

ELECTRONICS MART

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	139
12 month price target (INR)	164
52 Week High/Low	226/110
Market cap (INR bn/USD bn)	53/0.6
Free float (%)	0.0
Avg. daily value traded (INR mn)	398.8

SHAREHOLDING PATTERN

	Dec-24	Mar-25	Jun-25
Promoter	65.17%	65.17%	65.17%
FII	9.23%	8.68%	7.18%
DII	17.96%	18.55%	17.22%
Pledge	0%	0%	0%

FINANCIALS

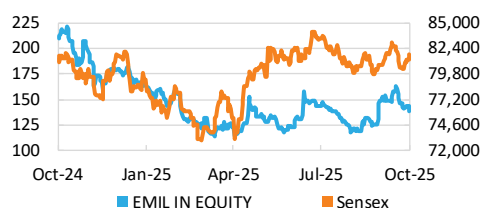
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	69,648	73,633	87,599	1,03,353
EBITDA	4,505	4,752	5,960	7,148
Adjusted profit	1,600	1,232	1,802	2,405
Diluted EPS (INR)	4.2	3.2	4.7	6.3
EPS growth (%)	(13.0)	(23.0)	46.3	33.5
RoAE (%)	11.0	7.7	10.3	12.3
P/E (x)	33.4	43.4	29.7	22.2
EV/EBITDA (x)	14.0	13.2	10.6	8.7
Dividend yield (%)	0	0	0	0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY24E	FY25E
Revenue	73,633	87,599	-1.0%	0.0%
EBITDA	4,752	5,960	2.0%	1.8%
Adjusted profit	1,232	1,802	6.3%	4.7%
Diluted EPS (INR)	3.2	4.7	0.0%	0.0%

PRICE PERFORMANCE



Poised to capitalise on GST cuts

We engaged with EMIL management to discuss the latest trends in electronics retailing. Key insights include customers leveraging GST benefits to upgrade products, driving same-store sales growth across the value chain. Systemic RAC inventory remains comparable to Q1FY26, with a confident management team ready to absorb stock across stores as OEMs prepare for the BEE transition.

We are tweaking our FY26 revenue estimate by -1% and FY26/27 PAT estimate by +6.3%/+4.7%. This along with a valuation rollover to H1FY28E yields a revised target price of INR164 (earlier INR146); maintain 'BUY'. Key risk to our view: *La Nina* in Q4FY26E.

Key takeaways: Sales trends post-GST cuts

Sales have had a notable uplift since 22nd September, coinciding with the Navaratri and Dussehra festivals, with stores in Andhra Pradesh performing particularly well. Growth was driven by strong demand in the television and AC categories, spurred by recent GST rate cuts. In televisions, consumer upgrade cycles accelerated, with customers increasingly opting for larger screen sizes of 55" to 83". The audio attachment rate with TVs also shot up from 20–22% to over 40% aided by price reductions and new entry-level offerings from major brands such as Sony, Samsung and JBL. An uptrend in dishwasher sales—a relatively small category—was observed.

OEMs extending support with respect to inventory and financing

Current RAC (room air conditioner) inventory stands at 40,000–45,000 units, representing the base stock level, along with an additional INR1,300mn worth of older inventory planned for liquidation before December. Manufacturers are actively clearing older stock, though without offering any major upfront discounts beyond the GST reductions. With new energy efficiency norms set to take effect from 1st January 2026, retailers will still be allowed to sell older models thereafter; however, a price gap of INR 3,000–5,000 is expected between the old and new models. To support channel liquidity, brands are extending short-term credit support of 7–15 days to large partners. Meanwhile, the festive season has seen intensified promotional activity, including financing options, cashbacks and attractive combo offers to stimulate consumer demand. As many as 13,000–14,000 units are displayed across stores. TV brands LG, Samsung, and Sony continued to be the top performers, maintaining their leadership positions in the category. The premium RAC segment remained stable, with limited consumer shift toward ultra-high-end models.

Weather disruptions and category divergence across regions

The north market faced some monsoon-related disruption, but is performing well in RAC and air purifier sales. EMIL is prepared for potentially colder December–February due to the *La Nina* effect, boosting demand for heaters and air purifiers. Customers are looking for ACs with heating option. In the south market, demand for higher size/better model television sets is strong post-GST cuts.

