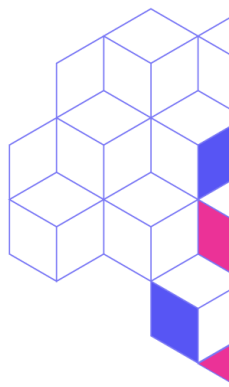


Indian value retail industry report

30th June 2026





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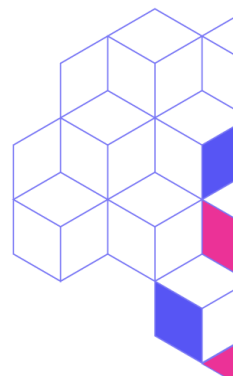


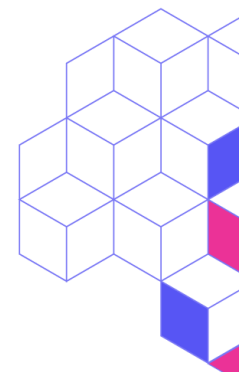
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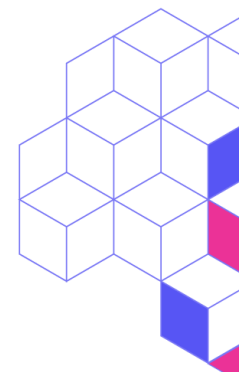
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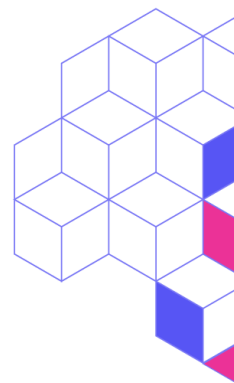
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7. Key threats and challenges to the value retail industry and company



GLOSSARY OF ABBREVIATIONS USED

S. No	Abbreviation	Full Form
1	3PL	Third-Party Logistics
2	B&M	Brick and Mortar
3	BPC	Beauty and Personal Care
4	CAGR	Compound Annual Growth Rate
5	COVID	Coronavirus Disease
6	CY	Calendar Year
7	FY	Financial Year
8	FY31P	Financial Year 2031 (Projected)
9	GDP	Gross Domestic Product
10	INR	Indian Rupee
11	IT	Information Technology
12	K	Thousand
13	M	Million
14	MoSPI	Ministry of Statistics and Programme Implementation
15	MPCE	Monthly Per Capita Consumer Expenditure
16	NSO	National Statistics Office
17	P	Projected
18	PFCE	Private Final Consumption Expenditure
19	T	Trillion
20	UK	United Kingdom
21	US\$	US Dollar
22	USA	United States of America



1. Overview of global and India macroeconomics

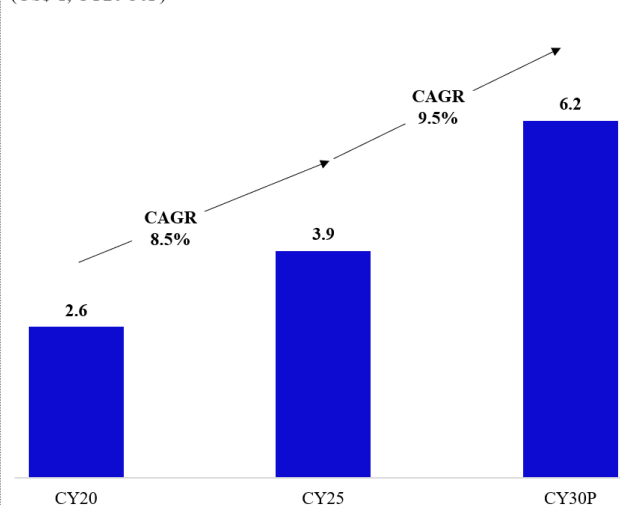
1.1. India's real GDP grew ~7.6% in CY25 and is expected to sustain this through CY30, above global growth of ~3.4%

Global real GDP in CY25 increased by 3.4%, despite challenges such as higher interest rates, tighter financial conditions, and geopolitical tensions. In comparison, India recorded the highest year-on-year real GDP growth of ~7.6% in CY25 and is projected to sustain a CAGR of ~6.5% through CY30. Meanwhile, nominal GDP is anticipated to grow at a CAGR of 9.5% over the same period. This growth is supported by strong domestic consumption, a rising working-age population, expanding middle-class incomes, and continued infrastructure investment, which together provide sustained economic momentum.

Real GDP growth - USA, China, Germany, Japan, India, UK, World
(Y-o-Y growth %, CY20-30P)

Top economies							
	USA	China	Germany	Japan	India	UK	World
CY20	-2.1%	2.3%	-4.1%	-4.3%	-5.8%	-10.0%	-2.7%
CY21	6.2%	8.6%	3.9%	3.6%	9.7%	8.5%	6.7%
CY22	2.5%	3.1%	1.8%	1.3%	7.6%	5.1%	3.8%
CY23	2.9%	5.4%	-0.9%	0.7%	7.2%	0.3%	3.3%
CY24	2.8%	5.0%	-0.5%	-0.2%	7.1%	1.1%	3.4%
CY25	2.1%	5.0%	0.2%	1.2%	7.6%	1.3%	3.4%
CY26E	2.3%	4.4%	0.8%	0.7%	6.5%	0.8%	3.1%
CY27P	2.1%	4.0%	1.2%	0.6%	6.5%	1.3%	3.2%
CY28P	2.1%	4.0%	1.2%	0.6%	6.5%	1.6%	3.2%
CY29P	1.9%	3.7%	0.9%	0.6%	6.5%	1.6%	3.2%
CY30P	1.8%	3.3%	0.7%	0.6%	6.5%	1.5%	3.1%
CAGR* CY20-25	3.3%	5.4%	0.9%	1.3%	7.8%	3.2%	4.1%
CAGR* CY25-30P	2.0%	3.9%	1.0%	0.6%	6.5%	1.4%	3.2%

Nominal GDP growth - India
(US\$ T, CY20-30P)



Note(s): P - Projected, E - Estimated, CAGRs calculated are 1Lattice estimates; For India, the GDP from 2022 onward is based on GDP at market prices with fiscal year 2022/23 as base year

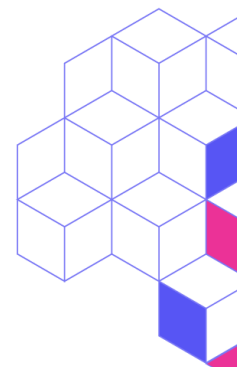
Source(s): International Monetary Fund (World Economic Outlook: April 2026), 1Lattice analysis

1.2. India's per capita income stood at US\$ 2,675.3 in CY25 and is expected to reach US\$ 4,047.8 by CY30P

Global GDP per capita – Top economies
(US\$, CY20-30P)

Top economies		CY20	CY25	CY30P	CAGR CY20-25	CAGR CY25-30P
USA		64,518.0	89,991.2	1,08,659.5	6.9%	3.8%
China		10,700.4	13,968.1	18,775.5	5.5%	6.1%
Germany		47,953.7	60,438.8	74,263.7	4.7%	4.2%
India		1,862.2	2,675.3	4,047.8	7.5%	8.6%
UK		40,844.3	57,608.2	72,501.3	7.1%	4.7%
World		11,213.3	14,714.7	18,168.2	5.6%	4.3%

Source(s): International Monetary Fund (World Economic Outlook: April 2026), 1Lattice analysis

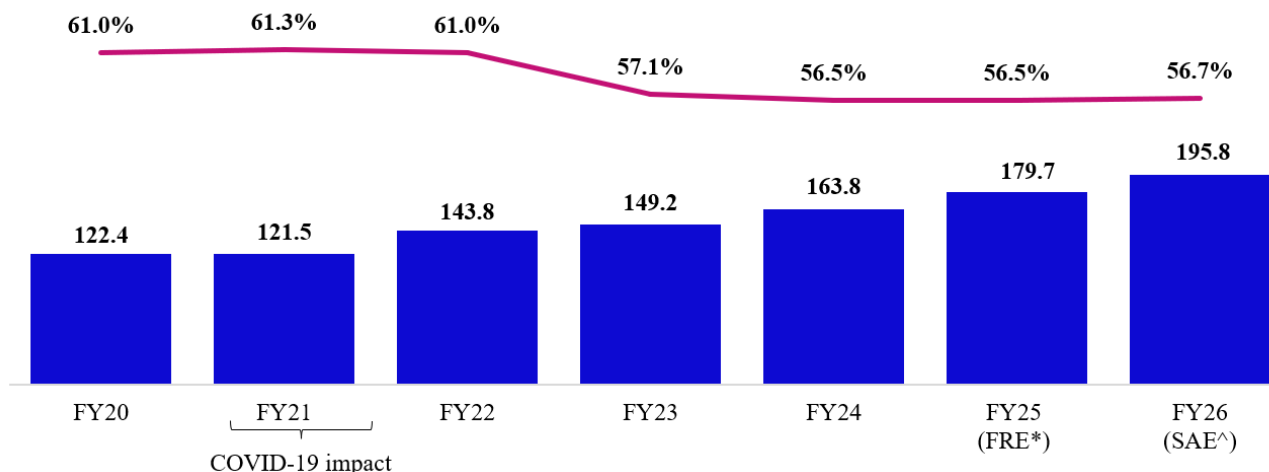


India's per capita income is expected to rise from US\$ 2,675.3 in CY25 to US\$ 4,047.8 by CY30P, growing at a CAGR of 8.6%. This increase is driven by continued strength in the services sector, particularly IT, business services, and financial services, along with steady growth in manufacturing, higher, agricultural output, and robust government spending, making it the fastest-growing major economy, followed by China (6.1%), the UK (4.7%), Germany (4.2%), and the USA (3.8%). Rising income levels are likely to improve household purchasing power and support higher spending across food and grocery categories. This is expected to drive larger basket sizes, higher penetration of branded and packaged products, and gradual premiumisation within grocery retail, benefiting supermarkets through stronger consumption and an improved product mix.

