Industry Report On
Indian Value Retail Market including Lifestyle & Home

13th March 2024

2

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1. Overview of the Global and Indian Economy

1.1. Macroeconomic Overview - GDP and GDP Growth

India is ranked as the world's 5th largest economy in FY 2023 and is expected to be in the top 3 global economies by FY 2030

India is ranked fifth in the world in terms of nominal gross domestic product ("GDP") in FY 2023 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). Between FY 2014–2022, India's nominal GDP has grown at a CAGR of 9.5%, surpassing growth rates of USA and China. India is expected to be a ~USD 5.4 trillion economy by FY 2028, growing at a CAGR of 11.0% between FY 2022–2028.

Exhibit 1.1: GDP at current prices (In USD Tn) and GDP Ranking of Key Global Economies (CY 2023)

Country	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023P	CY 2027P	CAGR (2013-2021)	CAGR (2021-2027)
USA	16.8	17.5	18.2	18.7	19.6	20.6	21.4	20.9	23	25.5	26.9	31.4	4.0%	5.34%
China	9.6	10.5	11.1	11.2	12.3	13.9	14.3	14.7	17.5	18.1	19.4	22.3	7.8%	4.11%
Japan	5.2	4.9	4.4	5	4.9	5	5.1	5	4.9	4.2	4.4	4.9	-0.7%	-0.10%
Germany	3.7	3.9	3.4	3.5	3.7	4	3.9	3.8	4.2	4.1	4.3	5.3	1.6%	4.05%
India*	1.4	1.6	1.7	1.9	2.1	2.4	2.5	2.5	2.9	3.4	3.7	5.4	9.5%	11.02%
UK	2.8	3.1	2.9	2.7	2.6	2.9	2.8	2.7	3.2	3.1	3.2	4.3	1.7%	5.19%
Brazil	2.5	2.5	1.8	1.8	2.1	1.9	1.9	1.4	1.6	1.9	2.1	2.0	-5.4%	1.52%
Russia	2.3	2.1	1.4	1.3	1.6	1.7	1.7	1.5	1.8	2.2	2.1	2.0	-3.0%	8.43%
Indonesia	0.9	0.9	0.9	0.9	1	1	1.1	1.1	1.2	1.3	1.4	1.5	3.7%	11.05%
Turkey	1	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.8	0.9	1.0	1.2	-2.8%	7.43%
Saudi Arabia	0.7	0.8	0.7	0.6	0.7	0.8	0.8	0.7	0.8	1.1	1.1	0.4	1.7%	1.79%
South Africa	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.4	0.4	0.4	127.5	0.0%	5.96%
World	*77.6*	*79.7*	*75.1*	*76.4*	*81.4*	*86.4*	*87.7*	*84.9*	*90.1*	*100.2*	*105.6*	*31.4*	*1.9%*	*5.34%*

Source: World Bank Data, IMF, RBI; India Data from RBI, Future growth rate from OECD data, Technopak research
1 USD=INR 80
Data in CY
*For India, CY 2013 means FY 2014 and so on.
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The robust consumption growth of India is outpacing the GDP growth. The re-opening of India's economy gave a boost to private consumption trends, and increased exports had a big impact on the GDP growth. Increasing Urbanization which is driven by better standards of living and opportunities, higher Gross National Income (GNI), nuclearization, digitalization and premiumization are the factors contributing to higher growth in GDP.

India's GDP Growth is almost twice that of the World Economy

Since FY 2005, the Indian economy's growth rate has been nearly twice as that of the world economy and it is expected to sustain this growth momentum in the long term. In the wake of COVID-19, India's nominal GDP contracted by 1.4% in FY 2021, followed by 18.4% growth in FY 2022 and 16.1% growth in FY 2023. It is expected to reach USD 5.4 trillion by FY 2028. Between FY 2023 and FY 2030, India's real GDP is expected to grow at a CAGR of 6.6%. It is also expected that the growth trajectory of the Indian economy will position India among the top 3 global economies in terms of nominal GDP by FY 2030, surpassing Germany and Japan. Several factors are likely to contribute to long-term economic growth. These factors include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, government policies, increasing aspirations and affordability etc.
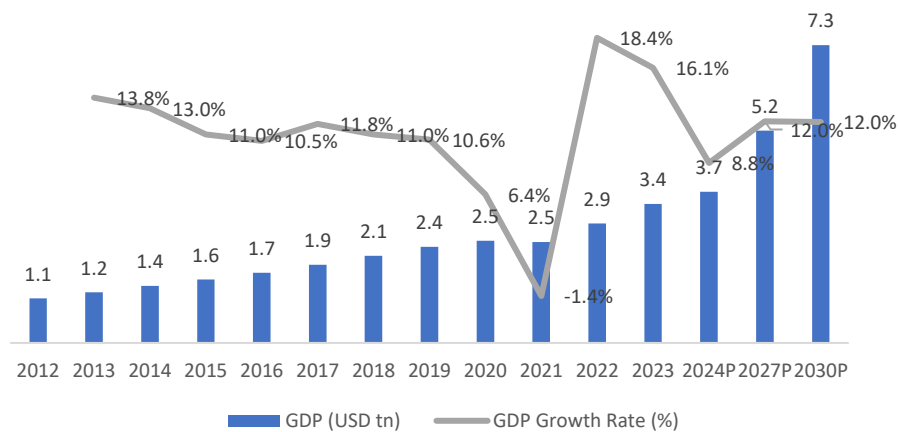
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Exhibit 1.2: Historical GDP Growth (%)
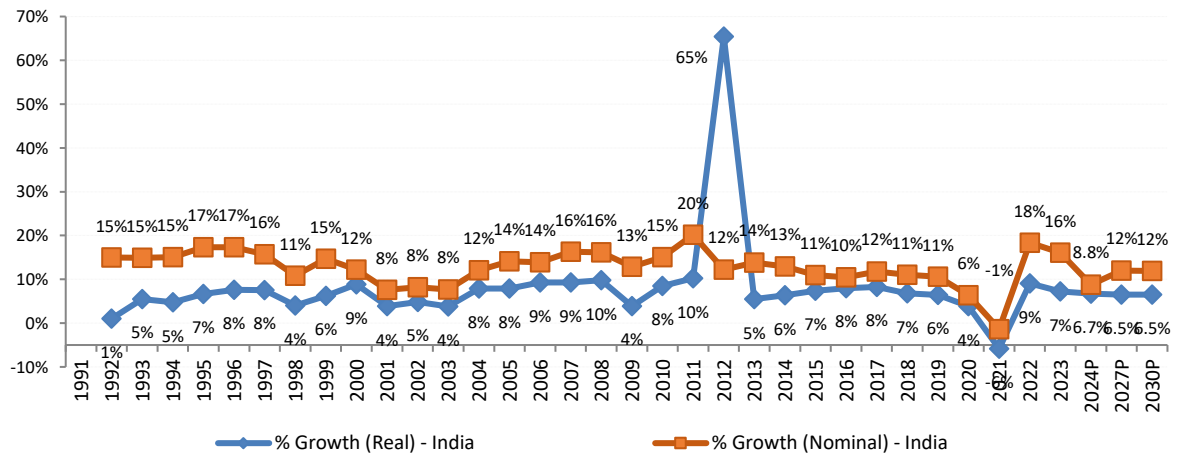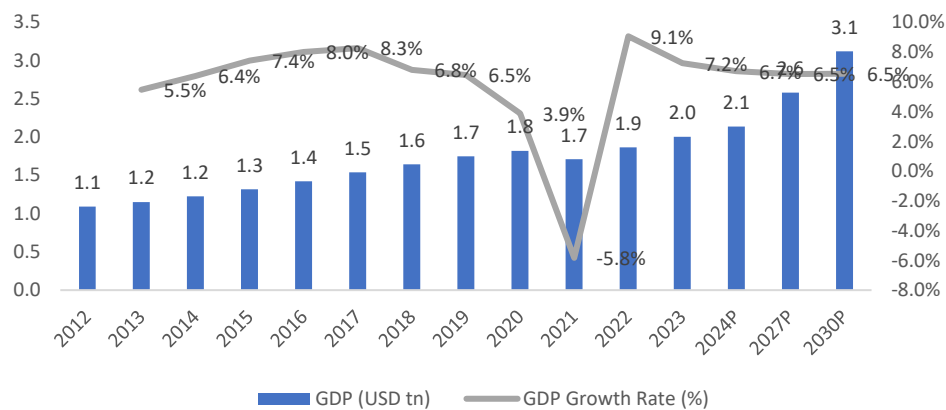

Source: RBI Data, World Bank, IMF
*2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well

Exhibit 1.3: India's Nominal GDP in FY (USD Tn)

Source: RBI Data, Economic Survey, World Bank, EIU, IMF. 1 USD= INR 80.

Exhibit 1.4: India's Real GDP in FY (USD Tn)

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State-wise Gross Domestic Product

The Gross Domestic Product of key Indian states are mentioned below. The Eastern states of Bihar, Orissa and West Bengal's Gross State Domestic Product (GSDP) CAGR of 10.3%, 11.9% and 10.1% respectively for the period FY 2015 to FY 2023 is higher than the CAGR of 9.88% of India's nominal GDP for the same period.

Exhibit 1.5: Gross State Domestic Product of key Indian states in FY (USD Bn) (Current Prices)

Region	States	2015	2020	2021	2022	2023	CAGR 2015-23
North	**Delhi**	62	99	95	113	130	9.8%
	Haryana	55	92	93	109	124	10.3%
	Punjab	44	67	68	77	84	8.3%
	MP	60	116	120	142	165	13.5%
	UP	126	213	206	247	282	10.6%
Total Northern GDP		**336**	**632**	**627**	**740**	**839***	**12.1%**
East	**Bihar**	43	73	71	81	94	10.3%
	Chhattisgarh	28	43	43	51	57	9.5%
	Jharkhand	27	39	37	45	49	7.6%
	Orissa	39	67	68	84	97	11.9%
	West Bengal	90	147	144	170	194	10.1%
Total Eastern GDP		**229**	**373**	**368**	**436**	**497**	**10.2%**
West	**Maharashtra**	222	332	328	389	NA	8.3%
	Gujarat	115	202	202	242	NA	11.2%
	Rajasthan	77	125	127	152	177	10.9%
Total Western GDP		**415**	**659**	**658**	**783**	**NA**	**9.5%**
South	**Andhra Pradesh**	66	116	120	142	165	12.2%
	Telangana	63	119	118	141	164	12.7%
	Tamil Nadu	134	218	224	259	296	10.4%
	Karnataka	114	201	203	245	280	11.9%
	Kerala	64	102	96	117	NA	8.9%
Total Southern GDP		**447**	**765**	**770**	**914**	**905***	**10.8%**
North-Eastern	**Arunachal Pradesh**	2	4	4	4	NA	10.1%
	Assam	24	43	44	52	62	12.2%
	Manipur	2	4	4	5	NA	10.6%
	Meghalaya	3	4	4	5	5	7.9%
	Mizoram	2	3	3	3	NA	10.9%
	Nagaland	2	4	4	4	NA	8.2%
	Tripura	4	7	7	8	9	11.9%
Total North-Eastern GDP		**40**	**69**	**69**	**81**	**NA**	**10.7%**
India GDP		**1,530**	**2,534**	**2,527**	**2,995**	**2531**	**6.5%**

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Per Capita Income Growth

Income growth, presented by the GNI (Gross National Income) is defined as the total amount of money earned by a country's businesses and individuals- as a proxy to benchmark prosperity. India's income growth is one of the strongest drivers for higher private consumption trend.

Exhibit 1.6: India's GNI Per Capita (INR) (Current Prices)
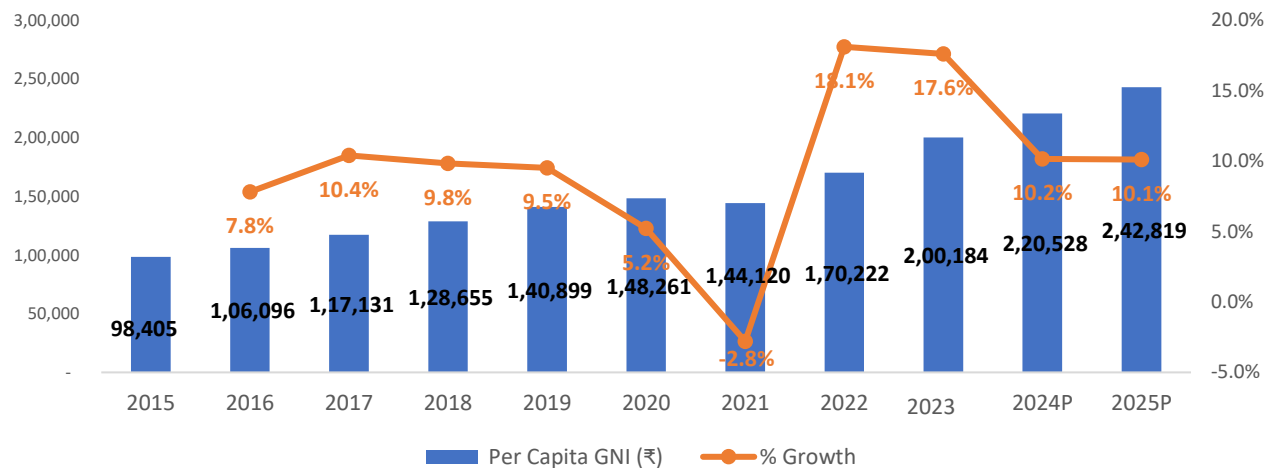
Year indicates FY
Source: RBI, IMF projections

Per Capita GDP

India's Per Capita GDP has almost doubled from FY 2015 to FY 2023, indicating that the Indian economy has been growing at a fast pace. The per capita GDP for India stands at INR 1,72,761 in FY 2022 and is estimated to reach INR 1,96,983 in FY 2023, marking a ~76% increase (CAGR of ~8.4%) from INR 98,135 in FY 2015 to FY 2022. It is projected to grow with a CAGR of 10.0% between FY 2023 and FY 2030.

Exhibit 1.7: India's Per Capita GDP (FY) and y-o-y growth rate (%) (FY)
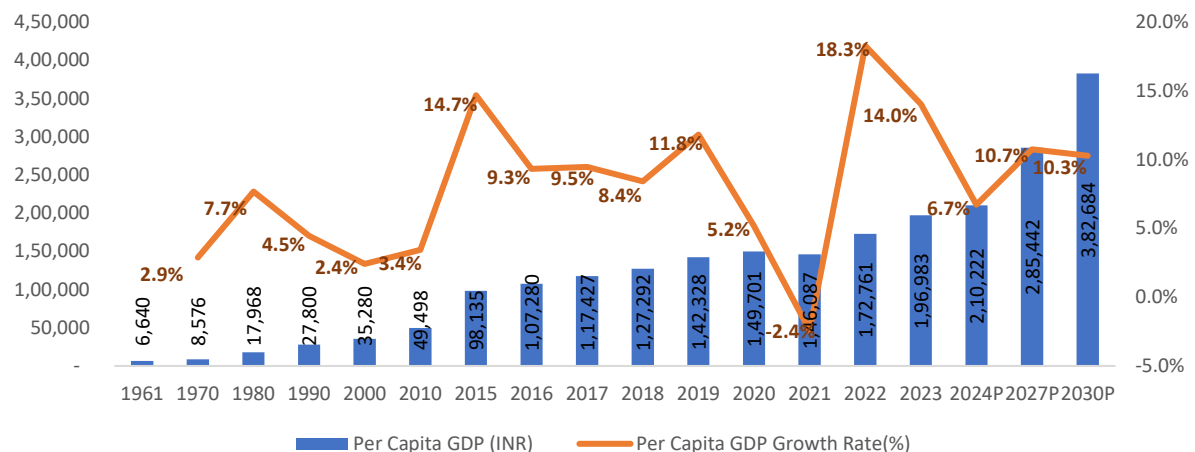
Source: Ministry of Statistics and Program Implementation, World Bank, IMF, Technopak Research & Analysis
Note: 1 USD= INR 80

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1.2. Private Final Consumption

The high share of domestic consumption in Private Final Consumption Expenditure

GDP growth in India is expected to be driven by the rising Private Final Consumption Expenditure. India is a private consumption-driven economy, where the share of domestic consumption is measured as Private Final Consumption Expenditure (PFCE). India's share of PFCE, in the Nominal GDP was 60.4% in September 2023. This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). In comparison, China's domestic consumption share to its Nominal GDP in December 2021 was 38.2%. The high share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 7.3% between FY 2016 and FY 2021, compared to 2.8% and 4.7% in the USA and China, respectively during the similar period of CY 2015 and CY 2020.

In FY 2022, PFCE accounted for ~60% of India's GDP. This was much higher than that in China (~39%), and Germany (~50%), and comparable to that of US (~68%) and UK (~61%) in similar period of CY 2021. With the rapidly growing GDP and PFCE, India is poised to become one of the top consumer markets globally. It is estimated that the PFCE's contribution to India's GDP will be 60.1% for FY 2023.

Exhibit 1.8: Total Private Final Consumption Expenditure in CY (Current Prices USD Bn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CAGR 2020-2022
U.S.	10,260	10,699	11,047	11,363	11,847	12,263	12,693	13,239	13,993	14,428	14,047	14,347	NA	2.8%
China	2,090	2,637	3,019	3,429	3,845	4,178	4,344	4,745	5,353	5,605	5,611	6,347	8,800	25.2%
Germany	1,872	2,036	1,937	2,036	2,075	1,778	1,829	1,918	2,068	2,018	1,951	1,924	2,680	17.2%
India*	411**	447**	749	863	966	1,084	1,215	1,344	1,505	1,641	1,542	1,718	2,130	17.5%
France	1,463	1,573	1,469	1,536	1,549	1,318	1,341	1,397	1,503	1,463	1,398	1,394	2,050	21.1%
Italy	1,296	1,401	1,279	1,304	1,309	1,116	1,128	1,179	1,258	1,202	1,093	1,108	1,500	17.1%
Brazil	1,330	1,577	1,514	1,526	1,546	1,153	1,154	1,331	1,239	1,216	906	1,230	1,580	32.1%
Indonesia	424	495	518	519	509	495	539	582	594	648	624	723	720	7.4%
Thailand	178	196	212	221	214	206	207	223	248	271	265	259	320	9.9%
Malaysia	123	143	156	167	177	163	165	177	206	218	205	226	280	16.9%

Source: World Bank, RBI, Technopak Research & Analysis
* For India, CY 2011 refers to FY 2012 and so on, India Data in FY
1USD = INR 80

Per Capita Final Consumption Expenditure

The Per Capita Final Consumption Expenditure had shown significant growth pre-COVID. In FY 2020, the average Per Capita Final Consumption expenditure was valued to be around USD 1,141, a steep increase from USD 715 in FY 2015. Due to the emergence of COVID-19 in FY 2020, there was an approximately 3% drop in the Per Capita Final Consumption Expenditure, to USD 1,110 but it recovered at a rate of 16% to reach USD 1,287 in FY 2022.

Exhibit 1.9: Per Capita Consumption Expenditure in CY (in USD)

USA: 37295, 38235, 38900, 39576, 40501, 41118, 39507, 42732

UK: 28361, 29018, 29839, 30211, 30769, 30921, 26750, 28311

China: 2802, 3028, 3280, 3571, 3850, 4083, 3972, 4497

India: 715, 792, 878, 954, 1056, 1141, 1110, 1287

2014 2015 2016 2017 2018 2019 2020 2021

—●—India —●—USA —●—China —●—UK
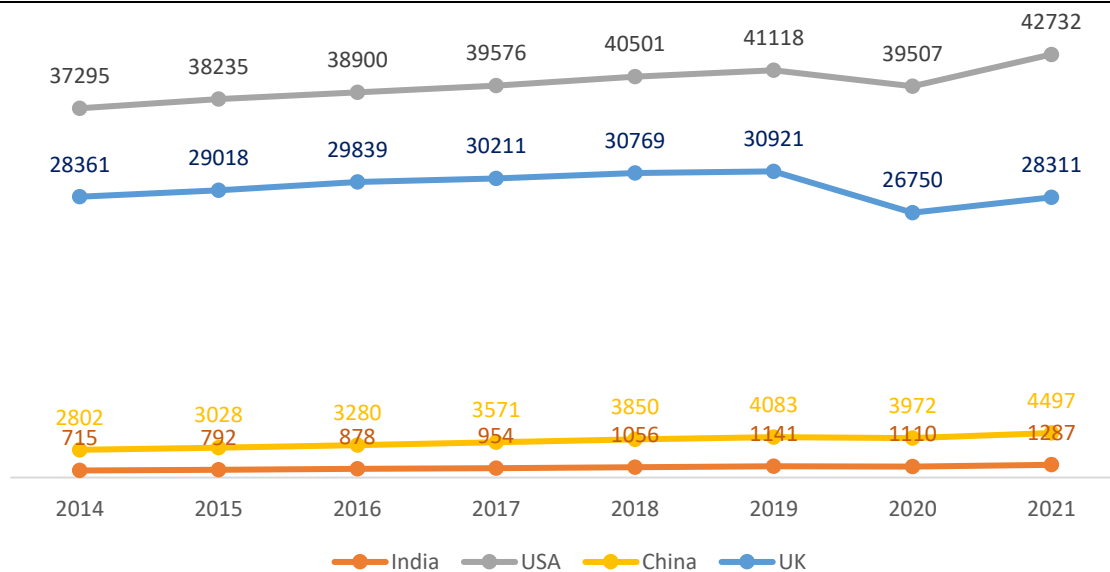
Source: RBI, World Bank, Note: Per capita consumption for countries other than India includes per capita final consumption expenditure for NPISHs and households
Note: India's per capita consumption is at current prices while for other countries, it is at constant 2015 USD price.
Note: CY 2014 represents FY 2015 and so on for India.
1USD = INR 80

1.3. Key growth drivers

1. Demographic profile of India

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 29.5 years for CY 2023 as compared to 38.9 years and 39.8 years in the United States and China, respectively, and is expected to remain under 30 years until 2030. With a growing young population, there is an increasing demand for premiumization. The younger population is naturally predisposed to adopting new trends and exploration, given their educational profile and exposure to media and technology. This presents an opportunity for domestic consumption in the form of branded products and organized retail.

Exhibit 1.10: Median Age: Key Emerging & Developed Economies in (CY 2023)

Country	India	China	USA	Singapore	Russia	South Korea	Canada	UK
Median Age (Yrs.)	29.5	39.8	38.9*	38.9	41.5	45	42.4	40.6

Source: World Population Review, Technopak Analysis
*For USA, the median age is of CY 2022.

More than half of India's population falls in the 15-49 years age bracket

As of April 2023, India was the most populated country in the world, home to 1.42 billion people, which is about one-sixth of the world's population. About 54% of the total population falls within the 15 to 49 years age group, while 80% of the population is below 50 years old. This demographic distribution highlights that India's youth and working-age population contribute to positive demographics.