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	69,648	73,633	87,599	1,03,353
Gross profit	9,969	10,539	12,538	14,793
Employee costs	1,331	1,661	1,943	2,187
Other expenses	305	330	381	439
EBITDA	4,505	4,752	5,960	7,148
Depreciation	1,267	1,613	1,820	1,984
Less: Interest expense	1,175	1,535	1,776	2,049
Add: Other income	91	55	62	123
Profit before tax	2,155	1,658	2,426	3,238
Prov for tax	554	426	624	833
Less: Other adj	0	0	0	0
Reported profit	1,600	1,232	1,802	2,405
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,600	1,232	1,802	2,405
Diluted shares o/s	385	385	385	385
Adjusted diluted EPS	4.2	3.2	4.7	6.3
DPS (INR)	0	0	0	0
Tax rate (%)	25.7	25.7	25.7	25.7

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
SSSG	6.1	(3.4)	11.9	15.9
Total store network	200.0	228.0	261.0	286.0
EBITDA margin (%)	6.5	6.5	6.8	6.9
Net profit margin (%)	2.3	1.7	2.1	2.3
Revenue growth (% YoY)	10.8	5.7	19.0	18.0
EBITDA growth (% YoY)	0.2	5.5	25.4	19.9
Adj. profit growth (%)	(13.0)	(23.0)	46.3	33.5

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.5	6.3	6.3	6.3
Repo rate (%)	6.5	6.5	6.5	6.5
USD/INR (average)	85.0	85.0	85.0	85.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	33.4	43.4	29.7	22.2
Price/BV (x)	3.5	3.2	2.9	2.6
EV/EBITDA (x)	14.0	13.2	10.6	8.7
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	3,847	3,847	3,847	3,847
Reserves	11,462	12,693	14,495	16,900
Shareholders funds	15,309	16,541	18,343	20,748
Minority interest	0	0	0	0
Borrowings	9,840	10,285	11,846	13,607
Trade payables	1,040	1,099	1,308	1,543
Other liabs & prov	438	485	649	833
Total liabilities	36,568	39,804	45,365	51,245
Net block	9,051	9,354	9,777	9,941
Intangible assets	27	23	19	15
Capital WIP	304	304	304	304
Total fixed assets	9,381	9,681	10,100	10,260
Non current inv	0	0	0	0
Cash/cash equivalent	305	1,029	2,052	4,588
Sundry debtors	1,774	1,816	2,160	2,548
Loans & advances	3,034	3,026	3,600	4,247
Other assets	12,448	13,706	15,686	17,186
Total assets	36,568	39,804	45,365	51,245

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	2,155	1,658	2,426	3,238
Add: Depreciation	1,267	1,613	1,820	1,984
Interest (net of tax)	1,084	1,480	1,714	1,926
Others	18	0	0	0
Less: Changes in WC	(2,157)	(1,186)	(2,526)	(2,116)
Operating cash flow	1,758	3,139	2,810	4,200
Less: Capex	(3,237)	(972)	(1,155)	(960)
Free cash flow	(1,479)	2,167	1,655	3,240

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	11.0	7.7	10.3	12.3
RoCE (%)	14.5	12.3	14.7	16.4
Inventory days	68	76	71	68
Receivable days	9	9	8	8
Payable days	4	6	6	6
Working cap (% sales)	24.8	25.2	24.5	23.2
Gross debt/equity (x)	0.6	0.6	0.6	0.7
Net debt/equity (x)	0.6	0.6	0.5	0.4
Interest coverage (x)	2.8	2.0	2.3	2.5

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(13.0)	(23.0)	46.3	33.5
RoE (%)	11.0	7.7	10.3	12.3
EBITDA growth (%)	0.2	5.5	25.4	19.9
Payout ratio (%)	0	0	0	0

Key takeaways:

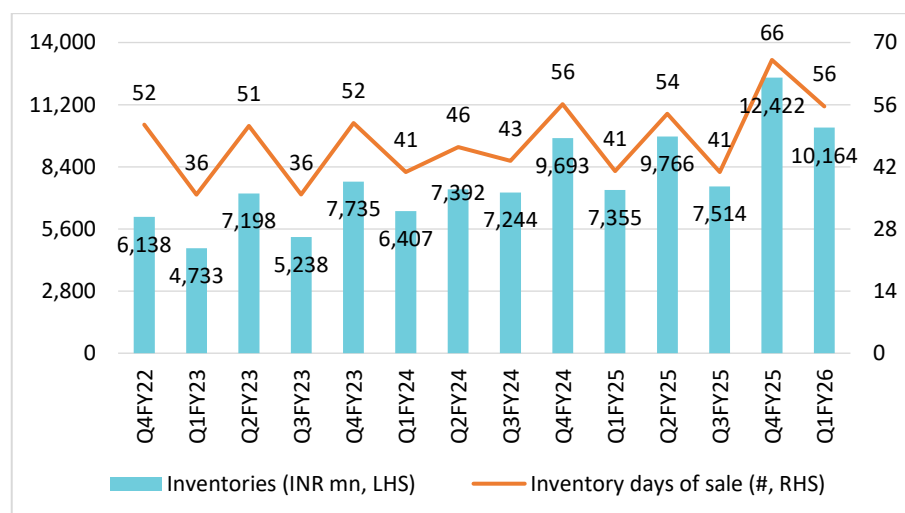
Festive demand trends and GST impact

- Positive uplift in sales since 22nd September, coinciding with the Navaratri and Dussehra festivals.
- Stores in Andhra Pradesh performed well.
- Significant growth in televisions and air conditioners categories due to GST rate cuts.
- Increased consumer upgrade cycles seen in TVs with customers moving toward bigger screen sizes (55" to 65", even up to 75–83").
- Audio attachment with TVs increased from 20–22% to over 40%. All big brands such as Sony, Samsung and JBL have also cut down a lot of pricing and have introduced many entry-level products.
- Uptrend in dishwasher sales noted despite its smaller category size.
- Value and volume growth across regions, including tier-3/4 towns and major cities.

Inventory and OEM support

- Current RAC inventory stands at 40,000–45,000 units (basic inventory) with an additional INR1,300mn of older inventory planned for liquidation before December.

Exhibit 1: Inventory trends



Source: Company, Nuvama Research

- Manufacturers are liquidating older inventory with no drastic initial discounts beyond GST cuts.
- New energy efficiency norms shall come into effect from 1st January 2026; retailers can sell old stock beyond that, but expect a price differential of about INR3,000–5,000 between old and new models.
- Brands are extending credit support (7–15 days) to big partners to ease working capital.

- Financing options, cashbacks and combo offers are aggressive during the festive season to attract customers.

Stores

- Seven–eight stores will be opened in the coming quarter.
- 13,000–14,000 units are displayed across stores.

Product and category insights

- TV brands LG, Samsung and Sony remain the top performers.
- RAC premium segment stable; minimal consumer movement towards significantly higher-end models.
- Brand performance in RAC: LG, Daikin and Blue Star dominant in South; Voltas has some presence.
- Lloyd showing positive trends with newer models featuring AI and improved designs.
- Small home appliances and kitchen categories constitute 3–4% of sales; demand limited largely due to tier-3/4 town demographics.

Regional and weather impact

- The North market saw some monsoon-related disruption, but is performing well in RAC and air purifier sales.
- The company is prepared for potentially colder December–February due to the “La Nina” effect, boosting demand for heaters and air purifiers. Customers are looking for ACs with heating option.
- South shows strong performance in TVs and appliances despite weather challenges.

iPhone 17 demand

- iPhone 17 has strong demand; supply constraints noted.
- Higher storage variants (512GB and above) are selling better than lower ones.

Exhibit 2: Sales mix

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
<u>Sales Mix</u>											
Mobiles	39%	38%	37%	48%	42%	42%	35%	51%	44%	41%	40%
Large Appliances	47%	48%	49%	37%	44%	46%	53%	36%	43%	47%	48%
Small Appliances, IT & Others	14%	14%	13%	15%	14%	12%	12%	13%	13%	12%	12%

Source: Company, Nuvama Research

Company Description

EMIL is currently the largest organised consumer electronics retailer in the southern region of AP and Telangana by revenue and the fourth-largest national retailer. It operates its own MBOs and some EBOs for different brands. The business was set up in 1980 by Mr Pavan Bajaj, who is the incumbent chairman of the board. EMIL has a strong base in AP and Telangana, and entered Delhi-NCR in FY23. The company offers a diversified range of products, with a focus on large appliances (air conditioners, refrigerators, televisions and washing machines), mobile phones, and IT products. EMIL has offline and online presence in the states of AP, Telangana and Delhi NCR. Its current expansion plan underlies further expansion and cementing its position in AP's and Telangana's tier-1 and -2 cities and in the Delhi NCR region. The company follows a hub-and-spoke model for expansion. It has multiple warehouses to support the store and keep its inventory lean.

Investment Theme

- Scale-up in Delhi-NCR—region with highest consumption of air conditioners
- Targets a larger market with a longer investment horizon
- Proven ability to squeeze out maximum profitability from lower sales throughput
- Leveraging incentive income to drive profitability as revenues surge
- Calibrated addition of 25–30 stores/year

Key Risks

Expansion out of home turf: Regional players still dominate electronics retailing. Barring Vijay Sales, not many chains have been successful across various states on a scale. Plus, the gestation period of penetrating an already heavily competitive area is higher, which poses more of a key risk.