1.3. India's Private Final Consumption Expenditure (PFCE) rose from INR 122.4T in FY20 to INR 195.8T in FY26, indicating steady expansion in domestic consumption

Consumption in India is largely driven by essential and high-frequency categories such as food and grocery, which account for a significant share of household expenditure. Growth in Private Final Consumption Expenditure (PFCE) reflects steady expansion in household spending and domestic demand. While PFCE accounted for around 61.0% of GDP during FY20-FY22, its share moderated thereafter to 56.5% in FY25, before improving marginally to 56.7% in FY26. This indicates that although household consumption continued to grow in absolute terms, other components of GDP, notably government capital expenditure on infrastructure, gross fixed capital formation (GFCF), expanded at a relatively faster pace over the period.

PFCE at current prices & PFCE share in GDP - India
(INR T, %, FY20-26)

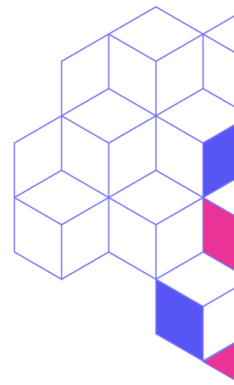


Note(s): *First Revised Estimates, ^Second Advance Estimates
Source(s): Ministry of Statistics and Programme Implementation, 1Lattice analysis

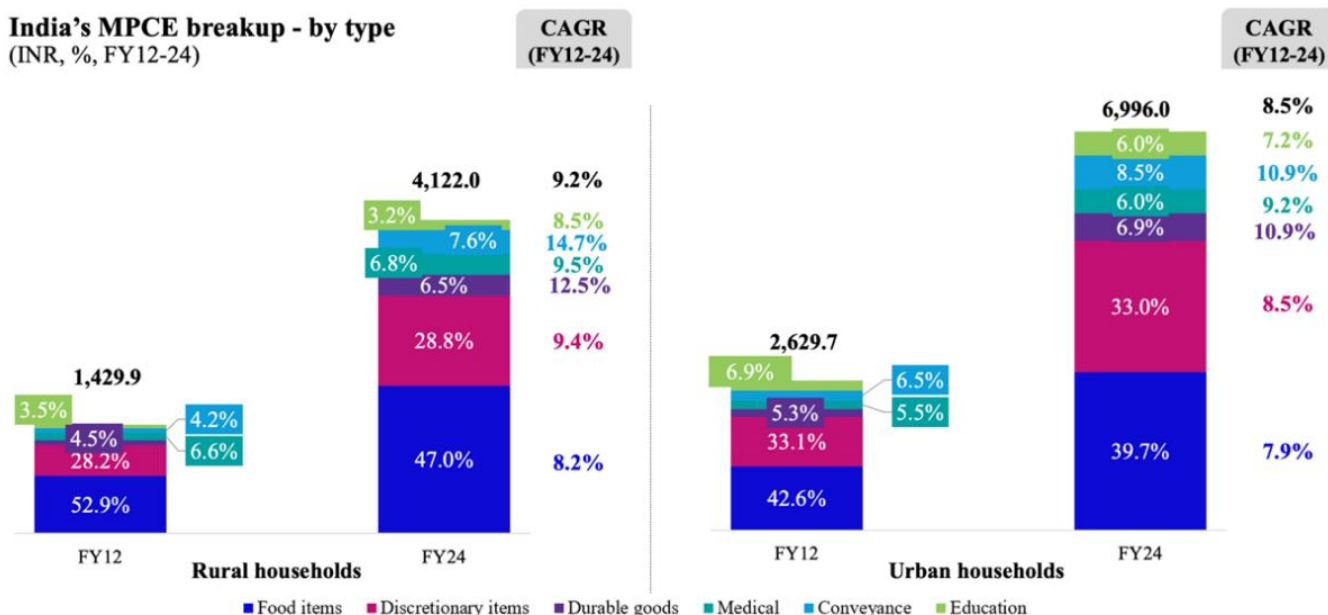
1.4. Food expenditure remained the largest share of MPCE across rural and urban households in FY12 and FY24, underscoring its continued importance in consumption

Food continues to account for the largest share of household expenditure, indicating the importance of essential consumption categories. Between FY12 and FY24, rural and urban consumption patterns evolved toward a more diversified expenditure mix, with food continuing to retain the largest share of Monthly Per Capita Consumer Expenditure (MPCE) at 47.0% in rural and 39.7% in urban households in FY24. This was accompanied by steady expansion in discretionary, mobility, healthcare, and education spending, reflecting improving income levels, strengthening purchasing power, and broader access to essential and value-added services across markets.

Tier 1 cities and urban centres lead in discretionary and premium spending, with high e-commerce adoption and brand consciousness. Tier 2 cities are the fastest-growing retail markets, driven by aspirational middle-class consumers shifting from unorganised to organised retail. Tier 3 cities and beyond remain value-driven, with spending concentrated on essentials and local kirana stores, though all three tiers are poised for significant retail growth as internet penetration deepens, unlocking massive, untapped demand across smaller markets.



India's MPCE breakup - by type (INR, %, FY12-24)

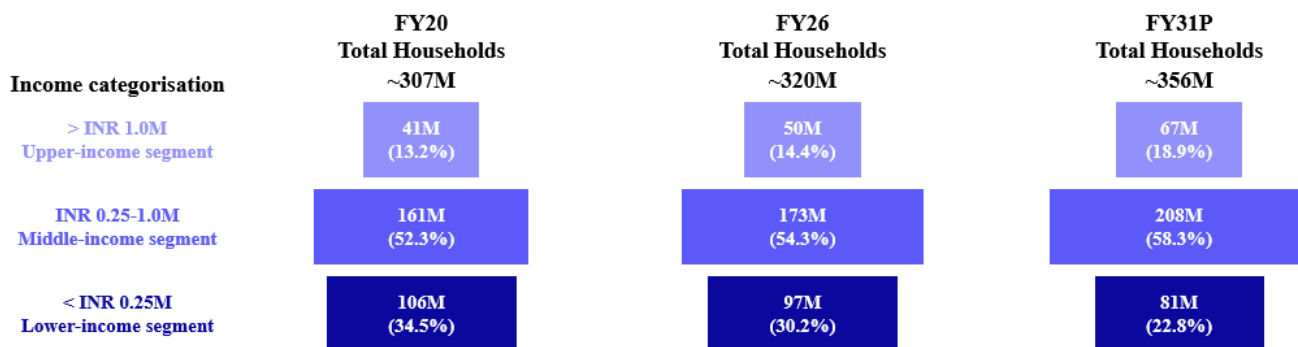


Note(s): Discretionary items include rent, taxes, clothing, fuel and light, entertainment, and other misc. household expenses
Source(s): Ministry of Statistics and Programme Implementation, 1Lattice analysis

1.5. The middle-income segment (with annual income between INR 0.25-1.0M) remains the largest household cohort, expanding from 161M households in FY20 to 208M by FY31P

India's household income pyramid remains anchored by the middle-income segment (INR 0.25-1.0M). Much of this expansion is driven by tier 2&3 cities, signalling income growth beyond metropolitan regions. This 'Middle Income India' cohort is increasingly expanding its discretionary spending across categories. The underlying drivers of this sustained aspiration include a young population with a median age of 29 years, rising urbanisation, greater formalisation of the economy, improving education levels, and increasing access to formal employment. Together, these factors are enabling households to move from lower-income cohorts to middle and higher-income brackets.

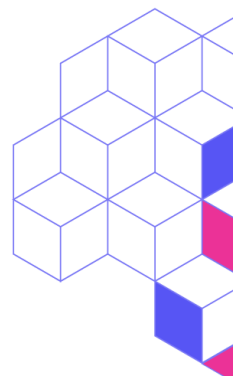
India's income segmentation by household income (M, FY20-31P)



Source(s): 1Lattice analysis

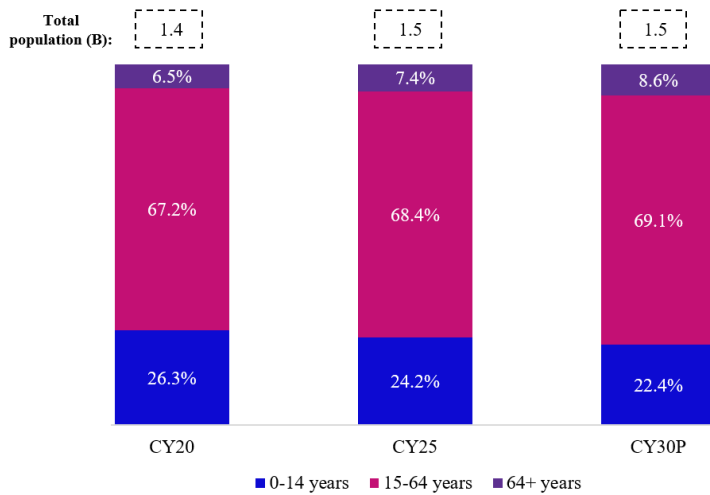
1.6. India's demographic dividend continues to strengthen, supported by a 67-68% working-age population and a rise in female labour force participation from 26.0% to 32.4% during CY20-25

During CY20-25, the working-age population (15-64 years) accounted for a dominant 67-68% of the total population, while children (0-14 years) comprised 25-27% and the elderly (65+ years) made up 6-7%. The share of the 15-64 age group is



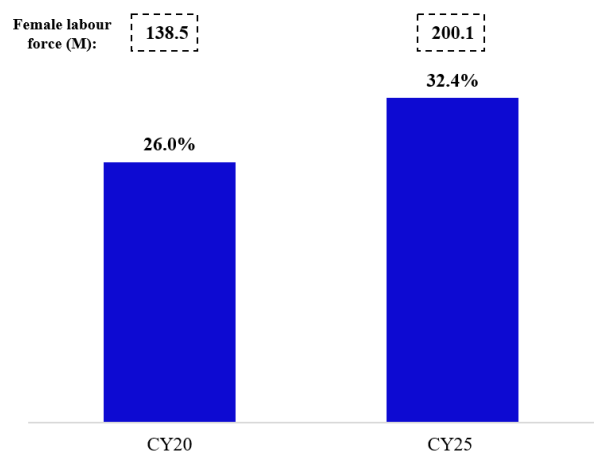
expected to increase further to 69.1% by CY30P. Additionally, the female labour force participation rate increased from 26.0% in CY20 to 32.4% in CY25.