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Exhibit 1.11: India's age demographics (FY 2023) (Population in Mn)

■ <15   ■ 15-24   ■ 25-49   ■ 50-65   ■ 65+
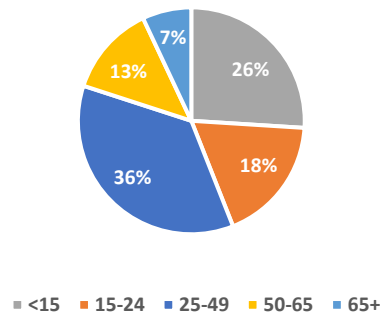
Source: Technopak Estimates

Exhibit 1.12: Age Dependency Ratio (FY)

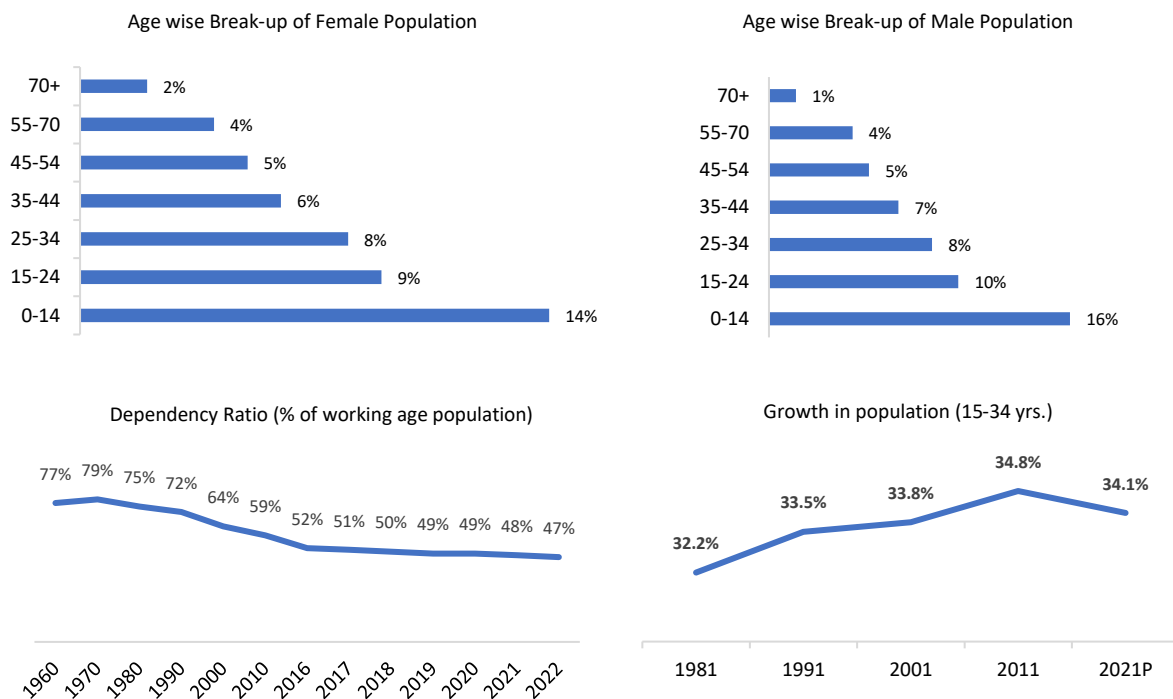**Age wise Break-up of Female Population**

70+	2%
55-70	4%
45-54	5%
35-44	6%
25-34	8%
15-24	9%
0-14	14%

Age wise Break-up of Male Population

70+	1%
55-70	4%
45-54	5%
35-44	7%
25-34	8%
15-24	10%
0-14	16%

Dependency Ratio (% of working age population)

77% 79% 75% 72% 64% 59% 52% 51% 50% 49% 49% 48% 47%

1960 1970 1980 1990 2000 2010 2016 2017 2018 2019 2020 2021 2022

Growth in population (15-34 yrs.)

32.2% 33.5% 33.8% 34.8% 34.1%

1981 1991 2001 2011 2021P

Source: Census of India 2011, World Bank, MOSPI; Age wise break up of population not adding up to 100% due to rounding off
Note: Dependency Ratio is in CY. CY 2017 for India refers to FY 2018 data and so on.

2. Women Workforce

Numerous factors, including better health care and greater media focus are allowing women in India, in both Urban and Rural areas, to exercise greater influence on their families and society as a whole. The most important factor, however, is educational opportunities. Between FY 2005 and FY 2015, the enrolment of girls in secondary education increased from 45.3% to 81.0% and in FY 2019 was higher than the enrolment of boys. In FY 2021, women held a total share of 49% in total enrolment in higher education.

The share of women workforce in the services sector has increased from 17.5% in CY 2010 to 28.0% in CY 2019. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including an upward trend towards the purchase of branded products including fashion and lifestyle.
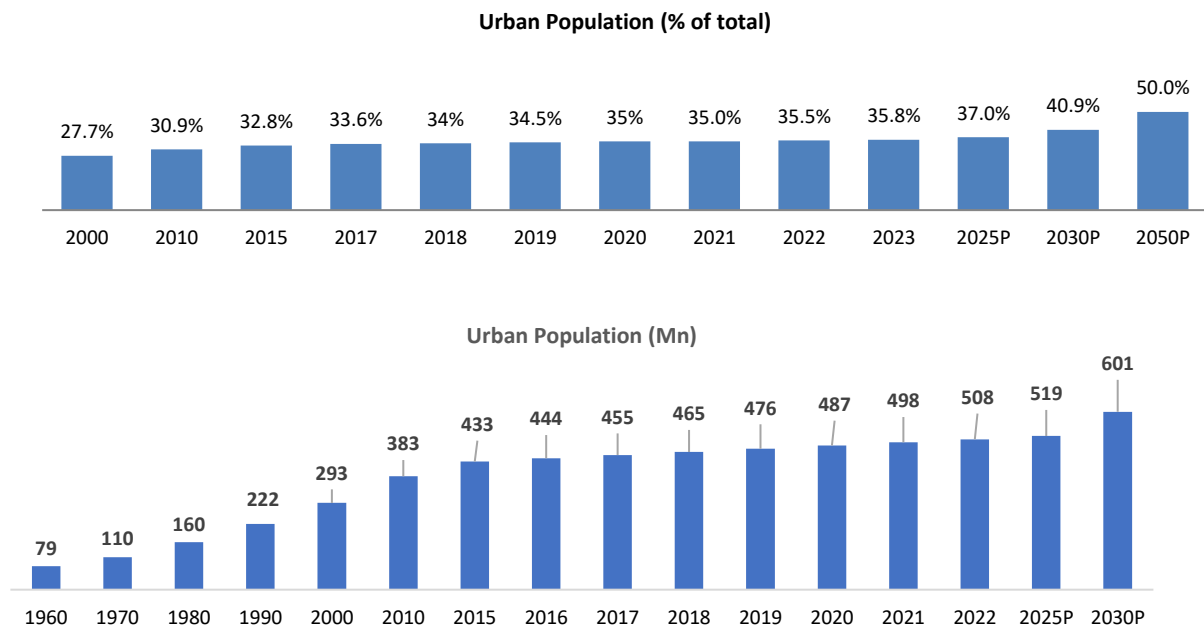
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Exhibit 1.13: Sector-wise split of female employment (CY)

Sector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture	67.0%	63.6%	60.0%	59.4%	58.7%	57.9%	57.2%	56.4%	55.5%	54.7%	53.6%
Industry	15.5%	17.1%	18.8%	18.4%	18.2%	18.0%	17.7%	17.5%	17.3%	17.4%	17.9%
Services	17.5%	19.3%	21.3%	22.2%	23.2%	24.1%	25.1%	26.1%	27.2%	28.0%	NA

Source: World Bank Data

3. Urbanization

Urbanization is one of the most important pillars of India's growth story, as these areas serve as the core drivers for consumption. India had the second-largest Urban population in the world (in absolute terms) at 508 million in CY 2022, ranking only below China. Indian Urban system constitutes ~11% of the total global Urban population. However, only ~36% of India's population is classified as Urban, compared to a global average of ~57%. It is the pace of India's Urbanization that is a key trend fueling India's economic growth. Currently, the Urban population contributes 63% to India's GDP. Looking ahead, it is estimated that 37% (537 million) of India's population will be living in Urban centers by CY 2025 and is expected to account for 75% of India's GDP in FY 2026. This trend is expected to continue, with approximately 41% of India's population living in Urban centers by CY 2030.

Exhibit 1.14: Increasing Urbanization in India (CY)

Urban Population (% of total)

Year	%
2000	27.7%
2010	30.9%
2015	32.8%
2017	33.6%
2018	34%
2019	34.5%
2020	35%
2021	35.0%
2022	35.5%
2023	35.8%
2025P	37.0%
2030P	40.9%
2050P	50.0%

Urban Population (Mn)

Year	Mn
1960	79
1970	110
1980	160
1990	222
2000	293
2010	383
2015	433
2016	444
2017	455
2018	465
2019	476
2020	487
2021	498
2022	508
2025P	519
2030P	601

Source: World Bank, Technopak Analysis
Note: CY 2015 for India refers to FY 2016 data and so on.

Exhibit 1.15: Urban Population as Percentage of Total Population of Key Economies (CY 2023)

Country	World	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population Share	58%	36%	64%	83%	100%	75%	78%	40%	84%

Source: World Bank

4. *Growing Middle Class*

The increase in number of households with annual earnings ranging from USD 10,000 to USD 50,000 is poised to drive the Indian economy by fostering demand for a wide array of goods, improved services, housing, healthcare, education, and more. Households with an annual income between USD 10,000 and USD 50,000 constituted a minor portion, accounting for 5.8% of the total population in FY 2010. This share increased to 30.6% in FY 2020 and is expected to continue in the same vein, rising to 42% of the total population by FY 2030. The expanding middle-class sector in India is accompanied by a growing appetite for premiumization across various sectors, including goods and services, construction, housing services, financial services, telecommunications, and retail.

*Exhibit 1.16: Household Annual Earning Details*

Year	Total House Holds (in Mn.)	HHs with Annual earnings less than USD 5000	HHs with Annual earnings of USD 5,000 - 10,000	HHs with Annual earnings of USD 10,000 –50,000	HHs with Annual earnings greater than USD 50,000
2009	236	187.9	35.9	11.1	1.2
2010	240	181.8	42.9	14	1.2
2012	254	170.2	60.5	22.1	1.3
2014	267	167.1	70.8	27.2	1.9
2015	274	151	84.7	36.2	2.2
2018	295	84.1	121.5	86.4	3
2020	310	79.4	131.8	94.9	4
2030P	386	69.5	142.8	162.1	11.6
CAGR 2010-30P	2.4%	-4.7%	6.2%	13.0%	12.0%

*Source: EIU, *Technopak Estimates*

5. *Nuclearization*

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. The average household size has reduced from 5.3 in FY01 to 4.2 in FY 2021 and is further projected to reduce to 3.9 by FY 2030. 69% of households had less than five members in FY 2011 as compared to 62% in FY 2001. It is expected that smaller households with higher disposable income will lead to a greater expenditure in, among others, Jewellery, Fashion, Home & Living, Packaged Food and Food Services.

Exhibit 1.17: Total number of households in India (in Mn)
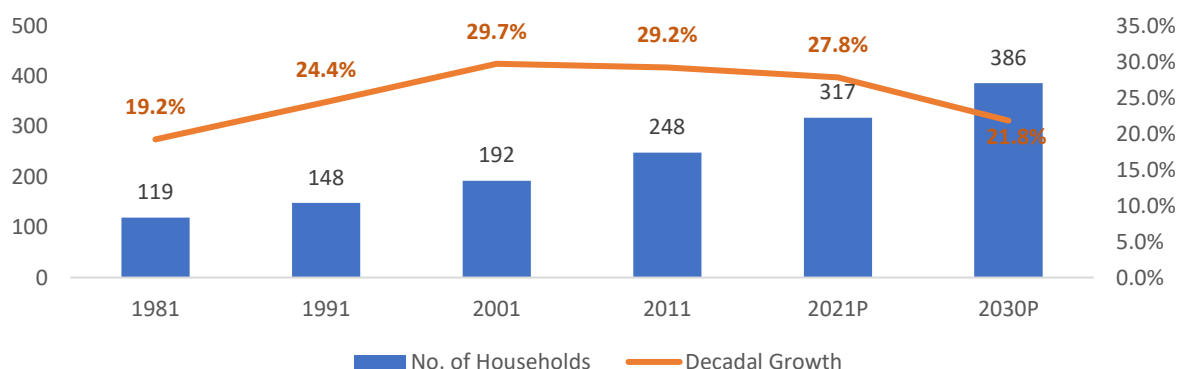

Source: Census, Technopak Analysis
Note: Decadal growth for the period 2021P-2030P reflects a 9-year period.

Top 20% of Indian households account for ~50% of the total household consumption

Household consumption in India is skewed towards the Urban population. Socioeconomic classifications ("**SEC**") A, B and C1, which account for approximately 45.5% of the Urban population and approximately 12.3% of the

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Rural population, commonly referred to as the "top 20%" of Indian households (by income).

Exhibit 1.18: SEC Break-up of Indian Households (in percentage) FY 2020
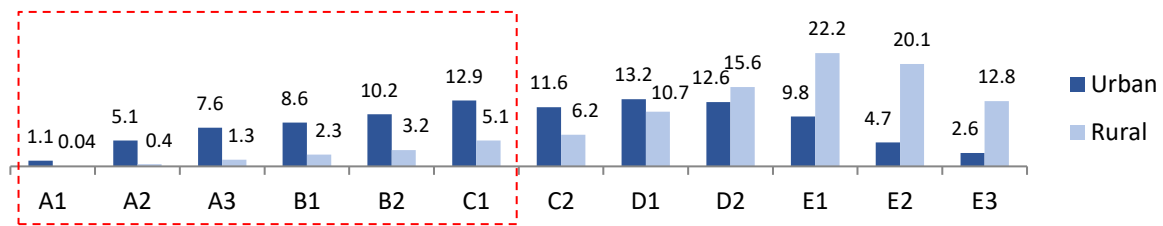
Source: RBI Data, Economic Survey, World Bank, EIU, IMF
Note: Socio-economic classification is a stratification of Indian households used by marketers to understand consumer worthiness and consumption lifestyle. It is widely agreed that consumption behaviour in India is better predicted by SEC (socio-economic class) classification, which is based on the Education of the chief earner and the number of "consumer durables" (from a predefined list)-owned by the family. The list has 11 items, ranging from 'electricity connection' and 'agricultural land' to cars and air conditioners

Share of Merchandise vs Services Retail

In FY 2023, India's private consumption accounted for 59.6% of the total GDP. Nearly 52% of total private consumption was contributed by service industry sectors such as Healthcare, Travel, Hospitality, Food Services etc. and the rest 48% was contributed by merchandise retail comprising, Food & Grocery (31.0%), Jewellery (4.0%), Apparel & Accessories (4.0%), Consumer Durables (3.0%) etc.

Exhibit 1.19: Share of Merchandise and Services in Household Expenditure- India (FY 2023)

Broad Category	Share in Household Expenditure	Category	Share of Wallet
Merchandise Retail	~48%	Food and Grocery	31%
		Jewellery	4%
		Apparel & Accessories	4%
		Footwear	1%
		Pharma & Wellness	1%
		Consumer Durables & Information Technology	3%
		Home & Living	2%
		Others Retail Categories	2%
Services	~52%	Healthcare, Travel, Hospitality etc.	52%

Source: Technopak Analysis

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2. Retail Market in India

Retail Market in India

The retail market in India was Valued at INR 54,48,100 Cr in FY 2019 and reached a Value of INR 59,71,700 Cr in FY 2020, growing at a rate of 9.7% over this period. The Retail Market in India was Valued at INR 76,06,600 Cr in FY2023 and is expected to grow at a CAGR of 10.5% to reach INR 1,13,39,900 Cr by FY 2027.

Exhibit 2.1: India's Consumption Funnel in FY (in INR Cr)

All values in INR Cr	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027P
GDP	1,88,87,000	2,03,51,000	1,98,00,900	2,36,64,600	2,68,59,400	4,19,60,800
Private Consumption	1,12,22,100	1,22,37,100	1,20,32,800	1,40,95,400	1,58,47,000	2,41,27,500
Retail	54,48,100	59,71,700	57,75,700	67,51,700	76,06,600	1,13,39,900

Source: Technopak Analysis. 1US$ = INR 80

Retail Size – Overall & across Key Categories

In Fiscal 2023, India's retail basket was ~48% of its private consumption and it is expected to maintain roughly this share in private consumption for the next five years. The Apparel and Accessories market in India was estimated at ~INR 5,47,600 Cr as of FY 2023 and was one of the largest segments of the Indian retail sector. The share of Apparel & Accessories in overall retail is expected to further increase from 7.2% in FY 2023 to 9.4% in FY 2027. Apparel and Accessories is also the fastest growing sector in the retail basket, growing at CAGR ~ 18.2% from FY 2023 to FY 2027.

Exhibit 2.2: Share of various categories in the overall Indian Retail Basket in FY (in INR Cr)

Type of Categories	Categories	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)	CAGR FY 2019-FY 2023	CAGR (FY 2023-FY 2027P)
	Total Retail (INR Cr)	49,17,000	54,48,100	59,71,700	57,75,700	67,51,700	76,06,600	1,13,39,900	8.7%	10.5%
Need based	Food and Grocery	65.8%	65.0%	64.7%	70.6%	67.6%	65.1%	59.4%	8.8%	8.0%
	Pharmacy & Wellness	2.9%	2.9%	2.9%	3.1%	3.0%	3.0%	3.2%	9.6%	12.0%
Primary Non-Food	Apparel & Apparel Accessories	7.4%	7.4%	7.5%	5.3%	6.1%	7.2%	9.4%	8.0%	18.2%
	Non-Apparel Accessories*	0.6%	0.6%	0.6%	0.4%	0.5%	0.6%	0.7%	8.7%	14.8%
	Jewellery	7.3%	7.5%	7.5%	5.6%	6.6%	7.3%	8.7%	8.0%	15.5%
	Consumer Electronics	6.2%	6.3%	6.4%	5.7%	6.3%	6.7%	7.8%	10.1%	15.0%
	Watches	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	6.5%	15.2%

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Other Non-Food	Home & Living	4.3%	4.3%	4.3%	3.2%	3.7%	4.0%	4.6%	**6.9%**	**14.2%**
	Footwear	1.2%	1.2%	1.2%	0.8%	1.0%	1.0%	1.3%	**3.8%**	**18.1%**
	Others	4.2%	4.7%	4.7%	5.1%	5.0%	4.9%	4.7%	**10.1%**	**9.0%**
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

*Non-Apparel Accessories include Bags, Belts and Wallets; Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.
Source: Technopak analysis; Year Indicates FY. 1US$ = INR 80

Organized Retail penetration is expected to increase to ~22.9% by FY 2027

Organized retail is referred to as corporate-backed retail chain stores, which include supermarkets, hypermarkets and privately owned large retail businesses. It offers the consumers more choices and comfort to browse and shop at their convenience. Organized retail chains have improved infrastructure, have large spaces, and attractive layouts and offer a wide range of product assortments. They sell branded products that are being marketed by specific brands under their name with the logo or getting their private label manufactured and sold as their brand.

While organized retail, primarily brick & mortar, has been in India for 2 decades now, its contribution to total retail was low at 10.1% (INR 4,95,100 Cr) in FY 2018 and 15.8% (INR 12,03,300 Cr) in FY 2023. The organized retail penetration is expected to increase to ~22.9% by FY 2027.

Exhibit 2.3: Overall Retail Market in FY (INR Cr)
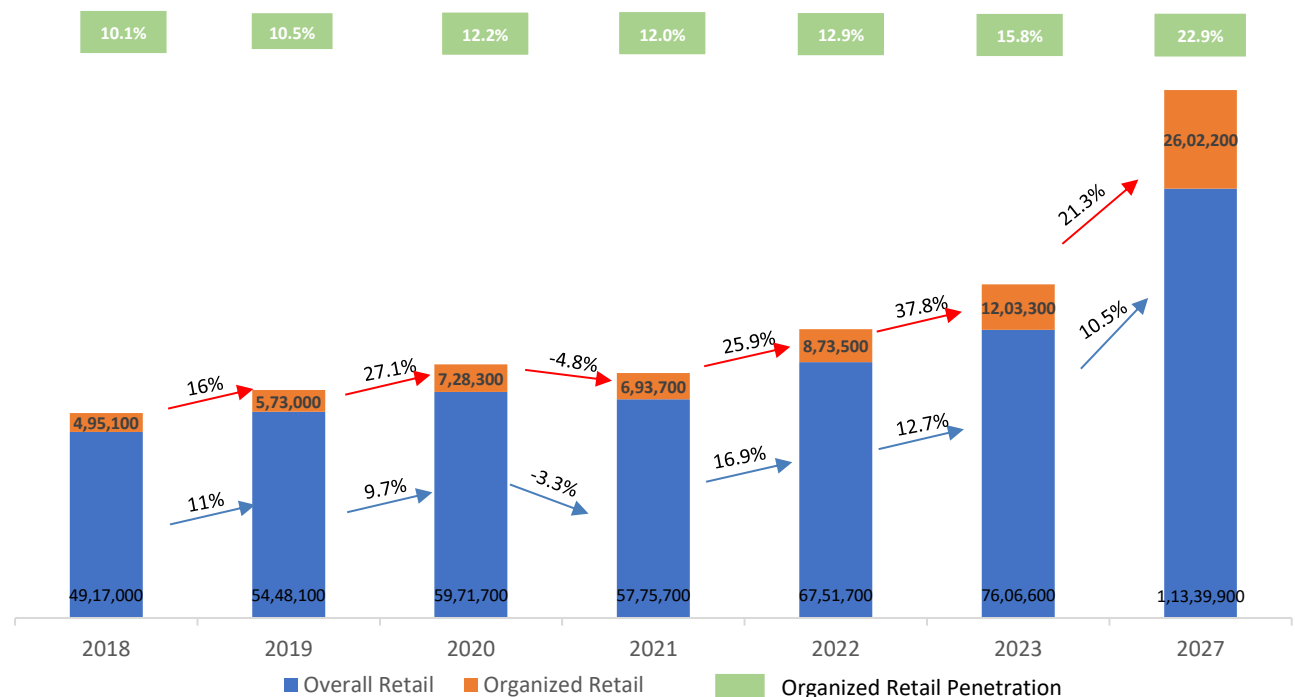
Source: Technopak Analysis

Consumption of Retail basket across key Categories

Apparel & Apparel Accessories, Jewellery and Consumer Electronics are the three key categories that accounted for 7.2%, 7.3% and 6.7% respectively in FY 2023. The share of Apparel & Apparel Accessories is expected to reach 9.4% in FY 2027, and it is the fastest growing category growing at a CAGR of ~18.1% from

FY 2023 to FY 2027. Non-Apparel Accessories are expected to grow at a CAGR of 14.8% at the same time, followed by Footwear at a CAGR of 17.4%.

It is estimated that the share of e-commerce retail in the Apparel and Apparel Accessories segment will reach 24.0% of the market in FY 2027 from 20.5% in FY 2023.

