

SS Retail Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
16 September 2026	18 September 2026	₹403-424	Subscribe

Investment Summary

SS Retail Limited presents a compelling consumer retail growth story, supported by its entrenched leadership in western India, an extensive regional store network, and an agile, multi-format retail architecture spanning smartphones, accessories, and allied consumer electronics. The company benefits from a capital-efficient, franchisee-led expansion strategy, deep penetration across high-growth Tier-II and Tier-III+ semi-urban markets, and a differentiated presence in the organized pre-owned smartphone space through its shop-in-shop format, which serves as an effective driver of customer acquisition and margin accretion. However, the business remains inherently sensitive to fierce pricing competition from e-commerce platforms and national large-format retailers, high geographic concentration in its home state, the absence of long-term supply agreements with primary device brands, and the inventory obsolescence risks associated with rapid technology cycles. Key monitorables going forward include the operational turnaround and payback of new store rollouts in adjacent states, sustained same-store sales growth, working capital optimization through disciplined inventory management, the continued scaling of higher-margin pre-owned and accessory segments, and progress in standardizing store lease registrations.

Company Overview

SS Retail Limited (originally incorporated in 2016 as SS Communication & Services Private Limited and headquartered in Kolhapur, Maharashtra) is an organized multi-brand retail chain specializing in mobile phones, accessories, and allied consumer electronic items. Operating primarily across western and central India, the company has established a retail presence across five states: Maharashtra, Karnataka, Madhya Pradesh, Goa, and Gujarat supported by an extensive network of 503 stores as of March 31, 2026 (expanding to 536 stores as of July 31, 2026). SS Retail addresses diverse customer demographics through a multi-brand retail architecture comprising its flagship brand 'SS Mobile' (spanning Large, Medium, and Small store formats), 'The Mobile Space' focused on semi-urban penetration, 'Mobile Exchange Wala' offering certified pre-owned smartphones via a shop-in-shop format, and recently acquired 'Gizmore' for B2B smart accessories. With a strategic concentration in Tier-II, Tier-III, and beyond markets which cumulatively contributed 71.20% of FY26 operational revenues the company leverages localized market presence, direct and distributor OEM relationships, and structured retail formats to capture demand driven by rising digital adoption and device replacement cycles.

Business Model

SS Retail deploys a cluster-based retail expansion strategy designed to achieve high localized brand recall and customer density across urban centres and emerging Tier-II and Tier-III+ towns. The company segments its physical retail points into Large Format (>800 sq. ft.), Medium Format (400–800 sq. ft.), and Small Format (<400 sq. ft.) stores operated under SS Mobile, The Mobile Space, and Olineo. To capture value in the secondary smartphone ecosystem, the company integrates 'Mobile Exchange Wala' as a shop-in-shop model within 71 existing SS Mobile outlets, utilizing CEIR database verification and structured functional testing to procure and retail quality-assured pre-owned devices.

The operational backbone relies on an asset-light, franchisee-led network that accounted for 83.30% of total stores and 74.19% of consolidated revenues in FY26. Store operations are executed across three distinct models: Company Owned, Company Operated (COCO; 84 stores); Company Owned, Franchisee Operated (COFO; 316 stores); and Franchisee Owned, Franchisee Operated (FOFO; 103 stores). Under its 'Local Partners Approach', SS Retail partners with resident entrepreneurs who run daily store operations under performance-linked commissions, while the company retains centralized control over inventory, pricing, promotions, and brand identity. This network is supported by a centralized ERP and inventory management platform connected to 3 regional warehouses (in Kolhapur and Chhatrapati Sambhajnagar) and 4 logistics partner hubs (in Mumbai, Pune, Nagpur, and Bhopal) operating on a hub-and-spoke distribution mechanism..

SS Retail monetizes its footprint primarily through the retail sale of brand-new smartphones, which formed 86.18% of FY26 revenue from operations. The company broadens its margin profile through higher-margin pre-owned smartphones (7.20%), mobile accessories such as wearables and audio gear (4.29%), other electronics including tablets, laptops, and televisions (1.39%), and ancillary services including extended protection plans and anti-theft software (1.10%). Additionally, it engages in wholesale Corporate Sales (4.67% of FY26 revenue) and B2B accessory sales through its subsidiary Nexora Smart Tech Private Limited under the 'Gizmore' brand. Procurement is managed through direct manufacturer tie-ups and authorized Tier-1 distributors, ensuring bulk purchase terms, prompt product replenishment, and controlled inventory cycles (55 inventory days in FY26).