Age-wise population breakdown – India
(%, CY20-30P)



Source(s): PopulationPyramid, 1Lattice analysis

Female labour force participation rate- India
(%, CY20-25)

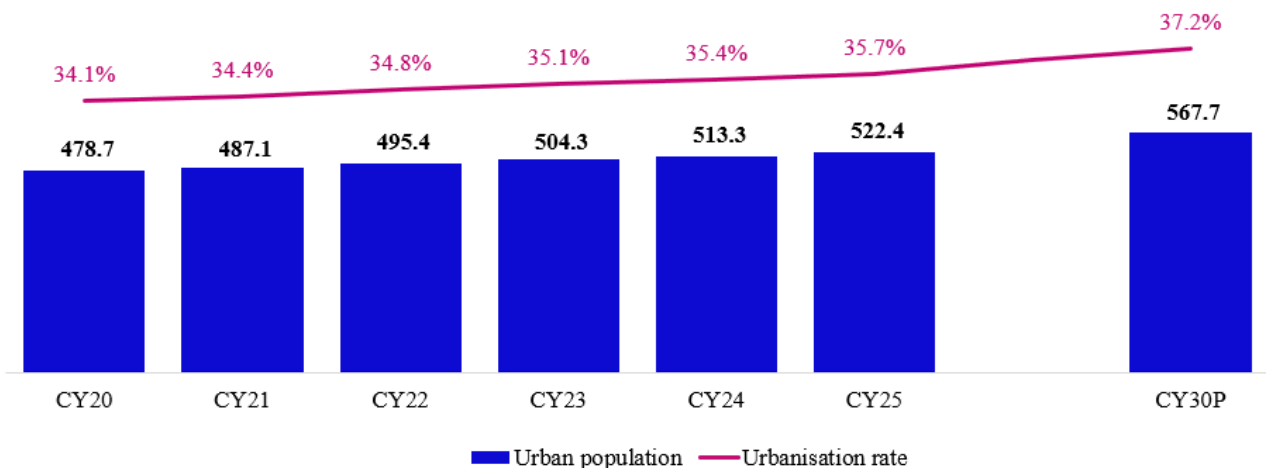


Source(s): World Bank Group, 1Lattice analysis

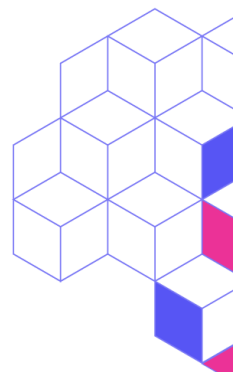
1.6.1 Share of the urban population in India is expected to rise from 35.7% in CY25 to 37.2% in CY30P

India’s urban population has expanded steadily, reflecting a persistent trend of migration toward economic hubs and metropolitan areas. In CY20, the urban population stood at 478.7M, accounting for 34.1% of the total population. In CY25, this figure had increased to 522.4M, with the urbanisation rate rising to 35.7%, highlighting a consistent shift toward urban centres. Looking ahead, India’s urban population is projected to reach 567.7M by CY30P, with the urbanisation rate expected to reach 37.2%. Urbanisation is associated with higher consumption levels and increased penetration of organised retail formats. This ongoing transition reflects fundamental structural changes in population distribution, driving the expansion of organised retail, improved infrastructure, and modern housing ecosystems that cater to an evolving consumer base.

Urban population & urbanisation rate in India
(M, %, CY20-30P)



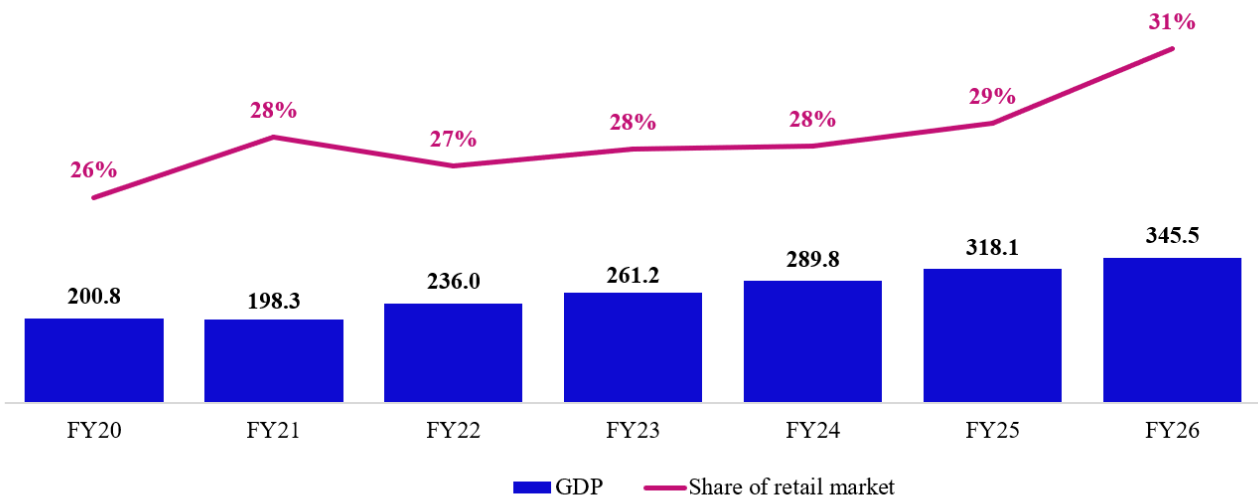
Source(s): World Bank, 1Lattice analysis



1.7. India’s retail’s share of GDP expanded from 26% in FY20 to 31% in FY26, reflecting its rising structural contribution to India’s economic growth

India’s GDP expanded steadily from INR 200.8T in FY20 to INR 345.5T in FY26, reflecting a strong post-pandemic recovery and sustained economic momentum. Over the same period, the retail sector’s share of GDP increased from 26% to 31%, indicating faster growth relative to the overall economy. The sharp uptick post FY24 highlights improving consumption demand, supported by rising incomes and urbanisation. This trend underscores retail’s increasing structural importance as a key driver of domestic consumption and economic growth.

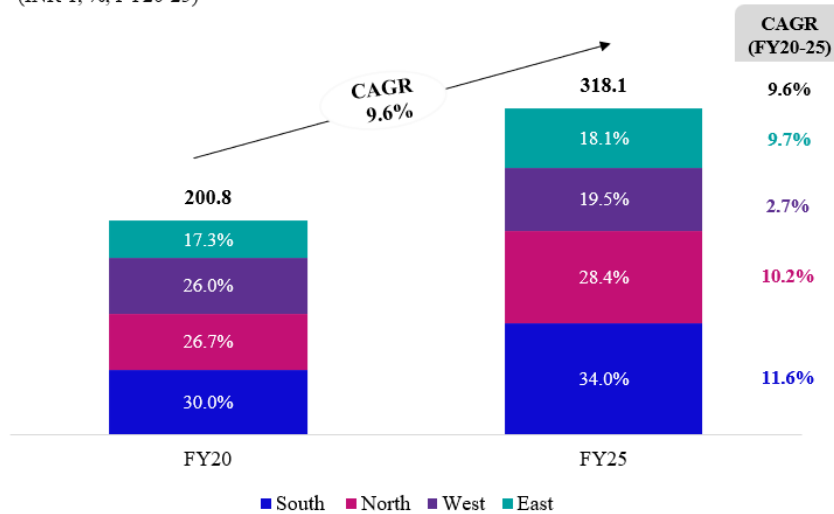
India’s GDP & share of retail market
(INR T, %, FY20-26)



Source(s): MoSPI, 1Lattice analysis

1.8. South India’s share in India’s GDP increased from 30.0% in FY20 to 34.0% in FY25, reflecting the region’s rising contribution to the country’s economic growth

GDP contribution in India (at current prices) – by region
(INR T, %, FY20-25)



Note(s): South India GDP has been calculated as the aggregate GDP of Kerala, Karnataka, Andhra Pradesh, Tamil Nadu, and Telangana
Source(s): Ministry of Statistics and Programme Implementation, 1Lattice analysis

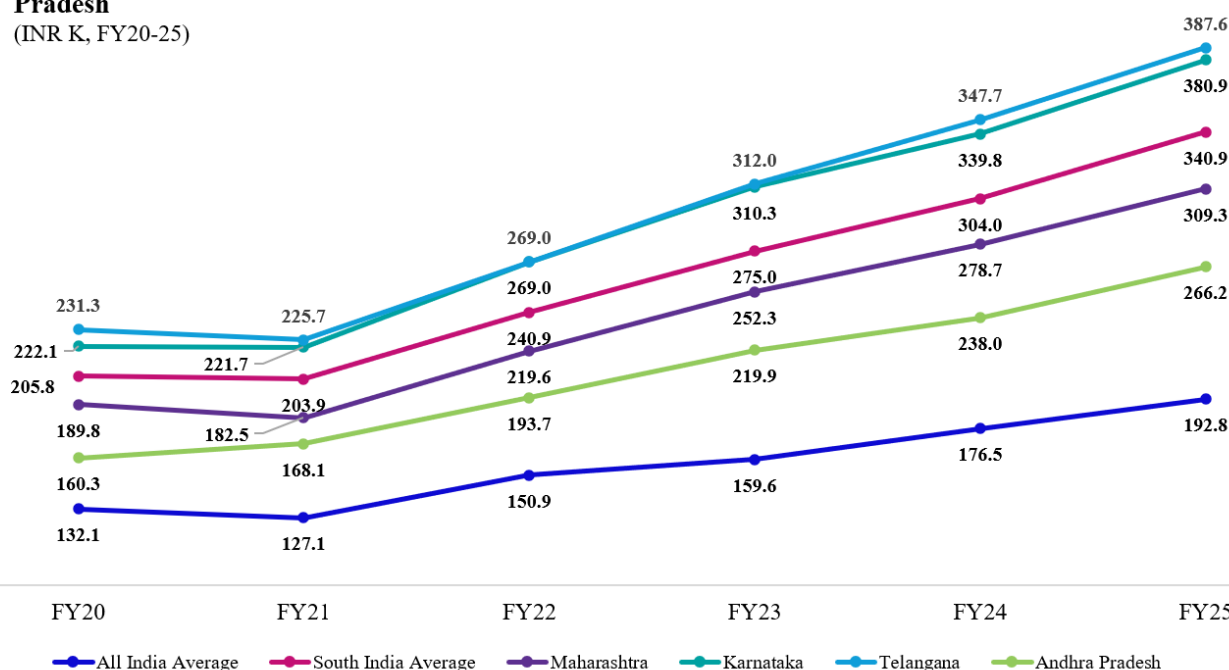


South India’s contribution to India’s GDP increased steadily from 30.0% in FY20 to 32.0% in FY24 and further to 34.0% in FY25. In absolute terms, the India’s GDP rose from INR 200.8T in FY20 to INR 318.1T in FY25, indicating sustained economic expansion over the period. The rising share also indicates that South India has grown faster than the rest of India during the same period. This growth has been supported by the region’s strong presence across key sectors such as services, manufacturing, technology, healthcare, and exports.

