Electronics Mart India Ltd.

Sustaining Growth Through Strategic Expansion

FutureValuations
Independent Equity Research

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For a detailed discussion and key insights, you can read our full article on Electronics Mart India here.

Rating Rationale	Stock Type	Sector	NSE Code	BSE Code	Target	₹174
We initiatie our coverage with a *Buy* rating					**CMP**	**₹155**
	Mid Cap	**Consumer**	**EMIL**	**543626**	**Return**	**12.4%**

Stock Data	
Market Cap (₹ cr)	5727.00
52 Week High / Low (₹)	226 / 110
Total Shares (₹ cr)	38.47
Face Value (₹)	10.00
Dividend Yield (%)	0.00
EPS (₹)	2.71

Key Financial Ratios	
Stock P/E	52.30
Industry P/E	78.00
Debt / Equity	1.29
EV / EBITDA	18.80
ROCE (%)	10.40
OPM (%)	6.00
Sales Growth (% 5 years)	16.00
Stock Price (% 1 year)	-31.00
Inventory Days	79.00
NPM (%)	2.38
ROIC (%)	9.96

Shareholding Pattern (%)		
Type	**FY24**	**FY25**
Promoters	65.17	65.17
FIIs	8.68	7.18
DIIs	18.55	17.22
Public	7.60	10.43
Total	**100.00**	**100.00**

Company Data - FY25	
Stores	200
Cities	82
States	6
Employees	3069
SSG (%)	6.10%
Retail Area (M - SQF)	1.76
Average Ticket Size (₹)	23,858
CAPEX (₹ cr)	308.09
Number of Bills	2527000.00

Overview

Electronics Mart India Ltd is a consumer electronics retailer headquartered in Hyderabad. The company operates 208 stores across 82 cities in 6 states, with the majority concentrated in South India. Currently, the company has a revenue of ₹6,731 cr. EMIL ranks as India's 4th largest consumer electronics retailer and the dominant organized player in South India and has a growing presence in North India, specifically Delhi NCR.

- Total revenue grew 7.1% YoY to ₹6,731 cr in FY25, supported by 40 new store additions. The network expanded from 71 stores in FY20 to 208 stores in Q1 FY26, a 24% CAGR in store count.
- FY25 expansion focused on the NCR, while South India remained strong. Hyderabad contributes 60–65% of total revenue, with management aiming to reduce this to 50–55% in 2–3 years.
- Net margin held at 2.4%, supported by operating leverage. Operating margin stayed at 6.0% dropping down from previous 8.0%. Mature stores deliver 9–10% EBITDA margins vs. 5–6% for new stores. The company targets large format stores of 25,000-40,000 sq ft for new openings to achieve economies of scale.
- Large appliances formed 45% of revenue, mobiles 42%, and 13% were formed by small appliances as of FY25.

Outlook & Valuation

Management anticipates revenue growth recovery to 15% in FY26, driven by store expansion and festive season performance. The company expects margin improvement as new stores mature and NCR operations achieve scale.

Quarterly Numbers

	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Revenue	1386.00	1885.00	1664.00	1739.00
Growth (%)	*-28.07%*	*36.00%*	*-11.72%*	*4.51%*
OPM (%)	6%	5%	6%	6%
Net Profit (cr)	25.00	32.00	27.00	22.00
NPM (%)	1.80%	1.70%	1.62%	1.27%
SSG (%)	-0.60%	-2.80%	1.50%	-18%
Store Rev (cr)	7.20	9.00	7.90	6.50
Store Addition	7	14	9	8
Total Stores	177	191	200	208
Retail Area	1.61	1.69	1.76	1.80

Key Takeaways

Quarterly Review

Operational Challenges: Q1 FY26 faced coolest summer in years with rainfall 50% above normal in Telangana and 148% above average in Andhra Pradesh, severely impacting cooling appliance sales. Same-store sales declined 18% YoY.

Store Network: 40% of stores (85-90 outlets) are less than 24 months old, impacting fixed-cost absorption and margins. Total stores reached 208 with 8 additions in Q1 with a capex of ₹56 crores

Management Guidance

Expansion Plans: FY26 targets 25-30 new stores focusing on Andhra Pradesh, Telangana, NCR, Western UP with new entry into Odisha. Yearly capex estimated to be ₹280 crores.

