

07 May 2026

India | Equity Research | Results Update

Shoppers Stop

Branded Apparel

Top-line resilience overshadowed by persistent structural margin weakness

Shoppers Stop (SHOP) posted resilient 9.3% YoY revenue growth in Q4FY26, with full-year department store LFL at ~4.7%. Management is driving premiumisation, scaling Intune, and targeting a debt-free balance sheet by FY27. However, we believe, this top-line momentum masks structural flaws, as the business consistently fails to translate sales into profitability. In our opinion, these persistent operational inefficiencies, compounded by impending FY27 headwinds from crude-led inflation and supply chain disruptions, limit medium-term earnings visibility. Retain **HOLD** with a revised price target of **INR 330** (vs. INR 300 earlier).

Premiumisation drives sales, but consumption remain uneven

Revenue growth of ~9% YoY in Q4FY26 was above our expectation. Operational metrics indicated healthy footfall conversion, with customer entry LFL growth at 3%, marking its third consecutive quarter of growth. Average Transaction Value (ATV) expanded by 8%, and Average Selling Price (ASP) grew by 11%. Notably, demand showed a pickup, starting in Feb'26, which has continued into Apr/May'26. The revenue beat was largely driven by its premium portfolio, which contributed ~71% to total sales. This segment registered 13% YoY growth, with LFL growth at a robust 11%. SHOP is deliberately focusing on a heavier non-apparel mix to premiumise its portfolio. SHOP's First Citizen Club saw its highest ever enrolments, with its Black Card member base surging 50% YoY to over 134k members. The Personal Shopper program now contributes ~26% to total sales (up 400 bps), clocking over INR 12bn in FY26 revenues.

Margin squeeze highlights operational inefficiencies

GM contracted 279bps YoY to 41.6% in Q4FY26 (vs. 44.3% in Q4FY25); management highlighted one-off provisions in the CoGS line item, and stated that ex-one-offs, gross margins expanded. EBITDA grew 5.1% YoY to INR 1.8bn, EBITDA margins contracted 63bps YoY to 15.9%. Elevated staff costs (up 9.9% YoY) and higher depreciation (+14.6% YoY) wiped out operating gains. To combat this, SHOP is working on cost initiatives to drive improvements in EBITDA margins. The company reported a net loss of INR 183mn in Q4FY26. Looking into FY27, management flagged two major challenges – crude-led raw material inflation and significant supply-chain disruptions; these may constrain merchandise availability, particularly in H2FY27.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	44,356	47,077	53,206	58,696
EBITDA	6,982	7,179	8,123	9,244
EBITDA Margin (%)	15.7	15.3	15.3	15.7
Net Profit	67	(462)	121	272
EPS (INR)	0.6	(4.2)	1.1	2.5
EPS % Chg YoY	(91.6)	(506.9)	(144.2)	124.2
P/E (x)	553.3	(136.0)	308.0	137.4
EV/EBITDA (x)	5.7	5.4	4.6	3.5
RoCE (%)	167.8	19.9	40.4	46.6
RoE (%)	2.0	(14.5)	4.0	8.4

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Market Data

Market Cap (INR)	37bn
Market Cap (USD)	395mn
Bloomberg Code	SHOP IN
Reuters Code	SHOP.BO
52-week Range (INR)	589 /267
Free Float (%)	34.0
ADTV-3M (mn) (USD)	0.4

Price Performance (%)	3m	6m	12m
Absolute	(14.1)	(28.6)	(30.5)
Relative to Sensex	(7.3)	(22.2)	(27.2)

ESG Score	2024	2025	Change
ESG score	68.2	69.1	0.9
Environment	49.1	50.2	1.1
Social	69.7	70.4	0.7
Governance	80.6	81.7	1.1

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(0.2)	(0.8)
EBITDA	(1.7)	(0.6)
EPS	(1.3)	(0.8)

Previous Reports

22-01-2026: [Q3FY26 results review](#)

19-10-2025: [Q2FY26 results review](#)

Segmental performance: Beauty shines; Intune pivots to efficiency

Beauty continues to be the primary driver, with sales of INR 3.1bn (+17% YoY) led by its fragrance category, which grew 37% YoY. The Global SS Beauty distribution network outperformed, witnessing Q4 sales of INR 1.1bn (+69% YoY) and closing FY26 with INR 4.3bn in revenue (+81% YoY).

