

# Shoppers Stop

Estimate change

TP change

Rating change



|                       |           |
|-----------------------|-----------|
| Bloomberg             | SHOP IN   |
| Equity Shares (m)     | 110       |
| M.Cap.(INRb)/(USD\$)  | 40 / 0.4  |
| 52-Week Range (INR)   | 542 / 267 |
| 1, 6, 12 Rel. Per (%) | -7/28/-21 |
| 12M Avg Val (INR M)   | 92        |

## Financials & Valuations Stand (INR b)

| Y/E March         | FY27E | FY28E | FY29E |
|-------------------|-------|-------|-------|
| Sales             | 55.7  | 61.9  | 68.4  |
| EBITDA            | 2.4   | 2.8   | 3.3   |
| Adj. PAT          | 0.4   | 1.0   | 1.4   |
| EBITDA Margin (%) | 4.2   | 4.6   | 4.9   |
| Adj. EPS (INR)    | 3.7   | 9.1   | 12.5  |
| EPS Gr. (%)       | NA    | NA    | NA    |
| BV/Sh. (INR)      | 39.7  | 51.8  | 68.2  |

## Ratios

|            |      |       |       |
|------------|------|-------|-------|
| Net D:E    | 0.1  | (0.4) | (0.3) |
| RoE (%)    | 10.9 | 13.5  | 13.9  |
| RoCE (%)   | 6.7  | 9.3   | 11.5  |
| Payout (%) | -    | -     | -     |

## Valuations

|                |      |      |      |
|----------------|------|------|------|
| P/E (x)        | 97.9 | 39.7 | 29.2 |
| EV/EBITDA (x)  | 8.6  | 7.7  | 6.9  |
| EV/Sales (x)   | 1.3  | 1.2  | 1.1  |
| Div. Yield (%) | -    | -    | -    |

## Shareholding Pattern (%)

| As On    | Jun-26 | Mar-26 | Jun-25 |
|----------|--------|--------|--------|
| Promoter | 66.1   | 66.1   | 65.5   |
| DII      | 25.7   | 25.4   | 25.5   |
| FII      | 1.9    | 2.1    | 3.1    |
| Others   | 6.3    | 6.4    | 5.9    |

FII includes depository receipts

**CMP: INR363**

**TP: INR410 (+13%)**

**Neutral**

## Strong underlying momentum despite festive shift; outlook strengthens

- Shoppers Stop's (SHOP) profitability continued to recover in 2QFY27, **with pre-IND AS EBITDA up 56% YoY to INR430m and margins up ~90bp to 3.0%**, aided by stable gross margins and strong cost control. PAT turned positive at INR31m (vs. a loss of INR201m YoY).
- Department store LFL growth stood at 2% (6.5% festive-adjusted), with premium mix at a record 73% (+390bp YoY), holding gross margins stable. Festive LFL is tracking at mid-teens. FY27 LFL guidance is maintained at mid-single-digit or higher, while store-opening guidance is raised to 12.
- INTUNE's turnaround is holding up, with festive-adjusted LFL of 6% (vs. 10% in 1Q). Losses should narrow further in 2H on improved productivity and the expansion call to be taken after 3Q.
- GSSBB revenue grew 59% YoY to INR1.68b, while EBITDA nearly doubled to INR90m. New contracts carry similar or higher margins, with the network expanding to 11 boutiques and 614 POS (+42 QoQ).
- SHOP's execution improves, but revenue growth is capped at ~10%, with GSSBB's small base and 10-12 annual store additions limiting upside. Faster INTUNE expansion is the key re-rating trigger, potentially lifting growth.
- We revise estimates to build in 11% revenue CAGR over FY26-29E, aided by 6% area CAGR and productivity gains. Operating leverage should boost pre-Ind AS EBITDA margins by 180bp, supporting 27% EBITDA CAGR.
- Until expansion gains visibility, we retain Neutral rating with a revised TP of INR410, based on 14x Dec'28E pre-Ind AS EV/EBITDA.**

## Healthy growth, operating leverage drive beat

- Consolidated revenue was up 9% YoY at INR13.7b (3% ahead of est), led by GSSBB, even as the festive season shifted largely to 3Q.
- Departmental format revenue grew 4% YoY to INR13.0b, with 2% LFL growth (7% festive-adjusted).
- Premiumization continues to drive growth, with premium sales up 10% YoY and contribution rising to 73% (+390bp YoY). Personal Shopper sales grew 13%, contributing 27% of departmental sales (+200bp YoY).
- GSSBB posted record revenue of INR1.7b (+59% YoY), while Beauty ex-distribution declined ~3% YoY. Beauty (incl. distribution) revenue grew 18% YoY to INR3.7b, led by fragrance (+35% YoY), taking beauty mix to 23%.
- INTUNE revenue stood at INR720m (vs. INR820m QoQ, up 3% YoY) with 6% festive-adjusted LFL growth.
- The company opened 6 stores (4 Departmental, 2 Beauty Boutiques) and 1 MAC SIS, with capex of INR390m.
- Store count: Departmental at 119, Beauty at 73 (22 SSBeauty/Boutiques, 2 SSFragrance, 49 EBOs), INTUNE at 82, Home Stop at 12 and Airport at 3. The total store count stood at 289 stores (vs. 295 at end-FY26), adjusted for closures in Beauty EBOs and INTUNE.

**Avinash Karumanchi** (Avinash.Karumanchi@MotilalOswal.com)

**Aditya Bansal** (Aditya.Bansal@MotilalOswal.com) | **Siddhesh Chaudhari** (Siddhesh.Chaudhari@MotilalOswal.com)

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- Gross profit was up 9% YoY at INR5.3b (3% ahead of est), with gross margins broadly stable at 39.0% (+13bp YoY, in line with est).
- Employee cost grew 3% YoY (4% below est), while other expenses grew 7% YoY.
- EBITDA rose 15% YoY to INR2.0b (9% ahead of est), with margins expanding ~80bp YoY to 14.4%, aided by stable gross margins and tight employee costs.
- Pre-Ind-AS EBITDA grew 56% YoY to INR430m, with margins at 3% (up 90bp YoY).
- Standalone pre-Ind-AS EBITDA stood at INR340m (up 51% YoY), with margins at 2.6% (up ~75bp YoY).
- Depreciation/finance costs were up 5%/3% YoY. EBIT grew 54% YoY to INR559m, with margins up ~120bp YoY to 4.1%.
- Other income rose 141% YoY to INR229m, further aiding profitability.
- Reported PAT stood at INR31m (vs. loss of INR201m YoY and est loss of INR114m). Pre-Ind-AS PAT stood at INR60m (vs. loss of INR70m YoY).

### Balance sheet and cash flows

- Core WC stood at (-)16 days vs. (-)20 days in FY26, as inventory days rose by five QoQ to 157 (inventory up 8% to INR22.8b on festive stocking). This was partly offset by payable days rising to 182 (vs. 178 in FY26).
- OCF (ex-lease) stood at INR192m (vs. INR705m YoY) owing to WC outflow of INR544m (vs. inflow of INR272m in 1HFY26).
- With capex flat YoY at INR777m, FCFE outflow was INR585m vs. INR64m in 1HFY26.
- Net debt rose INR230m sequentially to INR1.8b (vs. INR1.5b at Mar'26), though the company remains on track to be debt-free by end-3QFY27.