Exhibit 2.4: Share of Brick & Mortar and E-commerce across Categories in FY (All Value in INR Cr)

	2018				2019			
	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce
Food and Grocery	32,27,600	96.6%	3.2%	0.2%	35,37,800	96.3%	3.4%	0.3%
Apparel & Apparel Accessories	3,65,800	72.0%	15.0%	13.0%	4,01,600	70.5%	15.5%	14.0%
Non-Apparel Accessories	27,600	72.0%	15.0%	13.0%	31,500	70.0%	44.0%	17.0%
Watches	10,800	45.0%	40.0%	15.0%	12,200	40.0%	27.0%	4.0%
Jewellery	3,56,000	70.5%	26.5%	3.0%	4,09,800	69.2%	27.1%	3.7%
Consumer Electronics	3,03,200	71.5%	3.5%	25.0%	3,45,000	70.5%	3.4%	26.1%
Home & Living	2,09,500	89.5%	3.5%	7.0%	2,32,500	88.5%	3.8%	7.7%
Pharmacy & Wellness	1,41,800	91.0%	6.0%	3.0%	1,57,200	88.5%	6.7%	4.8%
Footwear	58,700	73.0%	11.5%	15.5%	65,500	71.8%	12.2%	16.0%
Others	2,16,000	87.5%	9.5%	2.5%	2,55,000	87.3%	9.8%	2.9%
Total Retail	**49,17,000**	**89.9%**	**6.4%**	**3.7%**	**54,48,100**	**89.4%**	**6.6%**	**4.0%**

	2020				2021			
	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce
Food and Grocery	38,62,500	95.0%	4.4%	0.5%	40,77,700	94.4%	4.3%	1.3%
Apparel & Apparel Accessories	4,47,800	68.0%	14.5%	17.5%	3,06,300	65.0%	7.1%	27.9%
Non-Apparel Accessories	34,700	68.0%	14.5%	17.5%	23,700	65.0%	7.0%	28.0%
Watches	13,500	35.0%	46.8%	18.2%	9,400	33.0%	47.0%	20.0%
Jewellery	4,50,800	68.0%	29.7%	2.3%	3,24,100	65.0%	28.5%	6.5%
Consumer Electronics	3,83,600	68.0%	5.0%	27.0%	3,29,300	64.0%	4.0%	32.0%
Home & Living	2,54,600	85.0%	7.0%	8.0%	1,82,100	78.0%	5.5%	16.5%
Pharmacy & Wellness	1,72,500	89.3%	8.5%	2.2%	1,81,100	88.7%	8.0%	3.1%
Footwear	72,000	70.0%	14.0%	16.0%	48,000	67.0%	13.0%	20.0%
Others	2,79,200	90.0%	5.0%	5.0%	2,93,200	88.0%	5.0%	7.0%
Total Retail	**59,71,700**	**87.8%**	**7.7%**	**4.5%**	**57,75,700**	**88.0%**	**6.1%**	**5.9%**

	2022				2023			
	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce

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	Retail Size	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce	Retail Size	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce
Food and Grocery	45,67,100	94.5%	4.0%	1.5%	49,55,300	92.5%	5.2%	2.3%
Apparel & Apparel Accessories	4,11,800	65.0%	13.0%	22.0%	5,47,600	62.0%	17.5%	20.5%
Non-Apparel Accessories	31,900	65.0%	13.0%	22.0%	42,400	62.0%	17.5%	20.5%
Watches	12,600	34.0%	45.5%	20.5%	15,800	32.0%	47.5%	20.5%
Jewellery	4,46,200	66.0%	28.1%	5.9%	5,57,700	64.0%	30.0%	6.0%
Consumer Electronics	4,22,700	65.0%	7.5%	27.5%	5,07,200	62.0%	8.0%	30.0%
Home & Living	2,52,700	78.0%	7.8%	14.3%	3,03,200	75.0%	9.0%	16.0%
Pharmacy & Wellness	2,02,900	85.0%	11.0%	4.0%	2,27,200	82.0%	13.0%	5.0%
Footwear	64,800	66.0%	15.5%	18.5%	76,100	65.0%	15.0%	20.0%
Others	3,40,100	85.0%	7.0%	8.0%	3,74,100	84.0%	7.0%	9.0%
Total Retail	**67,51,700**	**87.1%**	**7.1%**	**5.8%**	**76,06,600**	**84.2%**	**8.8%**	**7.0%**

	2027P			
	Retail Size (INR Cr)	Share of Unorganized retail	Share of organized B&M Retail	Share of organized E-commerce
Food and Grocery	67,41,200	88.5%	6.6%	4.9%
Apparel & Apparel Accessories	10,68,300	52.0%	24.0%	24.0%
Non-Apparel Accessories	80,600	52.0%	23.7%	24.3%
Watches	27,800	28.0%	48.0%	24.0%
Jewellery	9,91,500	58.0%	32.8%	9.2%
Consumer Electronics	8,86,700	52.0%	13.0%	35.0%
Home & Living	5,16,200	68.0%	10.9%	21.1%
Pharmacy & Wellness	3,57,500	77.5%	13.3%	9.2%
Footwear	1,48,100	58.0%	19.0%	23.0%
Others	5,28,100	80.0%	8.0%	12.0%
Total Retail	**1,13,39,900**	**77.1%**	**11.9%**	**11.0%**

Non-Apparel Accessories include Bags, Belts, and Wallets. Source: Technopak Analysis. 1US$ = INR 80

Overall, the e-commerce market in India has witnessed accelerated growth and is expected to reach 11.03% (INR 12,50,500 Cr) of the total retail market by FY 2027 from its share of 7.02% in FY 2023 (INR 5,33,700 Cr) at a CAGR of 23.7%

Evolution of Organized Apparel Retail Segment in India

Organized retail's share of Apparel has increased from ~14% in FY 2007 to ~38% in FY 2023. In other words, in the last sixteen years, organized retail not only captured the new incremental demand, but it has also succeeded in shifting the demand away from unorganized Apparel retail in its favour. Given the fact that organized retail sells branded Apparel*, the growth of organized retail is poised to be a key growth enabler for the growth of branded Apparel. The share of organized Apparel is expected to increase further to ~48% by FY 2027 and that will continue to support the growth of branded Apparel as well.

*(*Note: Branded Apparel refers to clothing that is being sold under a specific brand name throughout locations and it has that brand name or logo on it to create awareness about the brand and is not sold under the shop name or the product name.)*

Phase I (Pre 1995) – Till 1995, organized retail for Apparel was synonymous with Exclusive Brand Outlets (EBOs) of a handful of Apparel brands. These EBOs were restricted by their physical reach (number of stores and

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coverage across cities) and product offering (fabrics, suits, formal dressing etc.). Brands like Van Heusen, Arrow, Raymond, Vimal, and Bombay Dyeing signified organized Apparel retailing.

Phase II (1995 – 2000) – Shoppers Stop started the first large format multi-brand outlet in the mid-nineties triggering the expansion of multi-brand retail for Apparel and other retailing categories. Around the same time, Westside and Lifestyle also started their private brand led large format stores. This period also saw the entry of Benetton into India. These developments expanded the product offerings for the consumers and aspects around product design, sourcing and supply chain became key focus areas for organized retailers. This period also marked the entry of global sportswear brands like Nike which introduced the Indian market to Athleisure as an extension of Footwear.

Phase III (2001 – 2015)– This phase was marked by the introduction of the Value retail segment through the launch of various key players like V Mart, Style Baazar, V2 Retail, Max Fashion etc. These players addressed various supply side gaps like limited product offerings due to supply chain bottlenecks, poor shopping experience like lack of trial rooms, air conditioning etc. and lack of sufficient product information like price tags, bar coding etc. and provided customers with a good shopping experience, customer service and quality products; hence converting customers going to unorganized channels to shop in Value formats, thereby leading to the growth of organized market. Also, this phase saw the bifurcation of Apparel retailing into specialized groups viz. Indian, Casual, Sportswear, Daily wear, Denimwear etc. Further, there was an increase in competitive intensity seeing the market potential, with the entry of more Value players. For instance, the launch of Value fashion brands like M Baazar, 1 Indian Family Mart etc.

Western wear brands like Zara and Marks & Spencer entered India during the same period. This period also witnessed the emergence of a brand aggregator model for international brands in India with players like Arvind Brands and Reliance Brands becoming major Indian partners for many international Apparel fashion brands. This phase also witnessed rapid growth of E-commerce. Online channel emerged as a key organized retail channel for Apparel in India with the scale up of players like Myntra+Flipkart and Amazon. Online and offline channels proved to co-exist and jointly grew the organized retail pie. Product differentiation of organized Apparel retailers also became sharper on price points (Value fashion, mid to premium and premium plus offering) and on product attributes (fusion, prints, fabric, look).

Phase IV (2016 onwards) – The current phase represents a distinct segmentation of channels of organized retail for Apparel. This phase also represents the emergence of category leaders in respective groups of Western (formal and casual), Indian, and Athleisure etc. Value fashion retailers such as Max Fashion, V Mart and Style Baazar are working towards bridging the price gap in the branded Apparel market by offering quality products at affordable prices. Exclusive Brands Outlets (EBOs) have emerged as a core channel for most national Apparel retailers irrespective of the category (type of Apparel sold) or fashion (Indian or Western) play. LFSs have also grown their footprints with the expansion of Central, Brand Factory, Shoppers Stop, Reliance Trends, Westside, Decathlon and Pantaloons in towns beyond Metros and Tier 1 cities and are important growth drivers for organized Apparel retailing.

Emergence of E-commerce in Retail

E-tail in India has witnessed a rapid growth trajectory and is expected to reach ~11% (INR 12,51,200 Cr) of total retail by FY 2027 from its share of 7% in FY 2023 (INR 5,33,700 Cr) growing at a CAGR of ~23.7%. What started in the early 2010s and was limited to categories of Electronics, Books, Stationery, and Music has now expanded to almost all retail categories, with Apparel and Apparel Accessories having the 2nd highest share of e-commerce among all categories at 20.5% for FY 2023. It follows the category of Consumer Electronics at 30% e-commerce share for FY 2023.

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Exhibit 2.5: Growth of E-retail in India in FY 2018, FY 2019, FY 2020, FY 2021, FY 2022, FY 2023, FY 2027P (in INR Cr)
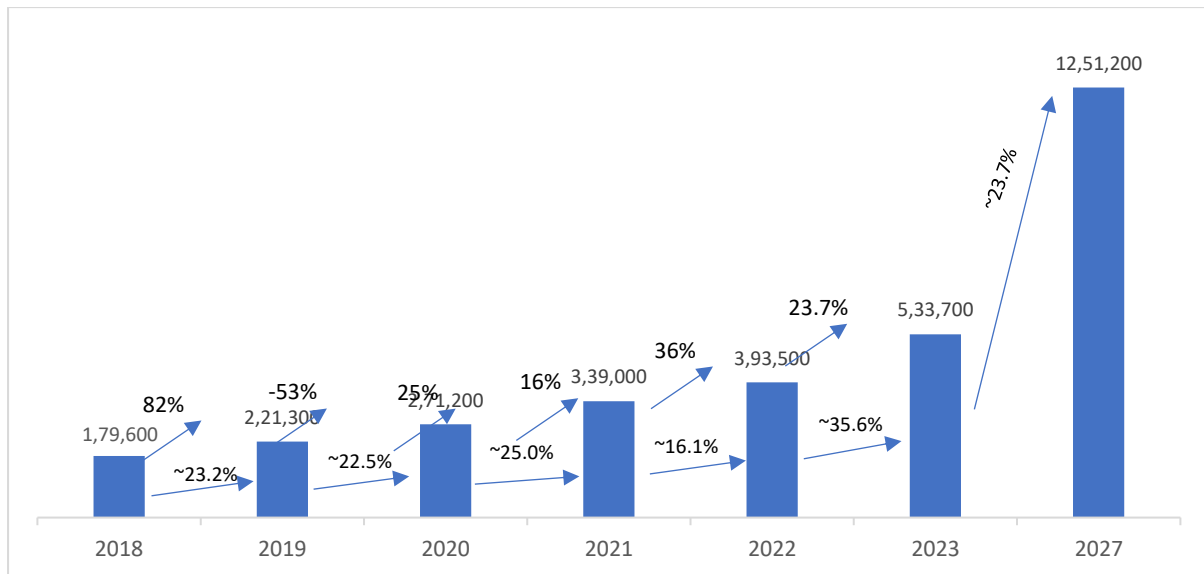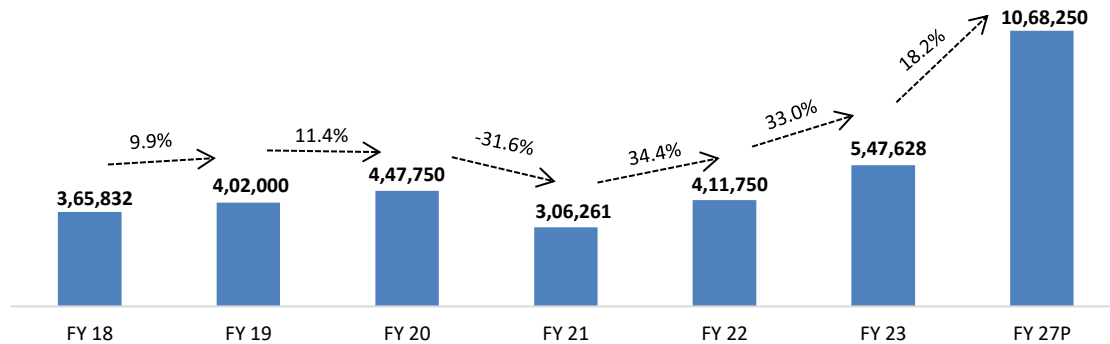

Source: Technopak Analysis

3. Apparel and Footwear Market in India

3.1 India Apparel Market Size & Level of Organization

The Apparel market in India was Valued at INR 5,47,628 Cr in FY 2023 and is expected to grow at a CAGR of ~18.2% between FY 2023 and FY 2027 to reach INR 10,68,250 Cr by FY 2027 on the back of factors like higher brand consciousness, greater purchasing power and increasing Urbanization.

Exhibit 3.1: Apparel Market Size in India (in INR Cr) (Year in FY)

Source: Technopak Analysis. Note: Year indicates FY; Excludes Accessories (Bags, Belts, Wallets etc.)

Value Apparel which constitutes Mass and Economy products contributed ~60% of the total Apparel market in FY 2022 and ~58% of the total Apparel market in FY 2023.

Exhibit 3.2: Apparel Market Size as per pricing in India (in INR Cr) (Year in FY)

Value		FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 27P
	Premium+	10,973	12,058	13,433	6,125	8,235	10,953	37,389
	Premium	43,892	48,231	53,730	33,689	45,293	65,715	1,60,238
	Mid-premium	1,02,414	1,12,540	1,25,370	82,690	1,11,173	1,53,336	3,36,499
	Economy	1,06,091	1,16,580	1,34,325	94,941	1,27,643	1,64,288	2,77,745
	Mass	1,02,433	1,12,560	1,20,893	88,816	1,19,408	1,53,336	2,56,380
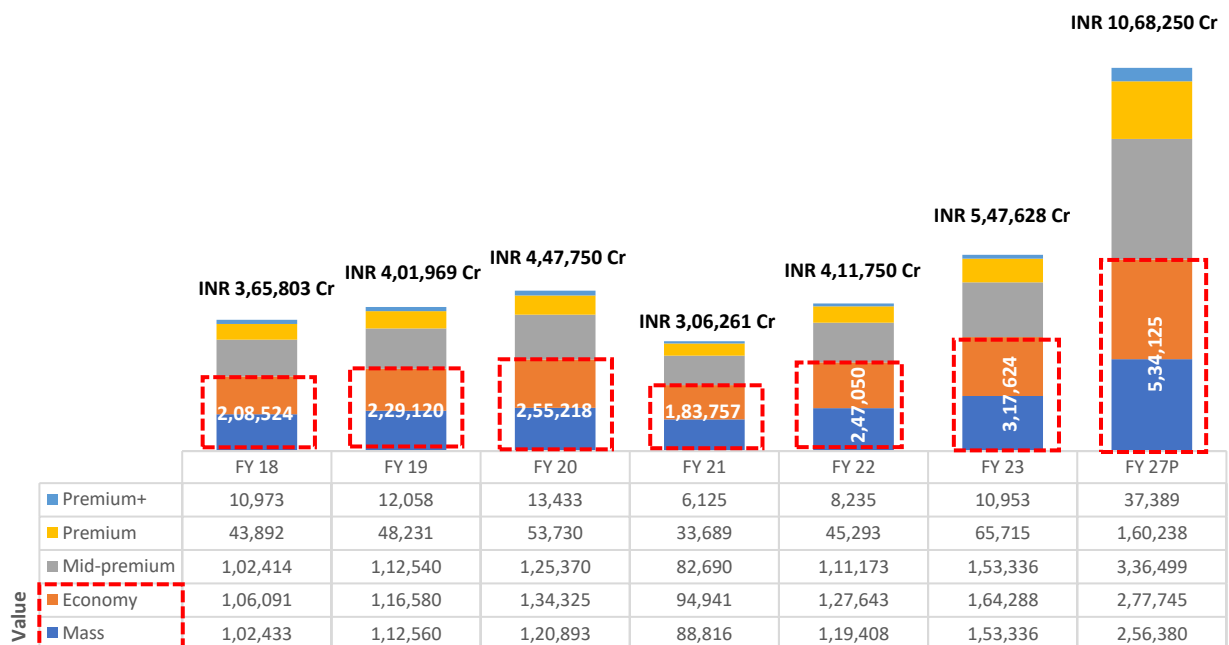
CAGR	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-27P
Mass	9.9%	7.4%	-26.5%	34.4%	28.4%	13.7%
Economy	9.9%	15.2%	-29.3%	34.4%	28.7%	14.0%
Mid Premium	9.9%	11.4%	-34.0%	34.4%	37.9%	21.7%

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Premium	9.9%	11.4%	-37.3%	34.4%	45.1%	25.0%
Premium+	9.9%	11.4%	-54.4%	34.4%	33.0%	35.9%

Source: Technopak Analysis

Exhibit 3.3: Total lifestyle market size (in INR Cr)

Categories	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY2027P
Apparel & Apparel Accessories	3,65,832	4,02,000	4,48,000	3,06,261	4,11,750	5,47,628	10,68,250
Non-Apparel Accessories	NA	NA	34,400	23,713	32,000	42,400	80,800
Footwear	58,683	65,455	72,000	48,000	64,800	76,111	1,48,120

Source: Technopak Analysis. Non- Apparel Accessories include belts, wallets, and watches.

While the CAGR of the total Apparel market between FY 2023 and FY 2027 is projected to be 18.2%, the branded Apparel and organized Apparel retail are expected to grow at CAGR of 23.2% and 25.3% respectively in the same period, i.e., the growth of both branded Apparel and organized Apparel in Apparel category will outpace the overall market growth.

Exhibit 3.4: Branded Apparel and Organized Apparel Retail as a share of Apparel Market (Year in FY)
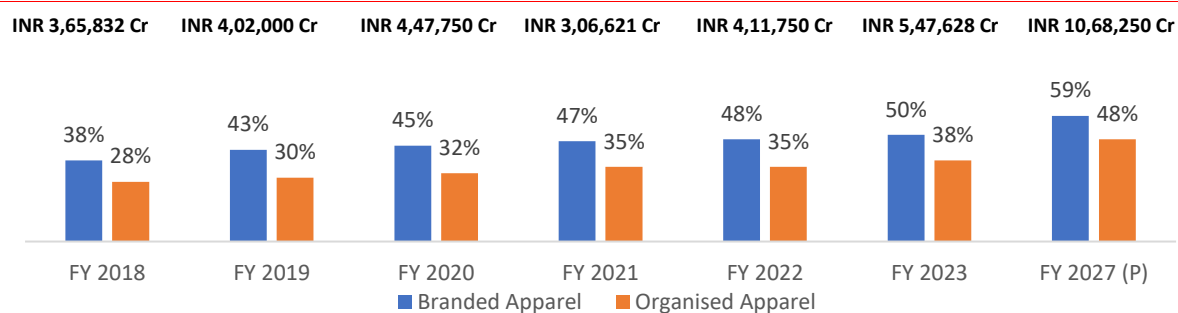
Source: Technopak Analysis
Branded Apparel signifies registered trademarks that are regularly patronized by customers and are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Multi Brand Outlets (MBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through these organized retail points of sales is necessarily branded. Therefore, the organized share is less than the share of Branded Apparel in the total share of Apparel.

The share of organized retail in Apparel has witnessed a steady increase over the past years. The share of the organized sector in Apparel was 28.0% in FY 2018 increased to 32.0% in FY 2020 and 38.0% in FY 2023 and is projected to reach 48.0% by FY 2027.

Exhibit 3.5: Share of Organized and Unorganized Retail as a Percentage of Apparel Market (in INR Cr) – FY 2015, 2020, 2022, 2023, 2027P
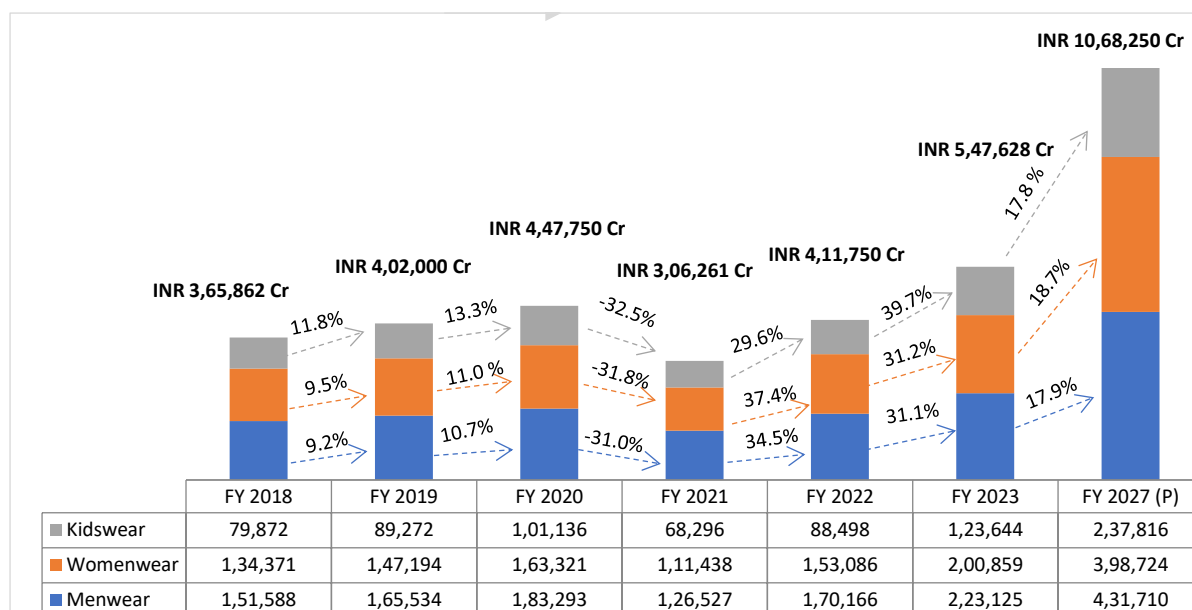

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Unorganised Retail	2,63,399	2,81,400	3,04,470	1,99,070	2,67,638	3,39,529	5,55,490
Organised Retail	1,02,433	1,20,600	1,43,280	1,07,191	1,44,113	2,08,098	5,12,760

Source: Technopak Analysis

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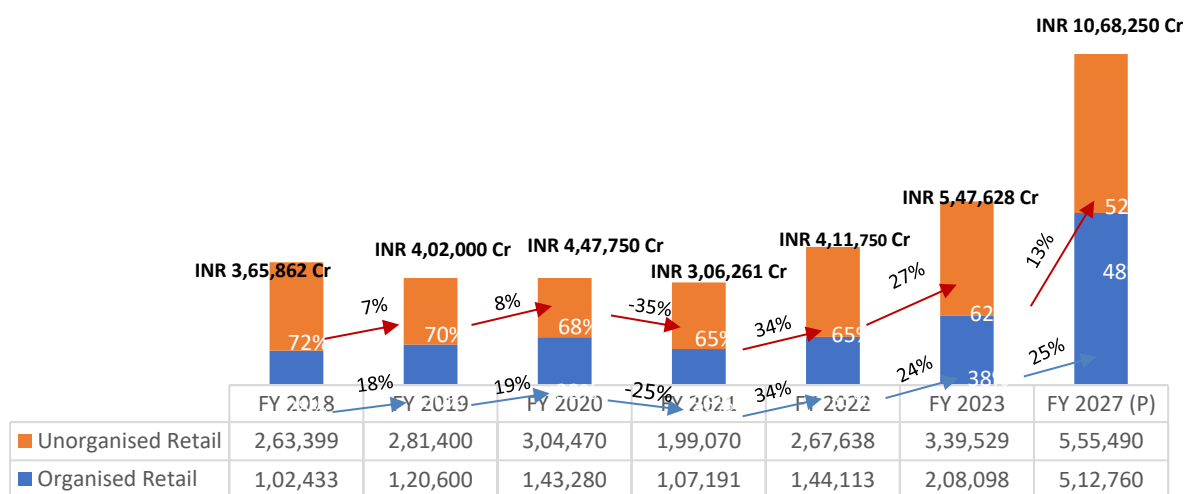
Product Segmentation

Men's Apparel constituted ~41% and Women's Apparel share was estimated to be ~37% of the total Apparel market in FY 2023. The balance of ~21% was contributed by kids' Apparel. Out of the total Apparel market, Ethnic wear accounted for ~30% or INR 1,62,898 Cr (FY 2023) and the balance ~70% of the market comprised western wear at INR 3,84,730 Cr. The high share of Ethnic wear in the total Apparel is a unique feature of the Apparel market in India. In the women's wear market, Ethnic wear contributed ~67% to the total market and is expected to be the fastest growing segment in the Ethnic Apparel market. However, for men and kids, the contribution of Western wear is significant.