Financial Performance

- **Revenue CAGR ~ (FY24–FY26): ~39.58%**, with revenue from operations increasing from ₹1,206.74 Cr in FY24 to ₹1,597.93 Cr in FY25 and ₹2,351.03 Cr in FY26, supported by a scalable franchise-led network, deepening penetration in existing geographies, and the successful expansion of the pre-owned smartphones segment under the 'Mobile Exchange Wala' brand.
- **EBITDA:** ₹56.50 Cr (FY24) → ₹80.44 Cr (FY25) → ₹125.15 Cr (FY26), while margins are at ~5.32% in FY26.
- **PAT trajectory:** ₹26.65 Cr (FY24) → ₹39.86 Cr (FY25) → ₹59.28 Cr (FY26) with a 2.52% margin.
- **Return metrics:** Return on Net Worth (RoNW) / ROE stood at 32.60% in FY26 versus 28.19% in FY25 and 26.26% in FY24, while Return on Capital Employed (RoCE) stood at 30.12%, 27.50% and 25.10%, respectively
- **Balance sheet:** Net worth stood at ₹225.71 Cr as of FY26, with total borrowings of ₹162.59 Cr and a Debt-to-Equity ratio of 0.72x
- **Key Ratios:** Basic EPS ₹9.11, NAV ₹34.33 per share.

Financial Snapshot

Metric	INR CR		
	FY24	FY25	FY26
Revenue from Operations	1,206.74	1,597.93	2,351.03
EBITDA	56.50	80.44	125.15
EBITDA Margin	4.68%	5.03%	5.32%
Profit After Tax (PAT)	26.65	39.86	59.28
PAT Margin	2.21%	2.49%	2.52%
Basic EPS (₹)	4.10	6.13	9.11

Investment Rationale

1. Dominant Regional Footprint with Rapid Multi-State Expansion:

SS Retail has established a leading market presence in Maharashtra (accounting for 458 stores and 89.09% of FY26 operational revenue) while successfully expanding its retail footprint into Karnataka, Madhya Pradesh, Goa, and Gujarat, reaching an aggregate network of 503 stores as of March 31, 2026 (536 stores as of July 31, 2026). The proposed deployment of fresh issue proceeds to open 115 new stores across target regions (including adjacent markets like Chhattisgarh) will further consolidate its regional leadership and scale economies.

2. Capital-Efficient, Scalable Franchise-Led Operating Model:

The company scales its network primarily through franchisee-led formats, with COFO (316 stores) and FOFO (103 stores) models cumulatively accounting for 83.30% of total stores and 74.19% of FY26 revenue. Through its proprietary 'Local Partners Approach', SS Retail leverages local entrepreneurial drive and localized market connections while retaining centralized control over merchandising, brand standards, pricing, and inventory management.

3. High-Margin Value Unlock via 'Mobile Exchange Wala' (Pre-Owned Smartphones):

Through its pioneering 'shop-in-shop' format across 71 SS Mobile stores, the company capitalizes on India's fast-growing pre-owned smartphone market, where unconstrained MRPs and variable procurement costs offer superior gross margins. Revenues from pre-owned devices expanded at a CAGR of 81.33% from ₹51.51 Cr in FY24 to ₹169.35 Cr in FY26, establishing a high-margin recurring upgrade channel for retail footfalls.

4. Strategic Focus on High-Growth Tier-II and Tier-III+ Consumption Hubs:

SS Retail deliberately targets non-metro markets, with Tier-II, Tier-III, and beyond cities cumulatively driving 71.20% of consolidated FY26 revenue from operations. Utilizing targeted formats like 'The Mobile Space', the company effectively addresses rising digital adoption, higher disposable incomes, and the ongoing structural migration toward mid-to-premium smartphones in underserved semi-urban regions.

5. Centralized Technology Infrastructure & Hub-and-Spoke Logistics:

Operational efficiency and rapid inventory replenishment are underpinned by a centralized ERP and inventory management architecture integrated with 3 regional warehouses and 4 partner logistics hubs. This infrastructure enables real-time SKU tracking, batch-level verification, and reduced transit costs, maintaining steady working capital discipline across an expansive store network (55 inventory days in FY26).