1.9. Per capita income in South India reached INR 340.9K in FY25, nearly 1.8x the all-India average of INR 192.8K; states such as Telangana, Karnataka, and Maharashtra reported per capita incomes significantly above the national average

Average per capita income – India, South India, Maharashtra, Karnataka, Telangana, Andhra Pradesh

(INR K, FY20-25)

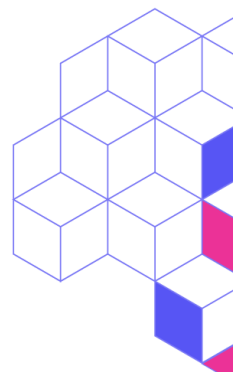


Note(s): South India GDP has been calculated as the aggregate GDP of Kerala, Karnataka, Andhra Pradesh, Tamil Nadu, and Telangana
Source(s): Ministry of Statistics and Programme Implementation, 1Lattice analysis

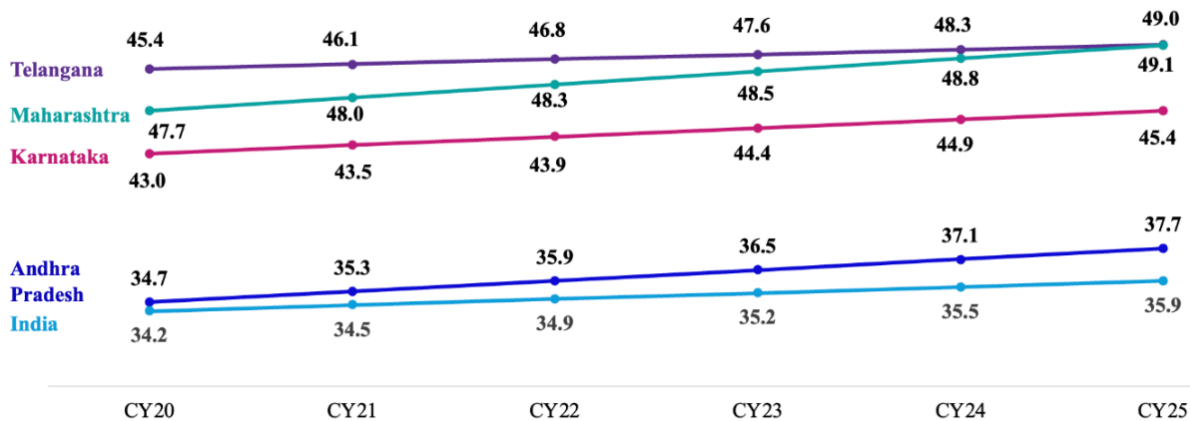
South India’s average per capita income remained higher than the all-India level throughout FY20-25 and recorded a sharper increase over the period. After a marginal decline in FY21 due to covid, per capita income in South India rose steadily from INR 240.9K in FY22 to INR 340.9K in FY25, while the national average increased from INR 150.9K to INR 192.8K over the same period. The gap between South India and India also widened in absolute terms, reflecting relatively stronger income growth in the region. Higher income levels, urbanisation, stronger services-led employment, and deeper financial inclusion across South India support consumption in both essential and discretionary categories, including grocery retail.

1.10. Urbanisation increased steadily across four states, Andhra Pradesh, Karnataka, Maharashtra and Telangana, with Maharashtra and Telangana nearing 49.1% and 49.0% respectively in CY25

States like Telangana, Maharashtra, Karnataka, and Andhra Pradesh remained more urbanised than India during CY20–25, with urbanisation levels in CY25 ranging from 37.7% to 49.1% compared to the national average of 35.9%. Maharashtra and Telangana were the most urbanised among these, reaching 49.1% and 49.0%, respectively, in CY25. Karnataka also witnessed a gradual rise, reaching 45.4%, while Andhra Pradesh increased to 37.7% over the same period. The higher urbanisation in Maharashtra and Telangana is primarily driven by the concentration of large urban economic centres, led by Mumbai-Pune and Hyderabad, which have experienced stronger job creation, inward migration, and infrastructure expansion. In contrast, the other states have seen more gradual urban expansion.



Urbanisation – India vs Key states
(%, CY20-25)



Source(s): National Commission on Population, 1Lattice analysis

1.11. Telangana led in both MPCE growth and spending levels, with FY24 expenditure significantly above India, emerging as the most consumption-intensive market across rural & urban segments

Monthly per capita consumer expenditure (MPCE) increased significantly across India and below mentioned states, Andhra Pradesh, Karnataka, Telangana, Maharashtra, between FY12 and FY24, with these consistently outperforming the national average in both rural and urban segments. Telangana emerged as the strongest market, recording the highest FY24 MPCE and the fastest growth over the period, with CAGRs of 10.8% in rural and 10.5% in urban areas. Karnataka and Andhra Pradesh also remained above the national average, reflecting relatively stronger household spending and a broader consumption base, while Maharashtra showed healthy urban expenditure but comparatively slower rural growth. In terms of retail consumption intensity, Telangana led across the 4 states mentioned, with FY24 indices of 131.9% (rural) and 128.3% (urban), alongside the sharpest improvement from FY12 levels. Andhra Pradesh remained strong in rural consumption at 129.2%, while Karnataka maintained a balanced profile across segments. Maharashtra, in contrast, stayed closer to the national benchmark, particularly in rural areas.

MPCE – India vs Key states
(INR, FY12-24)

India vs States	FY12, Rural	FY24, Rural	FY12, Urban	FY24, Urban	CAGR FY12-24 (Rural)	CAGR FY12-24 (Urban)
India	1,430.0	4,122.0	2,630.0	6,996.0	9.2%	8.5%
Andhra Pradesh*	1,754.0	5,327.0	2,685.0	7,182.0	9.7%	8.5%
Karnataka	1,561.0	4,903.0	3,026.0	8,076.0	10.0%	8.5%
Telangana^	1,591.3	5,435.0	2,718.7	8,978.0	10.8%	10.5%
Maharashtra	1,619.0	4,145.0	3,189.0	7,363.0	8.1%	7.2%

Note(s): *FY12 Andhra Pradesh figure pertain to the combined Andhra Pradesh before bifurcation
^FY12 Telangana figures are based on pooled NSS 68th Round estimates
Source(s): Directorate of Economics & Statistics, 1Lattice analysis

Retail consumption intensity – Key states
(%, FY12-24)

States	FY12, Rural	FY24, Rural	FY12, Urban	FY24, Urban
Andhra Pradesh*	122.7%	129.2%	102.1%	102.7%
Karnataka	109.2%	118.9%	115.1%	115.4%
Telangana^	111.3%	131.9%	103.4%	128.3%
Maharashtra	113.2%	100.6%	121.3%	105.2%

Note(s): Retail consumption intensity is calculated as State MPCE / All-India MPCE × 100, with All-India taken as the base index of 100; *FY12 Andhra Pradesh figure pertain to the combined Andhra Pradesh before bifurcation; ^FY12 Telangana figures are based on pooled NSS 68th Round estimates
Source(s): Directorate of Economics & Statistics, 1Lattice analysis



2. Overview of India’s retail market

2.1 India retail market stood at INR 101.9T in FY26 and is projected to grow to INR 168.5T by FY31P at a CAGR of 10.7% over FY26-31P

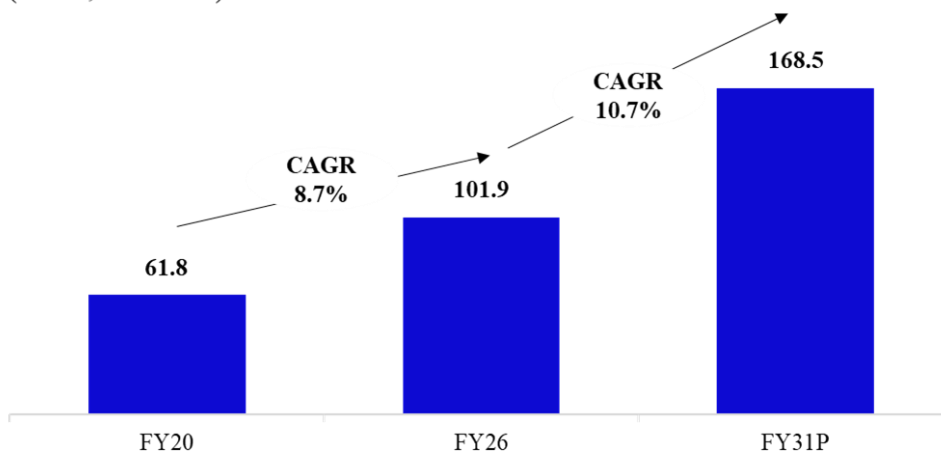
Driven by steady consumption and expansion of organised retail formats, the India retail market grew from INR 61.8T in FY20 to INR 101.9T in FY26, registering a CAGR of 8.7%. The retail market is diversified across key categories, including food & grocery, apparel and general merchandise (including consumer electronics, home décor, and beauty and personal care), with food & grocery accounting for the largest share.