Exhibit 3.6: Growth Projections of Total Apparel Market by Gender (in INR Cr)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
■ Kidswear	79,872	89,272	1,01,136	68,296	88,498	1,23,644	2,37,816
■ Womenwear	1,34,371	1,47,194	1,63,321	1,11,438	1,53,086	2,00,859	3,98,724
■ Menwear	1,51,588	1,65,534	1,83,293	1,26,527	1,70,166	2,23,125	4,31,710

Apparel Market Segmentation

Ethnic and Western Wear Market in India

The Apparel market comprised ~30% Ethnic wear in FY 2023 and ~70% Western wear at INR 1,62,898 Cr and INR 3,84,730 Cr in size respectively. This market is dominated by the unorganized sector which was~ 74% of the Ethnic wear market and ~62% of the Western wear market for FY 2023.

In the men's segment, Ethnic wear accounted for ~6% of the total menswear market of INR 2,23,125Cr for FY 2023, while in women, Ethnic wear held a significant share of ~67% of the total INR 2,00,859 Cr womenswear market for FY 2023. This implies that women's Ethnic wear is the mainstay of Ethnic wear in India. The Men Ethnic wear market is expected to reach INR 26,531 Cr by FY 2027, from INR 13,992Cr in FY 2023, growing at a CAGR of 17.3%. The Women's Ethnic wear market is expected to reach INR 2,61,061 Cr in FY 2027, from INR 1,34,547Cr in FY 2023, growing at CAGR of 18.0%.

Western wear market accounted for close to ~70% of the overall Apparel market, with western wear market size of INR 3,84,730Cr for FY 2023. The organized sector constituted a 36% share of the Western wear market, while the unorganized sector was 64%. Western wear continues to dominate the Men's wear market with a ~94% share for FY 2023. It is expected to grow at a CAGR of 18.0% from FY 2023 to FY 2027, reaching INR 4,05,179 Cr in FY 2027. The western wear market for women amounted to INR 66,312 Cr for FY 2023 and is expected to grow at a CAGR of 20.0% to reach INR 1,37,663 Cr for FY 2027.

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22

Exhibit 3.7: Ethnic wear vs Western wear market in India (Year in FY)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Western Wear	2,47,820	2,73,827	3,06,760	2,14,946	2,87,322	3,84,730	7,51,529
Ethnic Wear	1,18,011	1,28,173	1,40,990	91,315	1,24,428	1,62,898	3,16,721
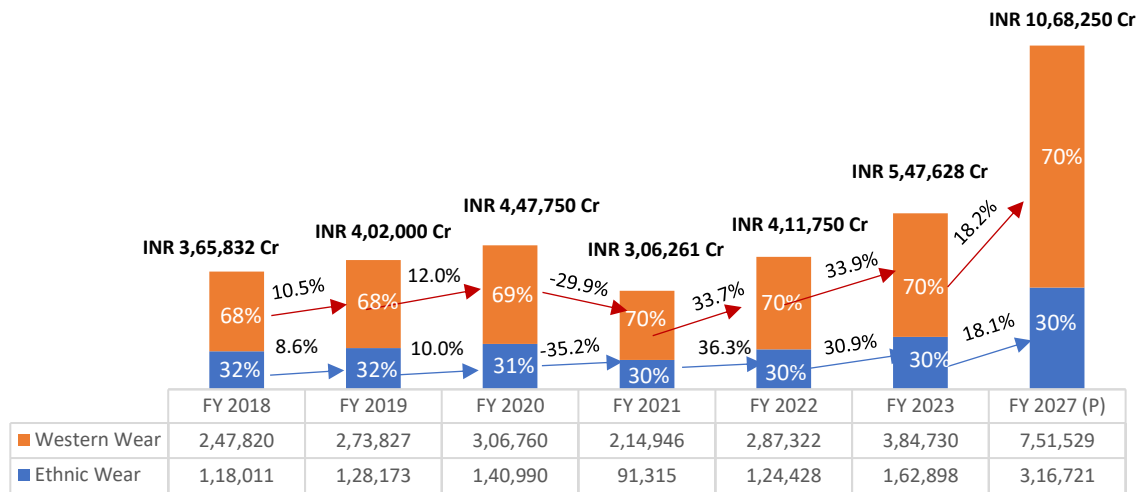
Channel Wise Segmentation

Large Format Stores (LFS) are expected to grow at a CAGR of 29.4% between FY 2023 and FY 2027, which is higher than expected growth from E-commerce and MBOs. The share of sales from EBOs in total organized Apparel retail is expected to increase from ~22% in FY 2023 to ~25% in FY 2027. The share from LFS is expected to increase from 16% to 18% during the same period. Online channel is expected to grow at a CAGR of 22.9% between FY 2023 and FY 2027.

*Exhibit 3.8: Organized Apparel Market Segmentation across **Organized R**etail Channels (in INR Cr) (Year in FY)*

Source: Technopak Analysis

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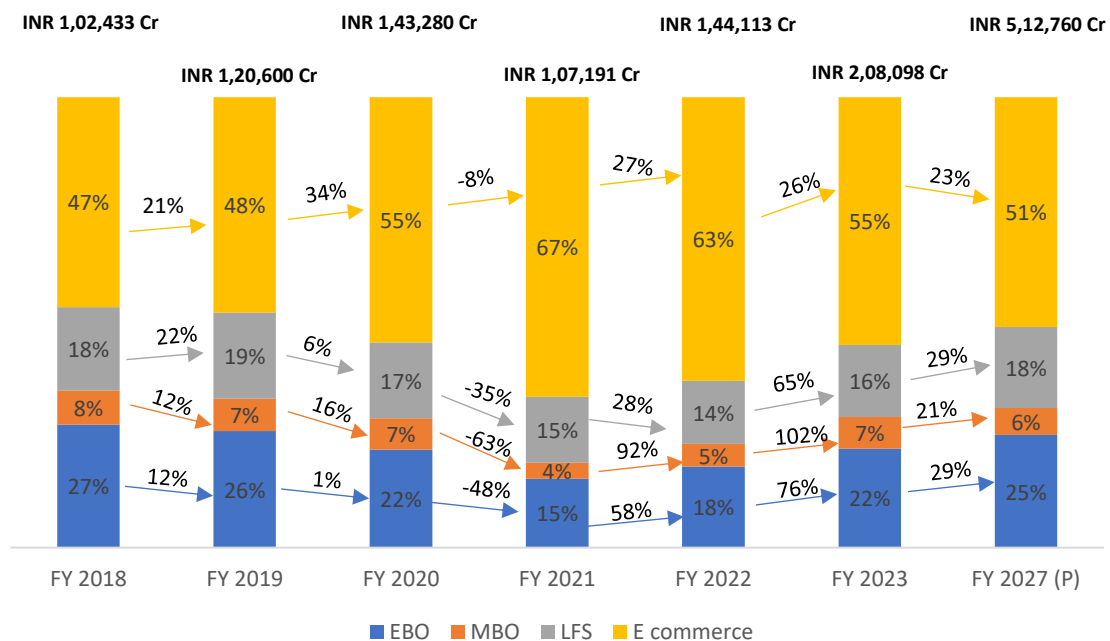
Exhibit 3.9: Channel wise – Segment-wise Market Size Across Men, Women & Kids (in INR Cr)- FY 2015, 2020, 2022, 2027P
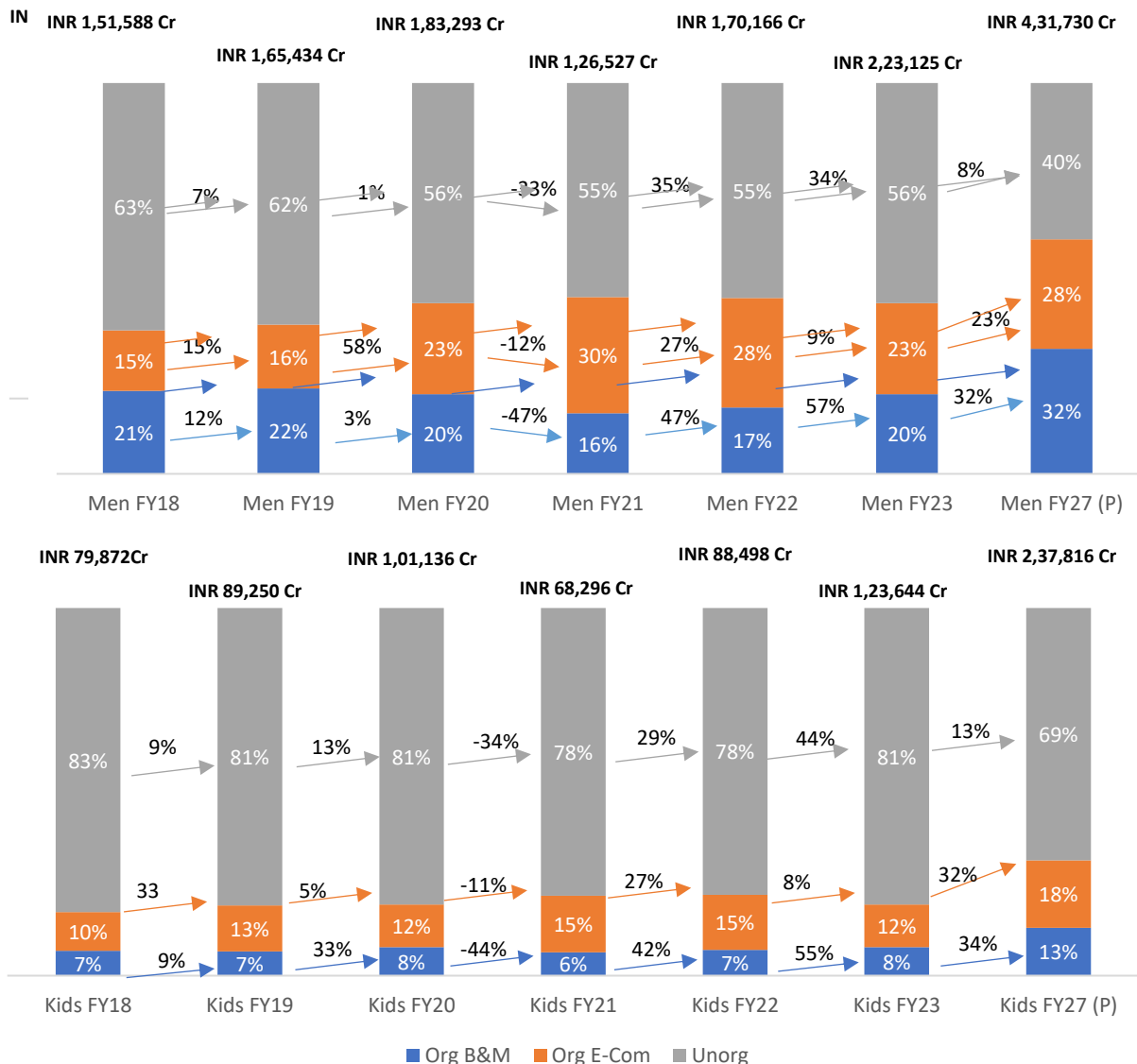
Source: Technopak Analysis

The share of organized retail for women Apparel is expected to increase from ~27% in FY 2023 to ~44% in FY 2027. The organized market for men's and kids' Apparel is also expected to increase to ~60% and ~31% respectively by FY 2027.

Apparel Market Segmentation across City Types

The Urban Apparel market had a share of ~61% of the total market compared with a share of ~39% contributed by Rural India in FY 2023. Almost 21% of the Urban Apparel demand can be attributed to Delhi NCR and Mumbai making these cities the largest consumers of Apparel in India. However, there has been distributive growth across the country, with demand from Tier 2, 3 & 4 cities increasing significantly. These cities, which are Value retail focused, currently account for 56% of the Urban Apparel market, and are expected to grow at a CAGR of 21.0% from FY 2023 to FY 2027.

Exhibit 3.10: Apparel Market Segmentation across City Types – FY 2023 – 2027 (in INR Cr): Urban

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INR 3,31,835 Cr   **INR 6,57,000 Cr**
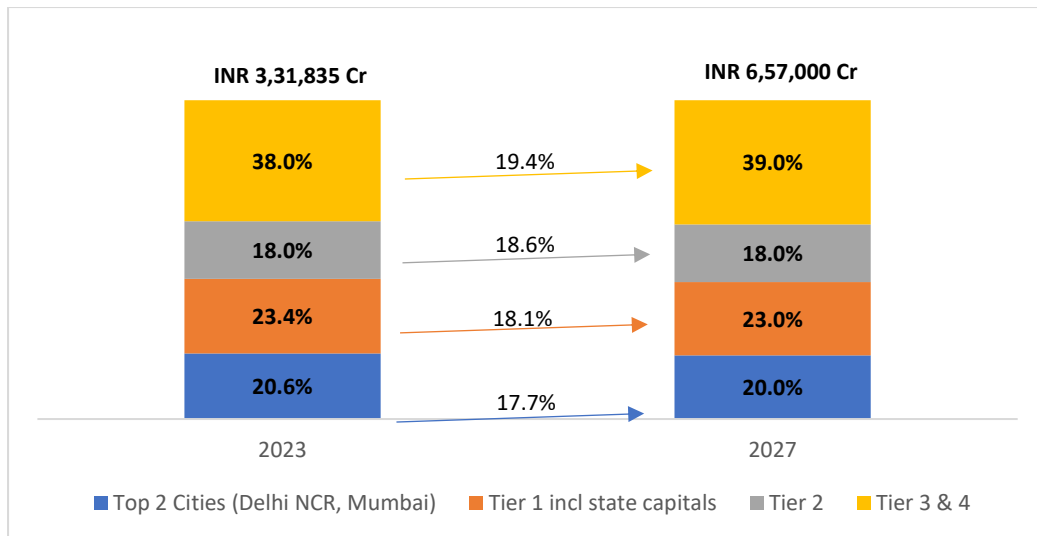
Note- % share of city types in the Urban market
Tier 1 Cities: All State Capitals & Metros
Tier 2 Cities: Cities with a Census Population >10 lacs & not Tier 1.
Tier 3 Cities: Towns with a Census Population >2 lacs or Towns with a Census Population between 1 & 2 lacs and District HQ
Tier 4 Cities: Towns with a Census Population between 1 & 2 lacs and Not District HQ or Towns with a Census Population <1 lacs

Key Growth Drivers of the Indian Apparel Sector

Value Fashion led growth

Going forward, Value fashion will continue to be the mainstay of growth of Apparel retailers and brands in both Ethnic and Western wear segments. This growth can be attributed to the movement from unbranded to branded; Ready to Stitch (RTS) to Ready to Wear (RTW); and migration from Rural to Urban centres. Value fashion retailers such as Style Baazar, V2 Retail, V-Mart, Baazar Kolkata etc are bridging the price gap in the branded Apparel market by offering quality products at affordable prices. This Value sensitivity has been accelerated by COVID-19, leading to demand for core offerings in the Value segment. As a result of this growing demand, Value fashion focussed brands, private brand led retailers, LFS and online aggregators will continue to benefit.

Casualization of fashion and growth of Comfort wear

The casual wear market has evolved significantly over the years. Casual wear categories such as denim, activewear, casual shirts, athleisure, loungewear, sleepwear, and fashionable skirts are outpacing the growth of formal wear in India. This is reflective of the changing consumer trend and increasing usage of casual wear in offices as well as at home. COVID-19 leading to work from home further boosted this category. This shift in women's wardrobe towards casual wear has acted as a growth driver for women's western wear. The casualization of fashion is not unique to India and is driven by global trends.
Consequently, a consumer's fashion basket has expanded to include clothing like casual wear, athleisure, loungewear, sports/gym wear, jackets, jeans etc. This benefits Value retailers like Style Baazar, V Mart etc. as Value fashion plays cater to all category types, especially casual wear in the mass-mid price category.

Technology Intervention

In the Indian Apparel sector, technology deployment in manufacturing, sourcing, retailing, marketing and data management is becoming the biggest value creator.

> *In-store Experience* – Apparel players are implementing in-store technologies in congruence with the growing number of tech-savvy, knowledgeable and demanding customers. Some of the technological components being used are Augmented Reality (AR); Virtual Reality (VR); Video screens and kiosks for

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in-store ordering and cross-selling by suggesting other products and categories to consumers to 'complete the look'; Beacon tech/Apps; Checkout Free Scan & Go Services etc.

Customer Data Mining - Apart from generating valuable insights on consumer behaviour through analysis of data collected, these technological experiences are engaging shoppers from product discovery to product delivery. They assist customers at every stage of shopping.

New Technologies of the Future - The metaverse is becoming a part of the global fashion industry and in coming years, is expected to become an important part of the Indian Apparel landscape as well. It supplements physical Apparel and design through its virtual features like virtual catalogues and fashion shows, which saves resources and gives more opportunities for creativity.

Omnichannel approach by brands

Brands are now focusing on an Omnichannel approach to provide a seamless experience to the consumers, whereby consumers can interact and purchase from the brand through either channel. Players are taking measures to ensure the same by digitally enabling all retail channels and focusing on online medium with links to offline channels.

Digital enablement of all Retail Channels - Activating digitally enabled channels became even more important during & post-Covid. Brands adopted digital channels faster than originally planned, and the whole eco-system is leading towards digital enablement. Offline channels are also using digital in some form for sales through social commerce with WhatsApp, mailings etc. Digitally enabled commerce will become important and will subsume both brick retail and e-commerce. Therefore, activating these channels and harnessing their potential will become important for the growth of the brand and the sector. This also allows us to address dispersed demand and meet consumer needs across different purchase drivers and purchase triggers.

Online Purchase of Apparel - Apparel is a category that requires size trials and touch-feel of the fabric to assess and make a purchase decision. However, it saw an increase in e-commerce uptake during Covid, which led to a change in consumer behaviour and there was increased adoption of online channels for Apparel purchases too. Companies and consumers alike adapted to this change and there was the use of various mediums like Apps, Websites, and social commerce channels like WhatsApp, Video-shopping from home etc. Companies also accelerated their online adoption plans. The use of AI and software that would enable consumers to see how they look in a garment has witnessed traction enabling virtual try-ons etc.

Digital Marketing

The use of Digital media as a marketing tool is being adopted by all key players. Its wider reach and relatively lower cost of customer conversion make it a medium of choice. The adoption of social media by youth has given an opportunity to brands to reach consumers directly through targeted campaigns. The widespread adoption of WhatsApp makes it a useful business tool. Brands & local businesses alike are using this medium to reach out to consumers belonging to every age group.

Growth of Private Brands

Acceptance of private brands among multi-brand retailers is on the rise across product categories. Some reasons that can be attributed to their growth are:

- **Higher Margins**: Due to low advertising and promotional costs, they offer higher margins.
- **Customer Loyalty**: Private brand buyers are more store loyal as the merchandise is generally sold only in their respective Large Format Stores.
- **Value Offerings**: Private brand players generally operate in the Value-segment offering catering to a larger customer base.
- **Product Quality**: Consumers perceive private labels to have a higher product quality compared to unbranded products.

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- **Differentiation**: Provide an opportunity for retailers to differentiate themselves from other stores.
- **Higher Bargaining Power**: A successful retailer with a high share of private brands gets higher bargaining power to negotiate with suppliers.

V Mart, Style Baazar and other retailers that have achieved scale and profitability will naturally progress towards building a private brand portfolio that will give incremental gross margin additions.

3.2 India Footwear Market Size & Level of Organization

The domestic Footwear retail market in India estimated at INR 76,111 Cr in FY 2023 is projected to grow at a CAGR of 18.1% to reach INR 1,48,120 Cr by FY 2027. India is one of the largest producers and consumers of Footwear in the world, generating employment for over 2 million people. Men's Footwear currently dominates this market with ~50% share, however growth in the women's Footwear segment will outpace the growth in men's to account for an almost equal share by value in FY 2027 against the current share of ~41%. While the unbranded segment accounted for ~52% of the total market in FY 2023, the branded segment accounted for ~48%, and the share is expected to reach ~52% for branded and ~48% for unbranded segments by FY 2027.
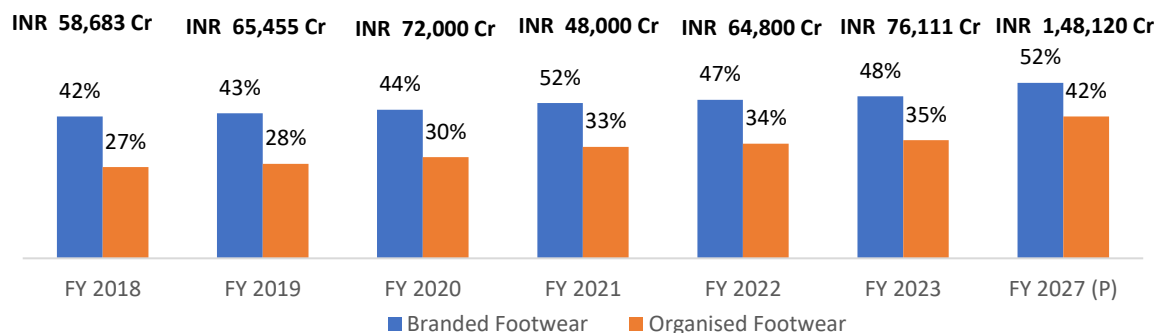
Further growth will be driven by

- Increased adoption of Footwear owing to versatility in usage and emergence of sub-segments such as sports and athleisure, outdoor etc.

- Increasing middle-class population and working population resulting in increasing disposable income of consumers and higher spending on lifestyle products; leading to a shift from unbranded to branded play driving the average selling price of the segment.

- Increase in number of working women driving the growth of women's Footwear market.

- Increasing Urbanization and more focus towards branded Footwear and organized retail.

- Easy availability and assortment width with the advent of online channels.

- Surge in sales of sports and athleisure Footwear with an increasing focus towards sports and events such as marathons and adventure trips.

Exhibit 3.11: Footwear Retail Market in India (in INR Cr)

Source: Technopak Analysis

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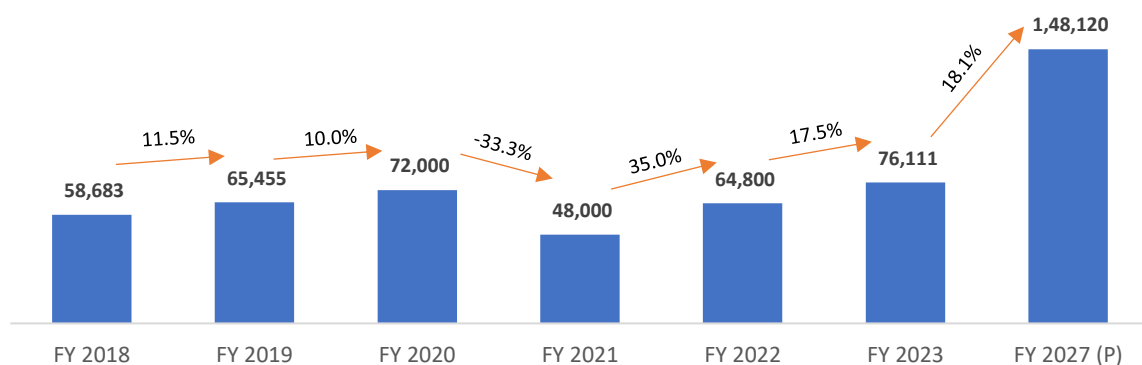
Exhibit 3.12: Share of Branded Footwear and Organized Footwear Retail as a percentage of Footwear Retail Market
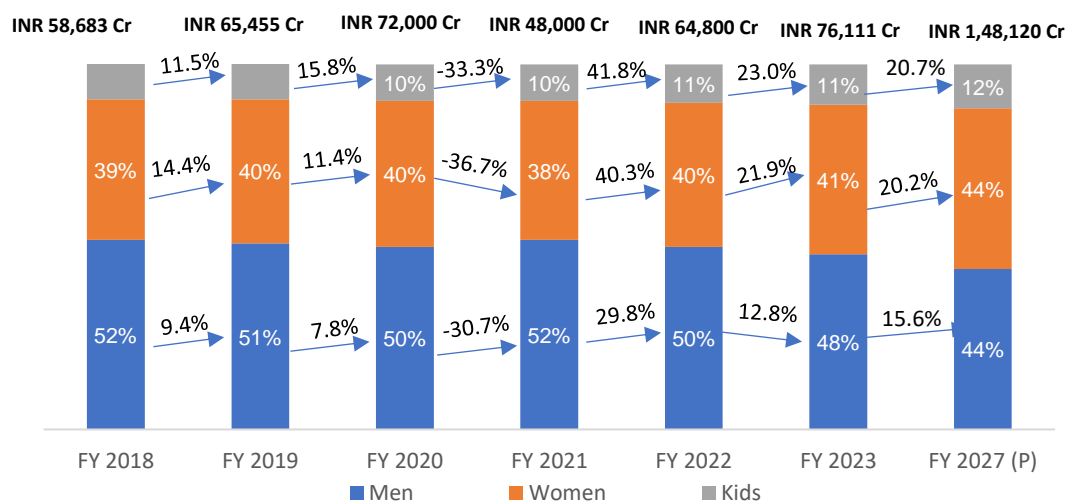
Chart:

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Total	INR 58,683 Cr	INR 65,455 Cr	INR 72,000 Cr	INR 48,000 Cr	INR 64,800 Cr	INR 76,111 Cr	INR 1,48,120 Cr
Branded Footwear	42%	43%	44%	52%	47%	48%	52%
Organised Footwear	27%	28%	30%	33%	34%	35%	42%

Source: Technopak Analysis
Branded Footwear signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Large Format Stores (LFS), E-commerce etc. Footwear retailed through these organized retail points of sale is necessarily branded. Therefore, the organized share is less than the share of branded Footwear in total share.