6. Stellar Financial Performance Backed by Superior Return Metrics:

Between FY24 and FY26, SS Retail delivered consistent financial growth, with Revenue from Operations growing at a CAGR of 39.58% and PAT growing at a CAGR of 49.12%, while EBITDA margins improved to 5.32%. Operating with strong capital efficiency, the company generated an RoE of 32.60% and an RoCE of 30.12% in FY26, supported by a healthy Debt-to-Equity ratio of 0.72x.

Key Risk Factors

1. High Geographic Concentration in Maharashtra:

The company derives 89.09% of its operational revenue and operates 91.05% of its total store count (458 stores) in Maharashtra as of March 31, 2026. Any adverse regional economic downturn, localized regulatory changes, infrastructural disruptions, or social unrest within the state could have a disproportionately adverse impact on store footfalls and overall profitability.

2. Heavy Product Dependence on Mobile Phones and Low-Margin Retailing:

SS Retail generates 86.18% of its revenue from mobile phone retailing, which is characterized by high volume, low margins, and intense competitive pricing from large format retailers and major e-commerce platforms. Any slowdown in consumer handset upgrade cycles, technological shifts, or aggressive online festive discounting could compress gross margins and dampen retail sales.

3. Working Capital Intensity and Inventory Obsolescence Risks:

The business model requires significant working capital to maintain continuous product availability across hundreds of retail stores and regional hubs (standalone inventory stood at ₹311.44 Cr in FY26). Given rapid consumer electronics lifecycles, any inability to forecast demand accurately or manage inventory holding cycles could result in inventory markdowns, obsolescence losses, and cash flow strains.

4. High Supplier Concentration Without Long-Term Agreements:

Procurement is significantly reliant on the top 10 suppliers and authorized brand distributors, which accounted for 79.09% of total traded goods purchased in FY26. As procurement is executed via standard purchase orders without long-term contracts, any supply disruptions, delayed allocations of flagship smartphone launches, or adverse commercial terms could impair sales performance.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	SS Retail Ltd.
IPO Issue Size	Total Issue Size: ₹500.00 Cr Fresh Issue of ₹360 Cr & OFS of ₹140 Cr
Price Band	₹403 – ₹424 per share
Face Value	₹10 per share
Post-Issue Market Cap	Approx. ₹3153 Cr
IPO Opening Date	16 September 2026
IPO Closing Date	18 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~ 75.74% → post-IPO: ~ 64.85%
Book Running Lead Managers	Anand Rathi Advisors Limited Emkay Global Financial Services Limited
Use of Proceeds	- Funding capital expenditure for Fit Outs towards setting up of new stores in Fiscal 2027 and Fiscal 2028 (~12.5 Cr) - Part funding of the incremental working capital requirements of our Company (~241 Cr) - General Corporate Purposes

Valuation and Outlook

At the **upper price band of ₹424 per share**, SS Retail Limited implies a **post-issue market capitalisation** of approximately **₹3,153 crore**. Based on FY26 consolidated PAT of ₹59.28 crore and a post-issue EPS of ₹7.97 (pre-issue basic EPS of ₹9.11), the **implied P/E works out to ~53.2x**, while the issue is valued at **~12.35x P/B** on FY26 book value (NAV) of ₹34.33 per share. Listed peers like Aditya Vision and Electronics Mart India typically trade at premium P/E multiples (often between 50x–70x depending on trailing earnings). At a ~53.2x post-issue P/E, SS Retail is priced reasonably in line with its peer set. SS Retail compares favourably on operating parameters, recording the highest Return on Net Worth (RoNW) of 32.60% and RoCE of 29.30% in FY26 among its disclosed peer set (which includes Aditya Vision and Electronics Mart India). Despite the premium entry valuation, earnings remain sensitive to intense competitive pricing, high geographic concentration in Maharashtra, and heavy reliance on the top 10 suppliers. The outlook is supported by the company's aggressive Tier-II and Tier-III market penetration, a scalable franchise-led operating model, and rapid volume growth in its high-margin pre-owned smartphone business ('Mobile Exchange Wala'). Considering the company's established regional franchise, superior capital efficiency, industry-leading return metrics, and fairly priced valuation relative to listed retail peers, we recommend a **"Subscribe"** stance on the issue, while investors should closely monitor store expansion viabilities, working capital cycles, and inventory management post listing.

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