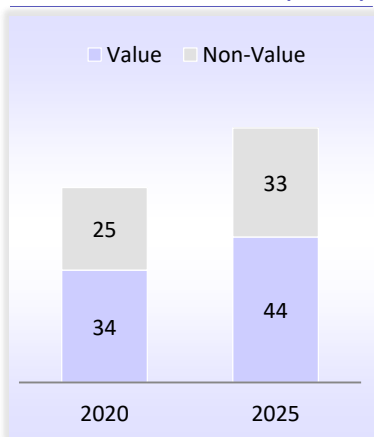
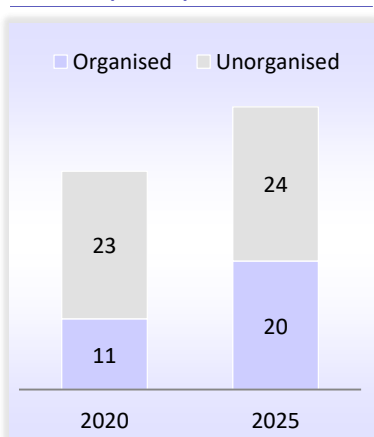


Retail: Value Fashion

Value apparel market to report 6% CAGR over CY20-25E (USD b)



Organized segment growth to outpace overall value segment growth with 13% CAGR over CY20-25 (USD b)



Value Retail: Unlocking the vast potential

Massive opportunity compels the entry of big names

Is the “Value Fashion” segment getting overcrowded?

The value fashion segment, at INR2.5t as of CY20 (57% of the total apparel market), is one of the largest and fastest-growing segments within the apparels market. The segment is now witnessing a change in dynamics. A huge opportunity beyond the metros and Tier 1 cities, driven by better demographics, higher incomes and better aspiration within the customers, has compelled several big players to enter a market that was previously dominated by regional and local operators.

Following the success of Trent’s Zudio, the segment has seen entries of national retailers such as Yousta (Reliance Retail), Style-Up (ABFRL), and InTune (Shoppers Stop). The driving force behind Zudio was a differentiated proposition with a high fashion quotient but at a low price point aimed at the youth segment. This is in contrast to the regional retailers such as V-Mart, Style Bazaar, City Kart, and V2 Retail, which target the lower middle-class families with a wider range of products and local preferences but with low differentiation. Hence, they face intensive competition and a few of them are yet to recover to their pre-Covid levels due to the continuing weak consumption in the smaller tier cities. In-Tune stores, similar to Zudio, also target a young audience. It has experienced a strong initial response with a revenue throughput of INR14,000/sqft, which has helped achieve a store-level EBITDA margin of ~10%. However, considering the additional expenses for marketing and expansion, the margin is anticipated to level out in the near term in the high single-digit range. The market size is substantial and customers’ preference for organized retail with a better shopping experience drives growth. However, with the ability of each deep-pocket player to expand their footprints in the next 3-5 years, the market may see a proliferation of store networks.

Zudio’s success story – a model playbook!

Since its inception in FY17, Zudio has seen a considerable expansion and reached 350+ standalone stores – generating a revenue of ~INR35.4b – primarily due to its competitively priced products (average selling price (ASP) of ~INR300). Its success story has been aided by the exclusive design portfolio and its low gross margin of 35-40%. This enables the company to achieve a high store productivity with a revenue/sqft of ~INR16,300, which is 2x the industry average. The high productivity helps in optimizing operating costs and achieving high single digit EBITDA margin at the store level. The FOCO Model, which focuses on asset-light expansion, enables Zudio to optimize costs and generate a healthy return on capital employed (ROCE).

Emphasis on execution – the key to success!

These stores are spread across an average of 5,000 to 7,000 sqft and provide fashion for the family and youth at an affordable price with all products priced below INR999. Targeting budget-conscious consumers and operating with low gross margin (35-40%), the organized players face intense competition from regional and unorganized players. Hence, the players focus on operational efficiencies as store-

level execution remains critical to profitability in this category. Design and inventory management remain key differentiators as evidenced by the recent performance of players such as Zudio and InTune, which focus on the youth category, whereas regional retailers emphasize on value propositions and local preferences.

Valuations & view – how are the big players placed?

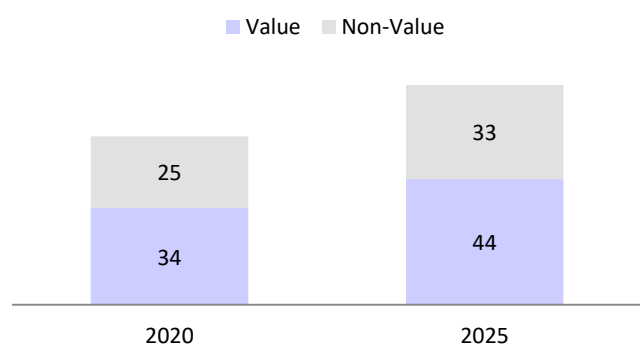
Among the apparel retailers, Trent, Shoppers Stop, V-Mart and ABFRL have entered the value retail space. Of these, Trent is the only one that has delivered strong profitable growth within the value retail segment, which is reflected in its rich valuation (P/E at 73.5x and EV/EBITDA at 38.9x) on FY25E. It has increased its market cap by ~ 2x in the last three years, driven by earnings growth and stock re-rating. While the market presents tremendous opportunities, aggressive entry by national retailers could be a red flag. Conversely, we believe that if Reliance Yousta, Shoppers Stop's InTune, V-Mart, and ABFRL can execute their plans properly, the growth potential is substantial from hereon. Historically, Shoppers Stop has experienced modest growth, resulting in a lower valuation. However, over the past few years, its growth profile has improved, leading to a better valuation. Despite this, the stock is trading at an EV/EBITDA and P/E of 9.7x and 24.9x on FY25E, respectively, and offers a good entry point if InTune delivers. Historically, the execution focus of V-Mart has resulted in good valuation. However, the company has seen a slowdown in performance of late due to weak consumption growth in the small tier cities, intense competition, and new investments that have hurt earnings and valuations. Any material upside will be contingent upon earnings recovery. Conversely, ABFRL, after a string of aggressive investments in the past three years, is facing a challenge in terms of EBITDA and PAT growth. This is impacting its valuation adversely. We believe that in the short term, ABFRL may experience volatility in earnings as a result of the aggressive investments.