Retail consumption accounted for 69-71% of India’s total consumption expenditure in FY26, highlighting the sector’s central role in the country’s consumption-led economic structure. This is supported by an increase in gross national income from ~INR 326T in FY25 to ~INR 352T in FY26, according to the National Statistics Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), reflecting continued economic expansion.

Consumption has strengthened over the last six years, supported by rising discretionary spending, a growing aspirational consumer base, favourable demographics and increasing income levels. Expansion of modern retail formats has enabled greater penetration across Tier 2 and below, alongside continued strength in urban markets. Increasing digital access has further enhanced consumer reach and accessibility across regions.

Looking ahead, the retail market is projected to reach INR 168.5T by FY31P, growing at a CAGR of 10.7% during FY26-31P. This expansion is expected to be supported by continued expansion of organised retail, improving retail infrastructure, and evolving consumption patterns across urban and non-urban markets, positioning the sector for sustained long-term growth.

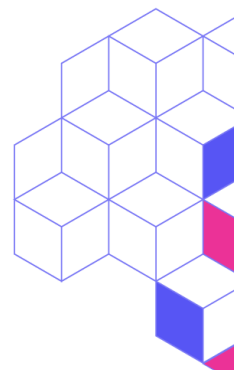
India retail market size
(INR T, FY20-31P)



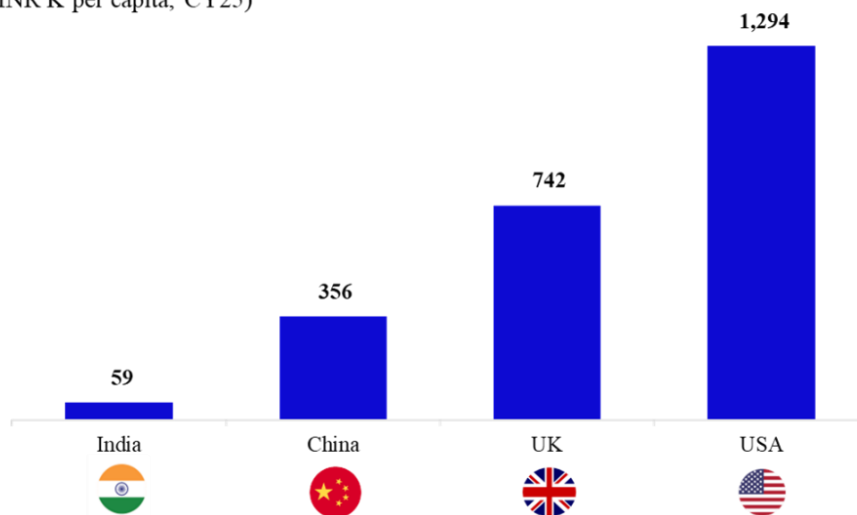
Source(s): 1Lattice analysis

2.1.1 India’s per capita retail spending remains lower than global benchmarks, reflecting the under-penetration of consumption

As of CY25, per capita retail spends in India stood at approximately INR 59K (~US\$ 700), supported by rising disposable incomes and improving consumption patterns across urban and rural markets. However, India continues to lag significantly behind major economies. Per capita retail spending in CY25 is estimated at ~INR 1,294K (~US\$ 15K) in the United States, while in the UK it stands at ~INR 742K (~US\$ 8K) and China it stands at ~INR 356K (~US\$ 4K), indicating a substantial gap in consumption levels. Consumption patterns in India are also evolving, with a gradual shift towards discretionary categories and increasing non-food expenditure across both rural and urban households. This reflects improving purchasing power and broad-based consumption deepening across regions.



Retail spending per capita – India vs key global markets
(INR K per capita, CY25)



Source(s): 1Lattice analysis

2.1.2 India’s retail sector is shaped by the rise of value formats, along with evolving consumer and operating dynamics

India’s retail sector is witnessing shifts across formats, channels, and operating models, reflecting changing consumption patterns and expansion across both urban and non-metro markets.

Key trends in India retail

- **Growth of value retail formats:** Value retail, characterised by affordable pricing and acceptable quality, is expanding across income segments, driven by affordability-led consumption and demand for entry-level branded products, particularly in Tier 2 and below markets. The segment has also attracted established retailers through dedicated value formats such as Zudio (Trent) and Yousta (Reliance Retail), highlighting its growing importance within organised retail.
- **Increasing share of organised retail:** Organised retail is gradually gaining share, supported by store expansion, standardised pricing, superior consumer experience and improved sourcing efficiencies by leveraging negotiations at scale and deep market insights across products and regions.
- **Rise of omni-channel retail models:** Retailers are increasingly integrating physical stores with digital platforms, enabling flexible fulfilment models and improving customer engagement across channels.
- **Expansion into non-metro markets:** Retail growth is increasingly driven by Tier 2 and below cities, supported by rising incomes, urbanisation and increasing investments in retail infrastructure to provide a better shopping experience and expanding store networks.
- **Private label and assortment optimisation:** Equipped with competitive pricing strategies and demand data, retailers are working on private labels and curated assortments responding to consumer demands and shifts, which increase sales and improve margins.

2.1.3 Food & grocery dominates India’s retail market with 64.2% share in FY26, followed by apparel & footwear and appliances & consumer durables

India retail market can be broadly segmented into food & grocery, apparel, and general merchandise. General merchandise comprises non-food, daily-use household and personal consumption products, including categories such as appliances & consumer durables, furniture & furnishings, and personal care. Within the retail market, food & grocery accounts for 64.2% of total retail in FY26, reflecting its essential nature and high share in overall consumption. Demand in this category remains stable and non-discretionary, driven by routine household consumption.








Discretionary categories, particularly apparel and footwear, are witnessing relatively faster growth, supported by rising disposable incomes and evolving consumption preferences. This trend is particularly evident in urban markets and expanding Tier 2 cities, where improving purchasing power and a growing middle-income segment are driving higher discretionary spending. Within apparel, growth is underpinned by the expansion of value fashion, increasing casualisation and demand for comfort wear, as well as the emergence of regional brands scaling nationally.



while the share of unorganised retail (which includes local kirana stores, mom-and-pop outlets, and independent retailers) has declined over the same period. This shift is reflected in the gradual formalisation of the sector and expansion of modern retail formats across urban and non-urban markets. With the continued expansion of modern retail store networks and increasing integration of digital and physical retail channels, organised retail is expected to expand further to 32.0% by FY31P, signalling a decisive shift towards the formal retail formats.

2.1.5 India’s retail landscape has evolved from fragmented offline formats to integrated omni-channel ecosystems driven by digital adoption and convenience-led consumption

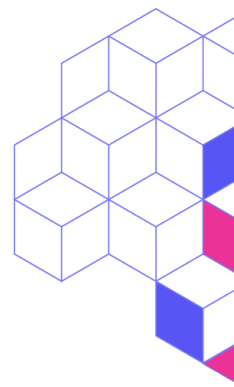
The sector has undergone a structural transformation over time, shifting from traditional offline retail to digitally enabled omni-channel models. Rising internet penetration, smartphone adoption, digital payments infrastructure and changing consumer preferences have accelerated the integration of online and offline channels. This evolution is particularly evident in urban markets, where convenience, speed and seamless shopping experiences are becoming key drivers of consumer behaviour.

Evolution of omni-channel retail						
<p>Retail was largely dominated by kirana stores and standalone outlets, with gradual emergence of supermarkets and modern trade formats, driving early retail formalization despite limited technology integration and a fragmented market structure</p>	<p>Growth in internet penetration and smartphone usage led to the rise of online marketplaces, enabling price discovery and convenience-led shopping, with early online-offline integration</p>	<p>Retailers began integrating digital and physical channels, supported by the rise of mobile-first commerce, app-based ecosystems and digital payments, enabling models such as click-and-collect, ship-from-store and improved customer experience</p>	<p>Pandemic accelerated online grocery adoption and digital commerce, supported by rapid growth in UPI payments, contactless transactions and home delivery, strengthening digital infrastructure and consumer trust in online channels</p>	<p>Period witnessed rapid expansion of quick commerce, driven by increasing consumer adoption, dense dark store networks and faster delivery models, making it a key channel within urban grocery and daily essentials retail</p>	<p>Quick commerce is expanding beyond grocery into multiple categories, driven by dark store growth, hyperlocal fulfillment, and improving unit economics, enhancing speed and customer experience</p>	<p>Retail is evolving into data-driven omni-channel ecosystems, enabling personalization, better demand forecasting, optimized inventory, and stronger customer retention across channels</p>
<p>Pre-2010: Traditional and early organised retail</p> 	<p>2010-2016: E-commerce emergence</p> 	<p>2016-2020: Omni-channel adoption</p> 	<p>2020-2022: Acceleration driven by COVID-19</p> 	<p>2022-2024: Rapid scale-up of quick commerce</p> 	<p>2024-Present: Quick commerce & hyperlocal integration</p> 	<p>Emerging: Data-driven omni-channel ecosystems</p> 

