets and capital as debt reduces and earnings scale up.



Negative cash conversion cycle sustained as supplier-funded model keeps creditor days ahead of inventory days, reflecting strong bargaining power.



Strong free cash flow generation enabling rapid deleveraging, with debt-free balance sheet in sight by FY27.

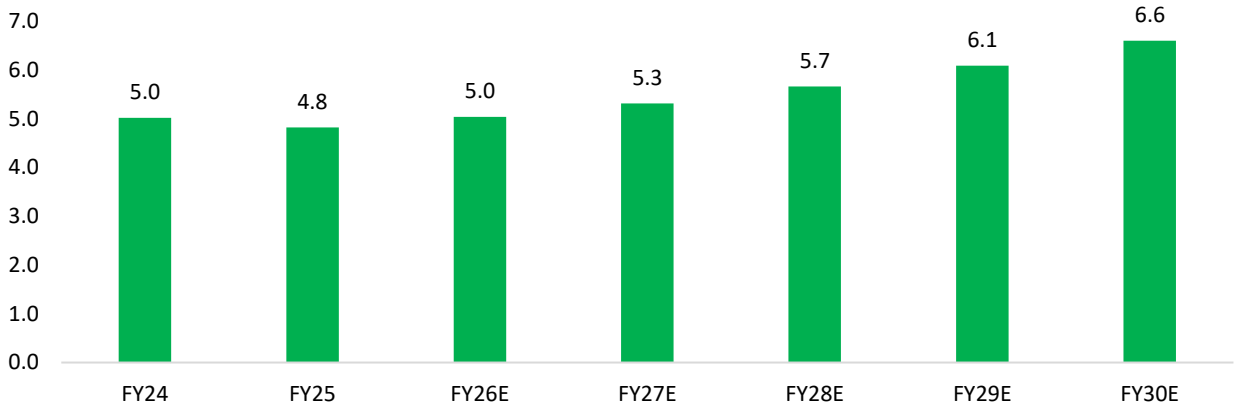


Source: Company Filings & Arianth Capital Research

Story in Chart

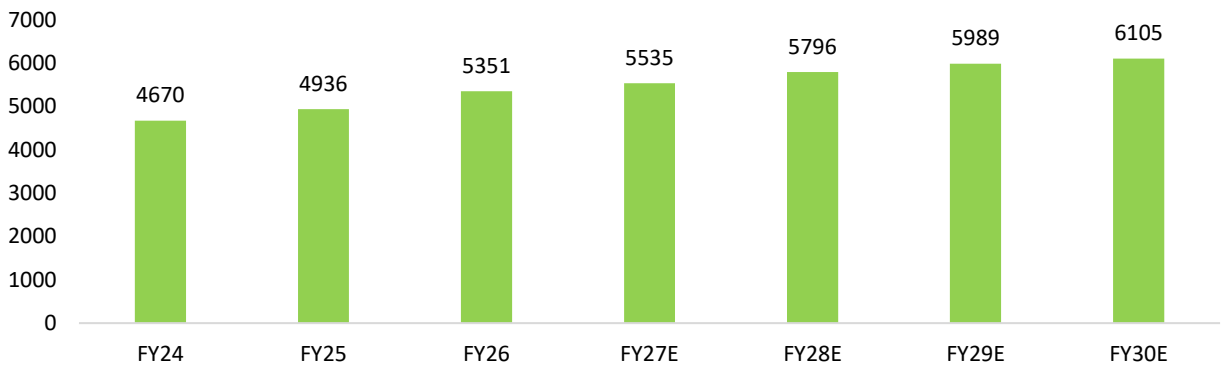
Premiumisation, experiential store upgrades, and Personal Shopper service driving higher repeat visits and deeper customer engagement.

Customer Footfall (Offline) in Departmental Stores (INR Cr)



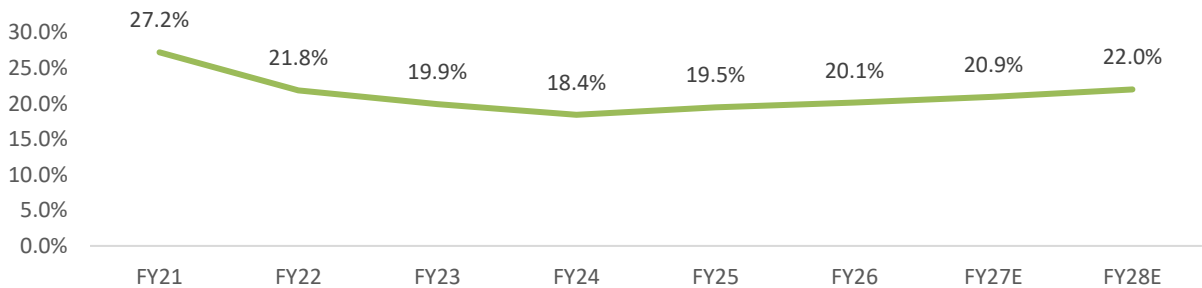
Premium brand additions, Personal Shopper-led cross-selling, and loyalty program upselling driving higher average transaction values.