Value fashion – the sky is the limit!

A large pool of regional retailers catering to the Tier 2 and below customers

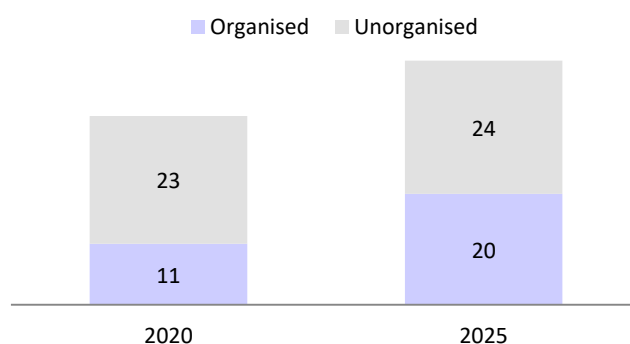
The unorganized sector has historically dominated the value fashion market in India, which is valued at ~INR2.5t (USD34b) and accounts for 57% of the overall apparel retail market. This segment primarily serves the middle-to-lower income group and is concentrated in Tier 2 and below markets. Only a few regional players, such as V-Mart, V2 Retail, and Citikart, have been able to establish themselves in this price-sensitive market, as larger retailers have struggled to penetrate it. While the overall value apparel category is projected to report a 6% CAGR over CY20-25, organized value apparel retail is expected to outperform the overall value category and post ~13% CAGR during the same period. This growth will be driven by factors such as increased disposable income, a favorable demographic profile with a large addressable market of millennial and Gen Y & Z customers (aged 14-40), and urbanization.

Exhibit 1: Value apparel market to clock 6% CAGR over CY20-25 (USD b)



Source: Technopak Analysis; V-Mart investor presentation

Exhibit 2: Organized segment to outpace value industry growth and post 13% CAGR over CY20-25 (USD b)



Source: Technopak Analysis; V-Mart investor presentation

Value fashion now becoming a crowded space

The value fashion segment is now witnessing a change in dynamics. A huge opportunity beyond the metros and Tier 1 cities, driven by better demographics, higher incomes and better aspiration within the customers, has compelled several big players to enter a market that was previously dominated by regional and local operators. In addition to the growing demand within the Tier 2 and below markets, the attractive store rentals and lower operating costs provide a compelling case for expansion with a lower risk profile. New labels and brands are being created by companies to cater to these price-sensitive niches as a result of increased ambition, especially among younger consumers.

Exhibit 3: Value players – key comparatives

	Zudio	InTune	V-Mart	V2 Retail	Style Up
Offerings	Youth	Youth	Family	Family	Family
Store count	388	6	354	105	16
ASPs (INR)	400	500	320	257	550
Average Store Size (Sq. Ft.)	7,000	5,500	8,706	10,524	7,000
Revenue/sqft (INR)	16,295	14,000	6,381	3,192	NA
Gross Margins (%)	35	35	35	31	NA
Investment/sqft/store	5,000	4,500	2,473	NA	NA

Source: MOFSL, Company

Exhibit 4: Geography wise presence of players

	Zudio*	InTune	V-Mart	V2 Retail
Uttar Pradesh	20	0	132	27
Bihar	7	0	56	24
Madhya Pradesh	11	0	17	3
Jharkhand	3	0	24	7
West Bengal	14	0	18	1
Maharashtra	60	4	5	0
Gujarat	55	0	7	0
Telangana	34	2	18	0
Karnataka	42	0	19	5
Others	106	0	127	38
Total	352	6	423	105

*as on Mar'23; Source: MOFSL, Company

Exhibit 5: Revenue scale of various players in the segment

INR m	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (18-20)	CAGR (19-23)
Revenues								
Citykart*	1,875	2,556	3,596	2,675	3,749	NA	38.5	13.6
Baazar Kolkatta*	5,036	5,876	6,512	4,483	6,421	NA	13.7	3.0
V2 Retail	5,594	7,484	7,012	5,386	6,292	8,389	12.0	2.9
Vishal Megamart	22,511	29,869	40,688	30,250	41,993	56,192	34.4	17.1
V-Mart	12,224	14,337	16,620	10,755	16,662	24,648	16.6	14.5
Zudio	458	2,040	4,780	4,800	11,082	35,371	223.0	104.1

*CAGR 19-22; Source: MOFSL, Company

Exhibit 6: Operating profitability improved...

INR m	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (18-20)	CAGR (19-23)
EBITDA								
Citykart*	76	208	354	76	406	NA	116.0	25.0
Baazar Kolkatta*	517	623	1,053	525	769	NA	42.7	7.2
V2 Retail	517	469	761	488	607	788	21.3	13.9
Vishal Megamart	1,702	2,198	4,128	2,593	4,228	4,656	55.7	20.6
V-Mart	89	91	87	88	88	89	(1.1)	(0.5)
Zudio	-100	-250	100	-607	352	1,966	NM	NM

*CAGR 19-22; Source: MOFSL, Company

Exhibit 7: ...but PAT performance remained a mixed bag

INR m	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (18-20)	CAGR (19-23)
Citykart	45	121	212	59	4	NA	117.0	(67.1)
Baazar Kolkatta	340	377	-168	-1,639	-477	NA	NM	(208.1)
V2 Retail	310	471	-24	-110	-129	-145	NM	NM
Vishal Megamart	696	1,318	1,262	386	1,913	2,465	34.7	17.0
V-Mart	777	616	493	-62	116	-78	(20.3)	NM
Citykart	45	121	212	59	4	NA	117.0	(67.1)
Baazar Kolkatta	340	377	-168	-1,639	-477	NA	NM	(208.1)

*CAGR 19-22; Source: MOFSL, Company

Following the recent scale and rapid success of Trent's Zudio, the segment has seen entries of national retailers with the likes of:

- **ABFRL:** In 2019, the company announced the launch of its value proposition (Style Up) with a focus on the smaller cities and towns. The segment typically operates stores, sized between 6,000 and 8,000sqft, and sells ethnic/western apparel and accessories for the whole family (men, women and children) with ASPs ranging around INR500- 600. In FY23, Style Up revamped its identity with a new logo. It refreshed products and enhanced experience at the stores. It currently operates 16 stores across the states of UP, Bihar and Karnataka.