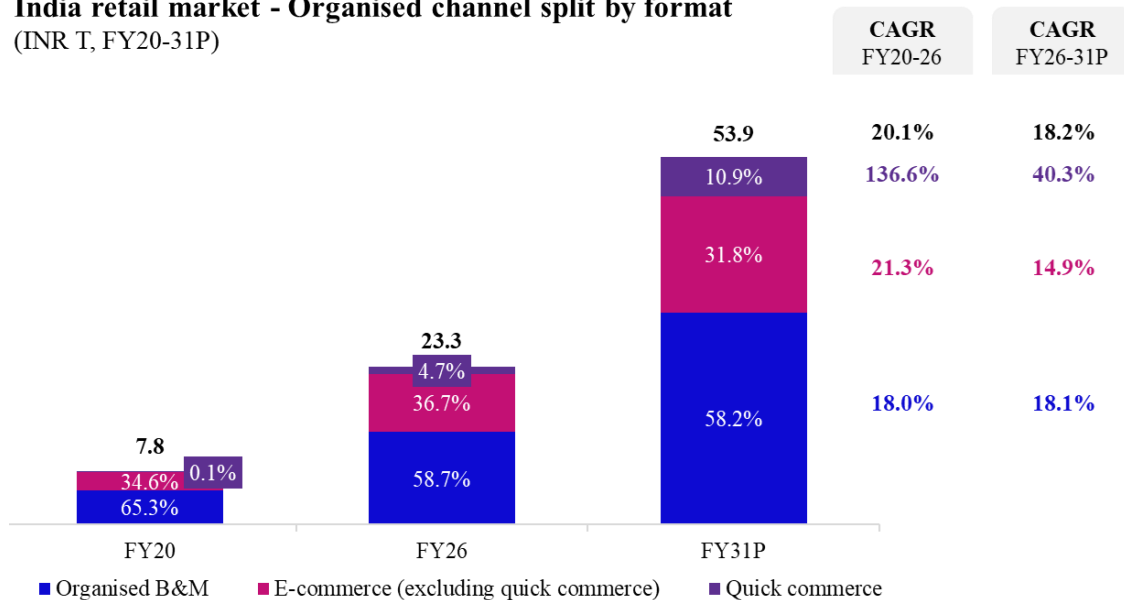
2.1.6 Organised brick-and-mortar (B&M) retail remains dominant in India’s retail landscape

The organised retail landscape is dominated by organised brick-and-mortar retail, accounting for 58.7% in FY26 and expected to remain substantial at 58.2% by FY31P. Its continued relevance is supported by a strong presence across essential categories such as food and grocery, where factors such as freshness, immediacy, and product trust favour physical stores. Digital channels are expanding gradually, with e-commerce (excluding quick commerce) accounting for 36.7% and quick commerce for 4.7% in FY26, projected to be 31.8% and 10.9%, respectively, by FY31P, driven by improving digital access and logistics infrastructure. While penetration remains higher in discretionary categories, adoption in food and grocery remains relatively low, reinforcing the role of offline retail.

Within e-commerce, quick commerce is emerging as a fast-growing sub-segment, particularly in urban markets, catering to top-up and convenience-led purchases. Its growth is influencing consumption patterns in food and grocery by increasing purchase frequency while reducing average order values and basket sizes, particularly in dense catchments. This shift has implications for store economics, with potential diversion of high-frequency, low-ticket purchases from neighbourhood stores to online platforms. At the same time, the impact remains concentrated in select geographies, and physical retail continues to retain relevance for planned purchases, fresh categories, and value-led consumption.



India retail market - Organised channel split by format
(INR T, FY20-31P)

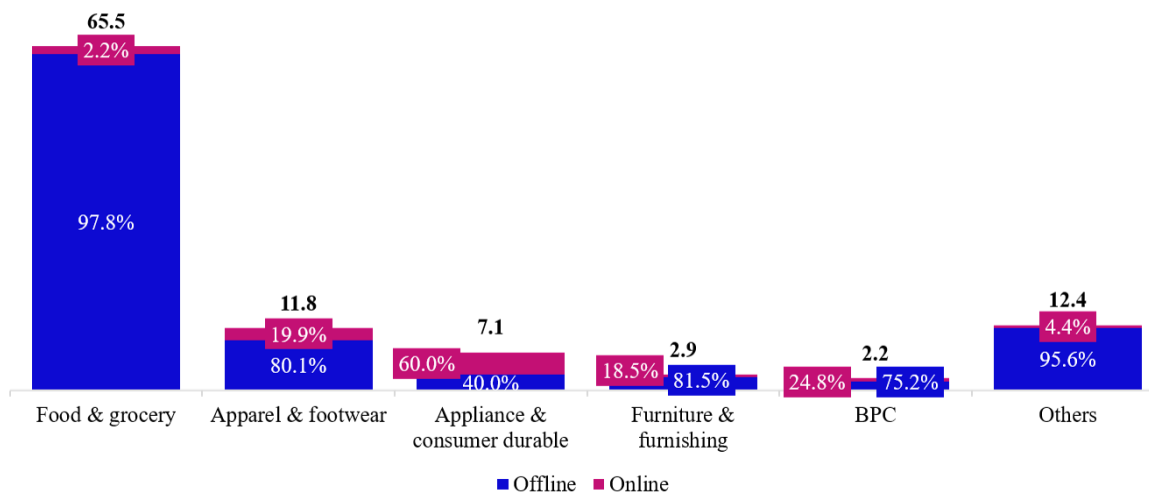


source(s): 1Lattice analysis

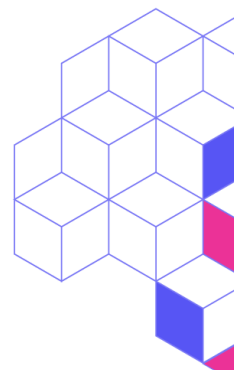
2.1.7 Online penetration varies across product categories, ranging from 2.2% in food & grocery to 19.9% in apparel & footwear, reflecting category-specific adoption patterns

Online penetration varies across retail categories, reflecting differences in purchase behaviour, product characteristics and fulfilment requirements. Categories such as food & grocery (97.8% offline; 2.2% online) and apparel & footwear (80.1% offline; 19.9% online) remain predominantly offline-led, supported by habitual purchase patterns and the importance of physical access. Appliances & consumer durables (40.0% offline; 60.0% online) exhibit relatively higher online penetration, supported by standardised products, wider assortment availability and high digital awareness and discovery-led purchasing. Categories such as furniture & furnishings (81.5% offline; 18.5% online) and BPC (75.2% offline; 24.8% online) are seeing gradual adoption, driven by review-based purchases and rising digital engagement, while others (95.6% offline; 4.4% online) remain predominantly offline.

India retail split by channel - By category
(INR T, %, FY26)



Source(s): 1Lattice analysis



Going forward, online penetration is expected to increase gradually across categories, supported by improving digital infrastructure, quick commerce expansion and rising consumer comfort with online purchasing. Categories such as apparel and consumer durables are expected to witness relatively faster online adoption, driven by digital discovery, wider assortment availability and omnichannel retail models. In contrast, food & grocery and furniture are expected to remain relatively offline-led due to purchase frequency, fulfilment complexity and the importance of physical evaluation. Overall, online adoption remains uneven across categories, with offline channels continuing to account for a higher share across most segments, reflecting category-led adoption patterns and the co-existence of online and offline channels.

2.1.8 India’s retail market is characterised by supply chain inefficiencies, cost pressures and regulatory fragmentation

India’s retail market operates within a complex environment, shaped by supply chain inefficiencies, cost pressures and regulatory fragmentation, which influence scalability and operating efficiency.

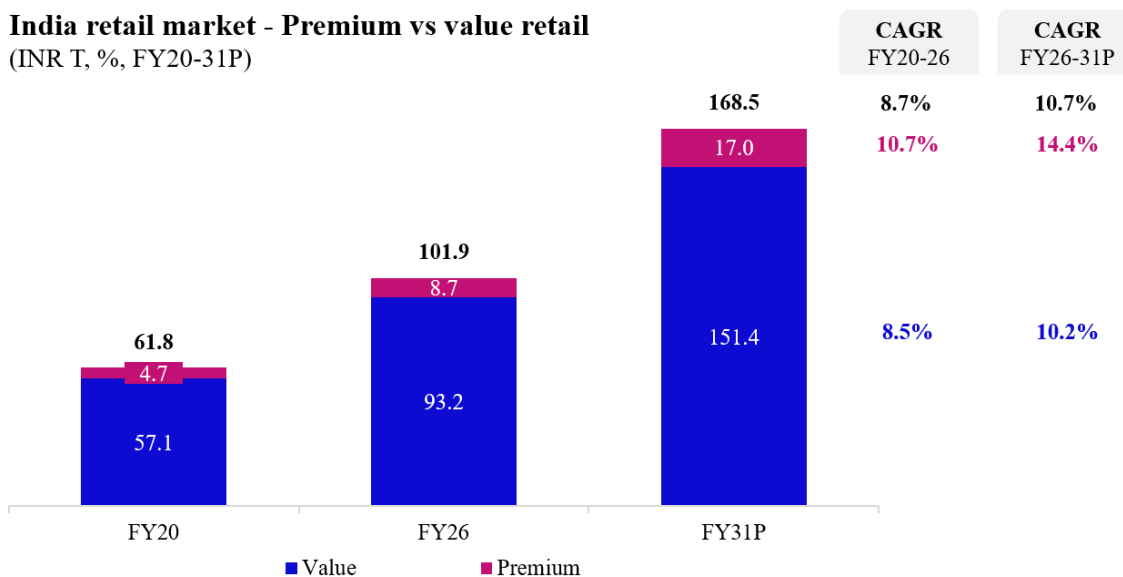
- **Supply chain complexities in grocery retail:** Fragmented sourcing, limited cold-chain infrastructure and high logistics costs continue to impact product availability and consistency, especially in perishable categories.
- **Store expansion economics and real estate costs:** Retail expansion is increasingly influenced by rising real estate and rental costs, with store performance dependent on location viability, rental economics and expected footfall.
- **Regulatory and operational complexities:** Retailers operate within a multi-layered regulatory framework, increasing administrative effort across multiple states and formats.

Players that are able to address these challenges through supply chain integration, scale-driven procurement, technology-led operations, and standardised processes across geographies are likely to benefit from improved cost efficiencies, better inventory management, and enhanced margins, resulting in a competitive advantage over fragmented and unorganised players.

2.2 Value retail segment is expected to increase from INR 57.1T in FY20 to INR 93.2T in FY26 and further to INR 151.9T by FY31P, supported by value-conscious consumption and rising middle-income households

India’s consumption landscape is significantly influenced by a large and expanding middle-income population, enabled by rising income levels and upward mobility, as reflected in the increase in income tax return filings from 6.9 crore in FY22 to 9.2 crore in FY25, indicating a growing number of individuals entering the formal income bracket. This shift supports demand for moderately priced products that balance affordability with perceived value.

