

30 June 2025

India | Equity Research | Company Update

Go Fashion India

Consumer Staples & Discretionary

CXO 1x1: Gautam Sarogi, CEO

We upgrade Go Fashion to **BUY** (from Add) with a TP of INR 1,200 (potential ~40% upside). Gautam exuded confidence about improving macros, store expansion plans for FY26 (after a soft FY25), plans (experiments) for portfolio diversification (women's top wear, men's products), channels (attempting MBO, franchising strategies) and international expansion (opened Dubai store recently). We agree. Go Fashion, at this stage of evolution, has multiple growth drivers. At 28x FY27 EPS, we believe stock has strong rerating potential. We reckon (promoters' share) pledge may potentially be reduced in FY26. Key risk, as always, is execution.

Focused expansion with RoCE lens

Go Fashion has scaled its network to 776 EBOs across 180 cities with an annual rollout target of 120–130 stores focused on tier-II and III markets. Expansion is driven by unit-level RoCE filters with careful evaluation of payback and throughput. Expansion beyond 250 cities is being approached selectively, in line with the company's disciplined focus on unit economics and execution efficiency. In lower-potential markets, Go continues to expand through LFS along with scaling through standalone EBOs.

Balancing SSSG and network growth

While network expansion remains on track, the company continues to prioritise same-store sales growth (SSSG) through sharper assortment rotation, tighter pricing control, and targeted retention efforts. SSSG is being viewed as a structural lever for profitability, especially across mature store clusters. MBO/LFS are being leveraged as feeder formats, with conversion to EBOs based on throughput performance.

South India remains a strategic stronghold

Go retains strong brand equity across Tamil Nadu, Karnataka, Kerala, Andhra Pradesh, and Telangana - markets that account for ~60–65% of its current store base and revenue contribution. These regions offer deep-value retail penetration and high bottom-wear salience. A strong high-street presence, repeat visibility, and consistent pricing have enabled Go to stay competitive even against aggressive value players in the region.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	7,628	8,482	10,558	12,822
EBITDA	2,424	2,680	3,374	4,158
EBITDA Margin (%)	31.8	31.6	32.0	32.4
Net Profit	828	935	1,271	1,693
EPS (INR)	15.3	17.3	23.5	31.3
EPS % Chg YoY	0.0	13.0	35.9	33.2
P/E (x)	56.8	50.3	37.0	27.8
EV/EBITDA (x)	18.6	16.6	13.0	10.4
RoCE (%)	17.6	16.8	19.1	20.4
RoE (%)	14.7	14.4	16.7	18.7

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Market Data

Market Cap (INR)	47bn
Market Cap (USD)	549mn
Bloomberg Code	GOCOLORS IN
Reuters Code	GOFA BO
52-week Range (INR)	1,408 /660
Free Float (%)	47.0
ADTV-3M (mn) (USD)	1.7

Price Performance (%)	3m	6m	12m
Absolute	28.6	(7.9)	(16.0)
Relative to Sensex	20.3	(14.7)	(22.0)

ESG Score	2023	2024	Change
ESG score	67.7	64.2	(3.5)
Environment	43.2	40.7	(2.5)
Social	66.6	65.9	(0.7)
Governance	79.1	79.8	0.7

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	-	0.7
EBITDA	-	0.7
EPS	-	0.5

Previous Reports

01-05-2025: [Q4FY25 results review](#)

27-10-2024: [Q2FY25 results review](#)

Capital-efficient market entry strategy

In addition to standalone EBOs, Go continues to test demand through low-capex formats such as shelf presence in LFS and high-quality MBO with lower discounting. This test-and-scale approach ensures disciplined capital allocation, with high-conversion zones eventually upgraded to full-store formats. The company is also evaluating expansion into the Middle East through franchise-led partnerships (opened Dubai store recently), enabling scale without incremental balance sheet risk.