Growth Strategy: Revenue growth of 15%+ maintained for FY26 despite Q1 decline. Expected 20%+ growth in Q2-Q4 driven by festive season and new store ramp-up. EBITDA margins around 6% considered sustainable with strategy focused on premium products, brand partnerships, and supply chain optimization. New stores typically generate 5-6% EBITDA margins in their initial years, while mature stores achieve 9-10% EBITDA margins.

Investment Thesis

EMIL represents India's largest organized consumer electronics retailer in South India with proven store expansion capabilities and strong regional market positioning. Despite near-term headwinds from weather-related challenges and store maturation dynamics, the company's strategic expansion into NCR markets and management's guidance of 15%+ revenue growth provides compelling investment opportunity.

Key Investment Positives:

- Market leadership in South India with strong brand recognition
- Proven store expansion track record with 25-30 annual additions
- Management guidance of revenue growth recovery and margin sustainability

Key Risks:

- Continued same-store sales decline and competitive pressures
- Concentration with 70% revenue from Telangana and Andhra Pradesh
- Seasonal dependence with 50% of sales during summer and festive periods
- Limited e-commerce presence amid digital adoption trends
- Economic slowdown impacting discretionary spending
- Supply chain disruptions affecting inventory management
- Real estate cost inflation impacting store economics

Catalysts:

- Festive season performance recovery in Q2-Q3 FY26
- NCR market profitability improvement
- New store maturation and operational leverage
- Market share gains in existing territories & Odisha expansion

Conclusion & Assumptions

We maintain a positive stance on the company, supported by its strong regional market position, proven expansion capabilities, and potential for margin improvement through operational leverage. Strategic focus on NCR market development and store optimization provides multiple growth levers for sustained value creation. Our financial projections, prepared using a Discounted Cash Flow (DCF) model, incorporate expected revenue growth, margin expansion, working capital assumptions, and planned capital expenditure

- **Revenue growth moderating from 15% to 10% over projection period**
- **Operating margin increase from 6% to 8% driven by store maturation**
- **Net margin increase from 2.1% to 2.9% driven by operational leverage**
- **Working capital maintained at 23% of sales**
- **Total capex of Rs.2,881 crores over 10 years for store expansion**

Financials (₹ cr)

Historical Financials						
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
Revenue	3172.48	3201.88	4349.32	5445.71	6285.41	6731.31
Growth (%)		*0.93%*	*35.84%*	*25.21%*	*15.42%*	*7.09%*
Expenses	2,944.83	2,998.00	4,057.39	5,109.65	5,835.96	6,280.20
GPM (%)	*14.80%*	*13.60%*	*13.70%*	*13.60%*	*14.60%*	*14.80%*
Operating Profit	227.65	203.88	291.93	336.06	449.45	451.11
OPM (%)	*7.20%*	*6.40%*	*6.70%*	*6.20%*	*7.20%*	*6.70%*
Depreciation	50.76	58.14	71.32	85.38	105.69	126.69
Profit before Tax	112.18	79.56	139.76	163.19	246.16	216.04
Net Profit	81.61	58.62	103.89	122.8	183.95	160.49
NPM (%)	*2.60%*	*1.80%*	*2.40%*	*2.30%*	*2.90%*	*2.40%*
EPS	2.72	1.95	3.46	3.19	4.78	4.17

Financial Projections						
	FY26 E	**FY27 E**	**FY28 E**	**FY29 E**	**FY30 E**	**FY31 E**
Revenue	7741.00	8859.20	10090.00	11435.00	12896.00	14472.00
Growth (%)		*14.45%*	*13.89%*	*13.33%*	*12.78%*	*12.22%*
Operating Profit	464.00	532.00	605.00	800.00	903.00	1013.00
OPM (%)	*5.99%*	*6.01%*	*6.00%*	*7.00%*	*7.00%*	*7.00%*
Depreciation	131.40	150.40	171.00	194.00	219.00	246.00
Net Profit	166.00	189.90	216.00	286.00	323.00	362.00
NPM (%)	*2.14%*	*2.14%*	*2.14%*	*2.50%*	*2.50%*	*2.50%*
CAPEX	280.00	250.00	220.00	200.00	210.00	220.00
EPS	4.30	4.90	5.60	7.40	8.40	9.40

At FutureValuations.com, independent equity research analysts prepare detailed equity research reports. We have summarized insights from our comprehensive equity research report on Electronics Mart India Limited in this article, highlighting the company's business model, market position, financial projections, and key growth drivers. For a complete view of our research, analysis, and valuation, you can access the full report on FutureValuations.com or by clicking here.