In FY 2023, the organized Footwear retail signified by exclusive brand outlets (EBOs), large format stores (LFS) and e-commerce contributed a share of ~34% by Value to the total Footwear retail market, corroborating the greater throughput of premium products through organized channels. Growing at a rate of 23.6%, well above the growth rate of the overall category, organized retail is expected to gain a share of ~42% by value in the coming four years. The Footwear segment is characterized by higher branded play compared to other lifestyle categories. The branded segment, projected to grow at a rate of 20.5% by value in the coming 4 years, is expected to exceed the share of the unbranded segment by FY 2027.

Segmentation by Customer Type

Women's Footwear segment will outpace the growth in men's to account for an almost equal share by value in FY 2027 i.e., INR 65,172 Cr, against the current share of ~41% i.e., INR 31,205 Cr. Share of Kids segment will also rise from the current ~11% to reach ~12% by FY 2027, amounting to INR 17,774 Cr.

*Exhibit 3.13: Customer Segment Split in Footwear Retail Market*

Chart:

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Total	INR 58,683 Cr	INR 65,455 Cr	INR 72,000 Cr	INR 48,000 Cr	INR 64,800 Cr	INR 76,111 Cr	INR 1,48,120 Cr
Kids	9%	9%	10%	10%	11%	11%	12%
Women	39%	40%	40%	38%	40%	41%	44%
Men	52%	51%	50%	52%	50%	48%	44%

Growth rates (arrows):
- Kids: 11.5%, 15.8%, -33.3%, 41.8%, 23.0%, 20.7%
- Women: 14.4%, 11.4%, -36.7%, 40.3%, 21.9%, 20.2%
- Men: 9.4%, 7.8%, -30.7%, 29.8%, 12.8%, 15.6%

Source: Technopak Analysis

Segmentation by Usage

Indian Footwear retail market is defined through various segments like - formal, casual, sports & athleisure and outdoor segments. While the casual segment is the largest segment, which accounted for ~66% of the total

market in FY 2023, sports and athleisure was the fastest growing segment gradually consolidating market share. Health, fitness, and well-being have become an important pivot for most retail categories including Food and Grocery, Apparel and Accessories, Footwear, Gadgets etc. Footwear is mirroring that trend, with Sports and Athleisure Footwear expected to more than double itself in value from INR 14,842 Cr in FY 2023 to reach a market size of INR 32,586 Cr by FY 2027, growing at a CAGR of 21.7% between FY 2023 and FY 2027.

Exhibit 3.14: Usage-wise Split in Indian Footwear Retail Market
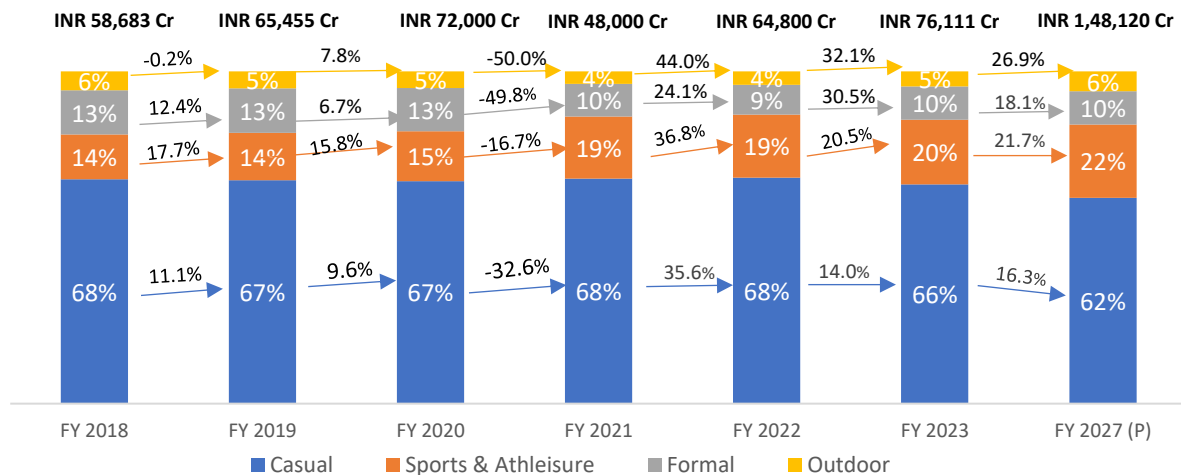
Source: Technopak Analysis

Retail Channels

The Footwear retail market is amongst the most organized categories with a ~35% penetration of organized retailing (FY 2023). Organized retail is largely characterised by the EBOs of the leading brands along with LFSs, Value players and other large MBOs. E-commerce has rapidly gained a foothold in the market and is now driving the growth of organized Footwear retail. Growth in the organized format will also be driven by the emergence of Value brands and increasing penetration of EBOs in Tier 2, Tier 3 and below towns across the country.

However, the unorganized retail channels continue to be the cornerstones of the demand. Distribution led brands, regional labels and unbranded products continue to depend on the deeply entrenched unorganised multi-brand stores.

- Key players like Bata, Khadim, Sree Leathers, Relaxo, Liberty, Adidas, Reebok, Puma, Nike etc. primarily operate through EBOs.
- LFSs include department stores like Shoppers Stop, Lifestyle, Central, Pantaloons etc. and hypermarkets such as Big Bazaar, Spencer's etc.
- Large format Value stores include V Mart, Style Baazar, V2 Retail etc.
- MBOs include retailers like Metro, Mochi, Regal, Inc. 5, Planet Sports etc. selling multiple brands which i.e. their own [private labels / brands] as well as products of brands like Skechers, Puma etc.
- Unorganised includes typical Mom and Pop Footwear stores.

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Exhibit 3.15: Key Footwear Retail Channels

| INR 58,683 Cr | INR 65,455 Cr | INR 72,000 Cr | INR 48,000 Cr | INR 64,800 Cr | INR 76,111 Cr | INR 1,48,120 Cr |

Chart data (B&M Organised / E-commerce / Unorganised):

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Unorganised	73%	71%	70%	67%	65%	65%	58%
E-commerce	12%	14%	16%	20%	19%	20%	23%
B&M Organised	16%	15%	14%	13%	16%	15%	19%

Unorganised growth: 9.6%, 8.1%, -36.2%, 31.0%, 17.5%, 14.8%
E-commerce growth: 30.1%, 25.7%, -16.7%, 28.3%, 23.6%, 22.3%
B&M Organised growth: 6.1%, 4.4%, -38.3%, 66.2%, 10.1%, 25.3%

Legend: ■ B&M Organised ■ E-commerce ■ Unorganised

Source: Technopak Analysis

Since the omni channel and direct consumer connect are driving the expansion strategy of the retail industry, several Footwear brands are now focusing on D2C expansion through EBOs (Exclusive Brand Outlets) and are launching their own brand websites. EBOs not only allow brands to directly connect with their customers and offer variety and experience, but also facilitate omnichannel retail.

Geographical Segmentation

Given the largely discretionary nature of the category, Urban India accounted for ~68% of the Footwear market in India by value (FY 2023). The top 8 cities (metro and mini metro cities) contribute to ~40% of the Urban Footwear market and are dominated by the presence of leading national and international brands. Tier 2 and below cities contribute ~35% to the overall Urban Footwear market and it is expected to grow further with increasing penetration of retailers and online retail in these cities. Tier 1, Tier 2 and below cities are poised for growth thereby opening up new opportunities for retailers to expand.

Exhibit 3.16: Urban-Rural distribution of Footwear Retail in India
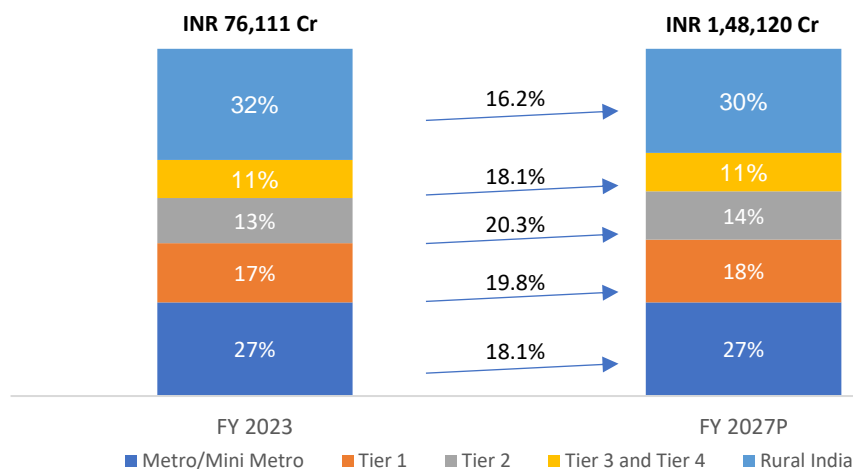

Total Footwear Market (FY2023): INR 76,111 Cr
- Rural: 32%
- Urban: 68%
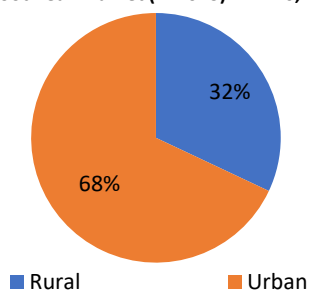
Total Footwear Market (FY2027P): INR 1,48,120 Cr
- Rural: 30%
- Urban: 70%

Source: Technopak Analysis

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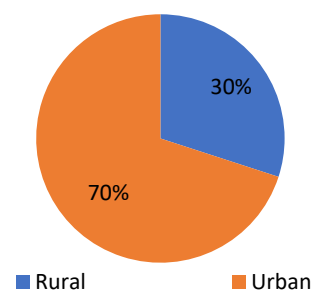
Exhibit 3.17: Tier-wise Distribution of Footwear Retail in Urban India

INR 76,111 Cr — FY 2023 / INR 1,48,120 Cr — FY 2027P

Segment	FY 2023	Change	FY 2027P
Rural India	32%	16.2%	30%
Tier 3 and Tier 4	11%	18.1%	11%
Tier 2	13%	20.3%	14%
Tier 1	17%	19.8%	18%
Metro/Mini Metro	27%	18.1%	27%

Source: Technopak Analysis

Value Segmentation

Exhibit 3.18: Value Segmentation in the Indian Footwear Retail Market

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027 (P)
Total (INR Cr)	58,683	65,455	72,000	48,000	64,800	76,111	1,48,120
Premium Plus	5%	5%	6%	5%	5%	5%	8%
Premium	4%	5%	5%	5%	6%	6%	6%
Mid Premium	5%	5%	5%	5%	5%	5%	6%
Mid	16%	16%	15%	16%	16%	16%	17%
Economy	15%	15%	15%	16%	16%	16%	16%
Mass	56%	55%	54%	53%	47%	52%	47%
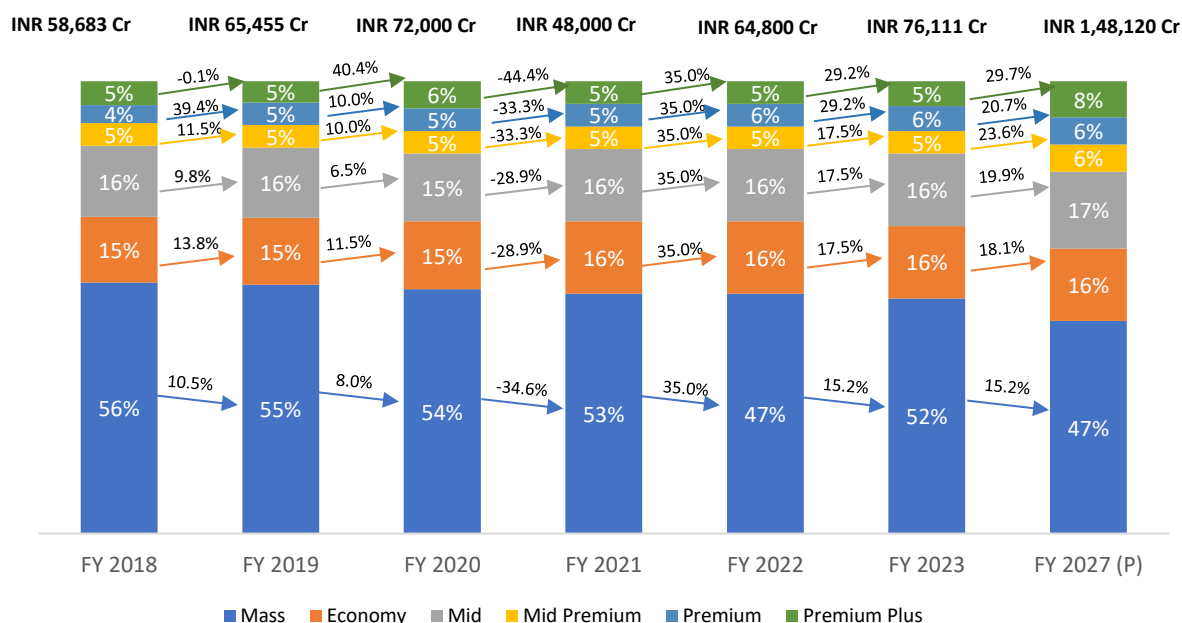
Source: Technopak Analysis

Mass (<₹ 500), Economy (₹ 501 - ₹ 1,000), Mid (₹ 1,001 – 1,500), Mid Premium (1,501 - 2,000), Premium (2,001-3,000), Premium Plus (₹ 3,000+)

The premium and premium plus segments is marked by international brands such as Aldo, Charles & Keith, Kenneth Cole, Clarks, Adidas, Puma, Nike etc. that are currently focusing on Indian metro-centric centers. The segments are signified primarily by the Exclusive Branded Outlet format. The economy, mid and mid-premium segments are marked by brands such as Khadim, Bata, Metro, Woodland, and Lotto with a share of ~37%, adopting a mixed retail approach of EBOs, LFSs, e-commerce and distribution led coverage. This also includes private label Footwear brands of players such as Style Baazar, Baazar Kolkata, V2 Retail etc. Mass Footwear brand retailers such as VKC, Lakhani Shoes, Relaxo, Ajanta Footwear, Lancer etc., which occupy ~52% of the market, are characterized by a predominant distribution led channel. The mass and economy segments are expected to grow at a CAGR of 15.2% and 18.1% respectively in FY 2023-2027P.

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Growth Drivers of the Footwear Industry

Growing niches and sub-segments for different occasions

The per capita consumption in terms of the number of pairs of Footwear owned has increased, especially in Urban areas, as consumers prefer several pairs of Footwear to match different occasions and outfits. Casuals and flats are preferred for daily wear as they are comfortable while travelling and commuting. Officegoers opt for formal shoes for work and sometimes casuals while commuting. Dress Footwear are preferred by women outdoor meets or parties. Sports and athleisure Footwear are in demand for consumers striving for an active lifestyle. While many brands like Bata have a comprehensive offering for all usages, brands like Adidas, Reebok, Puma, Nike etc. are pivoted primarily around sports and athleisure.

Footwear evolved from a utility product to a fashion statement

Footwear has evolved from just being a necessity as cover and protection for the feet to an important part of the fashion outfit. Along with Clothing, Footwear & Accessories have become integral to putting together a complete look. This trend in turn is continuously driving growth in volumes. Its usage as a fashion statement also means that customers have a greater number of pairs, which go along with various outfits and occasions. Value players tend to gain from this trend as their target consumers would purchase a higher number of pairs in the mass/value range as they would prefer to change/ update Footwear as per trends.

Formal vs Casual and Open vs Closed Footwear

Covid has changed consumer buying patterns across segments, from FMCG, Personal Care, Apparel, or Footwear. With focus on health and fitness, the demand for sports and athleisure Footwear has grown. Running shoes have emerged as a top searched item under the sports Footwear category on various online marketplaces. Additionally, running and walking shoes have witnessed growth, pointing towards a shift from formal to casual and sports Footwear. Open Footwear continues to dominate women's casual and dress Footwear with a limited share in the Men's and kids' category.

High growth in sports and athleisure Footwear

- *Health and Fitness:* Increasing health and fitness awareness, developing sports and outdoor infrastructure, and heightened influence of sports personalities and sports events is creating higher demand for sports and athleisure Footwear. This is the fastest growing segment among Footwear. Consumers are increasingly adopting an active lifestyle by participating and engaging in activities such as running, trekking, at-home workouts, working out in the gym, yoga and sports such as tennis, cricket, badminton, basketball, and football. This has led to a rise in the demand for activity-specific Sports Footwear. Sports as a habit is increasing across demographics of gender and age thereby broad basing the target customer.

- *Casual Comfort:* Consumers are increasingly preferring sports and athleisure Footwear for long-distance travelling and vacation. Medical professionals and gym coaches frequently advise its usage for daily wear for better foot coverage and support.

- *Fashion:* Sports Footwear is now being used as a fashion element of an outfit as well, influenced by the rampant comfortable and casual dressing culture. The 'sports look' is now being sported by celebrities and influencers not only during travelling and workouts but also for public events and appearances. It has become a mainstream fashion category so much so that casual wear brands across premium and luxury segments like Zara, H&M, and Ralph Lauren have introduced product lines related to sports and athleisure.

Women Footwear segment to rise with rise in women workforce

With an increase in the women's workforce, the demand for women's Footwear has grown tremendously on account of growth in household incomes and the emergence of varied occasions. The share of women's Footwear has risen from ~37% in FY 2015 to ~41% in FY 2023 and is projected to account for ~44% of the total Footwear market in FY 2027. The Women's Footwear segment necessitates having more variety and styles as compared with men's Footwear. In India, women tend to place greater emphasis on fashion than men and consequently purchase Footwear more frequently as compared to men.

High growth in the kids' segment

As household incomes have risen, expenditure on kids' products has also witnessed a growth. Kids Footwear is expected to grow at a rate of 20.7% in the coming 4 years from FY 2023 to FY 2027, well above the growth of the overall Footwear market.

E-commerce significant to the growth of organized

From an ~12% market share in FY 2018 to a share of ~20% in FY 2023, E-commerce in Footwear is expected to account for ~23% of total Footwear retail by FY 2027. Vertical and horizontal marketplaces like Myntra, Ajio and Flipkart have become an alternative platform for both retail and distribution led brands. Along with this, marketplaces have also provided access to markets for smaller labels and brands. Many digital-first brands and private labels like HRX have evolved through these platforms, thereby multiplying the throughput. Offline-first brands are also now selling additionally on online platforms which is adding to this share.

Branded play and organized retail propelled on the back of Urbanisation

The share of the Urban population has increased from 34.0% in FY 2018 to 35.8% in FY 2023 and is expected to increase further to 50% by CY 2050. The rise in Urbanization has facilitated, boosted, and aggregated demand for organized retailing and the sale of branded products in India. Increased Urbanization has led to higher customer density areas thus enabling retailers to use a lesser number of stores to target a given number of customers.

Entry of international brands in India

Brands such as Steven Madden, Adidas, Reebok, Puma, Hush Puppies, Crocs, Sketchers, Aldo, New Balance, Charles and Keith, and Asics have established a foothold in the Indian Footwear industry.

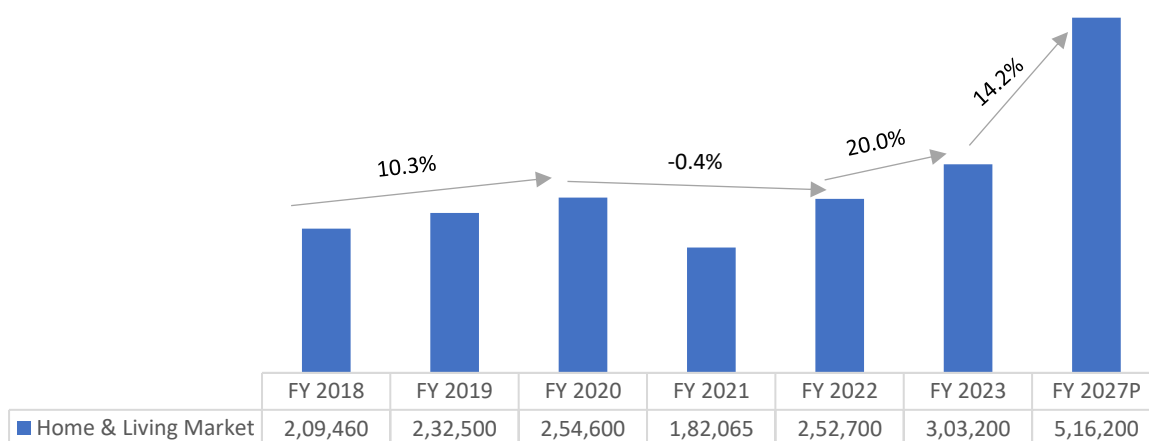### Ability of home-gown brands to address the unaddressed demand

The ability of home-grown brands like Relaxo, or home-grown private labels of players like Style Baazar, V Mart, V2 Retail etc. to address demand across price segments based on market knowledge, supply chain efficiencies, access to markets, regional understanding and price advantage presents a large sized opportunity to them. Reviewing the product strategy and recalibrating the prices can help the Value players meet the demand at the right price. Homegrown brands are uniquely placed in the Indian Footwear industry considering their market knowledge, product offerings, mid to premium pricing and distribution mix along with D2C/ online presence to benefit from the industry trends like increasing focus on fitness and health, brand consciousness, rise of e-commerce etc.