### 1HFY27 performance

- Consolidated revenue grew 10% YoY to INR26.6b.
- Gross margins contracted 50bp YoY to 39.2%.
- EBITDA grew ~12% YoY to INR3.4b, with margins up ~30bp to 14.4%. Pre-Ind-AS EBITDA grew 48% YoY to INR860m, with margins at 3.1% (up 80bp YoY).
- Reported PAT loss narrowed to INR110m (vs. loss of INR360m in 1HFY26). Pre Ind-AS PAT stood at INR110m (vs. loss of INR110m YoY).

### Key highlights from the management commentary

- **Demand:** Department store LFL growth was 2% in 2Q, or 6.5% adj for the Pujo shift to Oct'26 (vs. 6% in 1Q). Early festive trends are robust, with Pujo and Dussehra markets running at mid-teens LFL over 4-5 weeks of data – split ~7% ASP and ~8% volume.
- **Margins:** FY27 guidance is now in mid-single-digit or slightly higher LFL (vs. ~6% earlier), with continued profitability expansion as seen in 1H. New ventures' losses should keep narrowing in 3Q and 4Q.
- **Expansion:** FY27 department store opening guidance is raised to 12 (from 9-10), with clear visibility for the next 2-3 years across metros and Tier 1/2 cities. Stores (signed ~24 months ago) face no rental pressure. The INTUNE expansion plan will be based on the performance in 3Q.
- **Balance sheet:** The debt-free target has been brought forward to 3QFY27-end (from FY27), to be met purely through internal accruals and EBITDA, as WC

optimization is largely complete. Outright inventory fell INR780m YoY. After that, accruals will fund department store expansion, INTUNE and GSSBB growth without incremental leverage.

### Valuation and view

- SHOP's repositioning toward premium retail continues to deliver, with premium mix at a record 73%. Medium-term growth visibility has improved, with department store opening guidance raised to ~12 (vs. 9-10 earlier) for the next 2-3 years.
- SHOP has brought forward its debt-free target to 3Q-end, to be met through internal accruals as WC optimization is largely complete. Once debt-free, accruals will fund department store expansion, INTUNE and GSSBB growth without incremental leverage. Repeating above
- SHOP's execution has improved, but revenue growth remains capped at ~10%, with GSSBB's small base and 10-12 annual store additions limiting upside. Faster INTUNE expansion is the key re-rating trigger and could drive growth.
- We revise estimates to build in ~11% revenue CAGR over FY26-29E, driven by 6% area CAGR and productivity gains. Operating leverage is expected to boost pre-Ind AS EBITDA margins by ~180bp, supporting 27% EBITDA CAGR over the period.
- **Until expansion gains visibility, we retain Neutral rating with a revised TP of INR410, based on 14x Dec'28E pre-Ind AS EV/EBITDA.**

### Standalone - Quarterly earnings summary

| Y/E March                            | FY26          |               |               |               | FY27          |               |               |               | (INR m)       |               |               |              |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
|                                      | 1Q            | 2Q            | 3Q            | 4Q            | 1Q            | 2Q            | 3Q            | 4Q            | FY26          | FY27          | FY27 2QE      | Est. Var (%) |
| <b>Total Revenue from Operations</b> | <b>11,611</b> | <b>12,566</b> | <b>14,158</b> | <b>12,098</b> | <b>12,914</b> | <b>13,663</b> | <b>15,854</b> | <b>13,223</b> | <b>50,433</b> | <b>55,653</b> | <b>13,274</b> | <b>3</b>     |
| YoY Change (%)                       | 8.6           | 12.7          | 2.6           | 13.7          | 11.2          | 8.7           | 12.0          | 9.3           | 9.0           | 10.4          | 5.6           |              |
| Total Expenditure                    | 9,896         | 10,862        | 11,980        | 10,255        | 11,041        | 11,700        | 13,220        | 11,094        | 42,993        | 47,055        | 11,475        | 2            |
| <b>EBITDA</b>                        | <b>1,715</b>  | <b>1,704</b>  | <b>2,179</b>  | <b>1,843</b>  | <b>1,874</b>  | <b>1,963</b>  | <b>2,634</b>  | <b>2,128</b>  | <b>7,441</b>  | <b>8,598</b>  | <b>1,799</b>  | <b>9</b>     |
| EBITDA Margin (%)                    | 14.8          | 13.6          | 15.4          | 15.2          | 14.5          | 14.4          | 16.6          | 16.1          | 14.8          | 15.5          | 13.6          | 6            |
| Depreciation                         | 1,293         | 1,342         | 1,328         | 1,444         | 1,380         | 1,404         | 1,427         | 1,452         | 5,407         | 5,663         | 1,363         | 3            |
| Interest                             | 732           | 726           | 716           | 721           | 738           | 747           | 772           | 773           | 2,895         | 3,030         | 691           | 8            |
| Other Income                         | 101           | 95            | 240           | 86            | 54            | 229           | 262           | 95            | 521           | 640           | 103           | 123          |
| <b>PBT before EO expense</b>         | <b>-209</b>   | <b>-269</b>   | <b>374</b>    | <b>-236</b>   | <b>-190</b>   | <b>41</b>     | <b>697</b>    | <b>-2</b>     | <b>-340</b>   | <b>546</b>    | <b>-152</b>   | <b>nm</b>    |
| Extra-Ord expense                    | -             | -             | (177)         | (13)          | -             | -             | -             | -             | (190)         | -             | 0             |              |
| <b>PBT</b>                           | <b>-209</b>   | <b>-269</b>   | <b>197</b>    | <b>-249</b>   | <b>-190</b>   | <b>41</b>     | <b>697</b>    | <b>-2</b>     | <b>-530</b>   | <b>546</b>    | <b>-152</b>   | <b>nm</b>    |
| Tax                                  | -52           | -68           | 36            | -85           | -48           | 10            | 176           | -1            | -169          | 137           | -38           |              |
| Rate (%)                             | 24.7          | 25.1          | 18.1          | 34.3          | 25.1          | 24.7          | 25.2          | 25.2          | 31.9          | 25.2          | 25.2          |              |
| <b>Reported PAT</b>                  | <b>-157</b>   | <b>-201</b>   | <b>161</b>    | <b>-163</b>   | <b>-143</b>   | <b>31</b>     | <b>521</b>    | <b>-2</b>     | <b>-361</b>   | <b>408</b>    | <b>-114</b>   | <b>nm</b>    |
| <b>Adj PAT</b>                       | <b>-157</b>   | <b>-201</b>   | <b>-16</b>    | <b>-176</b>   | <b>-143</b>   | <b>31</b>     | <b>521</b>    | <b>-2</b>     | <b>-551</b>   | <b>408</b>    | <b>-114</b>   | <b>nm</b>    |
| YoY Change (%)                       | -30.7         | 8.5           | -103.0        | NM            | -9.5          | 115.5         | NM            | -98.9         | -604.8        | -174.1        | -27.7         |              |

E: MOFSL Estimates

### Exhibit 1: Valuation based on Dec'28E EV/EBITDA

|                         | Methodology | Pre-IND AS EBITDA | Multiple | Fair Value (INR b) | Value/sh (INR) |
|-------------------------|-------------|-------------------|----------|--------------------|----------------|
| <b>Enterprise Value</b> | EV/EBITDA   | 3.2               | 14       | 45                 | 413            |
| Less Net debt           |             |                   |          | 0                  | 4              |
| <b>Equity Value</b>     |             |                   |          | <b>45</b>          | <b>410</b>     |
| Shares o/s (m)          |             |                   |          | 110                |                |
| CMP (INR)               |             |                   |          |                    | 363            |
| <b>Upside (%)</b>       |             |                   |          |                    | <b>12.9</b>    |