Assortment depth with category discipline

Go's portfolio spans ethnic, western, fusion, denim, and athleisure wear, but remains tightly controlled from a productivity lens. Just 20% of SKUs contribute 80% of sales, and inventory is managed at ~100 days with a recall rate of <1:1. This control allows the brand to stay lean, relevant, and avoid markdowns or obsolescence.

Piloting broader wallet share capture

The company is piloting an expanded merchandise mix in its existing stores to serve 80–90% of a customer's wardrobe needs without incremental cost. The pilot is tested across 15 stores initially, with further scale-up based on learnings and performance. It is also testing men's bottom-wear in response to ~30% of footfalls being male [accompanying the female]; thus, creating an opportunity to deepen household-level engagement and cross-category consumption. Delhi, previously exposed to seasonal dips, has seen improved revenue contribution post introduction of winterwear.

Focused brand positioning with value consumer relevance

Go remains sharply focused on seasonless basic fashion and does not intend to enter fast fashion. This clarity helps preserve pricing consistency, improve supply chain control, and sustain execution quality as the brand scales nationally. The company sees overlap between its TG and large value retail customers, especially in pricing-led preferences and core category relevance. Go's width and depth in bottom-wear makes it a natural upgrade or alternative for value shoppers. The brand also sees strong traction during End-of-Season Sale (EOSS) periods, where value-conscious footfall drives volume and new customer acquisition.

Execution anchored on three strategic priorities

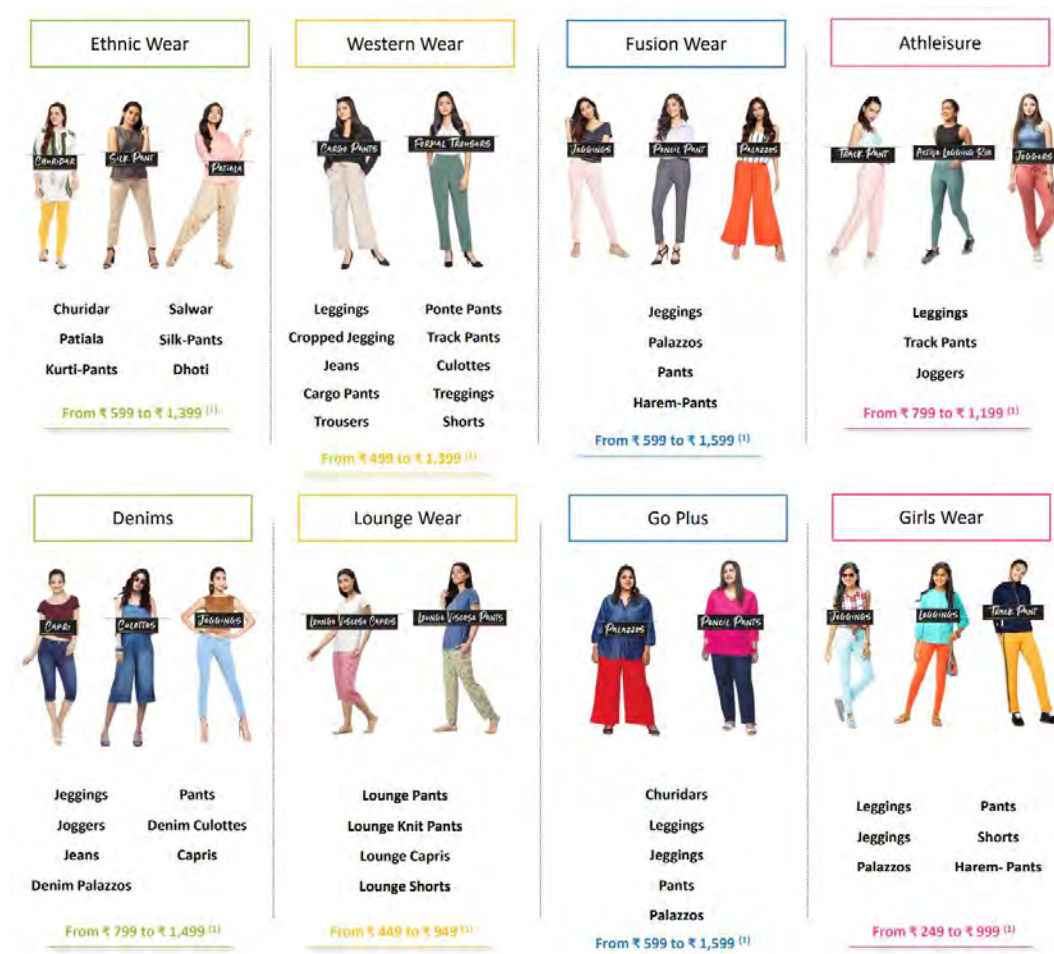
Management remains aligned on three key execution levers:

- Strengthening core category depth across bottom-wear and everyday essentials
- Driving SSSG through loyalty, pricing and merchandising
- Maintaining SKU efficiency with tight inventory and fast turns

Valuation and risk

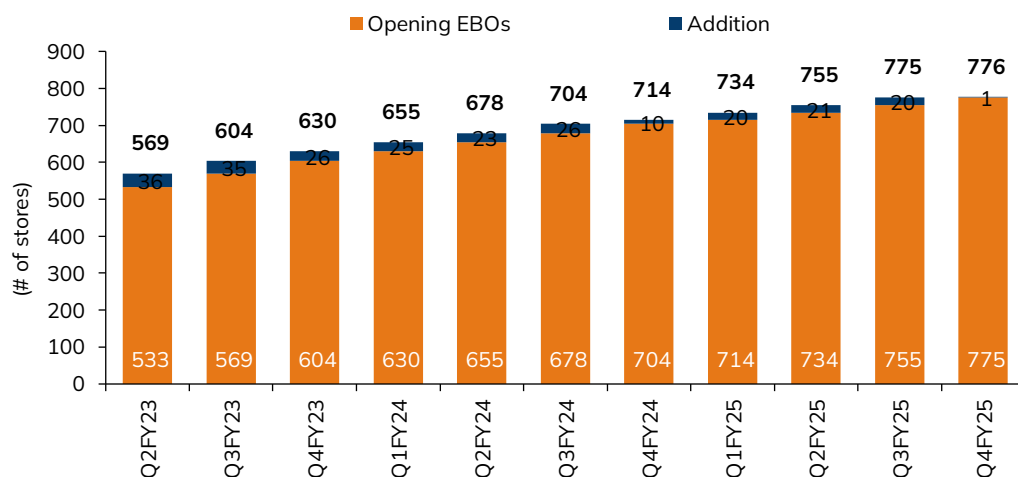
We marginally increase our earnings estimates by ~1% for FY27E; modelling revenue / EBITDA / PAT CAGR of 23% / 25% / 35% over FY25-FY27E. Upgrade to **BUY** (from **Add**) with a DCF-based revised target price of INR 1,200 (vs INR 830), as improving execution and consistent performance in core categories enhances confidence in long-term growth visibility. **Key risks:** (1) risk of high revenue share from Reliance Retail in LFS channel and (2) likely increased competition from new players entering the category.