India retail market - Premium vs value retail
(INR T, %, FY20-31P)



Within the overall retail market, value retail represents a distinct segment characterised by price-led offerings, high inventory turnover, and cost-efficient operating models. The value retail segment accounts for a significant share of India’s retail market, contributing INR 93.2T in FY26, from INR 57.1T in FY20, reflecting sustained price sensitivity across mass consumption segments. The value retail segment spans both mass and masstige categories, where mass refers to entry-level, highly affordable

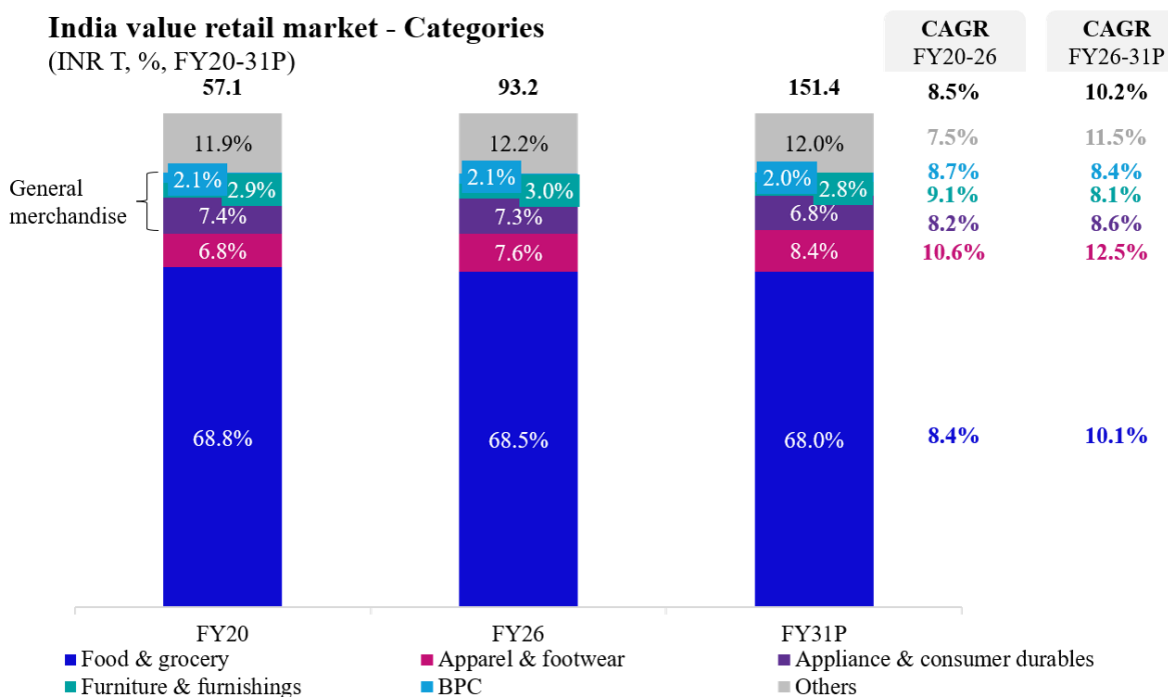


products catering to essential consumption. Masstige refers to products positioned between mass and premium, offering improved quality, design and brand appeal at accessible price points. As a result, demand remains concentrated in mid-tier price points across categories, supporting strong traction for value-driven assortments, private labels and cost-efficient retail formats.

2.2.1 Food & grocery dominates value retail with 68.5% share in FY26, followed by general merchandise (12.4%) and apparel & footwear (7.6%)

The value retail market spans food & grocery, apparel & footwear, general merchandise (including non-food daily-use household and personal consumption products such as appliances & consumer durables, furniture & furnishings, and personal care), and other categories, enabling retailers to drive higher basket sizes through cross-category offerings and one-stop shopping formats. In FY26, food & grocery accounts for 68.5% of the value retail market, followed by general merchandise (12.4%) and apparel & footwear (7.6%). This category mix is expected to remain largely stable through FY31P, with food & grocery continuing to dominate at ~68.0%, while general merchandise and apparel & footwear maintain broadly similar shares.

Food & grocery remains a key traffic driver within value retail, anchoring store footfall through high-frequency, low-ticket purchases, particularly in offline and proximity-led formats. The apparel & footwear category plays a critical role in increasing ticket sizes and improving store economics, supported by demand for affordable discretionary products across Tier 2 and below markets. General merchandise further supports basket expansion through non-food daily-use and household products, complementing essential and discretionary purchases. Value retailers are increasingly leveraging private label-led assortments and curated merchandise to offer competitive options across categories. This integrated category mix allows value retailers to balance volume-driven essentials with higher-margin discretionary products, strengthening overall profitability and repeat purchase behaviour.



Note(s): Food & grocery includes staples (grains, pulses, packaged foods), fresh produce (fruits, vegetables, dairy, meat), beverages, and daily household essentials; Apparel & footwear includes apparel, footwear, and fashion accessories; Appliances & consumer durables include consumer electronics and appliances such as televisions, refrigerators, washing machines, mobile devices, and other electronic goods; Furniture & furnishing include home furniture, furnishings, and home décor products; BPC (Beauty & Personal Care) includes skincare, haircare, cosmetics, personal hygiene, and grooming products; Others include categories such as pharma, gems & jewellery, books, toys, etc.
 Source(s): 1Lattice analysis



2.2.2 The value retail in India is evolving with formalisation, premiumisation within value anchored in affordability and value-for-money, and expansion into non-metro markets

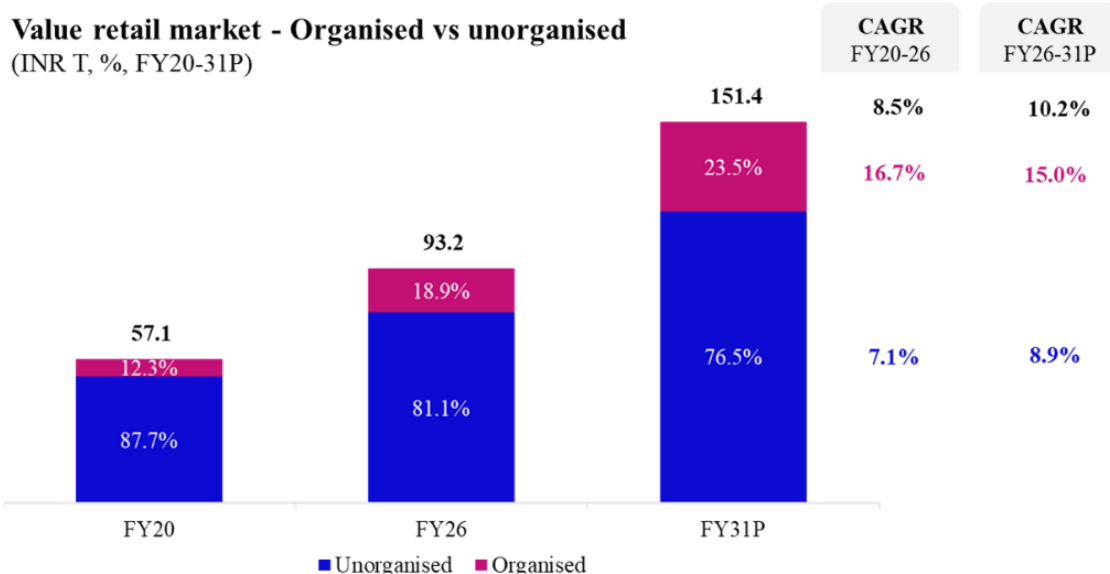
The value retail segment in India continues to evolve, driven by shifting consumer preferences, expanding middle-income households, and increasing formalisation of retail formats. While affordability remains central, retailers are adapting their operating models to balance price competitiveness with scale, efficiency, and improved in-store experience.

Key trends

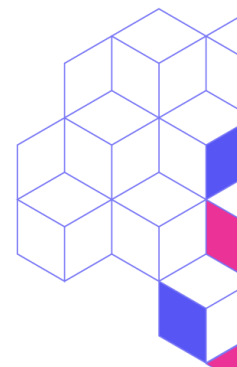
- **Expansion across Tier 2 and beyond markets:** Value retail growth is increasingly driven by non-metro regions, supported by rising disposable incomes, improving retail infrastructure, and growing access to organised retail formats. Cities such as Lucknow, Coimbatore, Indore, Jaipur, Kochi, and Bhubaneswar are emerging as key growth hubs, driven by urbanisation, infrastructure development, and rising middle-class populations.
- **Value retail chains are formalising fragmented local markets:** Consumers are gradually shifting towards organised retail away from unorganised channels, namely general trade outlets for better assortment, pricing transparency, and in-store experience.
- **Shift toward aspirational small and mid-scale brands:** Consumers are gradually moving up from basic mass products and valuing quality, reliability, and aspirational offerings over simple price considerations. Small and mid-scale brands are agile enough to adapt to the heterogeneity in demand of India consumers and able to reach them through organised retailers.
- **Growth of private labels and value-led assortments:** Organised retailers with deep market insights are able to identify and exploit niche gaps, thus expanding into private labels and trend-responsive assortments to offer competitive pricing while improving margins and strengthening customer retention.

2.2.3 Organised value retail share is expected to increase from 18.9% in FY26 to 23.5% by FY31P, while unorganised retail continues to be supported by proximity, localised assortments and flexible pricing

The value retail segment remains largely unorganised, accounting for 81.1% share in FY26, with organised value retail contributing 18.9%. The unorganised segment continues to benefit from proximity, pricing flexibility and deep local penetration, particularly in food and grocery. However, the organised segment is expected to increase its share to 23.5% by FY31P, supported by expansion of value retail chains, improved sourcing efficiencies and increasing consumer preference for standardised pricing and assortment. Within organised value retail, e-commerce accounts for 37.5% of the market in FY26 (vs 37.7% in FY20), while quick commerce contributes 2.7%, reflecting the emergence of rapid-delivery-led formats within value retail. While online channels are expected to continue expanding, organised Brick & Mortar (B&M) retail is projected to maintain channel leadership and grow at a relatively faster pace over FY26–31P, supported by ongoing store expansion, proximity advantage and increasing penetration across urban and semi-urban markets.