Source: MOFSL, Company

**Exhibit 2: SHOP trades at a current valuation of 14.6x FY28 Pre-IND AS EV/EBITDA and 42x P/E**

|                              | CMP        | M.Cap     | FY26-29E CAGR (%) |             |             | P/E (X)      |             | EV/EBITDA (x) |             | RoE (%)     |             | RoCE (%)    |             |
|------------------------------|------------|-----------|-------------------|-------------|-------------|--------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
|                              |            | INR b     | Sales             | EBITDA      | PAT         | FY27E        | FY28E       | FY27E         | FY28E       | FY27E       | FY28E       | FY27E       | FY28E       |
| VMM                          | 96         | 450       | 18.8              | 24.3        | 26.9        | 43.1         | 33.6        | 27.3          | 21.2        | 13.2        | 14.7        | 27.5        | 26.0        |
| V2 Rel                       | 154        | 56        | 40.1              | 36.7        | 34.4        | 36.0         | 21.6        | 16.7          | 10.9        | 14.7        | 19.7        | 21.9        | 27.1        |
| V-Mart                       | 817        | 65        | 18.0              | 26.3        | 33.7        | 41.6         | 27.9        | 21.9          | 16.2        | 15.2        | 19.0        | 10.5        | 13.8        |
| <b>Value Retail</b>          |            |           | <b>22.4</b>       | <b>26.7</b> | <b>28.7</b> | <b>42.1</b>  | <b>31.2</b> | <b>24.9</b>   | <b>18.5</b> | <b>14.4</b> | <b>17.8</b> | <b>20.0</b> | <b>22.3</b> |
| D-Mart                       | 3,358      | 2,190     | 16.3              | 16.1        | 16.2        | 64.7         | 55.3        | 39.5          | 33.9        | 13.3        | 13.5        | 12.4        | 12.6        |
| Trent                        | 2,903      | 1,548     | 19.9              | 26.4        | 24.7        | 73.9         | 58.0        | 44.4          | 34.5        | 28.0        | 28.4        | 22.7        | 23.6        |
| Vedant fashions              | 495        | 120       | 5.9               | 10.5        | 7.8         | 30.8         | 27.6        | 22.3          | 19.0        | 20.0        | 20.9        | 15.3        | 16.0        |
| ABLBL                        | 72         | 88        | 8.3               | 8.5         | 9.8         | 33.7         | 33.7        | 14.0          | 12.2        | 17.3        | 15.4        | 18.4        | 19.2        |
| Arvind fas                   | 395        | 53        | 11.8              | 20.5        | 27.8        | 33.7         | 22.5        | 12.0          | 9.9         | 15.5        | 19.9        | 19.2        | 23.1        |
| <b>Shoppers Stop</b>         | <b>386</b> | <b>42</b> | <b>10.7</b>       | <b>27.5</b> | <b>NA</b>   | <b>104.1</b> | <b>42.2</b> | <b>18.2</b>   | <b>14.6</b> | <b>10.9</b> | <b>13.5</b> | <b>6.7</b>  | <b>8.9</b>  |
| <b>Traditional retailers</b> |            |           | <b>13.2</b>       | <b>20.1</b> | <b>24.2</b> | <b>50.3</b>  | <b>38.4</b> | <b>27.1</b>   | <b>21.1</b> | <b>14.4</b> | <b>15.8</b> | <b>14.7</b> | <b>16.6</b> |
| Metro                        | 903        | 242       | 14.0              | 14.6        | 13.1        | 52.5         | 45.8        | 35.1          | 29.9        | 21.5        | 21.4        | 20.1        | 20.4        |
| Relaxo                       | 300        | 75        | 7.4               | 16.6        | 19.5        | 37.3         | 29.5        | 21.2          | 17.8        | 9.2         | 10.5        | 12.9        | 10.4        |
| Bata                         | 618        | 80        | 5.9               | 7.9         | 19.3        | 32.7         | 30.8        | 16.6          | 14.3        | 13.0        | 14.6        | 20.2        | 18.9        |
| Campus                       | 196        | 60        | 15.0              | 25.5        | 23.5        | 35.1         | 26.4        | 21.1          | 15.3        | 18.8        | 20.2        | 20.3        | 23.1        |
| <b>Footwear</b>              |            |           | <b>10.6</b>       | <b>16.2</b> | <b>18.9</b> | <b>39.4</b>  | <b>33.1</b> | <b>23.5</b>   | <b>19.3</b> | <b>15.6</b> | <b>16.7</b> | <b>18.4</b> | <b>18.2</b> |

\* EBITDA and EV/EBITDA are on Pre-IND AS basis

Source: Company, MOFSL



## Detailed takeaways from the management commentary

- **Demand:** Department store LFL grew 2% in 2Q, or 6.5% adj for the Pujo shift into October (vs. 6% in 1Q). Early festive trends remain robust, with Pujo and Dussehra markets running at mid-teens LFL over 4-5 weeks of data, split ~7% ASP and ~8% volume.
- **Premium** contribution reached an all-time high of 73% (+390bp YoY), and 37% of bills came from first-time customers. Personal Shopper contribution rose to 27% (+200bp) and is targeted at 30% by FY27-end as more personal shoppers are added. Watches (+24%) and handbags (+16%) led the power categories.
- **Private label** inventory is down 26% YoY (vs. 11% last quarter), with fewer brands and lower discounting driving a significant uptick in profitability. Premium collections continue to scale (FRATINI Girl in 95 stores, Bandeya in 60 stores).
- **INTUNE:** Festive-adjusted LFL was +6% (vs. +10% in 1Q), with festive trading now at mid-teens. Inventory cover rose to 16 weeks (vs. 13 weeks last quarter), while repeat mix improved to 49% (47% in 1Q). Weekly drops of 100-150 options and INR1,299/1,499 price points are supporting sell-through.
- Two high-street stores were closed as malls deliver better throughput; further loss-making stores may exit. INTUNE's differentiation rests on CRM-led repeat purchases and family-oriented positioning, including kidswear.
- **Standalone beauty:** ELCA posted +4% LFL for a second consecutive quarter after four quarters of decline, aided by the MAC loyalty program and exclusive services. Overall revenue, however, still declined ~3% YoY.
- **GSSBB:** Revenue grew 59% YoY to INR1.68b (INR2.7b GMV), with growth tracking 50-55% and the network at 11 boutiques. ROCE remains healthy, with new contracts signed at similar or better margins. Portfolio expansion may require incremental capital, but inventory optimization is freeing up working capital, with no funding constraints; beauty retail remains self-funded.
- **Productivity:** The Personal Shopper App 2.0 and in-store personalization are being rolled out to drive conversions, while demand-forecasting-led inventory planning (OneBeat) has been extended from private brands to INTUNE. Opex is broadly flat, and a project is underway to turn around or exit loss-making stores.
- **Margins:** FY27 guidance is now mid-single-digit or slightly higher LFL (vs. ~6% earlier), with continued profitability expansion as seen in 1H. New Ventures' losses should keep narrowing through 3Q and 4Q.
- **Expansion:** FY27 department store opening guidance was raised to 12 (from 9-10), with clear visibility for the next 2-3 years across metros and Tier 1/2 cities. Stores (signed ~24 months ago) face no rental pressure. The INTUNE expansion plan will be based on the performance in 3Q.
- **Balance sheet:** The debt-free target has been brought forward to 3Q end (from FY27), to be met purely through internal accruals and EBITDA, as WC optimization is largely complete. Outright inventory fell INR780m YoY. After that, accruals will fund department store expansion, INTUNE and GSSBB growth without incremental leverage.