Exhibit 1: Diversified portfolio

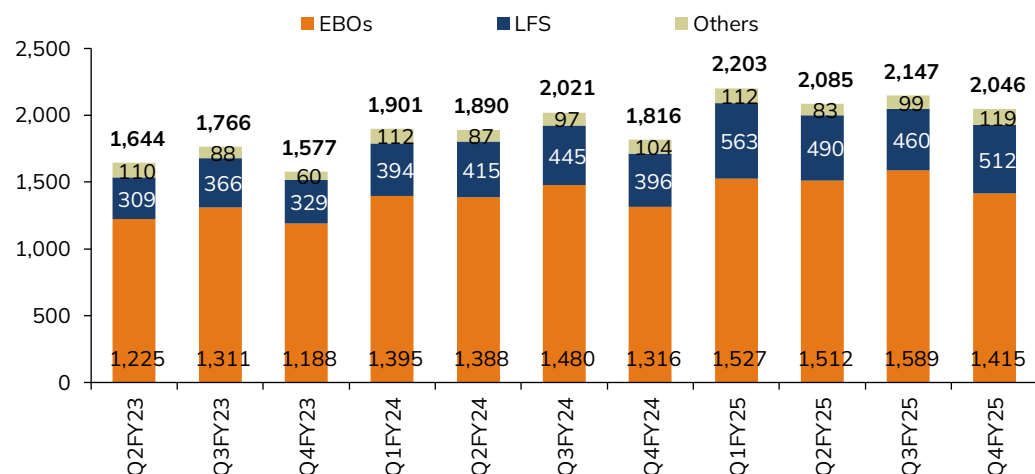


Source: I-Sec research, Company data

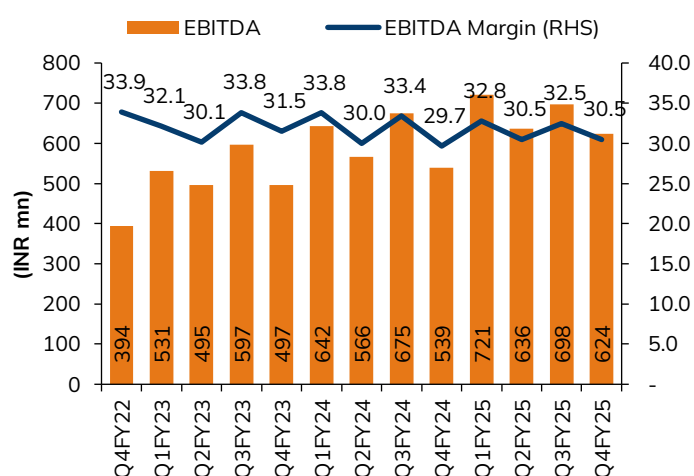
Exhibit 2: EBO store expansion



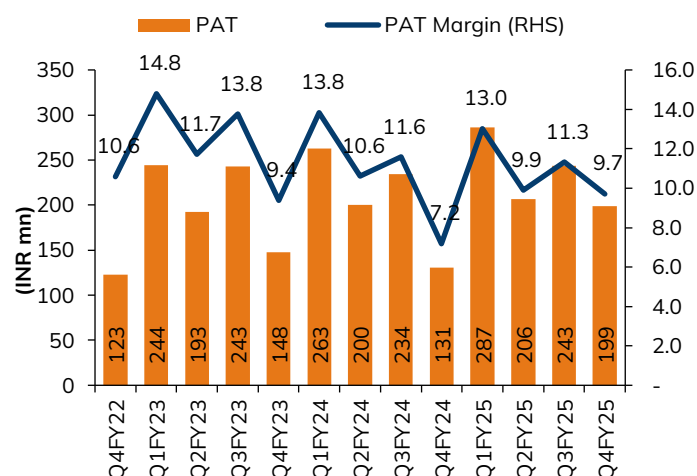
Source: Company data, I-Sec research

Exhibit 3: Channel-wise sales

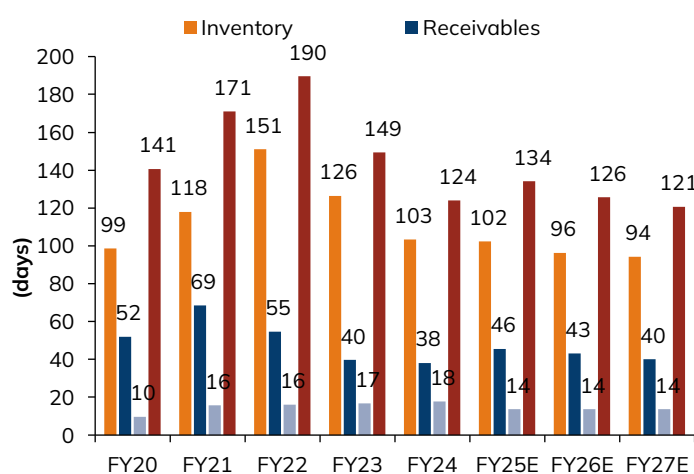
Source: Company data, I-Sec research

Exhibit 4: EBITDA and EBITDA margin

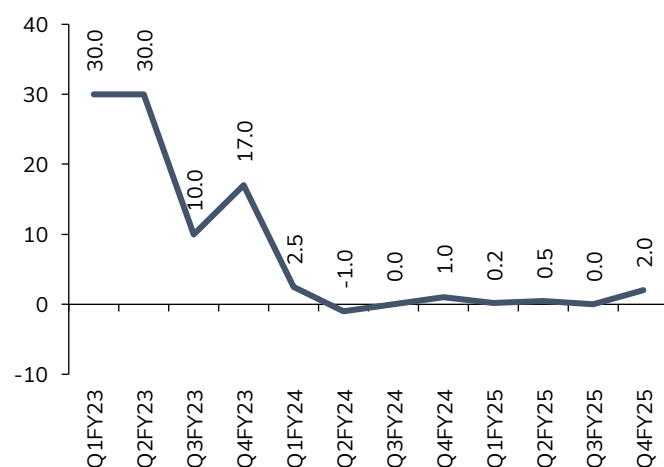
Source: Company data, I-Sec research

Exhibit 5: PAT and PAT margin

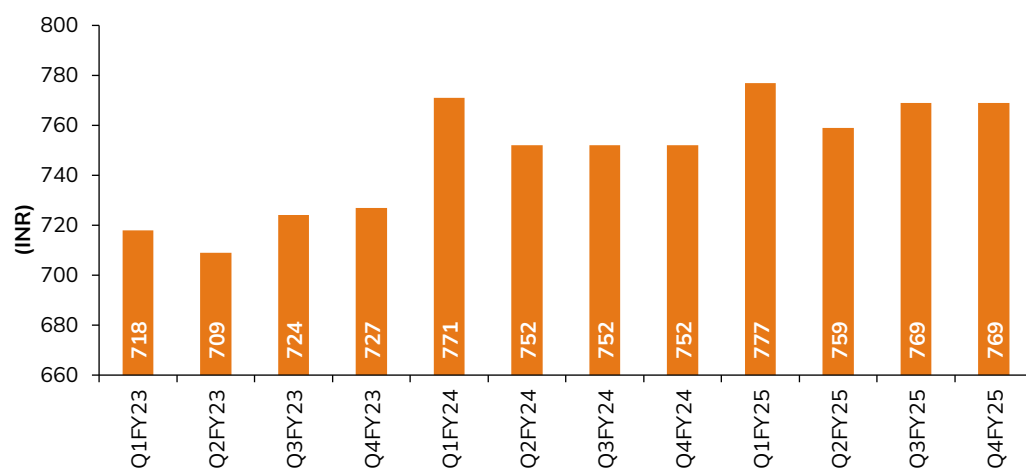
Source: Company data, I-Sec research

Exhibit 6: Working capital days

Source: Company data, I-Sec research

Exhibit 7: SSSG (%)

Source: Company data, I-Sec research

Exhibit 8: Average Selling Price* (INR)

*Note: ASP is on YTD basis

Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	52.8	52.8	52.8
Institutional investors	44.6	44.9	45.0
MFs and other	24.4	25.1	25.2
FIs/ Banks	0.0	0.0	0.0
Insurance Cos.	7.7	7.6	7.8
FIIIs	12.5	12.2	12.0
Others	2.6	2.3	2.2

Source: Bloomberg

Exhibit 10: Price chart

Source: Bloomberg

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	7,628	8,482	10,558	12,822
Operating Expenses	5,204	5,802	7,184	8,664
EBITDA	2,424	2,680	3,374	4,158
EBITDA Margin (%)	31.8	31.6	32.0	32.4
Depreciation & Amortization	1,104	1,237	1,437	1,686
EBIT	1,321	1,443	1,937	2,472
Interest expenditure	391	464	546	587
Other Non-operating Income	173	254	307	376
Recurring PBT	1,102	1,233	1,698	2,262
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	274	298	427	569
PAT	828	935	1,271	1,693
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	828	935	1,271	1,693
Net Income (Adjusted)	828	935	1,271	1,693