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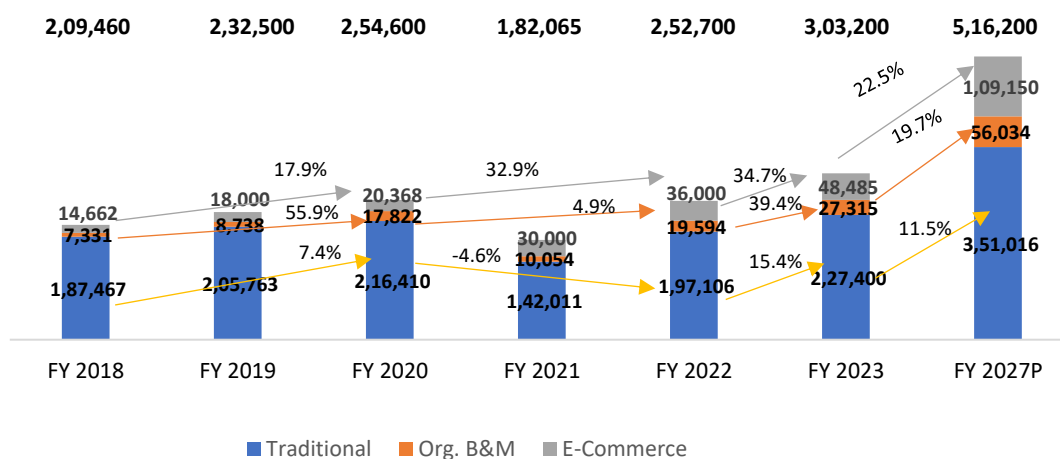
4. Home & Living Market

4.1 Home & Living Market

The Indian Home & Living market was valued at INR 3,03,200 Cr. in FY 2023. The market has grown with a CAGR of 10.3% from FY 2018 to FY 2020 and is expected to grow at a CAGR of 14.2% to reach INR 5,16,200 Cr. by FY 2027.

Exhibit 4.1: Indian Home & Living Market (INR Cr.)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027P
■ Home & Living Market	2,09,460	2,32,500	2,54,600	1,82,065	2,52,700	3,03,200	5,16,200

Sources: Technopak Analysis

Exhibit 4.2: Channel Wise Contribution - Home & Living Market (INR Cr.)

■ Traditional　■ Org. B&M　■ E-Commerce

CAGR	FY 2018-2020	FY 2020-2022	FY 2022-2023	FY 2023-2027P
Unorganised	7.4%	-4.6%	15.4%	11.5%
Org. B&M	55.9%	4.9%	39.4%	19.7%
E-Commerce	17.9%	32.9%	34.7%	22.5%

Sources: Technopak Analysis

4.2 Key Growth Drivers for Home & Living Market

➢ **Increasing Urbanization**

India now has the largest population in the world at 1.417 Bn for CY 2023, compared to 1.412 Bn for China. However, only 35% of India's population is classified as Urban compared to a global average of ~57%. It is the pace of India's Urbanization that is a key trend to note for implication on India's economic growth. Currently, the Urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% of India's population will be living in Urban centres by FY 2025, and the Urban population is expected to contribute 75% to India's GDP in FY 2025. This is expected to continue with approximately 50% of India's population expected to be living in Urban centres by 2050 and contributing approximately 80% to India's GDP. An increase in Urbanization means an increase in demand for living spaces which further aids the consumption of the Home furnishings and Décor category.

Exhibit 4.3: Increase in Urbanisation (CY)

	2000	2010	2015	2017	2018	2019	2020	2021	2025P	2030P	2050P
	27.7%	30.9%	32.8%	33.6%	34%	34.5%	35%	35.0%	37.0%	40.9%	50.0%
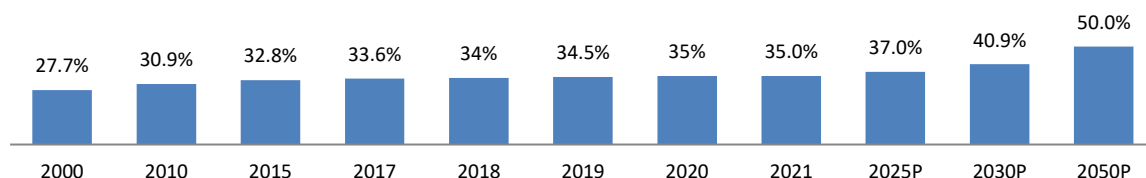
Source: World Bank

➢ **Increasing Demand for Residential Real Estate**

A significant increase in the demand for residential projects has increased the demand for home furnishing and décor products. The rising replacement demand caused by increasing renovation activities in residential buildings also drives product demand in this category. An increase in discretionary income is also a contributing factor driving demand not only for the Home furnishing and Décor market but also particularly for branded products in this category.

Exhibit 4.4: City-wise no. of Residential units sold

City	Q1 21-22	Q4 21-22	Q1 22-23	Q4 22-23	Growth Q1 22-23 over Q1 21-22	Growth Q4 22-23 over Q4 21-22
Ahmedabad	5,289	8,164	8,516	7,857	61%	-3%
Bangalore	9,100	10,193	10,501	9,607	15%	-5%
Chennai	3,192	4,369	3,613	3,112	13%	-28%
Hyderabad	4,933	7,112	7,676	8,482	56%	19%
Kolkata	2,324	2,926	3,121	3,292	34%	13%
Mumbai	15,006	18,410	18,847	19,863	26%	8%
NCR	6,427	9,197	9,126	15,176	42%	65%

Source: Secondary Research

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> ➤ *Increasing Investment in this sector*

Investments in this sector by the government through schemes like Integrated Textile Parks (SITP) (INR 1,480 crore) and Technology Upgradation Fund Scheme (INR 7,689 crore) from 2015-2016 to 2019-2020 to promote private equity and provide employment in the textile industry have helped in further promotion of this sector. In the furniture industry, 100% of FDI is permitted through the automatic route, so foreign multi-brand retail companies can easily establish the company in India. Also, now government has allowed 100% foreign direct investment (FDI) in single-brand retail without prior government approval which has paved the way for single-brand furniture retail companies such as IKEA.

> ➤ *Entry and growth of domestic players in this segment*

Various domestic players have entered this segment over the years which has further led to the expansion of this market. Players like Pepperfry, and Urban Ladder helped in the growth of the organized market in an industry that is heavily unorganized. Domestic textile brands like Maspar, Birla Century, Indian Drape etc. are also expanding across the country. Lifestyle retailers like Lifestyle, and Westside have been expanding their 'Home sections', and so have Value-focused retailers like Style Baazar, V Mart etc.

4.3. Key Trends in Home Furnishing & Décor Market

> ➤ *Furnishing fabrics in artisanal craftsmanship*
>
> Artisanal fabrics, such as georgette, chiffon, gauze, batiste, dotted swiss etc. are commonly used in curtains and are becoming more popular in the market. Furthermore, velvets are also being preferred by consumers as they add a luxury quotient to the home fabrics through varied prints, textures, and patterns.

> ➤ *Sustainable and eco-friendly raw materials for manufacturing of products*
>
> Consumers are becoming conscious of the environment and external factors like Covid-19 have allowed them to shape and shift consumption and lifestyle behaviours across the world. The increase in demand for products manufactured from sustainable and eco-friendly raw materials is getting traction among consumers. However, the strata of consumers following this trend are more likely consumers of premium-luxury products, rather than Value fashion, whereby consumers look for Value for money.

> ➤ *E-commerce and Technology adoption by players*
>
> E-commerce offers convenience and product varieties in terms of design, competitive prices etc. The growth of demand is also fuelled by the integration and adoption of technologies such as Augmented & Virtual Reality adopted by e-commerce platforms to provide a better customer experience. Players like Asian Paints and others, through their apps, allow consumers to visualise wallpapers, carpets, flooring, and décor in their own living spaces enabling an experience that enables purchase. Key technologies used in the design and manufacturing of furniture are 3D modelling, virtual reality, augmented reality, and touch commerce etc. Such technologies allow companies to design virtual models and prototypes which allow testing and experimentation to alter it as per need. Other external factors like Covid-19 have also allowed e-commerce platforms to capture the additional demands created due to remote working and the setting up of home offices.

> ➤ *Demand for multi-functionality products is moving beyond Metro and Tier 1 cities*
>
> Due to limited space & the features these products offer, consumers prefer multi-functional products. Such products for compact spaces are becoming more popular since optimizing space is becoming necessary in bigger cities. E.g., a sofa that can be converted into a bed, or a table that can be converted into the dining space. However now, the demand for such products is moving beyond bigger cities due to their additional features which allow consumers to invest in a single piece with functionality of two.

➤ *Emergence of rental furniture providers*

An increasing trend of rental furniture demand is being witnessed among working professionals & students. Several online start-up platforms like Furlenco, Rentomojo, City Furnish etc. have emerged in the last 5 years providing consumers with options to rent furniture more readily. Instead of investing in a lifetime purchase of furniture, millennial consumers who are either living alone or sharing space with friends, colleagues etc. are more inclined towards opting for rental furniture.

5. Other Categories in Lifestyle Segment

5.1 Indian Costume Jewellery Market

The Indian Costume Jewellery market was Valued at INR 27,900 Cr. in FY 2023. The market has shown consistent growth since FY 2018 with a CAGR of 12.6% from FY 2018 to FY 2020. Due to the spread of the Covid-19 pandemic, the market suffered a de-growth of -0.5% from FY 2020 to FY 2022. However, it is projected to grow at a CAGR of 15.5% to reach INR 49,600 Cr. by FY 2027.

Exhibit 5.1: Indian Costume Jewellery Market (INR Cr.)
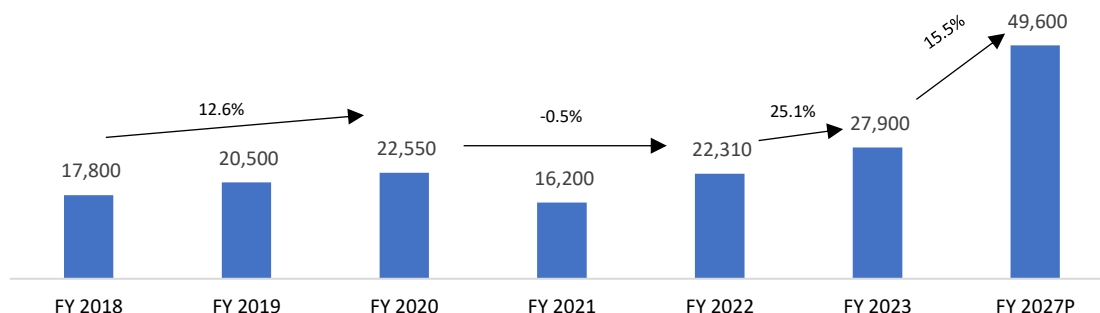
Sources: Technopak BoK

Majority of the revenue in the mid to luxury Costume Jewellery segment is contributed by organized retail (95-100%), except the economy or mass segment where unorganised or unorganized retail plays a key role with close to 85% revenue contribution.

Exhibit 5.2: Channel Wise Contribution – Costume Jewellery Market

Particulars	Organized Retail				Unorganised Retail
	B&M		Online		Stores
Segment \ Format	EBOs	MBOs	Own Website	Other Partners	
Luxury	~70%	~15%	~10%	<5%	-
Masstige	~65%	~23%	~7%	~5%	-
Premium	~50%	~10%	~25%	~10%	~5%
Mid	~40%	~10%	~20%	~10%	~20%
Economy	-	-	-	~15%	~85%

Sources: Technopak BoK

5.2 Key Trends in Costume Jewellery

> ➤ *Varieties, Affordability, Artisanal look etc. factors have allowed Costume Jewellery to be relevant among consumers*

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Costume Jewellery has gained traction among consumers due to lifestyle changes, rise in prices of precious metals (Gold & Silver), lower cost, safer to wear etc. Also, it is much easier to build a collection for both casual and formal occasions in line with evolving fashion trends as compared to unorganised jewellery segment. This category appeals to all age groups, though more relevant for 20-40 years. women, and extends to both daily and festive use.

> ### *E-commerce marketplaces & emergence of Online-only brands*

The increase in penetration of smartphones and internet connectivity across India allowed customers to shop online from anywhere. Due to extensive product varieties in terms of design, price ranges, door-step delivery, convenience etc.; usage of online platforms (E-commerce platforms, brand websites, social media) for shopping among Indian consumers has increased. Due to the strong infrastructure of marketplaces like Amazon, Myntra, Flipkart, Ajio etc., the online demand is not limited to metropolitan cities. Players like Avon Products Inc., Voylla, Zaveri Pearls, Pipa Bella, Sukkhi Fashion Jewellery, Romoch, Swarovski Group, Tribe Amrapali, Isharya, Yellow Chimes, Kushal's, Youbella etc are key players in this segment, which are using both own websites, social media like Instagram, and marketplaces to reach out to consumers. Smaller unorganized players are also using social media platforms for sale.
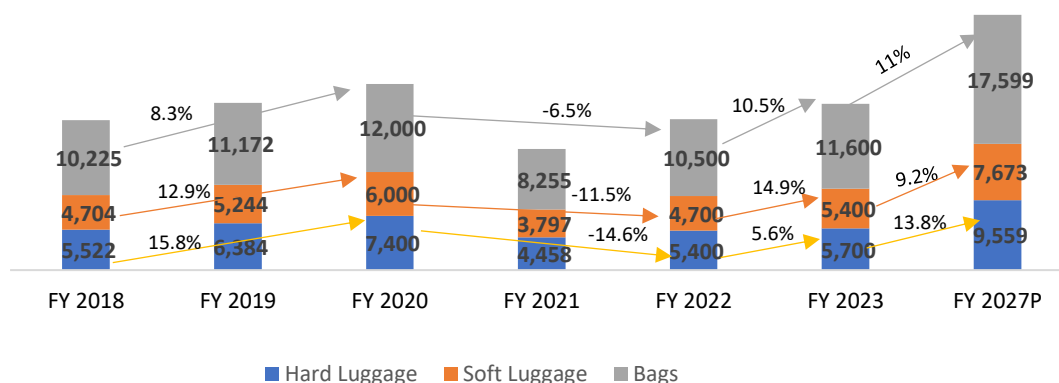
5.3 Indian Bags & Luggage Market

The Indian Bags & Luggage market was valued at INR 22,700 Cr. in FY 2023 and has grown with a CAGR of 11.4% from FY 2018 to FY 2020 but due to Covid impact in terms of colleges, weddings, offices etc. being suspended, the Indian Bags & luggage market witnessed de-growth of 9.9% from FY 2020 to FY 2022. However, the market is expected to grow with a CAGR of 11.3% to reach INR 34,830 Cr. by FY 2027.

Bags segment (51%) leads the contribution in terms of revenue followed by hard luggage (25%) and soft luggage (24%), and a similar trend is expected to be witnessed over the next 5 years. However, in terms of growth, hard luggage was leading the market (CAGR 15.8%), followed by soft luggage (CAGR 12.9%) and bags (CAGR 8.3%) from FY 2018 to FY 2020 and this is expected to continue over the next 4 yrs. in terms of growth, except for bags (CAGR 11%) which will outpace the growth of soft luggage due to their higher purchase rate as compared to luggage.

*Exhibit 5.3: Indian Bags & Luggage Market (INR Cr.)*

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2027P
Market Size	20,450	22,800	25,400	16,510	20,600	22,700	34,830
		FY 2018-2020			FY 2020-2022	FY 2022-2023	FY 2023-2027
CAGR		11.4%			-9.9%	10.2%	11.3%

CAGR	FY 2018-2020	FY 2020-2022	FY 2022-2023	FY 2023-2027
Hard Luggage	15.8%	-14.6%	5.6%	13.8%
Soft Luggage	12.9%	-11.5%	14.9%	9.2%
Bags	8.3%	-6.5%	10.5%	11%

Sources: Technopak BoK

*Exhibit 5.4: Channel Wise Contribution - Bags & Luggage Market (INR Cr)*
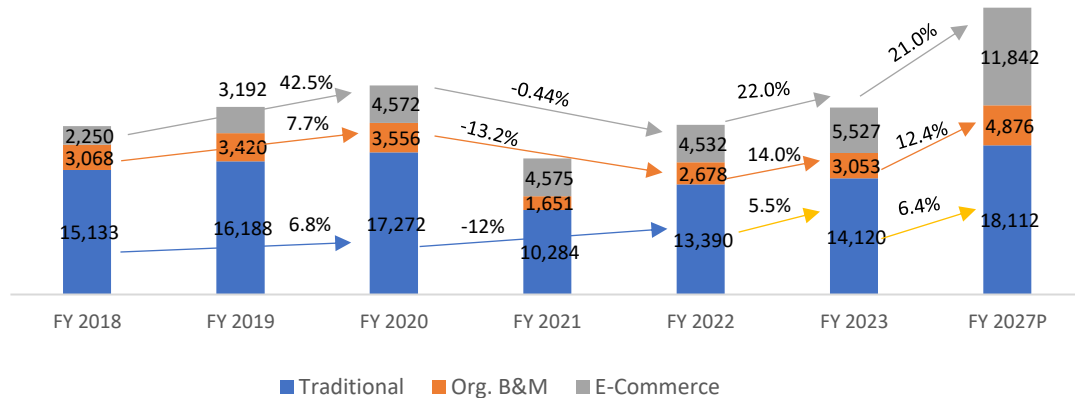
CAGR	FY 2015-2020	FY 2020-2022	FY 2022-2023	FY 2023-2027
Traditional	6.8%	-12%	5.5%	6.4%
Org. B&M	7.7%	-13.2%	14.0%	12.4%
E-Commerce	42.5%	-0.44%	22.0%	21.0%

Source: Technopak BoK

In terms of region-wise contribution of the bags & luggage market, the northern part of India dominated and contributed the majority of revenue (27%) followed by the western (26%), southern (25%) and eastern (22%) for FY 2023.

Exhibit 5.5: Region Wise Contribution – Bags & Luggage Market (FY 2023)

Sources: Secondary Research, Technopak Analysis

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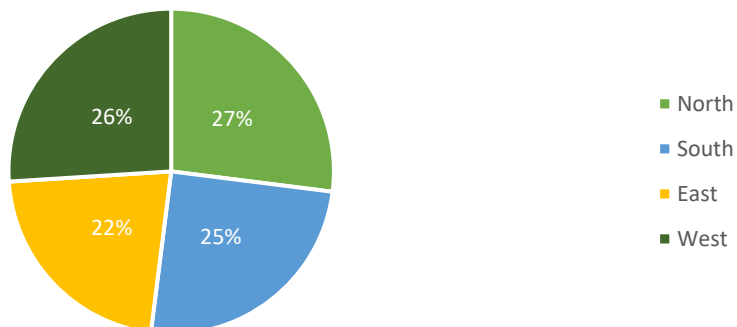
5.4 Key Trends in Bags & Luggage Market

➢ *Diversified product portfolio*

Companies like VIP Industries have a variety of brands under their portfolio to cater to various customer needs in terms of pricing, functionality, occasion etc. Players are taking the multi-brand approach to capture all customer segments.

Brands	Segments	Value Proposition
VIP	Mid Premium	To target mid-premium customers in luggage
Skybags	Mass to Premium	Youth oriented, stylish and functional products
Aristocrat	Mass	To enable a shift from unbranded bags
Caprese	Mass to Premium	Modern women bags
Carlton	Premium	Premium International brand with premium positioning
Alfa	Mass	To enable a shift from unbranded luggage

➢ *Theme/ Functionality driven products*

Brands are introducing theme-based products for kids and adults alike, e.g., Star Wars, Disney, Soccer collections etc. Product developments also keep in mind functional uses that add Value to existing products, e.g., lightweight laptop bags, hard case luggage with biometric lock, Stain & water resistance, Anti-viral range, Anti-theft, train travellers' range etc. are some of such products. These help in increasing their share of wallets as consumers are inclined to tap into their latent needs, and/or splurge on additional merchandise owing to various themes/ fashion trends.

Illustrative Examples

5.5 Key Growth Drivers for Lifestyle Categories:

➢ *Weddings and Festivals as a constant*

Shopping for categories like fine or costume jewellery, bags and luggage, furnishing and decorative items etc. for self-usage or as a gifting option is quite common and has grown continuously over the last few years due to shifts in consumption patterns, lifestyle behaviours and changing fashion landscape. Auspicious events like weddings and festivals create an enormous market for the purchase of these categories among the Indian

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diaspora. E.g., gifting branded luggage, decorative items, furniture and furnishing etc. has now become part of the wedding trousseau and this gives a boost to sales during the wedding/festive season.

> ### *Multiple product ownership basis occasion and usage*

There is consumer inclination towards multiple ownership of products such as bags, jewellery, luggage etc., which has been observed among working professionals as well as student groups due to their shift in consumption & lifestyle patterns. The multiple ownership of products is considered based on occasions & usage such as gym bags, office bags, travel bags or luggage, school bags, tuition bags, riding bags etc. This has given a boost to this segment with every family member in middle-upper class households, including kids, now owning multiple products in a category like bags.

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# 6. Value Retail in Lifestyle and Home Segment

Value Retailing Overview

Value Retail can broadly be classified as the retailing of merchandise at price points that are affordable to the consumer segments with high sensitivity to price. Price sensitivity exists across customer segments viz. high-income customer segment's price sensitivity towards a brand of car beyond a certain price or the mid-income customer segment's price sensitivity towards a piece of jewellery or footwear. In the need-based categories like food & grocery and FMCG, it is difficult to slice the market between Value and non-Value retail based on this behaviour because the price points and SKUs carry extensive overlaps at the retail point of sale.

Categories like Apparel, Footwear, Accessories, and Home (termed as discretionary non-food retail) witness the trend of Value retail that can be measured and expressed more distinctly. These categories form the Lifestyle (Apparel, Footwear, Accessories including Watches) & Home segment. SKUs of fast-selling goods sold at a certain price point or lower within these categories in a modern retail environment aggregate to represent organized Value retail.

The overall Lifestyle and Home Value retail market in India was valued at INR 5,67,334 Cr in FY 2023, which was 56% of the total market in these categories of Lifestyle & Home. In FY 2020, this stood at INR 4,75,775 Cr and has shown an almost 100% recovery post the Covid decline. The market is expected to reach INR 9,72,058 Cr by FY 2027, growing at a CAGR of 14.4% from FY 2023-27.

Exhibit 6.1: Size of Lifestyle & home Value Retail market in India- FY 2018, 2019, 2020, 2021, 2022,2023, 2027P

Source: Technopak Analysis
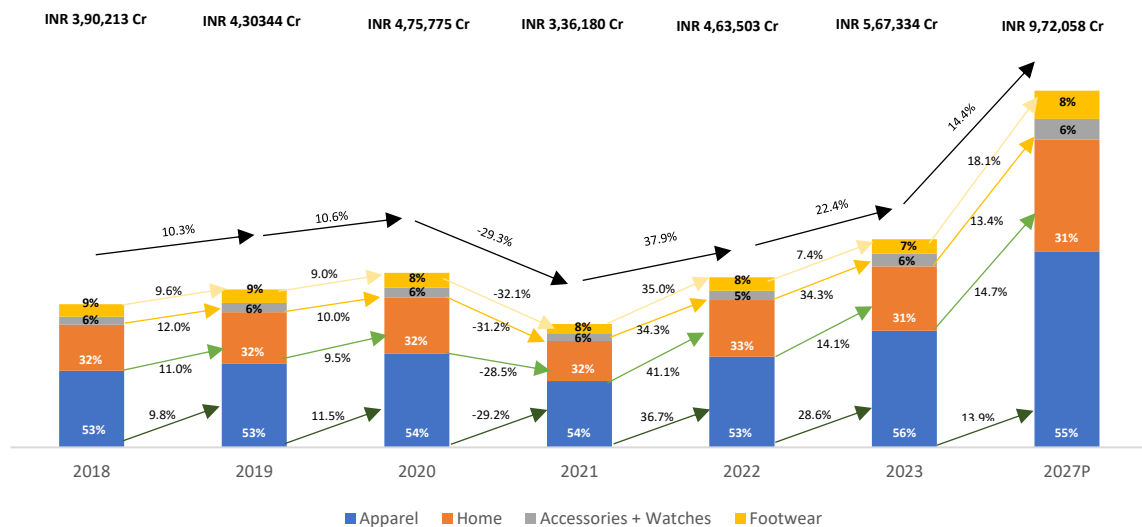
Value LFS players like Style Baazar with a total addressable market of Rs. 4,63,503 Cr in FY 2022 are well-positioned to capture significant market share of the fast-growing categories under the Apparel segment for men, women, and children, as well as other non-Apparel categories such as Appliances, Toys, Luggage Containers, Home décor, Perfumery, Sunglasses, and Bed Linen.