**Exhibit 3: Consol quarterly performance (INR m)**

| Consol P&L (INR m)            | 2QFY26        | 1QFY27        | 2QFY27        | YoY%        | QoQ%         | 2QFY27E       | v/s Est (%) |
|-------------------------------|---------------|---------------|---------------|-------------|--------------|---------------|-------------|
| <b>Total Revenue</b>          | <b>12,566</b> | <b>12,914</b> | <b>13,663</b> | <b>9</b>    | <b>6</b>     | <b>13,274</b> | <b>3</b>    |
| Raw Material cost             | 7,679         | 7,828         | 8,332         | 8           | 6            | 8,101         | 3           |
| <b>Gross Profit</b>           | <b>4,887</b>  | <b>5,086</b>  | <b>5,331</b>  | <b>9</b>    | <b>5</b>     | <b>5,173</b>  | <b>3</b>    |
| <b>Gross margin (%)</b>       | <b>38.9</b>   | <b>39.4</b>   | <b>39.0</b>   | <b>13bp</b> | <b>-36bp</b> | <b>39.0</b>   | <b>5bp</b>  |
| Employee Costs                | 1,147         | 1,176         | 1,183         | 3           | 1            | 1,227         | -4          |
| SGA Expenses                  | 2,036         | 2,036         | 2,186         | 7           | 7            | 2,147         | 2           |
| <b>EBITDA</b>                 | <b>1,704</b>  | <b>1,874</b>  | <b>1,963</b>  | <b>15</b>   | <b>5</b>     | <b>1,799</b>  | <b>9</b>    |
| <b>EBITDA margin (%)</b>      | <b>13.6</b>   | <b>14.5</b>   | <b>14.4</b>   | <b>81bp</b> | <b>-14bp</b> | <b>13.6</b>   | <b>81bp</b> |
| Depreciation and amortization | 1,342         | 1,380         | 1,404         | 5           | 2            | 1,363         | 3           |
| EBIT                          | 362           | 493           | 559           | 54          | 13           | 436           | 28          |
| EBIT margin (%)               | 2.9           | 3.8           | 4.1           | 121bp       | 27bp         | 3.3           | 81bp        |
| Finance Costs                 | 726           | 738           | 747           | 3           | 1            | 691           | 8           |
| Other income                  | 95            | 54            | 229           | 141         | 322          | 103           | 123         |
| Exceptional item              | 0             | 0             | 0             | NM          | NM           | 0             |             |
| <b>Profit before Tax</b>      | <b>-269</b>   | <b>-190</b>   | <b>41</b>     | <b>-115</b> | <b>NM</b>    | <b>-152</b>   | <b>Nm</b>   |
| Tax                           | -68           | -48           | 10            | -115        | NM           | -38           | Nm          |
| Tax rate (%)                  | 25.1          | NM            | 24.7          |             |              | 25.2          |             |
| <b>Profit After Tax</b>       | <b>-201</b>   | <b>-143</b>   | <b>31</b>     | <b>-115</b> | <b>-122</b>  | <b>-114</b>   | <b>Nm</b>   |
| <b>Adj Profit After Tax</b>   | <b>-201</b>   | <b>-143</b>   | <b>31</b>     | <b>-115</b> | <b>-122</b>  | <b>-114</b>   | <b>Nm</b>   |

Source: MOFSL, Company

**Exhibit 4: Pre-IND AS P&L**

| Pre-IND AS P&L (INR m)        | 2QFY26        | 1QFY27        | 2QFY27        | YoY%         | QoQ%         | 1HFY26        | 1HFY27        | YoY%         |
|-------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|
| <b>Total Revenue</b>          | <b>13,550</b> | <b>13,730</b> | <b>14,710</b> | <b>9</b>     | <b>7</b>     | <b>25,930</b> | <b>28,440</b> | <b>10</b>    |
| <b>Gross Profit</b>           | <b>4,650</b>  | <b>4,780</b>  | <b>5,020</b>  | <b>8</b>     | <b>5</b>     | <b>9,100</b>  | <b>9,800</b>  | <b>8</b>     |
| <b>Gross margin (%)</b>       | <b>34.3</b>   | <b>34.8</b>   | <b>34.1</b>   | <b>-19bp</b> | <b>-69bp</b> | <b>35.1</b>   | <b>34.5</b>   | <b>-97bp</b> |
| Lease rent                    | 1,430         | 1,460         | 1,530         | 7            | 5            | 2,840         | 2,990         | 5            |
| Opex                          | 2,946         | 2,907         | 3,057         | 4            | 5            | 5,681         | 5,964         | 5            |
| <b>EBITDA</b>                 | <b>274</b>    | <b>414</b>    | <b>433</b>    | <b>58</b>    | <b>5</b>     | <b>579</b>    | <b>846</b>    | <b>46</b>    |
| <b>EBITDA margin (%)</b>      | <b>2.0</b>    | <b>3.0</b>    | <b>2.9</b>    | <b>92bp</b>  | <b>-7bp</b>  | <b>2.2</b>    | <b>3.0</b>    | <b>71bp</b>  |
| Depreciation and amortization | 340           | 360           | 310           | -9           | -14          | 660           | 670           | 2            |
| EBIT                          | -66           | 54            | 123           | NM           | 130          | -81           | 176           | Nm           |
| EBIT margin (%)               | -0.5          | 0.4           | 0.8           | 132bp        | 45bp         | -0.3          | 0.6           | 115bp        |
| Finance Costs                 | 60            | 50            | 50            | -17          | 0            | 100           | 100           | 0            |
| Other income                  | 240           | 280           | 280           | 17           | 0            | 470           | 560           | 19           |
| Exceptional item              | 10            | 10            | 10            | NM           | NM           | 30            | 20            | -33          |
| <b>Profit before Tax</b>      | <b>-130</b>   | <b>10</b>     | <b>60</b>     | <b>NM</b>    | <b>NM</b>    | <b>-250</b>   | <b>70</b>     | <b>Nm</b>    |
| Tax                           | -70           | -50           | 10            | NM           | NM           | -130          | -40           | 69           |
| <b>Adj Profit After Tax</b>   | <b>-70</b>    | <b>50</b>     | <b>60</b>     | <b>NM</b>    | <b>20</b>    | <b>-140</b>   | <b>110</b>    | <b>Nm</b>    |