Intune recorded sales of INR 670mn (+24% YoY) in Q4. Management is halting new Intune store openings in H1FY27, potentially delaying further expansion by ~2-3 quarters, to focus entirely on operational efficiencies at its existing stores. The primary near-term monitorables for management would be to augment margins and space productivity, with a target to grow sales/sq.ft. by ~25–30% over the next few quarters. Management expects the Intune format to break even by FY28. Management optimised working capital by INR 1.6bn and generated ~INR 3bn in cash from operations during FY26.

SHOP reduced INR 1.1bn of debt YoY and targets becoming debt-free by the end of FY27. Total capex investment for the year stood at INR 1.1bn.

We maintain our cautious view given structural issues

We remain cautious on SHOP. While management's strategic initiatives – specifically, pivoting toward premiumisation and scaling of the Intune format – are driving decent top-line resilience, SHOP's structural inability to protect margins remains a critical overhang. Furthermore, impending FY27 headwinds from supply-chain disruptions and raw material inflation fuel additional risk in an already fragile margin profile.

Until SHOP demonstrates a sustainable trajectory of converting sales into tangible earnings and proves the unit economics of Intune, any revenue outperformance is essentially hollow.

Valuation and risks

We cut our FY27 EPS estimate by 1.3% to reflect margin pressure during the year. We model revenue/EBITDA CAGRs of 11.7%/13.5% over FY26–28E and maintain **HOLD**, with a DCF-based revised target price of INR 330 (vs. INR 300 earlier).

Key downside risks: 1) Slowdown in the discretionary consumption. 2) Rise in competition from value retailers. 3) Underperformance in beauty led by competition from online retailers. 4) Execution challenges.

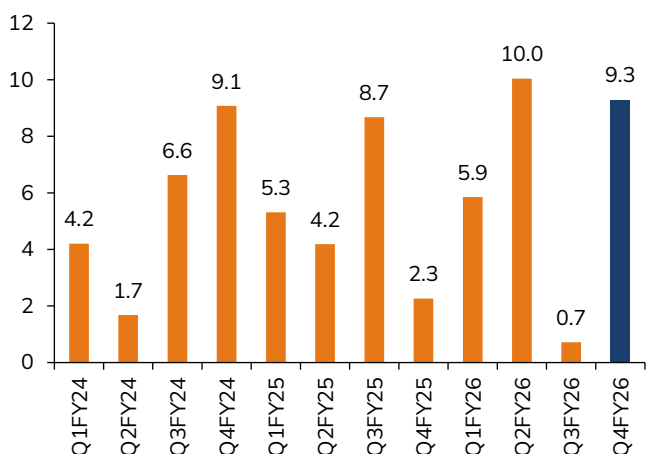
Key upside risks: 1) Strong uptick in the discretionary/premium segments. 2) Success in private label and beauty business. 3) Rapid scale-up and break-even in the Intune business.

Exhibit 1: Q4FY26 result review

INR mn	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Total Sales	11,173	10,223	9.3	13,209	-15.4	47,077	44,356	6.1
COGS	6,531	5,690	14.8	8,007	-18.4	28,144	26,036	8.1
Gross Profit	4,643	4,533	2.4	5,201	-10.7	18,933	18,319	3.4
Gross margin (%)	41.6	44.3	-279 bps	39.4	217 bps	40.2	41.3	-108 bps
Staff cost	1,124	1,022	9.9	1,107	1.5	4,365	4,101	6.5
% of Net sales	10.1	10.0	6 bps	8.4	168 bps	9.3	9.2	3 bps
Other Expenses	1,739	1,818	-4.3	1,997	-13.0	7,388	7,238	2.1
% of Net sales	15.6	17.8	-222 bps	15.1	44 bps	15.7	16.3	-62 bps
EBITDA	1,780	1,693	5.1	2,097	-15.1	7,179	6,981	2.8
EBITDA Margin %	15.9	16.6	-63 bps	15.9	5 bps	15.3	15.7	-49 bps
Depreciation	1,425	1,243	14.6	1,310	8.7	5,343	4,916	8.7
Interest	705	691	2.0	702	0.4	2,835	2,579	9.9
Other income	86	174	-50.7	239	-64.1	519	530	-1.9
PBT	-263	-66	NA	324	NA	-480	16	NA
Tax	-94	-70	33.6	23	-504.8	-205	-51	301.4
effective tax rate %	35.5	105.4	NA	7.1	NA	42.8	-323.4	NA
Recurring profit	-170	-136	24.5	301	-156	-275	67	-510
Profit Margin %	-1.5	-1.3	-19 bps	2.3	-380 bps	-0.6	0.2	-73 bps
Extraordinary item	13	21		175		188		
Reported PAT	-183	-157	16.5	126	-245	-462	67	-791