The overall Lifestyle & Home Value retail market has shown recovery and has grown at a CAGR of 22.4% from FY 2022, with a market value of Rs. 5,67,367 Cr in FY 2023. This growth presents a promising opportunity for Value retail players like Style Baazar to capitalize on the expanding market and strengthen their competitive advantage.

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Growth of Organized Value Retail

Organized Value retail includes Brick & Mortar led and E-commerce led retail, and each of these two groups comprise of distinct players. The organized share of Value retail stood at ~28 of the total Value retail in Lifestyle & Home in FY 2023. This has grown from ~22% share (INR 1,06,460 Cr) in FY 2020 and is expected to reach a ~36% share amounting to INR 3,48,426 Cr in FY 2027, growing at a CAGR of 22% from FY 2023-27.

Exhibit 6.2: Share of Unorganized and Organized Lifestyle & Home Value Retail – FY 2018, 2019, 2020, 2021, 2022, 2023, 2027P

	2018	2019	2020	2021	2022	2023	2027P
Total	INR 3,90,213 Cr	INR 4,30,344 Cr	INR 4,75,775 Cr	INR 3,36,180 Cr	INR 4,63,503 Cr	INR 5,67,334 Cr	INR 9,72,058 Cr
Unorganised	82%	80%	78%	83%	74%	72%	64%
Organised	18%	20%	22%	17%	26%	28%	36%
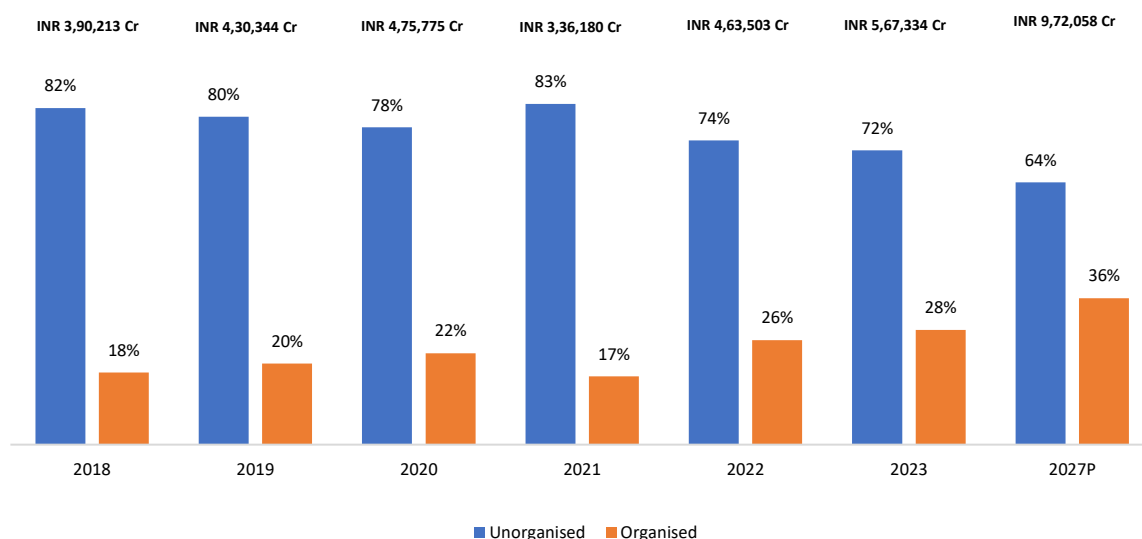
Source: Technopak Analysis

Exhibit 6.3 Category-wise share of Unorganized and Organized Lifestyle & Home Value Retail – FY 2015, 2020, 2022, 2023, 2027P

Value Retail Categories	2018		2019		2020		2021		2022		2023		2027P	
	Organized	Unorganized	Organized	Unorganized	Organized	Unorganized	Organized	Unorganized	Organized	Unorganized	Organized	Unorganized	Organized	Unorganized
Apparel	22%	78%	25%	75%	29%	71%	17%	83%	32%	68%	34%	66%	40%	60%
Home	8%	92%	9%	91%	10%	90%	11%	89%	14%	86%	16%	84%	28%	72%
Accessories	22%	78%	25%	75%	29%	71%	30%	70%	30%	70%	32%	68%	40%	60%
Footwear	24%	76%	25%	75%	26%	74%	28%	72%	28%	72%	30%	70%	35%	65%

Source: Technopak Analysis

The organized players in this segment are bringing together the economy and mass segment of Lifestyle and Home aiming to provide quality products at affordable prices in a good retail environment. These large format stores catering to the entire basket of family needs are aimed at consumers who are first-time users of branded products or at fashion-conscious middle-class consumers seeking quality and variety in Lifestyle and Home at affordable prices. Value retail is focused on meeting the aspirations of the consuming class in the country.

Exhibit 6.4: Illustrative SKUs: FSP for Value and other price segments, and key players

Product	Category	Fastest Selling Price (INR)			
		Value Retail	Mid-price Retail	Premium Retail	Luxury Retail
Men's Shirt	Men Apparel	400	1500	5000	50,000+

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| Women's Kurta	Women Apparel	350	1200	4500	50,000+
Sports shoes	Men Footwear	500	2000	5500	50,000+
Towels	Home	200	1000	2500	20,000+
Bed cover	Home	400	1500	4500	50,000+
Illustrative Players	Organized B&M led Players	Style Baazar, V Mart, Vishal Mega Mart, V2 Retail, Baazar Kolkata	Pantaloons, Shoppers Stop, Lifestyle	Calvin Klein, Brooks Brothers, Ritu Kumar, D'Decor	Versace, Burberry, Emporio Armani, Rohit Bal
	Exclusive E-commerce Players	Flipkart, Snapdeal, Amazon	Myntra, Amazon	Myntra, Ajio, Amazon, Nykaa Fashion	Ajio Luxe, Tata Cliq Luxury

Source: Secondary Research, Technopak Analysis. FSP- Price at which most of the products of a category are sold in retail

Value Retail in Apparel

In the case of Apparel, Value retailing is an approach where the supply chain of fashion is appended to deliver fresh fashion at a low value, focusing on consumers who are looking to wear branded Apparel in the economy-mid price segment. It is characterized by frequent changes in the collections as per the latest trends, at affordable and competitive prices. Players in this segment are tapping on consumers who have moved from unorganized fashion to branded play, and consumers in tier 2 and 3 cities who are opening to the latest fashion in branded space.

Value retail in the Apparel segment in India was estimated to be ~INR 3,17,733 Cr in FY 2023, accounting for 58% of the overall Apparel retail market. This market is expected to reach INR 5,34,125 Cr by FY 2027, growing at a CAGR of 13.9% from FY 2023-27.
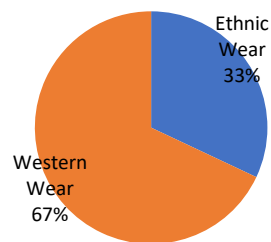
Exhibit 6.5: Value Market- Apparel: Size in India (in INR Cr)- FY 2018, 2019, 2020, 2021, 2022, 2023, 2027P
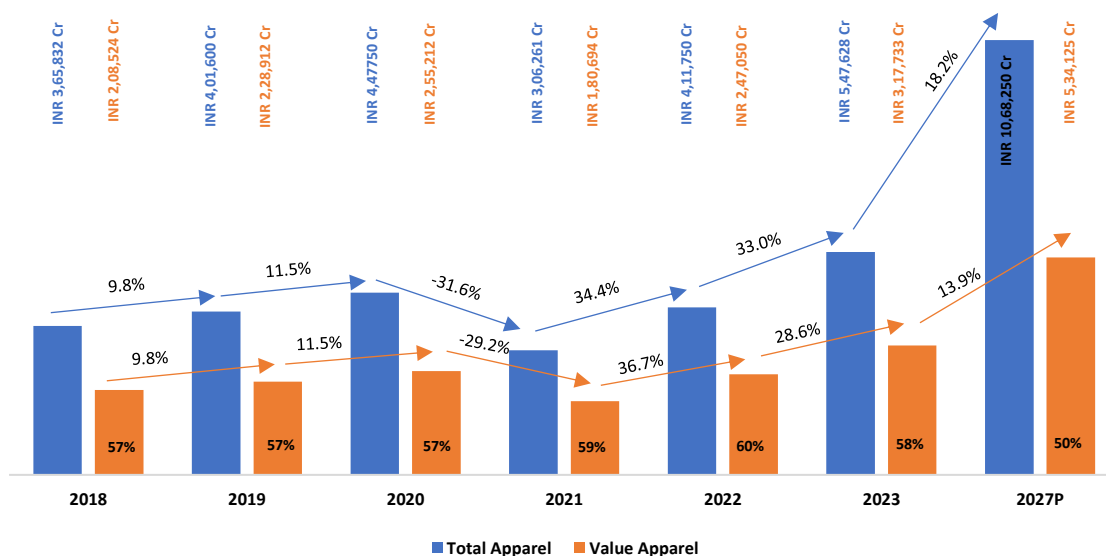
Source: Technopak Analysis. % in Value Apparel bars shows % share of Value Apparel in overall Apparel market

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Exhibit 6.6: Value Apparel Market: Segmentation – FY 2023

Total Value Apparel Market INR 3,17,733 Cr

Total Value Apparel Market INR 3,17,733 Cr
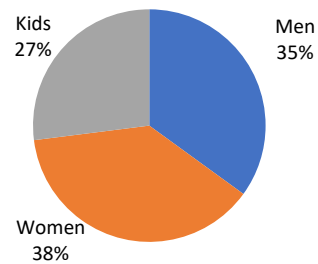
Source: Technopak Analysis

Exhibit 6.7: Region-wise market share for Value Apparel- FY 2023 & FY 2027P
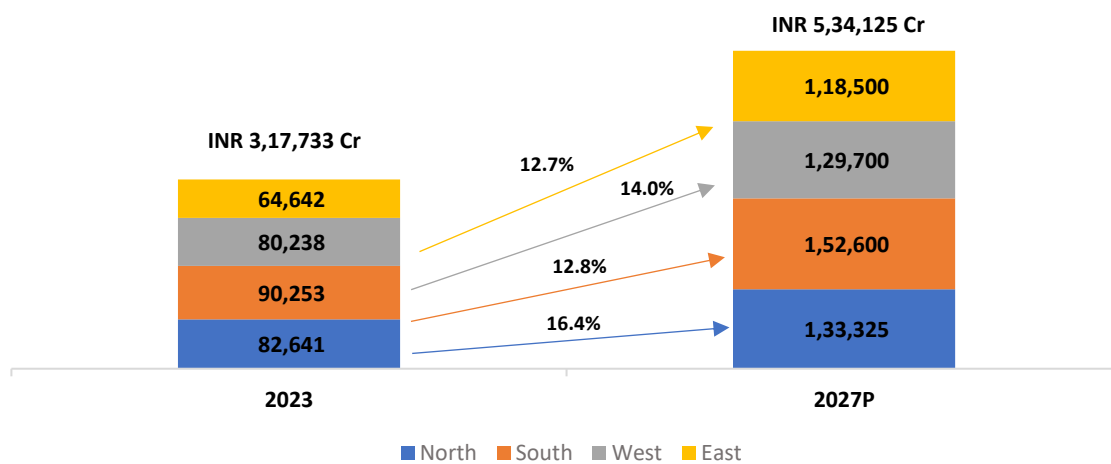
The Value Apparel market in East India is expected to grow at a CAGR of 16.4% from FY 2023 to FY 2027, which is the fastest among all regions. This is followed by the West region with a CAGR of 14.0%.

Value Retail in Home Segment

The Home Value segment is expected to grow at a CAGR of 14.7% from FY 2023-27, reaching INR 3,04,549 Cr from the current INR 1,75,880 Cr for FY 2023.

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Exhibit 6.8: Value Market- Home: Size in India (in INR Cr)- FY 2018, 2019, 2020, 2021, 2022, 2023, 2027P

Source: Technopak Analysis. % in Value bars is the share of the Value market in the overall market

Key enablers leading to the rise of Value Retail in Lifestyle & Home

Few macro factors have enabled the rise of this Value retail in discretionary segments like Lifestyle and Home:

1. Value Retail's Proposition for the Income sensitive segment

The consumers of Value Retail belong to the middle class and are aspirers, are commonly the Gen Y & Z customers (10-40 age group with approximately 55% - 5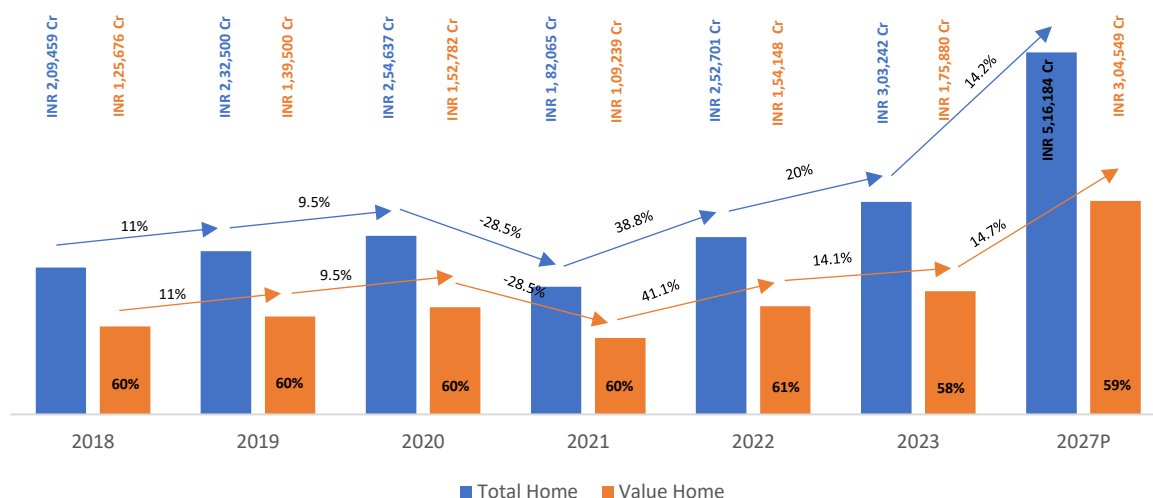8% of the total Indian population), represent a significant portion of the market with their increasing purchasing power and evolving preferences. Residing in tier 2, 3 and 4 cities in Urban and Semi-Urban areas, this market comprises households with an average annual income of less than USD 5,000; of fashion conscious, value and quality seeking youth and young families, which forms the bulk of the purchasing power of the Indian population. These consumers are of two kinds- 1) consumers who are upgrading to branded products from being purchasers of unbranded/ unorganized markets, and 2) existing purchasers of branded products, but looking for economical options since they like to upgrade/have variety in their wardrobe and home.

This highly price sensitive consumer segment is the primary target of Value retail. All Households with income < USD 10,000 are the potential targets for Value retail. These comprise ~68% of total HHs in 2020 and are expected to comprise ~55% of total households by 2030.

Exhibit 6.9: Household Annual Earning Details

Year	Total Households (in Mn.)	HHs with Annual earnings less than USD 5000	HHs with Annual earnings of USD 5,000 - 10,000	HHs with Annual earnings of USD 10,000 –50,000	HHs with Annual earnings greater than USD 50,000
2009	236	187.9	35.9	11.1	1.2
2010	240	181.8	42.9	14	1.2
2012	254	170.2	60.5	22.1	1.3
2014	267	167.1	70.8	27.2	1.9
2015	274	151	84.7	36.2	2.2
2018	295	84.1	121.5	86.4	3
2020	310	79.4	131.8	94.9	4
2030P	386	69.5	142.8	162.1	11.6

Source: Technopak Analysis

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Senior Partner

They may represent students, contractual workers, gig economy employees, small business owners, lower-income white-collar employees, circular migrants who work in sectors like restaurants and construction, support services trade and the informal economy. Before the advent of Value retail as a distinct and organized retail play, the proposition of Value retail was either loosely constructed and addressed by stand-alone shops that sold category-specific merchandise, or informal trade like haats, street markets etc. Digital media's rise enabled the creation of an aware class that aspires to consume but had to rely on the existing arrangement of either informality or category specificity of unorganised retail or both. The offering of Value retail addressed this need gap by offering all under one roof, transparent pricing, shopping experience and range. Acceptance of this proposition over informal and unorganised retail arrangements is validated by its rising share within the overall Value retail opportunity.

2. *Regional skew towards Value Retail*

While the price sensitive consumer base exists across India, there exist regional skews within. This is reflected in the share of Value retail in the overall retail pie of different regions of India. The higher proportion of Value retail in East and North India is reflective of the income levels of these regions and the GDP per capita of these regions compared to that of other regions or states. It implies that organized retail players like Vishal Mega Mart in North India and Style Baazar in East India, who have adopted a cluster-focused approach to expand within these regions seemed to have benefitted by tailoring and harnessing the proposition.

The market size of the Value-retailing industry in East India (the eastern and northeastern states of India) stands at INR 1,19,508 Cr as of FY 2023, and the penetration of organized players stands at ~28% of the total market as of FY 2023. With a CAGR of 16.6%, East is the fastest growing region for Value retail with an expected market size of INR 2,20,802 Cr in FY 2027.

Exhibit 6.10: Region-wise market share for Value Retail (Lifestyle & Home)- FY 2023 and FY2027P
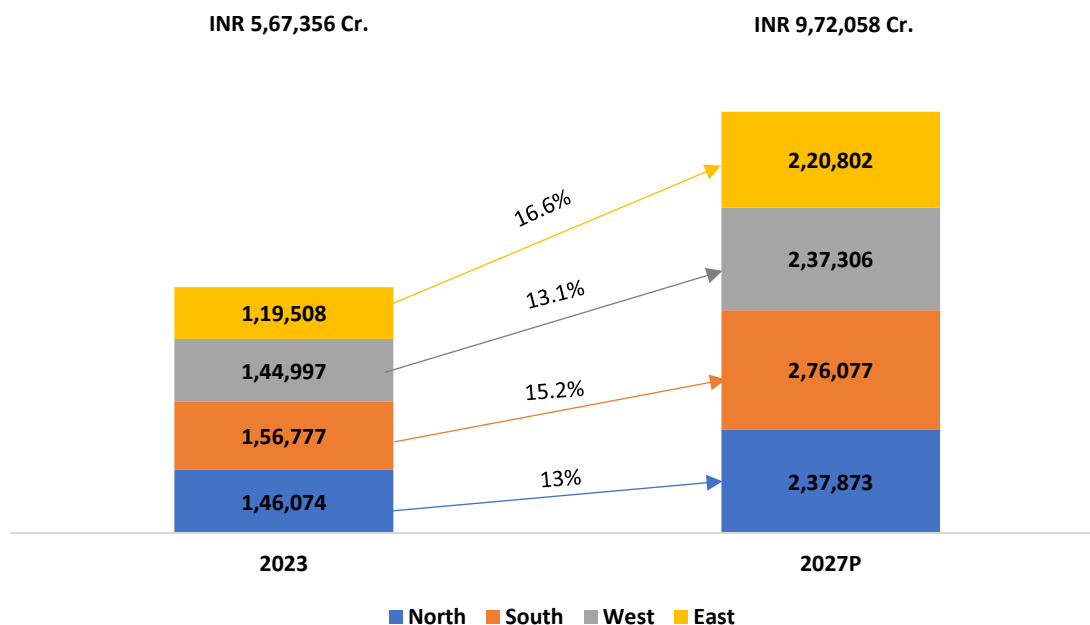
Source: Technopak Analysis
East India/ Eastern India (including North East) are the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar, Jharkhand, Orissa, Sikkim, West Bengal. North- Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Delhi, Rajasthan, Uttar Pradesh, Uttarakhand. South- Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana. West- Goa, Maharashtra, Gujarat. Central- Madhya Pradesh, Chhattisgarh

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Potential for Value Retail in East and North India:

The total market for Value Retail (Home & Lifestyle Segment) in North and East India was valued at INR 2,65,582 Cr for FY 2023 and is expected to reach INR 4,58,675 Cr in FY 2027. The level of overall organised play is also expected to grow from ~28% in FY 2023 to ~36% in FY 2027.

These regions have the potential to accommodate ~8000 stores of Apparel Value retail chains by FY 2027. Currently, players like V Mart, Style Baazar, V2 Retail etc. dominate these regions in the Value retail market. For a single organised Value retail chain player, the region offers the potential to open approximately 800-1000 stores by FY 2027.

Exhibit 6.11: Potential stores in North & East region

Region-wise potential by FY 2027	No of Stores	No of Stores per player
East India (including N-E)	8000	800-1000
North India		

Source: Technopak Analysis

3. *Network and Connectivity enabling access to the latest trends and ease of shopping through digital payments*

Ease of access to the internet has changed the consumer behaviour on many counts. It has enabled consumers to get exposed to new trends, fashion, and values. The network connectivity has democratised access through mobile devices to consumers of all strata's. This trend is secular across all consumer classes and types, and the ability (affordability) of the consumer is the only differentiator.

Strengthening of network connectivity enabled the growth of digital media and this in turn enabled the growth of the dissemination of digital content on fashion, trends, merchandise products etc across a wider audience than ever before. Digital marketing tools viz. social media and influencer marketing can be customised to an individual's preferences and desires and are therefore more effective than the conventional mass marketing tools in shaping the consumer's opinions. The rise of digital content dissemination has exposed a wider audience to fashion, aspiration, global and national trends, and product options at a disruptive pace and readied a mass base of consumer segments that are willing to consume Value retail more so than they have been in the past. Differently put, the consumer audience for Value retail may face vulnerability on the account of affordability and ability to spend but will not fall short on the desire to consume because of the role digital content has played and will continue to play in shaping consumer preferences.

Exhibit 6.12: Growth of Digital Penetration in India (Year in CY)

	2010	2015	2020	2023	2025	CAGR 2015-20	CAGR 2020-25
Internet Users (Mn)	72	350	662	881	900-1000	14%	6-8%
Mobile Internet users as a share of Total Internet Users (%)	34%	45%	73%	74%	82%	-	-
Mobile Internet Users (Mn)	24	159	480	651	730- 820	25%	9-11%

Source: Secondary Research, Technopak Analysis

This growth of digital payments through means like UPI, QR Scan codes etc has enabled ease of shopping, which has given impetus to consumer spending.

Exhibit 6.13: Rise of Digital Readiness and Digital Payments

Key Indicators (Mn)	2010	2015	2020	2023	CAGR 2015-23
Volume of Digital Payments	718	1,335	34,350	91,920	70%

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Social Network Users India	27	142	530	612	20%
Smart Phones	6	170	480	600	19%

Source: Technopak Analysis, Secondary Research

4. *Co-existence of E-commerce and Brick & Mortar in Value Retail*

The brick retail formats offer a shopping experience and a destination for the entire family in addition to 'all under one roof' proposition, and value pricing. Hence, brick retail formats have continued to grow over the years. It is estimated that by FY 2027, share of Brick and Mortar in the Value retail (Apparel, home, accessories and Footwear) will reach ~22% (INR 2,09,479 Cr) from ~18% (INR 1,04,418) in FY 2023, and the share of E-commerce will reach ~14% by FY 2027 from ~10% in FY 2023. For this reason, the new players or formats entering the Value retail segment have kept brick stores at the heart of their growth strategy viz. Zudio from Westside and Max from Lifestyle.

The e-commerce for Value retail is driven largely by marketplaces viz. Amazon and Flipkart which present the option of affordability and convenience. However, it is also witnessed that the value of retail in the brick format has also grown during the same period and players like Style Baazar, V Mart, V2 Retail etc. are expanding their brick formats across towns and cities. The reason for the growth of brick retail in conjunction with E-commerce in Value retail validates that feed into the other.