**Exhibit 5: Consolidated estimate revision summary**

| Consol performance        | FY27E  | FY28E  | FY29E  |
|---------------------------|--------|--------|--------|
| <b>Revenue (INR m)</b>    |        |        |        |
| Old                       | 55,257 | 60,900 | 66,609 |
| Actual/New                | 55,653 | 61,924 | 68,360 |
| Change (%)                | 0.7    | 1.7    | 2.6    |
| <b>EBITDA (INR m)</b>     |        |        |        |
| Old                       | 2,321  | 2,740  | 3,065  |
| Actual/New                | 2,358  | 2,837  | 3,334  |
| Change (%)                | 1.6    | 3.5    | 8.8    |
| <b>EBITDA margin (%)</b>  |        |        |        |
| Old                       | 4.2    | 4.5    | 4.6    |
| Actual/New                | 4.2    | 4.6    | 4.9    |
| Change (bp)               | 4      | 8      | 28     |
| <b>Net Profit (INR m)</b> |        |        |        |
| Old                       | 644    | 970    | 1,209  |
| Actual/New                | 408    | 1,006  | 1,371  |
| Change (%)                | -36.6  | 3.8    | 13.4   |
| <b>EPS (INR)</b>          |        |        |        |
| Old                       | 5.9    | 8.8    | 11.0   |
| Actual/New                | 3.7    | 9.1    | 12.5   |
| Change (%)                | -36.7  | 3.7    | 13.3   |

## Story in charts

**Exhibit 6: Revenue grew 8.7% YoY**

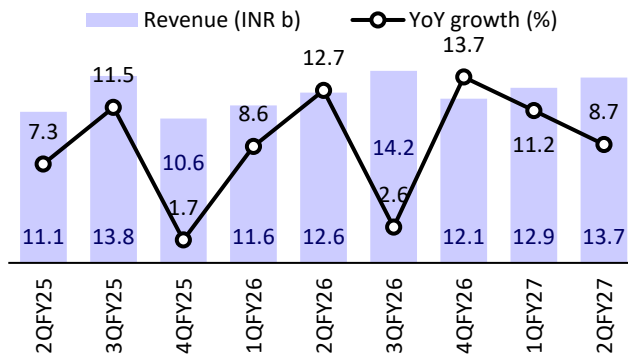


**Exhibit 7: GP up 9% YoY as margin improved ~12bp YoY**

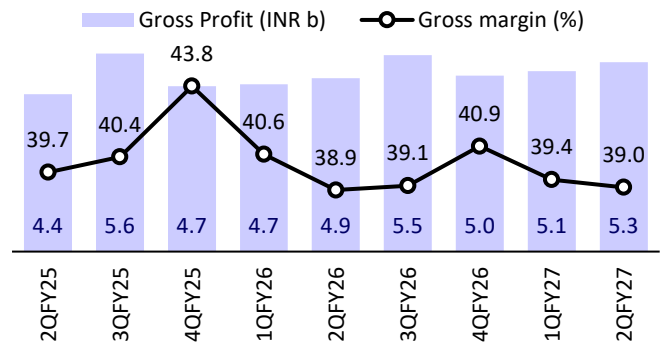
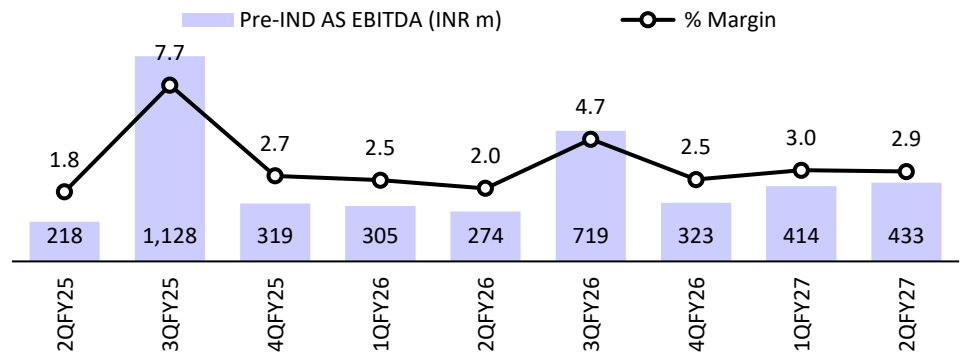