Transaction Size in Departmental Stores (INR)



Curated assortment, in-store experience enhancements, and AI-driven personalization converting more walk-ins into buyers.

Footfall Convesion % (Expected as per total revenue)



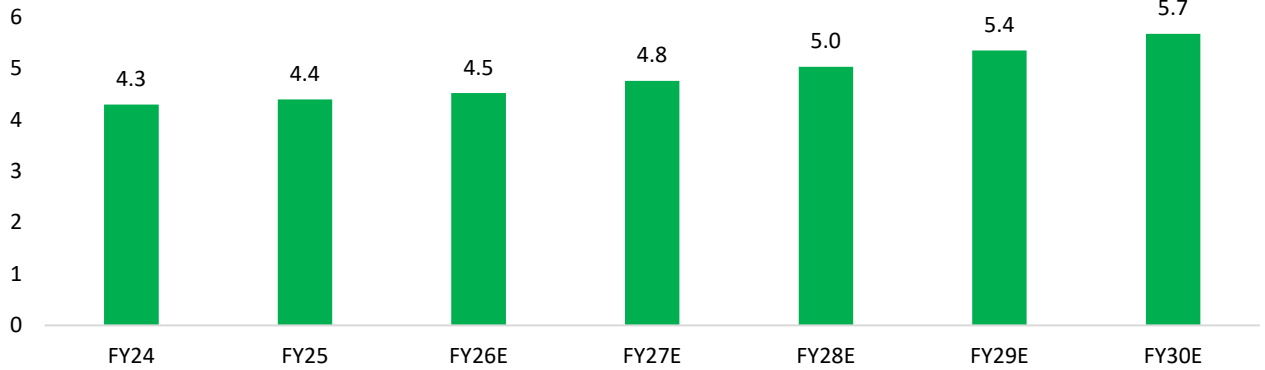
We have come across this footfall conversion as per department footfall and department transaction size with overall revenue as it is highest in all, also as in concall according to management they have told it is around 18%.

Source: Company Filings & Arihant Capital Research

Story in Chart

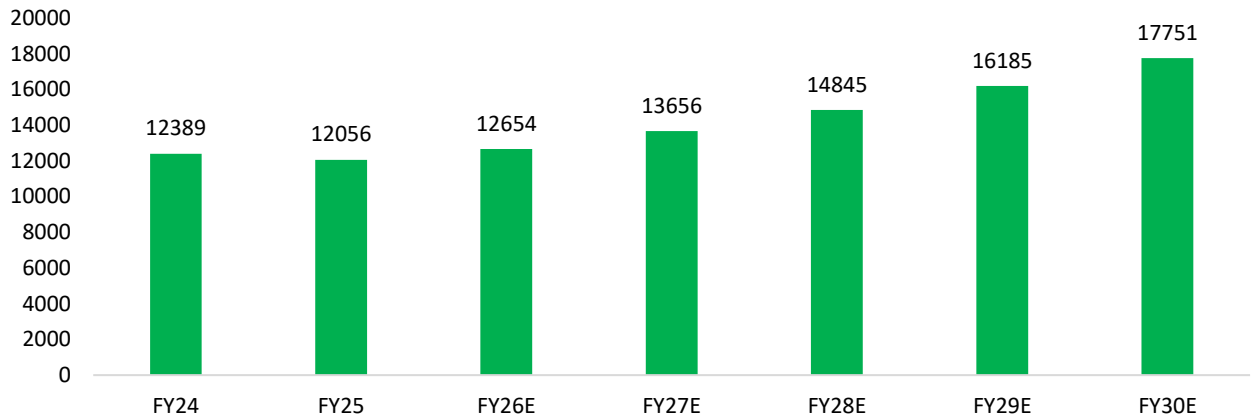
Calibrated store additions across department, INTUNE, and beauty formats steadily expanding total retail footprint.