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	5,368	6,261	7,410	8,946
of which cash & cash eqv.	1,921	2,383	2,938	3,786
Total Current Liabilities & Provisions	639	698	777	863
Net Current Assets	4,729	5,563	6,633	8,083
Investments	64	102	102	102
Net Fixed Assets	1,013	1,117	1,277	1,427
ROU Assets	4,245	4,475	4,754	4,959
Capital Work-in-Progress	109	115	115	115
Total Intangible Assets	9	8	8	8
Long Term Loans & Advances	358	397	470	542
Deferred Tax assets	226	309	309	309
Total Assets	10,781	12,105	13,691	15,575
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	51	61	61	61
Other Liabilities	-	-	-	-
Equity Share Capital	540	540	540	540
Reserves & Surplus	5,499	6,434	7,704	9,355
Total Net Worth	6,039	6,974	8,244	9,895
Minority Interest	-	-	-	-
Total Liabilities	10,781	12,105	13,691	15,575

Source Company data, I-Sec research

Exhibit 13: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	2,201	2,085	2,147	2,048
% growth (YOY)	15.8	10.4	6.2	12.7
EBITDA	721	636	698	624
Margin %	32.8	30.5	32.5	30.5
Other Income	58	71	58	66
Extraordinaries	-	-	-	-
Adjusted Net Profit	287	206	243	199

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	2,187	1,988	640	958
Working Capital Changes	87	(411)	(593)	(679)
Capital Commitments	(434)	(396)	(429)	(471)
Free Cashflow	1,753	1,592	211	487
Other investing cashflow	(855)	(360)	28	171
Cashflow from Investing Activities	(1,289)	(756)	(401)	(300)
Issue of Share Capital	-	-	-	-
Interest Cost	0	(2)	0	0
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	-	-	-	(42)
Others	-	-	1,167	1,365
Cash flow from Financing Activities	(1,078)	(1,227)	316	190
Chg. in Cash & Bank balance	(179)	4	555	848
Closing cash & balance	157	161	716	1,564

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	15.3	17.3	23.5	31.3
Adjusted EPS (Diluted)	15.3	17.3	23.5	31.3
Cash EPS	35.7	40.2	50.1	62.5
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	111.7	129.0	152.5	183.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	14.7	11.2	24.5	21.4
EBITDA	14.2	10.5	25.9	23.3
EPS (INR)	0.0	13.0	35.9	33.2
Valuation Ratios (x)				
P/E	56.8	50.3	37.0	27.8
P/CEPS	24.3	21.7	17.4	13.9
P/BV	7.8	6.7	5.7	4.8
EV / EBITDA	18.6	16.6	13.0	10.4
P / Sales	6.2	5.5	4.5	3.7
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	61.7	63.3	63.5	64.0
EBITDA Margins (%)	31.8	31.6	32.0	32.4
Effective Tax Rate (%)	24.9	24.2	25.2	25.2
Net Profit Margins (%)	10.9	11.0	12.0	13.2
Net Debt / Equity (x)	(0.3)	(0.4)	(0.4)	(0.4)
Net Debt / EBITDA (x)	(0.8)	(0.9)	(0.9)	(0.9)
Fixed Asset Turnover (x)	5.2	4.6	4.7	4.7
Working Capital Days	168	153	152	148
Inventory Turnover Days	110	108	107	103
Receivables Days	41	48	48	44
Payables Days	19	14	15	15
Profitability Ratios				
RoCE (%)	17.6	16.8	19.1	20.4
RoE (%)	14.7	14.4	16.7	18.7
RoIC (%)	20.0	19.8	22.1	23.5

Source Company data, I-Sec research

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