**Exhibit 8: Pre-IND AS EBITDA grew 58% YoY with ~90bp margin expansion**



Source: Company, MOFSL

**Exhibit 9: EBITDA grew 15% YoY with ~80bp YoY margin expansion**

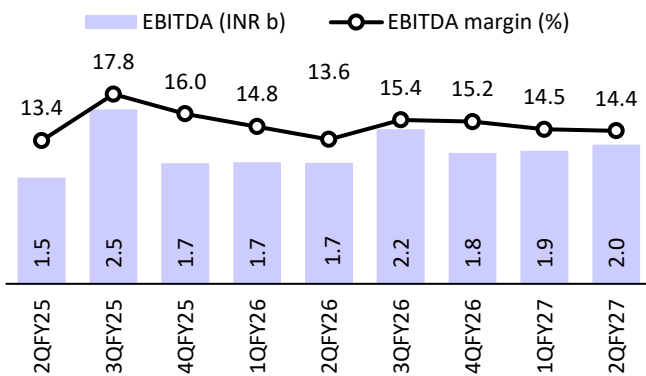


**Exhibit 10: SHOP delivered PAT of INR31m**

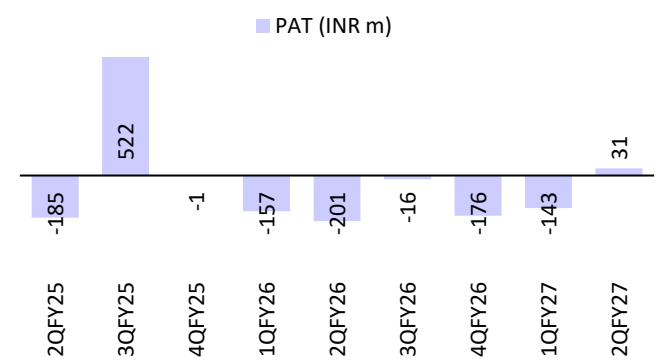


**Exhibit 11: Beauty store count stood at 137, including SIS**

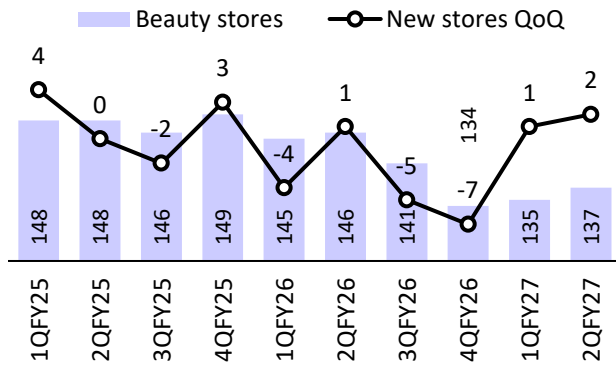


**Exhibit 12: Added four net departmental stores during 2Q**

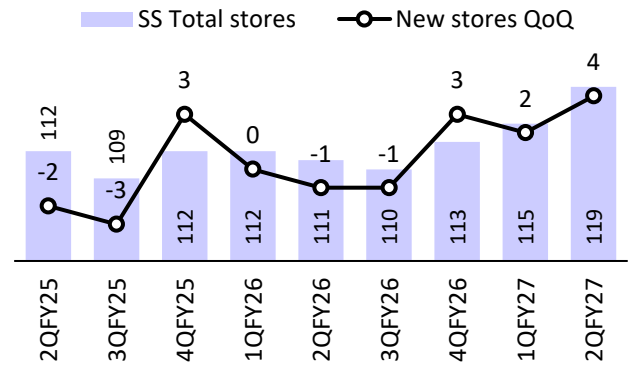
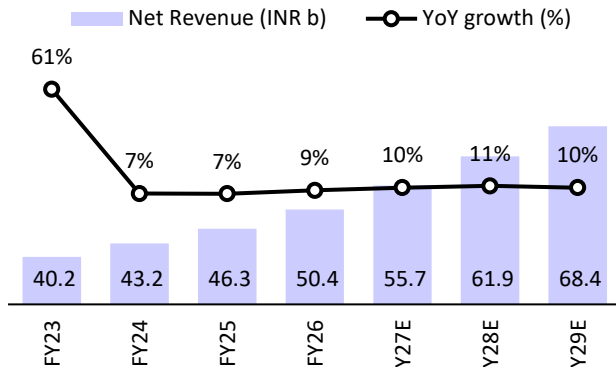
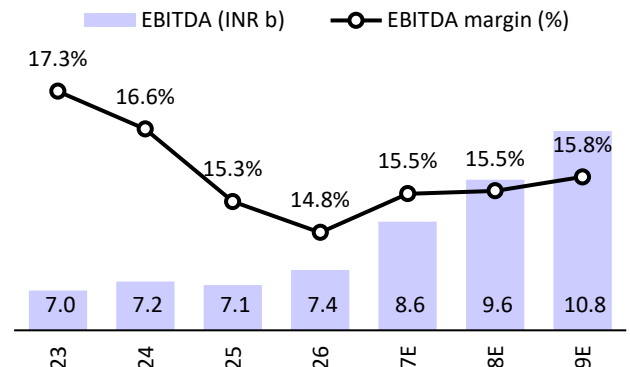


**Exhibit 13: Expect ~11% revenue CAGR over FY26-29**



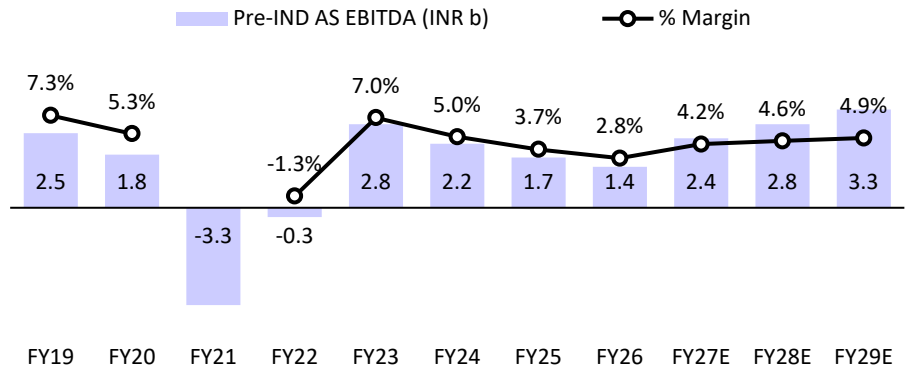
Source: MOFSL, Company

**Exhibit 14: Expect ~13% EBITDA CAGR over FY26-29**



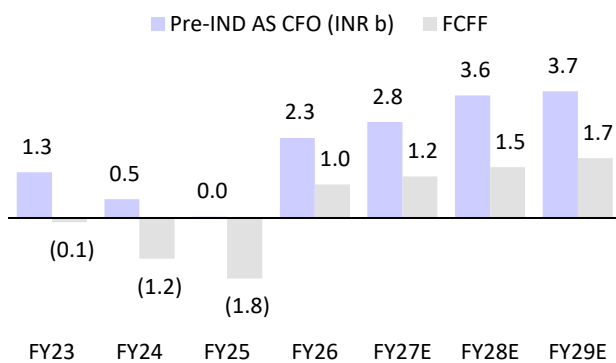
Source: MOFSL, Company

**Exhibit 15: Profitability to improve steadily**



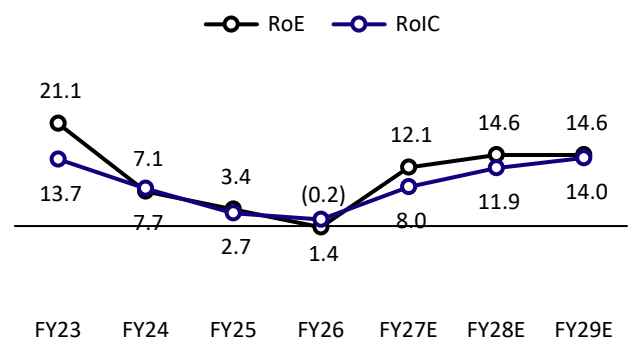
Source: MOFSL, Company

**Exhibit 16: Healthy cash generation**



Source: MOFSL, Company

**Exhibit 17: Return ratios to improve sharply**



Source: MOFSL, Company

## Standalone financials and valuations

### Standalone - Income Statement

(INR m)

| Y/E March                           | FY22           | FY23          | FY24          | FY25          | FY26          | FY27E         | FY28E         | FY29E         |
|-------------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total Income from Operations</b> | <b>24,938</b>  | <b>40,221</b> | <b>43,166</b> | <b>46,276</b> | <b>50,433</b> | <b>55,653</b> | <b>61,924</b> | <b>68,360</b> |
| Change (%)                          | 45             | 61            | 7             | 7             | 9             | 10            | 11            | 10            |
| Raw Materials                       | 15,034         | 23,284        | 25,442        | 27,272        | 30,347        | 33,503        | 37,464        | 41,358        |
| <b>Gross Profit</b>                 | <b>9,904</b>   | <b>16,938</b> | <b>17,724</b> | <b>19,005</b> | <b>20,086</b> | <b>22,150</b> | <b>24,460</b> | <b>27,002</b> |
| Margin (%)                          | 39.7           | 42.1          | 41.1          | 41.1          | 39.8          | 39.8          | 39.5          | 39.5          |
| Employees Cost                      | 2,693          | 3,523         | 3,930         | 4,249         | 4,577         | 4,898         | 5,387         | 5,879         |
| Other Expenses                      | 4,536          | 6,462         | 6,624         | 7,672         | 8,068         | 8,654         | 9,474         | 10,357        |
| <b>Total Expenditure</b>            | <b>22,263</b>  | <b>33,269</b> | <b>35,996</b> | <b>39,192</b> | <b>42,993</b> | <b>47,055</b> | <b>52,325</b> | <b>57,594</b> |
| % of Sales                          | 89             | 83            | 83            | 85            | 85.2          | 84.6          | 84.5          | 84.3          |
| <b>EBITDA</b>                       | <b>2,675</b>   | <b>6,953</b>  | <b>7,170</b>  | <b>7,084</b>  | <b>7,441</b>  | <b>8,598</b>  | <b>9,598</b>  | <b>10,767</b> |
| Margin (%)                          | 10.7           | 17.3          | 16.6          | 15.3          | 14.8          | 15.5          | 15.5          | 15.8          |
| Depreciation                        | 3,520          | 3,816         | 4,366         | 4,943         | 5,407         | 5,663         | 6,058         | 6,727         |
| <b>EBIT</b>                         | <b>(844)</b>   | <b>3,136</b>  | <b>2,804</b>  | <b>2,141</b>  | <b>2,034</b>  | <b>2,935</b>  | <b>3,540</b>  | <b>4,039</b>  |
| Int. and Finance Charges            | 2,054          | 2,092         | 2,253         | 2,612         | 2,895         | 3,030         | 2,969         | 3,061         |
| Other Income                        | 1,661          | 567           | 558           | 541           | 521           | 640           | 774           | 855           |
| <b>PBT bef. EO Exp.</b>             | <b>(1,238)</b> | <b>1,612</b>  | <b>1,109</b>  | <b>70</b>     | <b>(340)</b>  | <b>546</b>    | <b>1,345</b>  | <b>1,833</b>  |
| EO Items                            | (150)          | (20)          | (65)          | -             | (190)         | -             | -             | -             |
| <b>PBT after EO Exp.</b>            | <b>(1,388)</b> | <b>1,592</b>  | <b>1,045</b>  | <b>70</b>     | <b>(530)</b>  | <b>546</b>    | <b>1,345</b>  | <b>1,833</b>  |
| Total Tax                           | (521)          | 432           | 272           | (39)          | (169)         | 137           | 339           | 462           |
| Tax Rate (%)                        | 38             | 27            | 26            | (55)          | 32            | 25            | 25            | 25            |
| Minority Interest                   | -              | -             | -             | -             | -             | -             | -             | -             |
| <b>Reported PAT</b>                 | <b>(867)</b>   | <b>1,160</b>  | <b>772</b>    | <b>109</b>    | <b>(361)</b>  | <b>408</b>    | <b>1,006</b>  | <b>1,371</b>  |
| <b>Adjusted PAT</b>                 | <b>(717)</b>   | <b>(227)</b>  | <b>605</b>    | <b>109</b>    | <b>(551)</b>  | <b>408</b>    | <b>1,006</b>  | <b>1,371</b>  |
| Change (%)                          | (76)           | (68)          | (367)         | (82)          | (606)         | (174)         | 147           | 36            |
| Margin (%)                          | (2.9)          | (0.6)         | 1.4           | 0.2           | (1.1)         | 0.7           | 1.6           | 2.0           |