Total Retail Area (Mn Sq Ft)



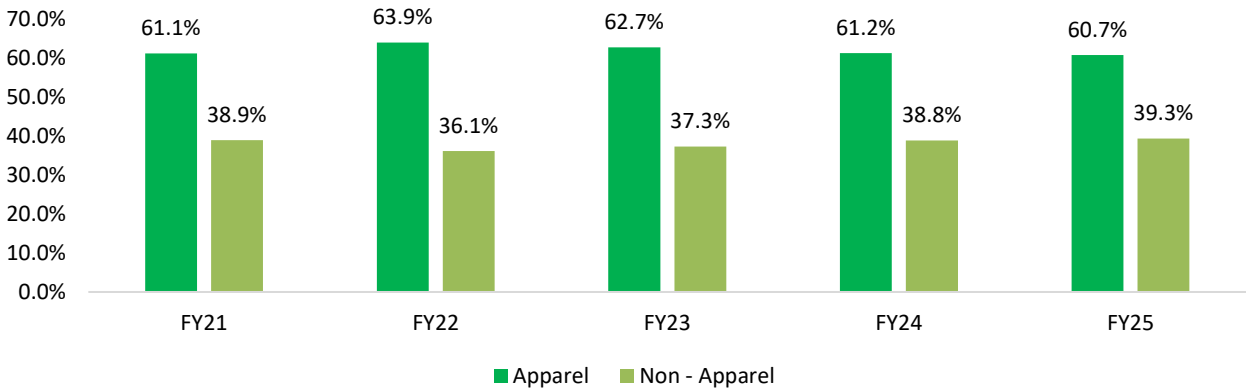
Store optimisation and premium mix shift delivering more revenue from every square foot of retail space.

Sales per sq.ft in departmental stores (INR)



Non-apparel share rising steadily as beauty, watches, and accessories outpace apparel, reflecting deliberate premiumisation beyond fashion.

Segment Breakdown (Department)



Source: Company Filings & Arianth Capital Research

Income Statement INR (Cr)	FY25	FY26	FY27E	FY28E	FY29E
Revenue from Operations	4,627.6	5,043.3	5,733.6	6,623.8	7,790.0
<i>Growth YoY</i>	7.2%	9.0%	13.7%	15.5%	17.6%
COGS	2,727.2	3,034.7	3,417.2	3,888.2	4,518.2
<i>Growth YoY</i>	7.2%	11.3%	12.6%	13.8%	16.2%
Personnel/ Employee benefit expenses	424.9	457.7	516.0	596.1	701.1
<i>Growth YoY</i>	8.1%	7.7%	12.7%	15.5%	17.6%
Manufacturing & Other Expenses	767.2	806.8	888.7	1,026.7	1,207.4
<i>Growth YoY</i>	16%	5%	10%	16%	18%
Lease Rent Expense (dep on right of use assets / int. on lease liability)	580.94	719.80	756.61	778.61	800.61
EBITDA (Pre IND-AS with lease payment)	127.47	24.25	155.02	334.18	562.63
EBITDA Margin (%)	2.8%	0.5%	2.7%	5.0%	7.2%
EBITDA (Post IND AS without lease)	708.4	744.0	911.6	1,112.8	1,363.2
<i>Growth YoY</i>	-1.2%	5.0%	22.5%	22.1%	22.5%
EBITDA Margin (%)	15.3%	14.8%	15.9%	16.8%	17.5%
Depreciation	494.3	540.7	580.4	602.1	624.1
EBIT	214.1	203.3	331.2	510.7	739.1
EBIT Margin (%)	4.6%	4.0%	5.8%	7.7%	9.5%
Interest Expenses	261.2	289.5	273.4	269.6	266.8
Non-operating/ Other income	54.1	52.1	51.7	51.8	52.5
Extraordinary expense	0.0	19.0	0.0	0.0	0.0
PBT	7.0	(53.0)	109.4	292.9	524.8
Tax-Total	(3.9)	(16.9)	27.4	73.2	131.2
PAT	10.9	(36.1)	82.1	219.7	393.6
Adj. Net Profit	10.9	(17.1)	82.1	219.7	393.6
<i>Growth YoY</i>	-87.9%	-257.0%	-580.0%	167.6%	79.2%
PAT Margin	0.2%	-0.3%	1.4%	3.3%	5.1%
Shares o/s paid up equity sh capital	11.0	11.0	11.0	11.0	11.0
Adj EPS (INR)	1.0	(3.3)	7.5	20.0	35.8

Cashflow Statement (INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Net profit after tax	10.9	-36.1	82.1	219.7	393.6
Profit Before WCC	712.3	741.9	884.3	1039.6	1232.0
CFO	661.5	772.3	793.6	979.3	1175.9
CFI	-853.6	-533.6	-233.8	-217.5	-218.8
CFF	194.9	-240.0	-320.4	-269.6	-266.8
Net cash flow	2.8	-1.3	239.3	492.1	690.3
Opening Cash	11.1	14.0	12.7	252.0	744.1
Closing Cash	14.0	12.7	252.0	744.1	1434.4
Capex (According to PPE and Full dep)	529.6	521.7	561.9	585.8	609.8
FCF	131.9	250.6	231.7	393.5	566.1