Exhibit 8: Style Up's new refreshed retail identity

Source: MOFSL, Company

Exhibit 9: Product offerings

Source: Technopak Analysis; V-Mart investor presentation

- Shoppers Stop:** The company announced its entry into the fast-fashion value format with 'InTune' brand. It initially opened two stores in Hyderabad (in GSM Mall and DSL Virtue Mall) spread across ~5,000sqft carpet area. InTune currently has six stores running on a pilot basis. The company further plans to add 20-25 stores by end of FY24.

Exhibit 10: InTune's store layout

Source: MOFSL, Company

Exhibit 11: Aggressive pricing adopted

Source: Technopak Analysis; V-Mart investor presentation

Exhibit 12: Strong product offerings

Source: MOFSL, Company

Exhibit 13: Strong product offerings (cont.)

Source: MOFSL, Company

- **Reliance Retail:** It recently launched its youth-centric fashion brand 'Yousta' with the first store in Hyderabad. Apart from the sharp pricing followed by the company to cater to value-conscious customers, Yousta stores are expected to have facilities such as touch points (including QR-enabled screens for information sharing), self-checkout counters, complimentary Wi-Fi, and charging stations to enhance customer experience and drive footfalls. The company currently has five stores under this format.

Exhibit 14: Yousta store layout

Source: MOFSL, Media sources

Exhibit 15: Yousta store layout (cont.)

Source: MOFSL, Company

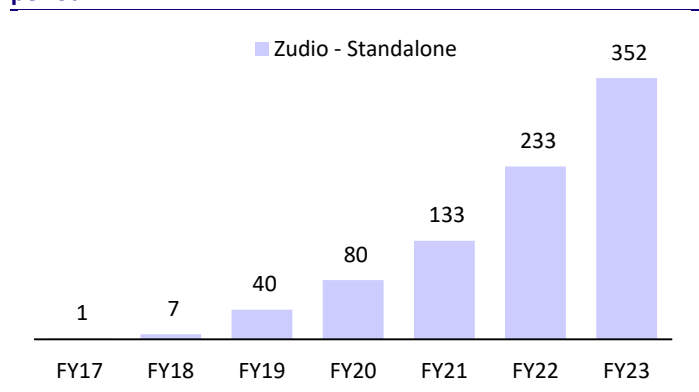
Zudio's success story – a model playbook!

Scaling up at a faster pace

Since its inception in FY17, Zudio has seen a considerable expansion and reached 350+ standalone stores – generating revenue of ~INR35.4b – primarily due to its:

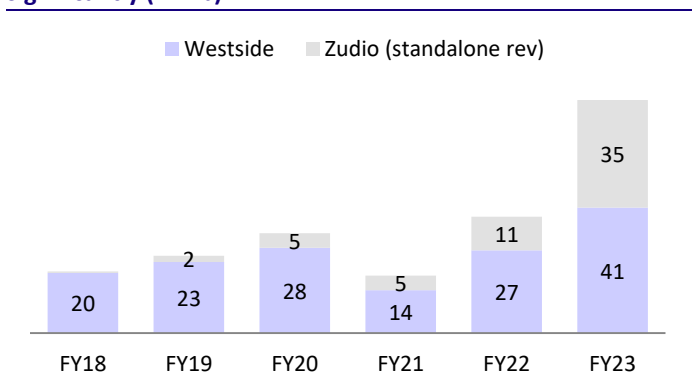
- Aggressive pricing (ASP of ~INR300) led by low gross margin of ~35-40% and higher blend of low-priced poly-viscose vs. cotton.
- High turnover, driven by significantly better footfalls and conversion rates vs. other value fashion retailers. This helps in leveraging operating costs better as well as garnering high inventory turns and better ROCE.
- Focusing on FOCO model, which enables asset light expansion and higher ROCE.

Exhibit 16: Zudio has seen a strong expansion over a short period



Source: MOFSL, Company

Exhibit 17: Revenue contribution of Zudio has improved significantly (INR b)



Source: MOFSL, Company

Healthy asset turns aid improved profitability

The value retail players mainly operate on aggressive pricing and low margins, primarily relying on the asset turns to improve their profitability. Zudio remains a model playbook for these players, given its strong execution capability demonstrated within a short period. Spanning across an average size of 7,000 sqft, the segment garners a throughput of ~16,300/sqft, which is ~2x of other retailers. An average inventory of INR2,950/sqft implies an asset turn of ~5.5x that results in a gross profit of INR6,500/sqft. This is almost similar to Westside, despite the lower gross margin of 40%.

Asset-light model enables healthy ROCE profile

Unlike the conventional COCO or FOFO models operated by retail companies, Trent offers the FOCO model, where the company pursues franchisees to incur capex. As a result, the company bears the expenses related to the inventory, while the store capex and other expenses are borne by the franchisee partner. On a net basis, Trent retains a 5% margin, after reducing the franchisee share to 16% (out of 38% gross margin). Since the investment is merely in the inventory of about INR21m, a 5% margin on healthy annual revenue (of INR11.4m) works out to be ~30% store-level ROCE.

Low margin leads to high execution risk

While the demand for the segment is improving, the segment's lower gross margins, competition from regional and unorganized players, and serving budget-conscious customers leave little room for profit margin. Hence, the players are prompted to focus on operating efficiencies. Spanning an average store size of 5,000 to 7,000sqft, these stores primarily rely on quick inventory turns and aggressive pricing to drive store-level productivity. A deeper dive into store-level economics highlights a heavy reliance on inventory management and asset turns to stay profitable, something that Trent's Zudio has mastered in a short period.