### Standalone - Balance Sheet

(INR m)

| Y/E March                           | FY22          | FY23          | FY24          | FY25          | FY26          | FY27E         | FY28E         | FY29E         |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital                | 548           | 548           | 550           | 550           | 551           | 551           | 551           | 551           |
| Total Reserves                      | 435           | 1,771         | 2,690         | 2,845         | 2,360         | 2,768         | 3,774         | 5,145         |
| <b>Net Worth</b>                    | <b>983</b>    | <b>2,320</b>  | <b>3,240</b>  | <b>3,396</b>  | <b>2,910</b>  | <b>3,318</b>  | <b>4,325</b>  | <b>5,696</b>  |
| Total Loans                         | 20,934        | 23,527        | 27,317        | 32,238        | 33,167        | 34,894        | 37,165        | 39,834        |
| Lease Liabilities                   | 18,995        | 22,487        | 26,069        | 29,616        | 30,809        | 33,336        | 36,107        | 36,107        |
| Deferred Tax Liabilities            | -3,740        | -3,312        | -3,043        | -3,099        | -3,298        | -3,298        | -3,298        | -3,298        |
| <b>Capital Employed</b>             | <b>18,177</b> | <b>22,535</b> | <b>27,513</b> | <b>32,535</b> | <b>32,779</b> | <b>34,915</b> | <b>38,192</b> | <b>42,232</b> |
| <b>Net Fixed Assets</b>             | <b>4,481</b>  | <b>4,612</b>  | <b>5,448</b>  | <b>5,677</b>  | <b>5,620</b>  | <b>5,714</b>  | <b>6,180</b>  | <b>6,256</b>  |
| Right to use assets                 | 12,764        | 16,361        | 20,299        | 23,767        | 24,502        | 26,436        | 28,665        | 31,018        |
| Capital WIP                         | 140           | 339           | 211           | 117           | 69            | 69            | 69            | 69            |
| <b>Total Investments</b>            | <b>1,464</b>  | <b>734</b>    | <b>554</b>    | <b>600</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>Curr. Assets, Loans&amp;Adv.</b> | <b>15,240</b> | <b>20,629</b> | <b>22,831</b> | <b>26,295</b> | <b>29,244</b> | <b>32,622</b> | <b>36,215</b> | <b>41,230</b> |
| Inventory                           | 10,075        | 14,863        | 16,153        | 19,198        | 20,998        | 22,871        | 23,751        | 25,284        |
| Account Receivables                 | 382           | 304           | 703           | 351           | 865           | 955           | 1,062         | 1,173         |
| Cash and Bank Balance               | 321           | 254           | 162           | 133           | 127           | 1,172         | 2,918         | 5,409         |
| Loans and Advances                  | 4,462         | 5,208         | 5,813         | 6,612         | 7,253         | 7,624         | 8,483         | 9,365         |
| <b>Curr. Liability &amp; Prov.</b>  | <b>15,913</b> | <b>20,139</b> | <b>21,830</b> | <b>23,920</b> | <b>26,828</b> | <b>29,927</b> | <b>32,937</b> | <b>36,341</b> |
| Account Payables                    | 14,419        | 18,259        | 19,547        | 22,118        | 24,562        | 27,446        | 30,198        | 33,337        |
| Other Current Liabilities           | 1,409         | 1,841         | 2,283         | 1,802         | 2,073         | 2,287         | 2,545         | 2,809         |
| Provisions                          | 86            | 39            | 0             | 0             | 194           | 194           | 194           | 194           |
| <b>Net Current Assets</b>           | <b>-673</b>   | <b>490</b>    | <b>1,001</b>  | <b>2,375</b>  | <b>2,416</b>  | <b>2,696</b>  | <b>3,278</b>  | <b>4,890</b>  |
| <b>Appl. of Funds</b>               | <b>18,177</b> | <b>22,535</b> | <b>27,513</b> | <b>32,535</b> | <b>32,607</b> | <b>34,915</b> | <b>38,192</b> | <b>42,232</b> |