Exhibit 6.14: Value retail via Organized B&M vs E-commence

	Price	Range	Shopping Experience	Convenience	Ease of trial and purchase	Freshness of Merchandise
Organized B&M	✓✓	✓✓	✓✓	✓	✓✓	✓✓
E-commerce	✓✓	✓✓	✓	✓✓	✓	✓

Source: Technopak Analysis

Growth Drivers and Trends in Value Retail

Rapid Urbanization and increasing disposable income

The trend of Urbanization in India is expected to continue with approximately 50% of India's population expected to be living in Urban centers by 2050. High population growth is expected in tier 3 and tier 4 cities as the Rural population migrates to these cities in search of work opportunities. As a result, the working population is expected to rapidly increase across Tier 3 and 4 cities supporting these cities to emerge as new growth engines for Value retailers as when a consumer explores branded play for the first time, Value fashion acts as the entry medium for the same.

Furthermore, the Rural population is also stepping up in income levels due to the availability of manufacturing-based jobs, expansion of agriculture into value-added farm activities and the government's rural employment schemes. As a result, an urban lifestyle with a price balance/value is increasingly being adopted in rural areas.

Growth in organized retail offering a better shopping experience

The growth of organized retailers and the proliferation of mall culture have conditioned consumers to the idea of a robust shopping experience with an air-conditioned environment, facility of trial rooms, a wider product range, price transparency, quality assurance, and on-floor service assistance. This experience has been perceived to be constrained by price as most of such retailers happened to be in the premium segment. However, Value retailers have been able to bridge this gap and have been able to provide a higher shopping experience to first time consumers of brands/organized channels.

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Continuous Operations and Supply Chain Improvement

Value retailers have been exercising strong control over the retail value chain including sourcing, supply chain, merchandising, store operations and customer management. Focus on sustainable relationships with suppliers and investment in warehousing, logistics and inventory management have been key ingredients for the success of these retail formats.

Expansion through Clustered approach and regional nuances

Most of the Value retailers like V-Mart, KLM, Zudio and V2 Retail have strengthened their foothold regionally within clusters before foraying into other regions. Expansion through a clustered approach has lent them the advantage of optimizing the supplier base, warehousing infrastructure and product offering based on the customer preferences specific to such regions given that the culture varies every 100 – 150 kilometers. Unlike the premium and super-premium segments, wherein the offering is designed in agreement with the global and macro fashion trends, the Value segment needs consideration for heterogeneity to accommodate the nuances of the regional requirements and sensibility. Through a clustered approach, these retailers have been able to add more value to their offerings. The cluster-based approach also helps the retailers in exhausting the opportunity in that cluster by operating a large number of stores in that area thereby creating an entry barrier for the other competitor brands.

Also, national brands try to customize their offerings based on the region the stores are in by offering customized offerings particular to the region, in addition to the regular national range. The regional Value fashion players in the south, however, keep a higher share of sarees in the women's apparel category, compared to what a national player would while operating the south India.

Growth in Tier 3 & 4 cities

Focusing on Tier 3 and 4 cities has aided these retailers in unlocking the consumption potential of these cities. Approximately 23% of the total demand for Apparel is estimated to come from these cities, ~60% of which is currently estimated to be within the Value segment. The organized Value retailers have led the transition of the Value Apparel segment in these cities from being largely unorganized to being somewhat organized. The ability to provide quality products at affordable prices in a dignified retail environment has been an important reason for the wide acceptance of these formats across Tier 3 & 4 cities.

Focus on Private Labels

Largely all the Value retailers are private labels led with some national brands included to complete the retail offering. Investments in robust product design and development capabilities and focus on private label development across categories have been the key factors that enabled the Value retailers to offer fashionable products at affordable prices, along with improved margins for the retailers.

Competitive Landscape

In the early 2000s, retailers like V-Mart, V2 Retail etc. pioneered the Value retail segment which was largely unorganized until then. This trend was followed by entities like Vishal who established Value Apparel retail chains to leverage this opportunity, and by regional players like Style Baazar, M Baazar etc. At present, a few organized retailers such as Zudio, and V-Mart are national players with an equitable focus on all regions and players like Style Baazar, Baazar Kolkata, Citykart etc. are regional players focused on select clusters. A significant share of Apparel sales of e-commerce players such as Flipkart, Amazon and others also comes from the Value segment.

The key success factors for the brick-and-mortar players have been targeted private labels, sharp price points, large format store layouts giving a better shopping experience, understanding of customer's preferences, offerings for entire family's needs, regular fashion freshness and continuous supply chain improvement.

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Exhibit 6.15: Key Organized B&M Value Apparel Retailers

Key Players	Year of Inception	Operating Company	Focus	Size of Player (FY 2023 Revenue in INR Cr)
Style Baazar	2013	Baazar Style Retail Ltd.	Regional – East	787.9
Baazar Kolkata	2002	Baazar Retail Pvt Ltd.	Regional – East	642.1*
M Baazar	2009	Metro Retail Pvt. Ltd.	Regional – East	715.9
Citykart	2016	Citykart.	Regional - East & Central	523.7
V2 Retail	2001	V2 Retail Ltd	National	838.9
V Mart	2003	V-Mart Retail Limited	National	2464.8

*Source: Secondary research, Technopak Analysis. National Players- Present in more than 2 regions. *Revenue for FY 22*

Market Share of Key Players

Style Baazar is one of the leading players in the Value Retail Market in East India among its peers with a share of 2.16% in the organized Value retail market in East India for FY 2023.

Exhibit 6.16: Market Share of Key Players in Value- Lifestyle & Home Market: FY 2023

Company	Revenue (INR Cr)- FY 2023	Market Share in India Value Retail Organised Market	Market Share in East Value Retail Market	Market Share in East Value Retail Organised Market
Style Baazar	787.9	0.50%	0.61%	2.16%
M Baazar	715.9	0.45%	0.47%	1.69%
Citykart	523.7	0.33%	0.19%	0.68%
V2 Retail	838.9	0.53%	0.36%	1.28%
V Mart	2447.9	1.54%	0.60%	2.14%

Source: Technopak Analysis. Revenue of players in East market through estimation basis Number of stores in each state and Revenue per store.

Incorporated in 2013, Style Baazar has the distinction of being one of the largest Value fashion retailers in Eastern India and leadership positions in Orissa and West Bengal with a market share of 2.47% and 2.52%, respectively in the Organized Value retail market (Lifestyle & Home) for FY 2023. It is also among the leading players in the Assam market with a share of 3% in the same segment.

Exhibit 6.17: State-wise Market Share of Key Players in Value- Lifestyle & Home Market: East India- FY 2023

Players	Market share Value Retail (Lifestyle + Home)			Market share Organized Value Retail (Lifestyle + Home)		
	Orissa	West Bengal	Assam	Orissa	West Bengal	Assam
Style Baazar	0.76%	0.75%	0.68%	2.70%	2.67%	2.43%
M Baazar	0.49%	0.51%	0.93%	1.76%	1.81%	3.32%
Citykart	0.04%	-	0.17%	0.13%	-	0.61%
V2 Retail	-	-	0.59%	-	-	2.09%
V Mart	0.28%	0.23%	0.62%	1.01%	0.81%	2.20%

Source: Technopak Analysis. State-wise revenue of players is derived through estimation based on the number of stores in each state and Revenue per store. East India (including North East) are the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar, Jharkhand, Orissa, Sikkim, West Bengal. North- Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Delhi, Rajasthan, Uttar Pradesh, Uttarakhand. South- Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana. West- Goa, Maharashtra, Gujarat. Central- Madhya Pradesh, Chhattisgarh

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7. Operational and Financial Benchmarking

Operational Benchmarking

The organized players in the Value segment are bringing together the economy and mid-segment of fashion aiming to provide quality fashion at affordable prices in a good retail environment. These large format stores catering to the entire basket of family needs are aimed at consumers who are first-time users of branded products, or at fashion-conscious middle-class consumers seeking quality at affordable prices.

The Value format retail model has become increasingly popular in recent years as consumers look for ways to save money on their purchases. Additionally, with the rise of e-commerce, more and more consumers are turning to online retailers for lower prices and convenience. There is a large addressable market for Value Apparel retail made up of millennials and Gen Y & Z customers (14-40 age group) and consumers residing in tier 2, 3 and 4 cities in Urban and semi-Urban areas. This market comprises of households with an average annual income of US$ 5,000 – US$ 10,000 of fashion-conscious, Value and quality seeking youth and young families, which forms the bulk of the purchasing power of the Indian population.

Exhibit 7.1: Overview of Players

Key Players	Year of Inception	Operating Company	No. of Stores	States where stores present	Cities where stores present
Style Baazar	2013	Baazar Style Retail Ltd.	153	9	140
Baazar Kolkata	2002	Baazar Retail Pvt Ltd.	155	9	103
M Baazar	2009	Metro Retail Pvt. Ltd.	148	9	132
Citykart	2016	Citykart Pvt Ltd.	103	7	66
V2 Retail	2001	V2 Retail Ltd	107	16	90
V Mart	2003	V-Mart Retail Limited	447	26	264

Source: Company Websites, Secondary Research. Brands store counts from Jan'24 from website store locators. V Mart store counts include V Mart & Unlimited stores.

Exhibit 7.2: Store count: Growth 2017-2023

Key Players	2017	2018	2019	2020	2021	2022	2023*	CAGR (2017-2023)
Style Baazar	19	38	72	84	91	135	153	42%
Baazar Kolkata	40	NA	NA	106	116	115	155	25%
M Baazar	NA	52	73	NA	118	118	148	-
Citykart	18	29	48	63	79	69	103	34%
V2 Retail	37	49	77	76	95	83	107	19%
V Mart	141	171	214	266	279	429	447	21%

*Source: Company Websites, Secondary Research. *Store counts as of Jan'24 for all players. V Mart store counts include V Mart & Unlimited stores.*

Style Baazar was the fastest growing Value retail player among the given peer set, in terms of store count from the period 2017 to 2023, with a CAGR of 42%, and has expanded across states with 153 stores as of January 2024. Players like Citykart, Baazar Kolkata and V Mart also showed a CAGR of 34%, 25% and 21% respectively, though V Mart's growth was fuelled by inorganic growth i.e. acquisition of 74 Unlimited Retail stores in FY 2022.

Exhibit 7.3: Store Closures FY 2021-2023

Key Players	FY 2021	FY 2022	FY 2023
Style Baazar	2	3	5

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V2 Retail	8	4	11
V Mart	7	12	16
Shoppers Stop	20	4	1
Westside	2	10	6

Source: Company Annual Reports, Secondary Research. V Mart store counts include V Mart & Unlimited stores. Public listed companies in retail like Westside and Shoppers Stop taken for a broader benchmarking.

Store Closures measure the efficacy of selection of a retail location and its success. Style Baazar had the lowest store closures when compared to other listed players in Value Retail.

Region-wise & Tier wise split of key players

Value led retail format brands have a larger focus on Tier 3 and 4 cities and a major share of their stores are spread across these tiers. Value players like Style Baazar, V Mart, V2 Retail etc have a concentration of stores majorly in Tier 2, 3 and 4 beyond cities with nearly 60-75% of all stores for a Value retailer being present in Tier 3 and tier 4 cities.

Exhibit 7.4: Store Presence- Tier wise

Player	Total Stores	Metro & Mini Metro	Tier1	Tier 2	Tier 3	Tier 4 & beyond
Style Baazar	153	3	2	7	64	77
Baazar Kolkata	155	11	6	34	74	30
M Baazar	148	11	3	18	74	42
Citykart	103	0	13	10	48	32
V2 Retail	107	9	5	25	44	24
V Mart	447	41	72	112	168	54

Source: Secondary sources, Store locator of brands, Technopak Analysis.
Metros-NCR and Mumbai, Mini Metro Population >5Mn, Tier 1= 1-5 Mn , Tier 2= 1-0.3Mn, Tier 3= 0.15-0.3 Mn, Tier 4 <0.15 Mn. Players data as of Store Locator on the website for Jan'24.

Exhibit 7.5: Store Presence- Region-wise

Player	Total	North	South	East	West	Central
Style Baazar	153	9	6	137	-	1
Baazar Kolkata	155	11	-	143	-	1
M Baazar	148	12	-	136	-	-
Citykart	103	53	-	49	-	1
V2 Retail	107	45	7	48	3	4
V Mart*	447	203	80	130	15	19

Source: Secondary sources, Store locator of brands, Technopak Analysis. Data as of Store Locator on the website for Jan'24.
North- Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Delhi, Rajasthan, Uttar Pradesh, Uttarakhand. South- Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana. East- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Bihar, Jharkhand, Orissa, Sikkim, West Bengal. West- Goa, Maharashtra, Gujarat. Central- Madhya Pradesh, Chhattisgarh

The Value retailers are most densely spread out in East and North India with most Value retailers having the majority share of stores in these 2 regions. Majority of the stores for Citykart are present in the East and Northern Regions. V Mart also has a strong East and North presence, followed by South India, however, it is expanding to all other regions of India. Style Baazar is predominantly present in East India with 92% of its stores in East India and a limited presence in South, North and East India. Being a prominent regional player allows

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them to be well versed with the customer demographics, gives better control on manpower allocation, and supply chain and helps them being closer to the customers.

Category Offerings across Player Groups

Value Retailers position themselves as 'all under one roof' and keep a wide variety of key categories across Men, Women, Kids and Home categories, further splitting into Apparel, Footwear, Accessories, Toys and Games etc.

Exhibit 7.6: Category-wise Presence of Key Players

Category	Sub-Category	Style Baazar	V Mart	M Baazar	V2 Retail	Citykart	Baazar Kolkata
Men	Winter wear	✓	✓	✓	✓	✓	✓
	Western wear	✓	✓	✓	✓	✓	✓
	Indian Wear	✓	✓	✓	-	✓	✓
	Sportswear	✓	✓	✓	-	✓	✓
	Accessories	✓	✓	-	-	✓	✓
Women	Winter wear	✓	✓	✓	✓	✓	✓
	Western wear	✓	✓	✓	✓	✓	✓
	Indian Wear	✓	✓	✓	-	✓	✓
	Sportswear	✓		-	-	✓	✓
	Accessories	✓	✓	✓	-	✓	✓
Kids	Western wear	✓	✓	✓	-	✓	✓
	Indian wear	✓	✓	✓	✓	✓	✓
	Toys and Board Games	✓	✓	✓	-	✓	-
Home	Bathing	✓	✓	✓	-	✓	-
	Bed Linen	✓	✓	✓	-	✓	✓
	Light Furniture	✓	-	-	-	-	-
	Storage	✓	-	-	-	✓	-
	Crockery	✓	-	✓	-	✓	✓
	Luggage	✓	-	✓	-	✓	✓

Source: Company Websites, Secondary Research. Accessories for Men refer to wallets and belts. Accessories for Women is referred to as bags, purses, and jewellery

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Apart from Apparel, which is the key category for all Value retailers, entry in the kids category allows Value-led formats to increase their customer base and increase their product offering by adding toys and games to the product mix. The introduction of home decor has been recent, and we can see Value-led retailers adding Soft Home products like bed sheets, bed linens, cushions etc to their products as a starting point. Further, some retailers have added other Home items like carpets and show pieces, and storage items such as plastic, glass and metal containers.

Retailers are aiming to increase their share of private labels going forward. V Mart had a private label share of 45-48% in overall revenue FY 2023, while V2 Retail had a share of 40%. Style Baazar's share of private labels stood at 31% for the same period.

Exhibit 7.7: Share of Revenue from Private Labels- FY 2023

Player	% Private Label share of Total Revenue		% Private Label share in Apparel segment	
	FY 2022	FY 2023	FY 2022	FY 2023
Style Baazar	25%	31%	27%	35%
V2 Retail	38%	40%	NA	NA
V Mart	45-48%*		54%	53%

*Source: Company Annual Reports. *Estimated*

Private branding enables brands to differentiate themselves from competitors, enhance customer loyalty, and improve profit margins by offering unique products exclusive to their stores. This strategy not only drives revenue but also allows brands to maintain control over their product assortment and brand image.

Review of Financial Performance

1) Revenue
Revenue from operations is the top line parameter for a company's financials. Style Baazar was the fastest growing value retail player during the period FY 2017 to FY 2023, in terms of revenue with a CAGR of 27.8% among the given peer set.

Exhibit 7.8: Revenue from Operations in FY (INR Crore)

Company	2017	2018	2020	2021	2022	2023	CAGR FY 2017-23
Style Baazar	181	305	629	427	551	788	27.8%
Baazar Kolkata	NA	NA	651	448	642	NA	na[1]
M Baazar	345	433	556	371	534	716	12.9%
Citykart	147	187	359	267	375	524	23.6
V2 Retail	472	559	701	539	629	839	10.1%
V Mart	1002	1222	1662	1075	1666	2465	16.2%

Note: Citykart FY 2018 revenue is standalone.NA- Not Available, na (1)- can't be calculated
Note: All players use IndAS as the accounting purposes except M Baazar that uses GAAP and Citykart used Indian GAAP till FY 21 and used INDAS for FY 22 & FY 23.
Note: Citykart: FY2017 and 2018 numbers are standalone, FY 2020, 2021 and 2022 numbers are consolidated.
Note: M Baazar: All numbers are standalone
Note: V Mart: All numbers are standalone
Note: V2 Retail: All numbers are standalone
Note: Baazar Kolkata: All numbers are standalone

2) EBITDA margin
EBITDA margins is largely used to compare the profitability of the companies against competitors. It is also used to standardize the business performance against the industry averages. Style Baazar has grown from EBITDA margin of 10.2% in FY 2020 to the highest EBITDA margin of 12.9% in FY 2023, registering a CAGR of 16.6% for

the same period. This is on account of strong processes instituted by the company for controlling operating expenses at the store level by ensuring low cost of operations compared to other players in value retail segment.

Exhibit 7.9: EBITDA (INR Crore) and EBITDA margin (%) profiles in FY

Company	2020		2021		2022		2023		CAGR FY 2020-23
Style Baazar	64	10.2%	47	10.9%	68	12.4%	101	12.9%	16.6%
Baazar Kolkata*	105	16.2%	52	11.7%	77	12.0%	NA	NA	-14.6%
M Baazar*	43	7.8%	24	6.4%	49	9.2%	74	10.3%	19.6%
Citykart	35	9.6%	32	12.0%	47	12.5%	53	10.1%	15.2%
V2 Retail	100	14.3%	49	9.0%	65	10.3%	84	10.0%	-5.6%
V Mart	214	12.9%	131	12.2%	204	12.3%	269	10.9%	8.0%

Source: Technopak Analysis, Annual Reports
*Note: CAGR shown on basis of EBITDA value.
*NA- not available, na(1)- Not able to calculate due to negative numerator or denominator or both.
Note: All players use IndAS as the accounting purposes except M Baazar) that uses GAAP and Citykart used Indian GAAP till FY 21 and used INDAS for FY 22 & FY 23.

3) PAT margin

The profit after tax and PAT margins are used to assess if a company's business is profitable after meeting the operating and overhead costs. The PAT margin is negative across most of the players with available information.

Exhibit 7.10: PAT (INR Crore) and PAT margin (%) profiles in FY

Company	2020		2021		2022		2023		CAGR FY 2020-23
Style Baazar	-10	-1.6%	-18	-4.3%	-8	-1.4%	5	0.6%	na[1]
Baazar Kolkata*	-17	-2.6%	-164	-36.6%	-48	-7.4%	NA	NA	na[1]
M Baazar*	24	4.4%	12	3.3%	29	5.5%	47	6.6%	24.6%
Citykart	21	5.9%	5	1.8%	7	1.8%	0	0.1%	-77.7%
V2 Retail	9	1.3%	-13	-2.4%	-12	-1.9%	-13	-1.5%	na[1]
V Mart	49	3.0%	-6	-0.6%	12	0.7%	-8	-0.3%	na[1]

Source: Technopak Analysis, Annual Reports
*Note: PAT Margin = PAT/Net Revenue, CAGR shown on basis of PAT value.
*NA- not available, na(1)- Not able to calculate due to negative numerator or denominator or both.
Note: All players use IndAS as the accounting purposes except M Baazar) that uses GAAP and Citykart used Indian GAAP till FY 21 and used INDAS for FY 22 & FY 23.

4) Cash Conversion Cycle

Cash conversion cycle describes the number of days it takes for a company to convert its inventory into sales generating cash. The lower the working capital days, the more efficient the business is. Citykarthad the lowest cash conversion cycle in FY 2023.

Exhibit 7.11: Cash Conversion Cycle for competitors (in FY)

Company	2020	2021	2022	2023
Style Baazar	52	68	75	86
Baazar Kolkata*	66	97	77	NA
M Baazar*	23	116	91	84
Citykart	14	29	43	55
V2 Retail	86	141	155	117
V Mart	75	131	103	87

Source: Technopak Analysis, Annual Reports
*NA- not available, na(1)- Not able to calculate due to negative numerator or denominator or both.
Cash Conversion Cycle= Inventory Days + Days Receivables – Days Payables
*Inventory Days= (Average Inventory/COGS)*365*
*Receivable Day= (Average Receivables/Revenue)*365*
*Payable Days= (Average Payables/COGS)*365*
Note: All players use IndAS as the accounting purposes except M Baazar that uses GAAP and Citykart used Indian GAAP till FY 21 and used INDAS for FY 22 & FY 23.

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5) Marketing and advertisement spend and Yield on marketing and advertisement spend

Marketing and Advertising Spend as a percentage of Revenue, or marketing/advertising to sales ratio indicates the efficacy of advertising strategies of the company. In terms of marketing spend as % of revenue, V Mart had a spend of 3.5% in FY 2023, compared to 1.5% by Style Baazar and 0.7% by V2 Retail.

Exhibit 7.12: Marketing and advertising spend and yield on Marketing spend as a % of revenue (in FY)

Company	2020		2021		2022		2023		CAGR FY 2020-23
Style Baazar	15	2.3%	4	1.0%	8	1.4%	12	1.5%	-6.6%
Baazar Kolkata	17	2.7%	7	1.6%	12	1.8%	NA	NA	-17.9%
M Baazar	13	2.3%	8	2.0%	12	2.3%	18	2.5%	11.5%
Citykart	5	1.5%	4	1.4%	5	1.4%	9	1.7%	18.3%
V2 Retail	3	0.5%	5	0.9%	5	0.8%	6	0.7%	20.3%
V Mart	35	2.1%	19	1.7%	42	2.5%	86	3.5%	34.6%

Source: Technopak Analysis, Annual Reports, NA-Not Available; Formula – as a % of Revenue
*NA- not available, na(1)- Not able to calculate due to negative numerator or denominator or both.
Note: All players use IndAS as the accounting purposes except M Baazar that uses GAAP and Citykart used Indian GAAP till FY 21 and used INDAS for FY 22 & FY 23.

6) Other Key metrics

Style Baazar has the largest retail footprint in East India at ~11.5 sq. ft. among the mentioned peers. It is also among the top 3 players in terms of SPSF with an SPSF of INR 7,445 for FY 2023.

Exhibit 7.13: Other key metrics for FY 2023- SPSF, Average Inventory per sq. ft, EBIDTA per sq. ft, Inventory per store (INR) – Annual Metrics

Player	SPSF (INR)	Average inventory per sq. ft (INR)	EBITDA per sq. ft (INR)	Inventory per store (INR Cr)	% Share of Apparel in revenue	Average Transaction Value (INR)	Total Retail Footprint in East India (Lakh sq. ft.)
Style Baazar	7,445	2,500-2,600	800-900	2.1-2.3	85%	1041	11.4-11.6
M Baazar	6,800-7,000	1,400-1,500	600-700	1.1-1.3	~70%	NA	8.7-8.9
Citykart	7,100-7,300	2,100-2,200	600-700	1.7-1.9	~75%	NA	3.3-3.5
V2 Retail	7,812	2,600-2,700	700-800	2.7-2.9	96%	797	4.7-4.9
V Mart	7,476	2,000-2,100	700-800	1.7-1.9	79%	1017	10.7-10.9

Source: Technopak Analysis, Annual Reports. Calculations on FY 2023 financial data. Above parameters given as ranges/ approximations as these are estimations. Revenue used in SPSF is Gross Sales (before GST). SPSF, ATV, % Share of Apparel data for V2 Retail, V Mart, Style Baazar from their annual disclosures.

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- Only leading players are profiled and benchmarked for the purpose of the report and does not necessarily cover all types of players.

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