Balance Sheet (INR Cr)	FY25	FY26	FY27E	FY28E	FY29E
Sources of Funds					
Equity Share Capital	55	55	55	55	55
Reserves & Surplus/ Other Equity	266	236	318	538	931
Networth	321	291	373	593	986
Current Borrowings	550	509	439	399	369
Non-Current Borrowings	2764	2808	2761	2761	2761
Borrowings	3314	3317	3200	3160	3130
Total Funds Employed	3635	3608	3573	3753	4116
Application of Funds					
Gross block	1128	1180	1230	1280	1330
Less: accumulated depreciation	589	660	728	794	859
Net Fixed Assets	540	521	502	486	472
Right of Use Assets	2389	2468	2191	1875	1536
Capital WIP	5	4	4	4	4
Other Financial Assets & Investments	173	150	150	150	150
Goodwill	50	45	45	45	45
Other non current assets	377	393	393	393	393
Current assets	2560	2711	3230	4010	5086
Inventory	2041	2100	2387	2663	3033
Inventory Days	273	253	255	250	245
Debtors	65	87	79	91	107
Debtors Days	5	6	5	5	5
Other Current Assets	440	512	512	512	512
Bank	0	0	0	0	0
Cash	14	13	252	744	1434
Current Liabilities	3009	3192	3381	3609	3938
Creditors	2267	2456	2715	2983	3342
Creditors Days	303	295	290	280	270
Other current liabilities	192	227	227	227	227
Provisions	0.04	0.17	0.17	0.17	0.17
Net Working Capital	-450	-481	-151	401	1148
Total Liabilities and Capital	6095	6291	6515	6962	7685
Total Assets	6095	6291	6515	6962	7685

Key Ratios

Solvency Ratios (X)	FY25	FY26	FY27E	FY28E	FY29E
Debt / Equity	1.06	0.81	0.32	0.13	0.05
Net Debt / Equity	1.02	0.77	-0.36	-1.12	-1.40
Debt / EBITDA	0.48	0.32	0.13	0.07	0.04
Net Debt / EBITDA	0.46	0.30	-0.15	-0.60	-1.02
Debt/ Asset	0.06	0.04	0.02	0.01	0.01
Liquidity Ratios (x)					
Current Ratio	0.85	0.85	0.96	1.11	1.29
Quick Ratio	0.44	0.45	0.48	0.51	0.55
Important Metrics					
Net Debt (includes lease liabilities and excludes investments)	326	223	-133	-665	-1386
FCF	132	251	232	393	566
EV	3573	3573	3573	3573	3573
DuPont Analysis					
Sales/Assets (Asset Turnover)	0.76	0.80	0.88	0.95	1.01
Assets/Equity (Equity Multiplier)	18.97	21.62	17.46	11.74	7.79
Net Profit Margin	0.00	-0.01	0.01	0.03	0.05
RoE	0.03	-0.12	0.22	0.37	0.40
Per share ratios (INR)					
Reported EPS	0.99	-3.28	7.46	19.96	35.76
Adjusted EPS	0.99	-3.28	7.46	19.96	35.76
Dividend	0.00	0.00	0.00	0.00	0.00
BV	29.18	26.43	33.90	53.86	89.62
Cash & Bank	13.97	12.68	252.01	744.12	1434.43
Revenue	420.47	457.98	520.95	601.83	707.79
Profitability ratios					
Gross Profit Margin	41%	40%	40%	41%	42%
EBITDA Margin	15%	15%	16%	17%	18%
EBIT Margin	5%	4%	6%	8%	9%
PAT Margin	0%	-1%	1%	3%	5%
ROE	3%	-12%	22%	37%	40%
ROCE	7%	7%	11%	15%	20%
ROIC	5%	2%	4%	6%	9%
ROA	0%	-1%	1%	3%	5%
Activity ratios					
Inventory Days	273	253	255	250	245
Debtor Days	5	6	5	5	5
Creditor Days	303	295	290	280	270
Days(Cash Cycle)WC Cycle	-25	-37	-30	-25	-20
Valuation ratios (X)					
EV / EBITDA (Pre IND-AS)	28.03	147.35	23.05	10.69	6.35
EV / EBIT	12.74	16.69	17.57	10.79	7.00
EV / Net Sales	0.83	0.77	0.71	0.62	0.54
EPS (INR)	0.99	-3.28	7.46	19.96	35.76
Adj EPS (INR)	0.99	-3.28	7.46	19.96	35.76
CMP	295.00	295.00	295.00	295.00	295.00
P/E	298.14	-90.01	39.55	14.78	8.25
P/B	10.11	11.16	8.70	5.48	3.29

Source: Company Filings & Arianth Capital Research

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Stock Rating Scale

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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