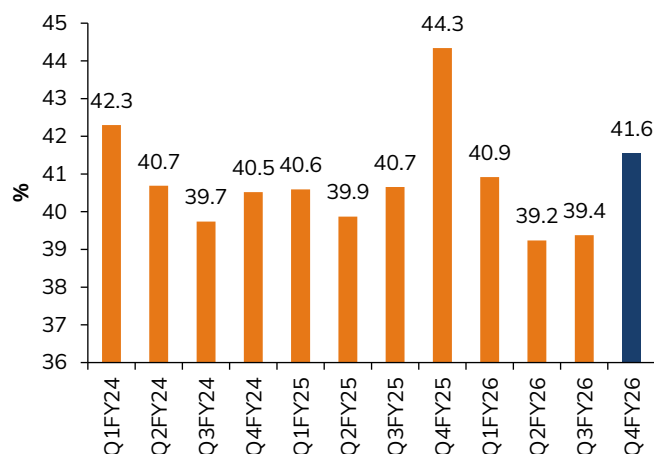
Source: Company data, I-Sec research

Exhibit 2: Revenue growth YoY (%)



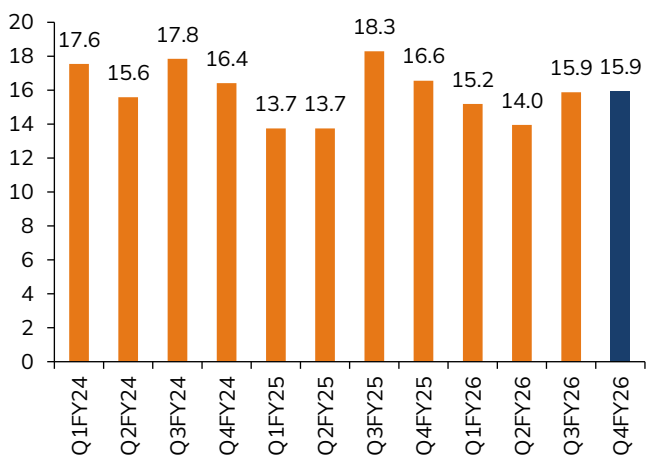
Source: Company data, I-Sec research

Exhibit 3: Gross margin (%)



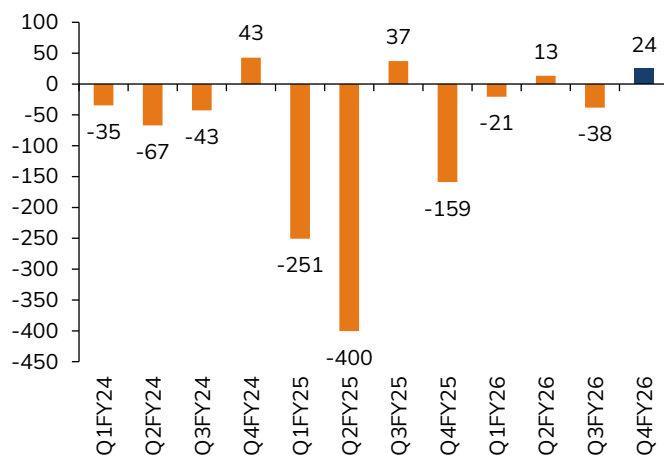
Source: Company data, I-Sec research

Exhibit 4: EBITDA margin (%)



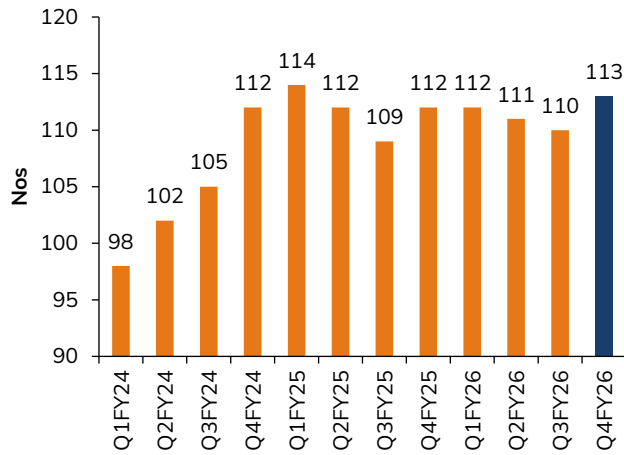
Source: Company data, I-Sec research

Exhibit 5: PAT growth YoY (%)