Zudio (Trent):

- Founded in 2016, Trent's Zudio has expanded to over 350 stores (388 stores as of Jun'23) within a short span of time, contributing ~45% to the overall standalone revenue.
- On the revenue front, Zudio garners store-level sales of INR115m led by a strong throughput of ~INR16,300/sqft, which is ~2x the industry average. This has mainly been fueled by: 1) a focus on youth segment, 2) stylish interiors, 3) good fashionable/fast-churning product inventory, 4) a sharp pricing, and 5) an intensive focus on throughputs that help in garnering a healthy store-level revenue and profitability.
- On the cost front, it is focused on: a) offering a lower cost polyester-blended fabric with cotton/viscose (clearly below Westside's product quality), b) passing on the low gross margin benefits (~35% vs. Westside's 55%), and c) nil marketing costs.

Exhibit 18: Strong store-level execution led by healthy asset turns

INR m	Total	
	Per Store	Per sqft
Average store size		7,000
Capex	14	2,050
Inventory	21	2,950
Total	35	5,000
Payback (in years)	2.3	2.3
Revenue	114	16,295
Gross Profit	39	5,638
Gross margin (%)	35%	35%
Other expenses	24	3,481
Store Level EBITDA	15	2,157
Margin	13%	13%

Source: MOFSL, Company

- Further, the company's capex-light FOCO (franchisee owned company operated) model allows it to maintain operations and garner a very high ROCE given its limited investments (in only inventory to the tune of INR21m/store, which has ~6x turns). The franchisee, on the other hand, incurs store capex and retains about 12-15% IRR. This has further allowed Trent to expand quickly over a short span of time.

InTune (Shoppers Stop):

- The company announced its entry into the fast-fashion value format with 'InTune' brand. It initially opened two stores in Hyderabad (in GSM Mall and DSL Virtue Mall) spread across ~5,000sqft carpet area. InTune currently has six stores running on a pilot basis, and is witnessing a healthy response. It is now achieving a store-level throughput of INR14,000/sqft and EBITDA margin of 10%. This translates into a store level sales of ~INR75m.
- Management, however, expects the margin to settle in a high single-digit range in the future aided by incremental marketing expenses and expansion. A store-level capex of INR1,800/sqft and inventory of INR2,700/sqft (100-week worth of inventory expected) would translate into a 30% ROCE.
- The company further plans to take the store count to 160 by FY26E, which could entail a total revenue generation of INR12b, thereby contributing an additional 30% revenue to the current base of INR40b (FY23).

Exhibit 19: Healthy response seen towards new stores set-up

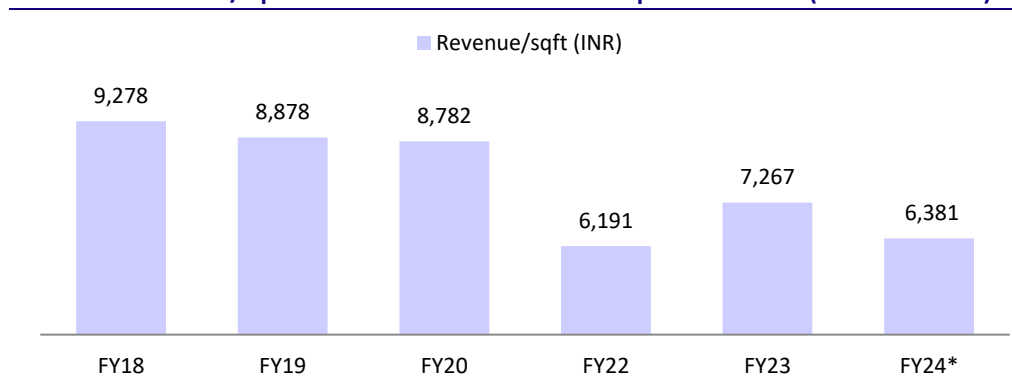
INR m	Total	
	Per Store	Per sqft
Average store size		5,500
Capex	10	1,800
Inventory	15	2,700
Total	25	4,500
Payback (in years)	3.2	3.2
Revenue	77	14,000
Gross Profit	27	4,928
Gross margin (%)	35%	35%
Other expenses	19	3,528
Store Level EBITDA	8	1,400
Margin	10%	10%

Source: MOFSL, Company

V-Mart:

- Catering to the lower income and mass segments, V-Mart has seen a softer recovery. The value fashion player, which operated at a per sqft revenue of ~INR9,000 during pre-Covid levels, has seen an adverse impact led by Covid-19 and inflationary pressures. While there has been a gradual recovery in 1QFY24, it continues to remain below the pre-Covid levels, indicating continued pressure within the category.

Exhibit 20: Revenue/sqft continues to remain below the pre-Covid level (Excl. Unlimited)



*Annualized based on 1H numbers; Source: MOFSL, Company

- The segment is currently having a revenue throughput of INR6,400/sqft (annualized for 1HFY24 numbers). After considering a 35% gross margin and other expenses, it achieves a store-level EBITDA of ~4% (vs. 8% earlier in FY20) translating into an ROIC of merely 10%, which is below its peers.

Exhibit 21: V-Mart's store-level productivity

INR m	Total	
	Per Store	Per sqft
Average store size		8,706
Capex	13	1,436
Inventory	9	1,037
Total	22	2,473
Payback (in years)	10.5	10.5
Revenue	56	6,381
Gross Profit	20	2,246
Gross margin (%)	35%	35%
Other expenses	18	2,011
Store Level EBITDA	2	235
Margin	4%	4%