## Standalone financials and valuations

### Ratios

| Y/E March                     | FY22         | FY23         | FY24       | FY25       | FY26         | FY27E      | FY28E      | FY29E       |
|-------------------------------|--------------|--------------|------------|------------|--------------|------------|------------|-------------|
| <b>Basic (INR)</b>            |              |              |            |            |              |            |            |             |
| <b>EPS</b>                    | <b>(6.5)</b> | <b>(2.1)</b> | <b>5.5</b> | <b>1.0</b> | <b>(5.0)</b> | <b>3.7</b> | <b>9.1</b> | <b>12.5</b> |
| Cash EPS                      | 25.5         | 32.6         | 45.2       | 45.9       | 58.2         | 72.7       | 84.6       | 97.0        |
| BV/Share                      | 8.9          | 21.1         | 29.5       | 30.9       | 35.8         | 39.7       | 51.8       | 68.2        |
| DPS                           | -            | -            | -          | -          | -            | -          | -          | -           |
| Payout (%)                    | -            | -            | -          | -          | -            | -          | -          | -           |
| <b>Valuation (x)</b>          |              |              |            |            |              |            |            |             |
| P/E                           | (57.7)       | (182.3)      | 68.3       | 379.7      | (75.1)       | 97.9       | 39.7       | 29.2        |
| Cash P/E                      | 14.8         | 11.5         | 8.3        | 8.2        | 6.5          | 5.0        | 4.3        | 3.7         |
| P/BV                          | 42.1         | 17.8         | 12.8       | 12.2       | 10.5         | 9.1        | 7.0        | 5.3         |
| EV/Sales                      | 2.5          | 1.6          | 1.6        | 1.6        | 1.5          | 1.3        | 1.2        | 1.1         |
| EV/EBITDA                     | 23.1         | 9.3          | 9.6        | 10.4       | 9.9          | 8.6        | 7.7        | 6.9         |
| Dividend Yield (%)            | -            | -            | -          | -          | -            | -          | -          | -           |
| FCF per share                 | 25.8         | 38.1         | 40.5       | 36.2       | 68.2         | 69.5       | 75.7       | 84.0        |
| <b>Return Ratios (%)</b>      |              |              |            |            |              |            |            |             |
| RoE                           | (22.7)       | 52.6         | 17.3       | 8.2        | (0.7)        | 10.9       | 13.5       | 13.9        |
| RoCE                          | (34.2)       | 33.9         | 17.3       | 5.2        | 2.8          | 6.7        | 9.3        | 11.5        |
| RoIC                          | (114.7)      | 61.5         | 19.8       | 5.2        | 2.7          | 6.9        | 10.1       | 13.6        |
| <b>Working Capital Ratios</b> |              |              |            |            |              |            |            |             |
| Asset Turnover (x)            | 1.4          | 1.8          | 1.6        | 1.4        | 1.6          | 1.6        | 1.6        | 1.6         |
| Inventory (Days)              | 147.5        | 134.9        | 136.6      | 151.4      | 138.2        | 150.0      | 140.0      | 135.0       |
| Debtor (Days)                 | 5.6          | 2.8          | 5.9        | 2.8        | 2.8          | 6.3        | 6.3        | 6.3         |
| Creditor (Days)               | 211.0        | 165.7        | 165.3      | 174.5      | 168.9        | 180.0      | 178.0      | 178.0       |
| <b>Leverage Ratio (x)</b>     |              |              |            |            |              |            |            |             |
| Current Ratio                 | 1.0          | 1.0          | 1.0        | 1.1        | 1.0          | 1.1        | 1.1        | 1.1         |
| Interest Cover Ratio          | (0.4)        | 1.5          | 1.2        | 0.8        | 0.7          | 1.0        | 1.2        | 1.3         |
| Net Debt/Equity               | 0.2          | 0.0          | 0.2        | 0.6        | 0.1          | 0.1        | (0.4)      | (0.3)       |

### Standalone - Cash Flow Statement

(INR m)

| Y/E March                        | FY22           | FY23           | FY24           | FY25           | FY26           | FY27E          | FY28E          | FY29E          |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| OP/(Loss) before Tax             | (1,388)        | 1,621          | 1,011          | 16             | (668)          | 546            | 1,345          | 1,833          |
| Depreciation                     | 3,520          | 3,816          | 4,361          | 4,916          | 5,343          | 5,663          | 6,058          | 6,727          |
| Interest & Finance Charges       | 2,054          | 2,092          | 2,236          | 2,579          | 2,835          | 3,030          | 2,969          | 3,061          |
| Direct Taxes Paid                | 210            | (36)           | 53             | (54)           | 54             | (137)          | (339)          | (462)          |
| (Inc)/Dec in WC                  | 899            | (1,683)        | (1,116)        | (1,410)        | 1,426          | 765            | 1,164          | 879            |
| <b>CF from Operations</b>        | <b>5,295</b>   | <b>5,810</b>   | <b>6,544</b>   | <b>6,047</b>   | <b>8,991</b>   | <b>9,866</b>   | <b>11,197</b>  | <b>12,038</b>  |
| Others                           | (1,403)        | (188)          | (381)          | (390)          | (259)          | (640)          | (774)          | (855)          |
| <b>CF from Operating incl EO</b> | <b>3,892</b>   | <b>5,622</b>   | <b>6,164</b>   | <b>5,657</b>   | <b>8,732</b>   | <b>9,226</b>   | <b>10,423</b>  | <b>11,184</b>  |
| (Inc)/Dec in FA                  | (1,067)        | (1,444)        | (1,712)        | (1,671)        | (1,224)        | (1,575)        | (2,085)        | (1,935)        |
| <b>Free Cash Flow</b>            | <b>2,824</b>   | <b>4,178</b>   | <b>4,452</b>   | <b>3,986</b>   | <b>7,508</b>   | <b>7,651</b>   | <b>8,338</b>   | <b>9,249</b>   |
| (Pur)/Sale of Investments        | (55)           | 796            | 332            | 12             | (494)          | -              | -              | -              |
| Others                           | (666)          | (365)          | (391)          | (138)          | 195            | 640            | 774            | 854            |
| <b>CF from Investments</b>       | <b>(1,788)</b> | <b>(1,013)</b> | <b>(1,772)</b> | <b>(1,797)</b> | <b>(1,523)</b> | <b>(935)</b>   | <b>(1,311)</b> | <b>(1,081)</b> |
| Issue of Shares                  | 25             | 27             | 98             | 26             | 1              | -              | -              | -              |
| Inc/(Dec) in Debt                | (773)          | (1,102)        | (26)           | 1,090          | (542)          | (800)          | (500)          | (100)          |
| Interest Paid                    | (2,056)        | (2,094)        | (2,233)        | (2,969)        | (3,310)        | (3,030)        | (2,969)        | (3,061)        |
| Dividend Paid                    | -              | -              | -              | -              | -              | -              | -              | -              |
| Others                           | -              | (2,203)        | (2,816)        | (2,441)        | (2,659)        | (3,417)        | (3,896)        | (4,452)        |
| <b>CF from Fin. Activity</b>     | <b>(2,804)</b> | <b>(5,372)</b> | <b>(4,977)</b> | <b>(4,294)</b> | <b>(6,510)</b> | <b>(7,246)</b> | <b>(7,365)</b> | <b>(7,613)</b> |
| <b>Inc/Dec of Cash</b>           | <b>(701)</b>   | <b>(763)</b>   | <b>(585)</b>   | <b>(434)</b>   | <b>699</b>     | <b>1,045</b>   | <b>1,746</b>   | <b>2,490</b>   |
| Opening Balance                  | 1,022          | 1,017          | 747            | 567            | (599)          | 127            | 1,172          | 2,918          |
| <b>Closing Balance</b>           | <b>321</b>     | <b>254</b>     | <b>162</b>     | <b>133</b>     | <b>110</b>     | <b>1,172</b>   | <b>2,918</b>   | <b>5,409</b>   |

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| Explanation of Investment Rating |                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------|
| Investment Rating                | Expected return (over 12-month)                                                              |
| BUY                              | $\geq 15\%$                                                                                  |
| SELL                             | $< -10\%$                                                                                    |
| NEUTRAL                          | $< -10\%$ to $15\%$                                                                          |
| UNDER REVIEW                     | Rating may undergo a change                                                                  |
| NOT RATED                        | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

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| Ms. Kumud Upadhyay    | 022 40548082                | servicehead@motilaloswal.com |
| Mr. Ajay Menon        | 022 40548083                | am@motilaloswal.com          |
| Mr. Neeraj Agarwal    | 022 40548085                | na@motilaloswal.com          |
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