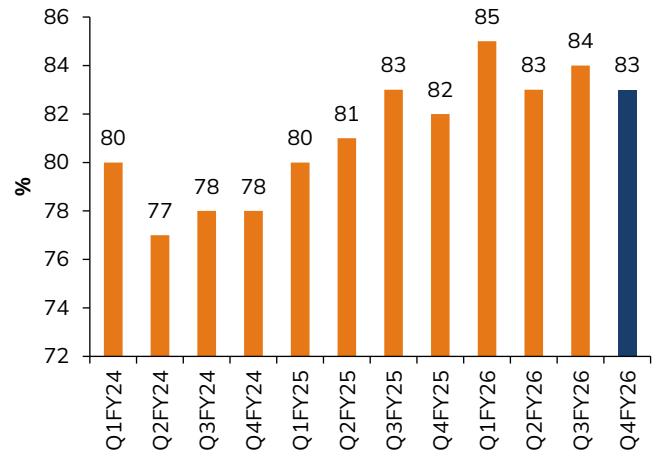
Source: Company data, I-Sec research

Exhibit 6: Department store count (Nos)



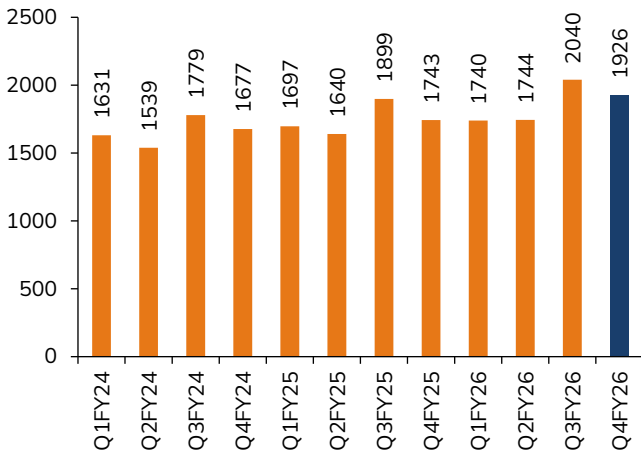
Source: Company data, I-Sec research

Exhibit 7: First citizen contribution (%)



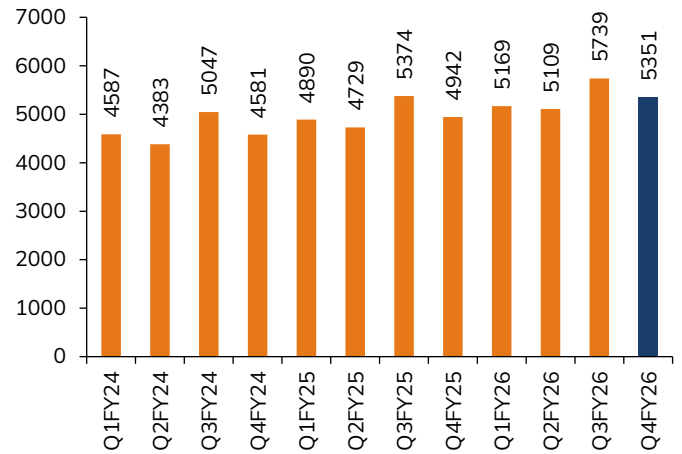
Source: Company data, I-Sec research

Exhibit 8: ASP (INR)



Source: Company data, I-Sec research

Exhibit 9: ATV (INR)



Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	65.5	65.7	66.1
Institutional investors	28.5	28.2	27.5
MFs and others	22.2	22.0	22.1
FIs/Banks	0.0	0.0	0.8
Insurance	2.6	2.7	2.6
FIIIs	3.7	3.5	2.1
Others	6.0	6.1	6.4