Source: MOFSL, Company

Trent: Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	26,302	34,860	25,930	44,980	82,420	1,28,508	1,70,137	2,14,082
Change (%)	21.9	32.5	-25.6	73.5	83.2	55.9	32.4	25.8
Raw Materials	13,114	18,818	15,340	24,815	47,197	74,055	97,780	1,23,021
Employees Cost	2,868	3,585	3,019	3,990	6,552	9,748	12,622	15,577
Other Expenses	4,878	5,083	5,852	10,437	17,934	26,386	34,820	43,840
Total Expenditure	24,025	29,420	24,211	39,241	71,684	1,10,189	1,45,222	1,82,438
% of Sales	91.3	84.4	93.4	87.2	87.0	85.7	85.4	85.2
EBITDA	2,277	5,440	1,719	5,739	10,737	18,318	24,915	31,644
Margin (%)	8.7	15.6	6.6	12.8	13.0	14.3	14.6	14.8
Depreciation	517	2,472	2,573	3,108	4,937	4,915	6,495	7,990
EBIT	1,761	2,967	-854	2,631	5,800	13,403	18,420	23,654
Int. and Finance Charges	368	2,458	2,487	3,047	3,692	4,680	6,014	7,348
Other Income	408	1,445	2,016	1,752	2,609	3,262	4,240	5,512
PBT bef. EO Exp.	1,801	1,954	-1,325	1,335	4,717	11,985	16,646	21,818
EO Items	0	0	-10	-274	-30	0	0	0
PBT after EO Exp.	1,802	1,954	-1,335	1,061	4,687	11,985	16,646	21,818
Total Tax	736	590	-237	766	1,584	3,017	4,190	5,492
Tax Rate (%)	40.9	30.2	17.8	72.2	33.8	25.2	25.2	25.2
MI/(Profit)/Loss from Assoc.	95	304	714	-51	-835	0	0	0
Reported PAT	970	1,060	-1,811	346	3,937	8,968	12,456	16,327
Adjusted PAT	970	1,060	-1,803	422	3,957	8,968	12,456	16,327
Change (%)	11.6	9.2	-270.1	-123.4	837.0	126.7	38.9	31.1
Margin (%)	3.7	3.0	-7.0	0.9	4.8	7.0	7.3	7.6

Consolidated - Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	332	355	355	355	356	356	356	356
Total Reserves	16,133	23,525	22,775	23,285	25,599	34,568	47,024	63,351
Net Worth	16,465	23,880	23,130	23,640	25,955	34,923	47,379	63,706
Minority Interest	-29	803	445	459	675	675	675	675
Total Loans	3,942	25,260	26,686	47,338	44,722	58,498	75,172	91,846
Lease Liabilities		23,188	26,637	42,280	39,662	58,417	75,091	91,765
Deferred Tax Liabilities	255	-1,104	-746	-1,264	-1,561	-1,561	-1,561	-1,561
Capital Employed	20,632	48,839	49,515	70,174	69,791	92,535	1,21,665	1,54,666
Gross Block	9,117	32,192	37,078	55,887	57,819	80,790	1,01,558	1,22,327
Less: Accum. Deprn.	2,757	3,977	7,093	9,571	13,093	18,008	24,503	32,493
Net Fixed Assets	6,360	27,114	30,329	46,491	44,726	62,782	77,055	89,834
Right to use assets		19,856	23,185	38,642	35,502	50,046	61,092	70,804
Goodwill on Consolidation	261	272	272	272	272	272	272	272
Capital WIP	872	231	340	448	1,017	1,017	1,017	1,017
Total Investments	8,828	15,148	15,550	13,541	11,370	11,370	11,370	11,370
Curr. Assets, Loans&Adv.	9,265	11,197	10,000	15,245	21,869	31,841	51,259	76,297
Inventory	4,970	6,078	4,284	8,678	13,612	20,259	27,553	34,898
Account Receivables	165	171	208	179	344	528	932	1,173
Cash and Bank Balance	542	614	815	864	863	2,282	10,426	25,591
Loans and Advances	3,587	4,334	4,694	5,525	7,051	8,772	12,348	14,635
Curr. Liability & Prov.	4,955	5,123	6,976	5,823	9,464	14,746	19,308	24,124
Account Payables	2,450	2,976	2,746	3,780	6,652	10,562	13,984	17,596
Other Current Liabilities	2,293	1,893	4,026	1,734	2,098	3,471	4,611	5,815
Provisions	212	254	204	309	713	713	713	713
Net Current Assets	4,311	6,074	3,024	9,422	12,406	17,094	31,951	52,173
Appl. of Funds	20,632	48,839	49,515	70,174	69,791	92,535	1,21,665	1,54,666

E: MOFSL Estimates

Trent: Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	2.9	3.0	-5.1	1.2	11.1	25.2	35.0	45.9
Cash EPS	4.5	10.6	2.3	10.6	26.8	41.8	57.0	73.2
BV/Share	49.5	71.9	69.6	71.1	78.1	105.1	142.6	191.7
DPS	1.3	1.0	0.0	1.7	2.2	0.0	0.0	0.0
Payout (%)	53.7	33.5	0.0	174.6	19.9	0.0	0.0	0.0
Valuation (x)								
P/E	882.6	864.3	-508.1	2,166.4	231.5	102.2	73.5	56.1
Cash P/E	576.0	242.4	1,112.1	242.6	96.3	61.7	45.2	35.2
P/BV	52.0	35.9	37.0	36.2	33.0	24.5	18.1	13.4
EV/Sales	32.7	27.0	36.3	21.4	11.6	7.6	5.8	4.6
EV/EBITDA	373.7	170.2	538.9	165.2	88.4	52.5	38.9	30.7
Dividend Yield (%)	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0
FCF per share	-5.2	6.8	8.0	-4.3	10.4	22.0	27.9	47.8
Return Ratios (%)								
RoE	6.0	5.3	-7.7	1.8	16.0	29.5	30.3	29.4
RoCE	6.4	8.9	1.9	2.0	7.9	15.2	15.7	15.7
RoIC	10.5	9.6	-2.1	1.7	6.9	14.9	15.6	16.4
Working Capital Ratios								
Fixed Asset Turnover (x)	2.9	1.1	0.7	0.8	1.4	1.6	1.7	1.8
Asset Turnover (x)	1.3	0.7	0.5	0.6	1.2	1.4	1.4	1.4
Inventory (Days)	69	64	60	70	60	58	59	59
Debtor (Days)	2	2	3	1	2	2	2	2
Creditor (Days)	34	31	39	31	29	30	30	30
Leverage Ratio (x)								
Current Ratio	1.9	2.2	1.4	2.6	2.3	2.2	2.7	3.2
Interest Cover Ratio	4.8	1.2	-0.3	0.9	1.6	2.9	3.1	3.2
Net Debt/Equity	-0.4	0.7	0.9	1.7	1.3	1.3	1.1	0.9