EMIL is engaged in a **legal battle** with Bajaj Electricals over the "Bajaj Electronics" trademark rights. The outcome of this ongoing legal proceeding could have significant implications for EMIL, potentially limiting its ability to continue using the trademark. The matter is sub judice.

Competitive intensity: Since the business operates in thin gross margins, any negative change in the intensity of the competition will pose a significant threat to the company's profitability.

OEMs having an upper hand: The business differs from traditional retailers with multiple sourcing options. Here the sourcing is happening directly from the OEMs for all of the business, and OEMs do have an upper hand in offering better terms to players with scale or regional dominance.

Showrooming: Online marketplaces have triggered a concept called showrooming, where the customer would visit a physical showroom, evaluate the products on offer, make a final choice and then scan the barcode to compare the price on online marketplace and places order there resulting in loss of sale for the retailer.

Lesser availability of financing options: Financing as a trend has improved significantly since the past decade, and about 65% of EMIL's sales are aided through the financing schemes opted by consumers.

Additional Data

Management

MD	Pavan Kumar Bajaj
CFO	Premchand Devarakonda
COO	Sandeep Singh Jolly
Chairman	
Auditor	Walker Chandio & Co LLP

Holdings – Top 10*

	% Holding		% Holding
SBI Funds Mgmt	6.91	HDFC AMC	1.62
Nippon Life Ind	5.02	Sundaram AMC	0.96
Norges Bank	2.54	Axis AMC	0.53
Franklin Resour	2.17	HSBC AMC	0.28
IDFC MF	1.94	Motilal Oswal A	0.12

*Latest public data

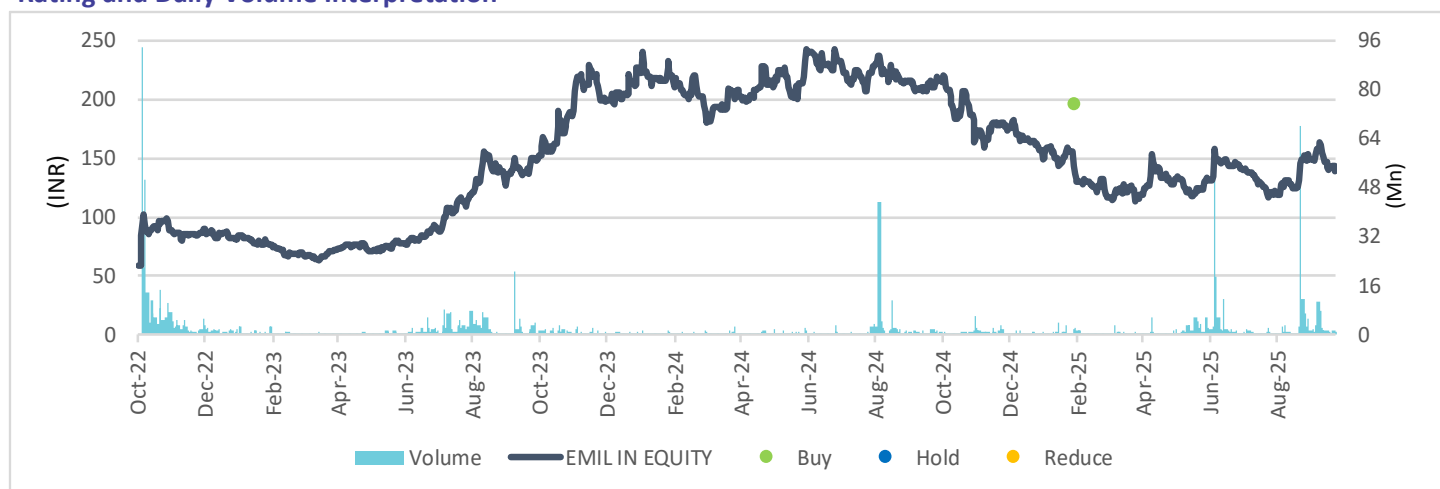
Recent Company Research

Date	Title	Price	Reco
05-Aug-25	Early rains drive weak showing; <i>Result Update</i>	120	Buy
20-May-25	Muted showing impacts margins ; <i>Result Update</i>	130	Buy
10-Feb-25	Soft growth; margins hurt; <i>Result Update</i>	144	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
28-Aug-25	Aditya Vision	Takeaways from conference; <i>Company Update</i>
22-Aug-25	Retail	Q1FY26 Review: Disappointing showing; <i>Sector Update</i>
21-Aug-25	Retail	Unambiguous focus on growth returns; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	69
Reduce	<-5%	37

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