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	44,356	47,077	53,206	58,696
Operating Expenses	37,374	39,897	45,083	49,452
EBITDA	6,982	7,179	8,123	9,244
EBITDA Margin (%)	15.7	15.3	15.3	15.7
Depreciation & Amortization	4,916	5,343	5,697	6,447
EBIT	2,066	1,836	2,426	2,797
Interest expenditure	2,579	2,835	2,825	3,039
Other Non-operating Income	530	519	561	606
Recurring PBT	16	(480)	162	363
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(52)	(205)	41	92
PAT	67	(275)	121	272
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	188	-	-
Net Income (Reported)	67	(275)	121	272
Net Income (Adjusted)	67	(462)	121	272

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	26,294	26,257	29,963	36,651
of which cash & cash eqv.	133	109	1,647	5,993
Total Current Liabilities & Provisions	23,920	25,440	27,609	30,364
Net Current Assets	2,375	817	2,353	6,287
Investments	600	1,100	1,100	1,100
Net Fixed Assets	29,519	29,930	30,335	30,827
ROU Assets	-	-	-	-
Capital Work-in-Progress	42	36	36	36
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	32,535	31,882	33,824	38,249
Liabilities				
Borrowings	2,622	1,536	1,336	1,136
Deferred Tax Liability	(3,099)	(3,274)	(3,274)	(3,274)
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	550	551	551	551
Reserves & Surplus	2,845	2,442	2,563	2,835
Total Net Worth	3,396	2,992	3,114	3,386
Minority Interest	-	-	-	-
Total Liabilities	32,535	31,882	33,824	38,249

Source Company data, I-Sec research

Exhibit 14: Quarterly trend

(INR mn, year ending March)

	Jun 25	Sep 25	Dec 25	Mar26
Net Sales	10,942	11,753	13,209	11,173
% growth (YOY)	5.9	10.0	0.7	9.3
EBITDA	1,662	1,640	2,097	1,780
Margin %	15.2	14.0	15.9	15.9
Other Income	100	95	239	86
Extraordinaries	-	-	175	13
Adjusted Net Profit	(179)	(227)	126	(183)

Source Company data, I-Sec research

Exhibit 15: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	5,657	8,732	4,180	4,926
Working Capital Changes	(1,410)	1,426	1	412
Capital Commitments	(1,704)	(1,269)	(2,200)	(2,300)
Free Cashflow	3,953	7,463	1,980	2,626
Other investing cashflow	84	(432)	2,582	4,959
Cashflow from Investing Activities	(1,620)	(1,701)	382	2,659
Issue of Share Capital	1	0	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(3,886)	(5,733)	(200)	(200)
Dividend paid	-	-	-	-
Others	(409)	(777)	(2,825)	(3,039)
Cash flow from Financing Activities	(4,294)	(6,510)	(3,025)	(3,239)
Chg. in Cash & Bank balance	(257)	521	1,537	4,346
Closing cash & balance	133	109	1,647	5,993

Source Company data, I-Sec research

Exhibit 16: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	0.6	(2.5)	1.1	2.5
Adjusted EPS (Diluted)	0.6	(4.2)	1.1	2.5
Cash EPS	45.3	44.3	52.8	61.0
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	30.9	27.2	28.3	30.7
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	5.3	6.1	13.0	10.3
EBITDA	(1.9)	2.8	13.1	13.8
EPS (INR)	(91.6)	(506.9)	(144.2)	124.2
Valuation Ratios (x)				
P/E	553.3	(136.0)	308.0	137.4
P/CEPS	7.5	7.6	6.4	5.6
P/BV	11.0	12.5	12.0	11.0
EV / EBITDA	5.7	5.4	4.6	3.5
P / Sales	0.8	0.8	0.7	0.6
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	41.3	40.2	40.0	41.0
EBITDA Margins (%)	15.7	15.3	15.3	15.7
Effective Tax Rate (%)	(326.6)	42.8	25.2	25.2
Net Profit Margins (%)	0.2	(1.0)	0.2	0.5
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.7	0.5	(0.1)	(1.4)
Net Debt / EBITDA (x)	0.4	0.2	0.0	(0.5)
Profitability Ratios				
RoCE (%)	167.8	19.9	40.4	46.6
RoE (%)	2.0	(14.5)	4.0	8.4
RoC (%)	210.8	25.6	49.8	56.7
Fixed Asset Turnover (x)	0.8	0.8	0.8	0.9
Inventory Turnover Days	162	152	155	153
Receivables Days	3	3	3	3
Payables Days	187	186	186	184

Source Company data, I-Sec research

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