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	1,685	1,650	-2,038	1,387	5,551	11,985	16,646	21,818
Depreciation	517	2,472	2,573	3,108	4,937	4,915	6,495	7,990
Interest & Finance Charges	165	2,126	2,197	2,814	3,524	4,680	6,014	7,348
Direct Taxes Paid	-791	-835	-11	-816	-1,910	-3,017	-4,190	-5,492
(Inc)/Dec in WC	-1,352	-1,033	1,063	-4,293	-2,932	-3,270	-6,712	-5,057
CF from Operations	223	4,381	3,783	2,199	9,170	15,293	18,253	26,607
Others	-14	-828	-45	-1,615	-3,222	-3,262	-4,240	-5,512
CF from Operating incl EO	210	3,553	3,738	585	5,949	12,032	14,013	21,096
(Inc)/Dec in FA	-1,953	-1,142	-910	-2,101	-2,235	-4,216	-4,095	-4,095
Free Cash Flow	-1,743	2,411	2,828	-1,516	3,714	7,816	9,918	17,001
(Pur)/Sale of Investments	2,253	-6,574	1,400	2,084	65	0	0	0
Others	-670	-382	-308	562	1,135	3,262	4,240	5,512
CF from Investments	-370	-8,098	181	544	-1,036	-954	145	1,417
Issue of Shares	0	9,349	-3	2,504	463	0	0	0
Inc/(Dec) in Debt	1,061	-1,773	0	0	0	0	0	0
Interest Paid	-227	-2,511	-2,489	-2,463	-3,587	-4,680	-6,014	-7,348
Dividend Paid	-459	-398	-355	-427	-393	0	0	0
Others	0	-50	-872	-694	-1,397	-4,979	0	0
CF from Fin. Activity	375	4,617	-3,719	-1,080	-4,914	-9,659	-6,014	-7,348
Inc/Dec of Cash	214	72	201	49	-1	1,419	8,144	15,165
Opening Balance	328	542	614	815	864	863	2,282	10,426
Closing Balance	542	614	815	864	863	2,282	10,426	25,591

Shoppers Stop: Financials and valuations

Standalone - Income Statement								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	35,915	34,813	33,810	17,251	24,938	39,984	44,284	52,511
Change (%)	-1.6	-3.1	-2.9	-49.0	44.6	60.3	10.8	18.6
Raw Materials	22,134	20,272	19,676	10,651	15,034	23,274	25,773	30,325
Employees Cost	3,013	3,145	3,219	2,575	2,693	3,493	3,982	4,539
Lease Rentals	3,597	3,863	560	0	0	0	0	0
Other Expenses	5,054	5,000	4,860	3,492	4,536	6,229	6,598	7,824
Total Expenditure	33,799	32,280	28,315	16,717	22,263	32,996	36,353	42,688
% of Sales	94.1	92.7	83.7	96.9	89.3	82.5	82.1	81.3
EBITDA	2,116	2,533	5,494	534	2,675	6,988	7,931	9,823
Margin (%)	5.9	7.3	16.3	3.1	10.7	17.5	17.9	18.7
Depreciation	1,119	1,351	4,392	3,847	3,520	3,816	4,379	5,064
EBIT	997	1,182	1,102	-3,313	-844	3,172	3,551	4,759
Int. and Finance Charges	362	124	1,944	2,200	2,054	2,092	2,253	2,374
Other Income	160	179	335	2,188	1,661	561	561	561
PBT bef. EO Exp.	796	1,237	-507	-3,325	-1,238	1,641	1,859	2,946
EO Items	-504	0	-200	-224	-150	-20	-49	0
PBT after EO Exp.	292	1,237	-707	-3,549	-1,388	1,621	1,810	2,946
Total Tax	176	449	703	-797	-521	429	468	741
Tax Rate (%)	60.2	36.3	-99.5	22.5	37.5	26.4	25.9	25.2
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	116	788	-1,409	-2,752	-867	1,192	1,342	2,204
Adjusted PAT	765	1,001	-1,609	-2,976	-717	1,212	1,391	2,204
Change (%)	-213.0	30.8	-260.8	84.9	-75.9	-269.2	14.8	58.4
Margin (%)	2.1	2.9	-4.8	-17.3	-2.9	3.0	3.1	4.2

Standalone - Balance Sheet								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	440	440	440	547	548	548	548	548
Total Reserves	9,094	9,337	926	1,270	435	1,771	3,114	5,318
Net Worth	9,534	9,776	1,366	1,817	983	2,320	3,662	5,866
Total Loans	874	0	21,915	20,054	20,934	23,527	25,087	28,247
Lease Liabilities			20,678	19,116	18,995	22,487	23,148	23,148
Deferred Tax Liabilities	-198	-320	-2,641	-3,424	-3,740	-3,312	-3,312	-3,312
Capital Employed	10,210	9,457	20,640	18,447	18,177	22,535	25,437	30,801
Gross Block	9,282	9,907	11,457	11,923	14,913	13,432	12,948	15,988
Less: Accum. Deprn.	2,804	3,959	5,930	6,912	10,432	8,820	9,955	11,328
Net Fixed Assets	6,478	5,948	5,527	5,011	4,481	4,612	2,994	4,660
Right to use assets			13,257	12,096	12,764	16,361	16,794	16,782
Capital WIP	182	351	443	29	140	339	339	339
Total Investments	3,176	2,935	2,057	1,279	1,464	734	734	734
Curr. Assets, Loans&Adv.	7,592	15,199	16,727	13,902	15,240	20,629	27,965	35,827
Inventory	3,284	10,535	12,239	8,472	10,075	14,863	20,625	25,176
Account Receivables	437	444	351	348	382	304	336	399
Cash and Bank Balance	52	167	13	416	321	254	2,352	4,737
Loans and Advances	3,818	4,052	4,125	4,666	4,462	5,208	4,651	5,515
Curr. Liability & Prov.	7,218	14,977	17,370	13,870	15,913	20,139	23,388	27,541
Account Payables	4,886	12,542	14,967	11,399	14,419	18,259	20,195	23,761
Other Current Liabilities	2,252	2,341	2,295	2,409	1,409	1,841	3,154	3,740
Provisions	79	93	108	62	86	39	39	39
Net Current Assets	374	222	-643	32	-673	490	4,577	8,286
Appl. of Funds	10,210	9,456	20,640	18,447	18,177	22,535	25,437	30,802

E: MOFSL Estimates

Shoppers Stop: Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	9.2	12.0	-19.3	-35.6	-8.6	14.5	16.7	26.4
Cash EPS	22.6	28.2	33.3	10.4	33.6	60.2	69.1	87.0
BV/Share	114.2	117.1	16.4	21.8	11.8	27.8	43.9	70.3
DPS	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	67.8	9.8	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	71.7	54.8	-34.1	-18.4	-76.5	45.3	39.4	24.9
Cash P/E	29.1	23.3	19.7	63.0	19.6	10.9	9.5	7.5
P/BV	5.8	5.6	40.2	30.2	55.8	23.7	15.0	9.4
EV/Sales	1.6	1.7	2.4	5.3	3.7	2.4	2.1	1.8
EV/EBITDA	27.7	22.8	14.5	171.5	34.6	13.6	12.0	9.7
Dividend Yield (%)	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	23.2	11.1	43.8	-6.6	25.8	38.1	26.3	43.1
Return Ratios (%)								
RoE	8.9	10.4	-28.9	-187.0	-51.2	73.4	46.5	46.3
RoCE	3.9	8.6	17.3	-3.9	2.3	11.5	11.2	12.7
RoIC	5.0	11.8	18.2	-14.7	-3.2	12.5	12.2	15.2
Working Capital Ratios								
Fixed Asset Turnover (x)	3.9	3.5	3.0	1.4	1.7	3.0	3.4	3.3
Asset Turnover (x)	3.5	3.7	1.6	0.9	1.4	1.8	1.7	1.7
Inventory (Days)	33	110	132	179	147	136	170	175
Debtor (Days)	4	5	4	7	6	3	3	3
Creditor (Days)	50	132	162	241	211	167	166	165
Leverage Ratio (x)								
Current Ratio	1.1	1.0	1.0	1.0	1.0	1.0	1.2	1.3
Interest Cover Ratio	2.8	9.5	0.6	-1.5	-0.4	1.5	1.6	2.0
Net Debt/Equity	-0.2	-0.3	14.5	10.1	19.5	9.7	6.0	3.9

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	796	1,237	-707	-3,549	-1,388	1,621	1,859	2,946
Depreciation	1,119	1,351	4,392	3,847	3,520	3,816	4,379	5,064
Interest & Finance Charges	362	124	1,944	2,200	2,054	2,092	2,253	2,374
Direct Taxes Paid	-356	-565	-422	124	210	-36	-468	-741
(Inc)/Dec in WC	1,341	-24	538	-575	899	-1,683	-1,985	-1,317
CF from Operations	3,261	2,124	5,745	2,046	5,295	5,810	6,039	8,325
Others	-43	-24	-101	-1,948	-1,403	-188	-610	-561
CF from Operating incl EO	3,218	2,100	5,644	99	3,892	5,622	5,429	7,764
(Inc)/Dec in FA	-1,179	-1,123	-1,786	-823	-1,067	-1,444	-2,540	-3,040
Free Cash Flow	2,039	977	3,858	-724	2,824	4,178	2,889	4,724
(Pur)/Sale of Investments	456	-224	-1,033	578	-55	796	0	0
Others	229	-864	421	-721	-666	-365	64	60
CF from Investments	-494	-2,211	-2,397	-965	-1,788	-1,013	-2,476	-2,980
Issue of Shares	1,814	11	0	2,960	25	27	0	0
Inc/(Dec) in Debt	-4,062	-398	-400	1,500	-773	-1,102	898	0
Interest Paid	-378	-124	-1,944	-2,195	-2,056	-2,094	-2,253	-2,374
Dividend Paid	-75	-80	-80	0	0	0	0	0
Others	0	0	-1,809	-558	0	-2,203	7	-519
CF from Fin. Activity	-2,701	-591	-4,232	1,707	-2,804	-5,372	-1,348	-2,892
Inc/Dec of Cash	23	-702	-986	841	-701	-763	1,605	1,892
Opening Balance	30	869	998	-425	1,022	1,017	747	2,845
Closing Balance	52	167	12	416	321	254	2,352	4,737
Less: Other bank balance/ Overdraft	816	831	-437	605	696	493	493	493
Net closing balance/ (Overdraft)	869	998	-425	1,022	1,017	747	2,845	5,229

V-Mart: Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	14,337	16,620	10,755	16,662	24,648	28,243	33,173	38,894
Change (%)	17.3	15.9	-35.3	54.9	47.9	14.6	17.5	17.2
Raw Materials	9,703	11,263	7,236	10,911	15,971	18,640	21,894	25,670
Employees Cost	1,257	1,536	1,169	1,796	2,555	3,107	3,151	3,539
Other Expenses	996	396	1,038	1,821	3,178	4,688	4,389	4,898
Total Expenditure	13,008	14,483	9,442	14,618	21,959	26,690	29,690	34,363
% of Sales	90.7	87.1	87.8	87.7	89.1	94.5	89.5	88.4
EBITDA	1,329	2,137	1,312	2,043	2,689	1,553	3,483	4,531
Margin (%)	9.3	12.9	12.2	12.3	10.9	5.5	10.5	11.7
Depreciation	276	939	1,030	1,307	1,800	1,937	1,992	2,028
EBIT	1,053	1,198	282	736	889	-384	1,491	2,503
Int. and Finance Charges	16	548	589	772	1,169	1,297	1,326	1,414
Other Income	59	45	210	140	150	170	220	220
PBT Bif. EO Exp.	1,096	695	-97	104	-130	-1,511	385	1,309
EO Items	-98	0	0	0	0	0	0	0
PBT after EO Exp.	998	695	-97	104	-130	-1,511	385	1,309
Total Tax	382	202	-35	-12	-52	-408	104	354
Tax Rate (%)	38.3	29.0	35.8	-12.0	39.7	27.0	27.0	27.0
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	616	493	-62	116	-78	-1,103	281	956
Adjusted PAT	715	493	-62	116	-78	-1,103	281	956
Change (%)	-8.0	-31.0	-112.6	-287.7	-167.4	1,305.1	-125.5	240.3
Margin (%)	5.0	3.0	-0.6	0.7	-0.3	-3.9	0.8	2.5

Consolidated - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	181	182	197	197	198	198	198	198
Total Reserves	3,911	4,408	8,055	8,299	8,292	7,190	7,470	8,426
Net Worth	4,093	4,589	8,252	8,496	8,490	7,387	7,668	8,624
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	0	11	0	0	1,478	2,000	2,400	2,400
Deferred Tax Liabilities	-118	-160	-253	-386	-531	-531	-531	-531
Other long term liabilities	111	5,218	5,751	9,131	11,964	11,521	11,156	10,867
Lease Liabilities		5,157	5,678	9,022	11,838	11,448	11,083	10,795
Capital Employed	4,086	9,658	13,750	17,240	21,400	20,378	20,693	21,361
Net Fixed Assets	1,655	6,670	6,965	11,110	14,455	13,637	12,952	12,418
Right to use assets		4,921	5,180	8,283	10,643	9,930	9,241	8,630
Capital WIP	40	25	22	64	1,092	22	22	22
Total Investments	607	79	3,189	1,248	85	85	85	85
Curr. Assets, Loans&Adv.	3,898	5,302	5,836	8,186	11,261	12,749	14,817	17,257
Inventory	3,290	4,779	4,283	6,682	8,706	9,672	11,361	13,320
Account Receivables	0	0	0	0	0	0	0	0
Cash and Bank Balance	166	50	275	351	202	380	289	224
Loans and Advances	443	473	1,278	1,153	2,353	2,697	3,167	3,713
Curr. Liability & Prov.	2,114	2,418	2,261	3,368	5,493	6,116	7,183	8,422
Account Payables	1,483	1,968	1,917	2,906	4,883	5,416	6,362	7,459
Other Current Liabilities	534	451	345	462	610	699	821	963
Provisions	97	0	0	0	0	0	0	0
Net Current Assets	1,784	2,884	3,574	4,818	5,768	6,633	7,634	8,835
Appl. of Funds	4,086	9,657	13,750	17,240	21,400	20,378	20,693	21,361

E: MOFSL Estimates

V-Mart: Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	39.5	27.3	-3.4	6.4	-4.3	-60.9	15.5	52.8
Cash EPS	54.8	79.2	53.5	78.7	95.1	46.1	125.6	164.9
BV/Share	226.1	253.6	456.0	469.5	469.1	408.2	423.7	476.5
DPS	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	42.7	61.8	NM	262.0	NM	NM	108.6	31.9
Cash P/E	30.8	21.3	31.5	21.4	17.7	36.5	13.4	10.2
P/BV	7.5	6.6	3.7	3.6	3.6	4.1	4.0	3.5
EV/Sales	2.1	1.8	3.1	2.0	1.4	1.2	1.1	0.9
EV/EBITDA	22.8	16.7	29.4	20.5	17.3	29.9	13.4	10.2
Dividend Yield (%)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	19.7	17.5	55.2	-81.3	-49.3	31.2	80.3	107.1
Return Ratios (%)								
RoE	18.9	11.4	NM	1.4	NM	NM	3.7	11.7
RoCE	18.1	12.7	2.7	6.2	3.2	-0.7	5.9	9.3
RoIC	21.2	13.3	1.8	6.4	3.0	-1.4	5.4	8.8
Working Capital Ratios								
Fixed Asset Turnover (x)	8.7	2.5	1.5	1.5	1.7	2.1	2.6	3.1
Asset Turnover (x)	3.5	1.7	0.8	1.0	1.2	1.4	1.6	1.8
Inventory (Days)	84	105	145	146	129	125	125	125
Debtor (Days)	0	0	0	0	0	0	0	0
Creditor (Days)	38	43	65	64	72	70	70	70
Leverage Ratio (x)								
Current Ratio	1.8	2.2	2.6	2.4	2.0	2.1	2.1	2.0
Interest Cover Ratio	65.3	2.2	0.5	1.0	0.8	-0.3	1.1	1.8
Net Debt/Equity	-0.2	0.0	-0.4	-0.2	0.1	0.2	0.3	0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) Before Tax	993	695	-97	104	-130	-1,511	385	1,309
Depreciation	268	939	1,030	1,307	1,800	1,937	1,992	2,028
Interest & Finance Charges	16	548	589	772	1,169	1,297	1,326	1,414
Direct Taxes Paid	-332	-241	-35	-118	-182	408	-104	-354
(Inc)/Dec in WC	-270	-1,091	182	-1,985	-857	-739	-1,092	-1,267
CF from Operations	674	850	1,669	80	1,800	1,393	2,508	3,131
Others	89	13	-176	-192	8	-170	-220	-220
CF from Operating incl EO	763	863	1,493	-113	1,808	1,223	2,288	2,911
(Inc)/Dec in FA	-407	-546	-406	-1,494	-2,783	-606	-699	-793
Free Cash Flow	357	317	1,087	-1,606	-976	617	1,589	2,118
(Pur)/Sale of Investments	-339	550	-3,092	2,676	1,192	0	0	0
Others	12	2	-690	54	5	170	220	220
CF from Investments	-734	5	-4,188	1,237	-1,586	-436	-479	-573
Issue of Shares	19	13	3,713	76	35	0	0	0
Inc/(Dec) in Debt	-3	8	-11	0	1,478	522	400	0
Interest Paid	-16	-933	-589	-772	-1,164	1,070	0	0
Dividend Paid	-44	-31	0	0	-15	0	0	0
Others	0	0	-244	-349	-708	-2,201	-2,299	-2,404
CF from Fin. Activity	-44	-943	2,869	-1,045	-374	-609	-1,899	-2,404
Inc/Dec of Cash	-14	-75	174	80	-152	178	-91	-65
Opening Balance (excluding bank bal.)	137	123	48	222	302	150	328	237
Closing Balance	123	48	222	302	150	328	237	172
Bank balance	43	1	53	49	52	52	52	52
Closing Balance (including bank balance)	166	50	275	351	202	380	289	224

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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