Source(s): 1Lattice analysis



2.2.4 Omnichannel adoption in value retail integrates store-led trust with digital reach, enabling wider assortment access, flexible fulfilment models, and improved cost efficiencies

While omnichannel models are gaining relevance, large-format B&M retailers continue to adapt by strengthening in-store experiences, including improved merchandising, assisted selling, and selective use of technology. This enables them to enhance customer engagement and conversion, allowing store-led formats to remain competitive even with relatively limited online integration.

Role of omnichannel in value retail	
 Consumer trust & acquisition	Physical stores enable trust-building and assisted buying , which is critical for value-conscious consumers who rely on seller guidance. This also reduces hesitation in online purchases by bridging the “touch and feel” gap and improving purchase confidence
 Geographic expansion	Access to underserved Tier 2/3/4 markets improves through omnichannel models, where consumers have limited access to organised retail. Online channels further expand availability of affordable and relevant merchandise , addressing gaps in accessibility
 Assortment expansion	The “ endless aisle ” concept overcomes limitations of in-store assortment due to space and cost constraints, helping offer wider and locally relevant SKUs across price segments
 Private label enablement	Integrated platforms support the scaling of private labels through improved visibility and targeted placement across channels, while also enabling affordable alternatives with higher margins
 Consumer engagement	Multiple consumer touchpoints across the purchase journey improve conversion and repeat purchases . Assisted commerce further strengthens engagement in low brand-loyalty, price-sensitive segments
 Cost-efficient fulfilment	Store-led models such as click & collect and ship-from-store help reduce last-mile delivery costs . This remains critical in value retail, where profitability depends on lower fulfilment costs and higher order efficiency

2.2.5 Diverse value-led e-commerce models are scaling, supported by evolving consumer behaviour, digital reach, and non-metro demand

The growth of value-focused e-commerce formats in India reflects an evolving shift in how price-conscious consumers access affordable and relevant products. Initially driven by horizontal marketplaces offering wide assortments at competitive prices, the landscape has expanded with the emergence of specialised models as demand deepened across non-metro markets, with retailers and e-commerce platforms carving out distinct positions based on customer needs, product categories, pricing bands, and fulfilment strategies.

Value-focused platforms offering curated assortments across categories such as food and grocery, fashion, home, and BPC at lower price points, along with category-specific vertical models, are gaining traction through improved control over pricing and assortment. These platforms operate through a mix of fulfilment models, including asset-light structures, captive logistics platforms, and third-party logistics (3PL) partnerships, enabling scalability and cost efficiency. More recently, formats such as quick commerce and trend-led models have expanded into this segment through faster fulfilment and frequent assortment refreshes.

2.2.6 Value retail operates under constrained margins and execution-intensive operating conditions

Value retail is characterised by intense competition, cost sensitivity and operational complexity, requiring efficient sourcing, pricing discipline and strong execution to sustain profitability.

- **Limited pricing flexibility and margin pressure:** High price transparency and competitive intensity restrict pricing power, leading to sustained pressure on margins
- **Fragmented sourcing and supply chain variability:** Dependence on a fragmented supplier base creates inconsistencies in product quality, lead times, and standardisation, especially during scale-up
- **Operational complexity in high-volume formats:** Value retail relies on efficient inventory turnover and demand planning, where gaps in execution can impact availability and profitability
- **Real estate cost pressure:** High rental costs in key locations make store profitability dependent on strong sales throughput and efficient utilisation of retail space.



2.2.7 Private label expansion improves margins, with scaling driven by consumer adoption, category fit, operational control, and evolving strategic relevance

Private label expansion in India’s value retail segment is emerging as a key lever for margin improvement and differentiation. By enabling direct sourcing and reducing intermediary costs, private labels allow retailers to offer competitive pricing while capturing higher value across the supply chain. Private label products are typically priced 20-40% lower than comparable branded products, supporting adoption among value-conscious consumers. Private label penetration in India has increased from less than 2% in the early 2010’s to ~5-7% of organised retail sales in FY26, with food categories contributing nearly 60-75% of private label sales, reflecting relatively higher penetration in high-frequency and value-driven categories.

Organised retailers, supported by competitive pricing strategies and a strong understanding of evolving consumer preferences, are well-positioned to build and scale in-house brands. These brands are typically focused on categories with high demand, lower brand loyalty and greater price sensitivity, where adoption is driven by consistent quality and value. Several organised modern retailers already manage multiple private label brands, and this portfolio is expected to expand further as retailers address diverse consumer needs.

In addition to margin benefits, private labels provide greater control over assortment, pricing and shelf placement, enabling improved inventory efficiency and stronger customer retention. As scale and capabilities increase, private labels are evolving from low-cost alternatives to strategic assets that support differentiation and long-term profitability.

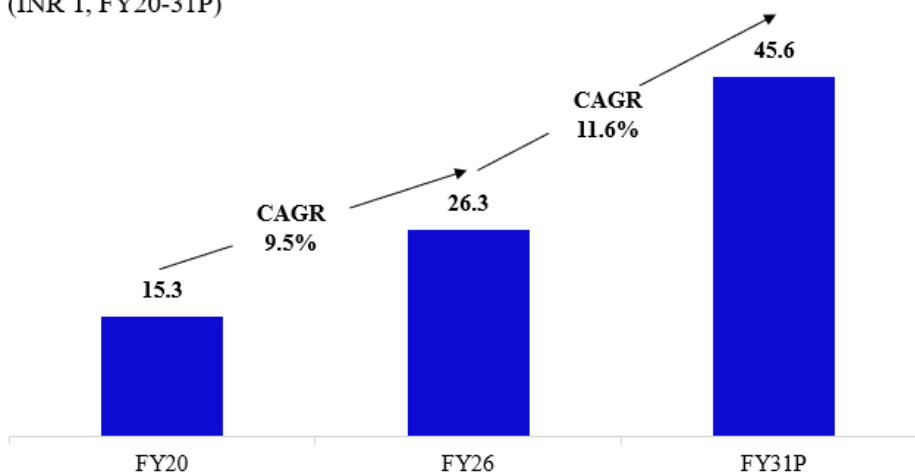
3. South India retail market perspective

3.1 South India retail market reached INR 26.3T in FY26 and is projected to grow to INR 45.6T by FY31P at a CAGR of 11.6%, growing faster than the overall India retail market growth of 10.7%

South India benefits from a diversified consumption base spread across multiple metropolitan centres, alongside a deepening Tier-2 footprint. The region’s retail market expanded from INR 15.3T in FY20 to INR 26.3T in FY26, registering a CAGR of 9.5%. Growth is projected to accelerate to 11.6% CAGR through FY31P, reaching INR 45.6T, with rising Tier-2 incomes converging with the organised-format expansion already underway in the metros. The region’s distributed urban consumption base supports organised retail expansion across multiple city clusters rather than dependence on a single metropolitan market.

The south region accounts for ~25.8% of India’s retail market, anchored by Hyderabad, Chennai and Bengaluru, alongside steady expansion across Tier-2 markets. South India demonstrates comparatively balanced growth across multiple urban clusters; West India remains concentrated around large metros, while North and East India continue to formalise.

South India retail market size
(INR T, FY20-31P)



Source(s): 1Lattice analysis







3.1.1 South India retail expansion is supported by a large salaried workforce, dense residential catchments, and strong value-led consumption

South India retail market benefits from a favourable consumption ecosystem supported by dense urban residential clusters, a large salaried workforce, and increasing demand for organised retail formats across both metro and Tier-2 markets. The region



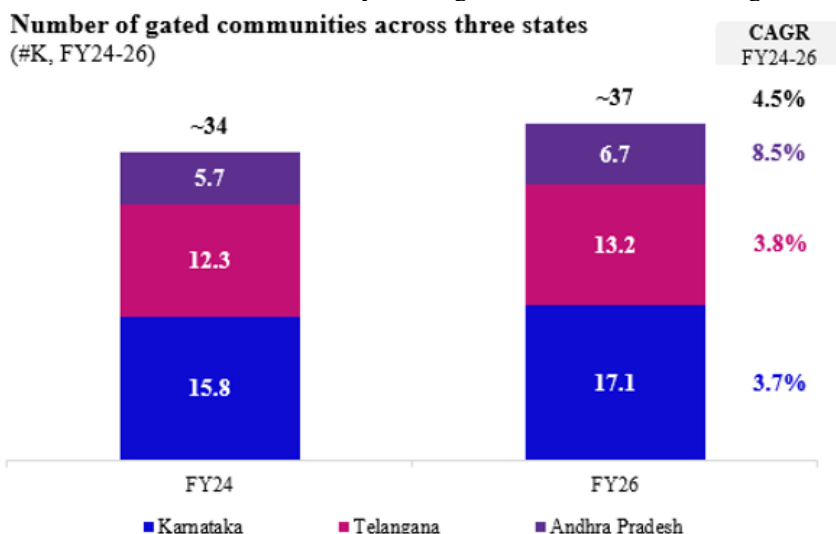
demonstrates a combination of price-sensitive and upwardly mobile consumption behaviour, supporting growth of value-led and aspirational retail formats through demand for affordability, assortment, and branded access. Dense urban catchments support high-frequency consumption and improve viability of neighbourhood retail formats across the region.

Key growth drivers of the South India retail market

	Higher retail spending	Higher retail spend per capita across Telangana, Andhra Pradesh and Karnataka (INR 7.4–9.0K per month vs. India average of INR 4.9K) indicates relatively stronger consumption intensity across South Indian markets
	Service-led salaried workforce	High concentration of IT and service-sector employment across South India, with the region accounting for ~42.8% of India's Information & Communication services employment in FY24, supporting a large salaried workforce and higher household spending across retail categories
	Dual-income households	Higher female workforce participation across South Indian states, including Andhra Pradesh (44.8%), Tamil Nadu (43.2%), and Karnataka (38.0%) in FY24, supports growth in dual-income households, strengthening household purchasing power and organised retail spending
	Dense residential consumption clusters	Karnataka (17.1K gated communities), Telangana (13.2K), and Andhra Pradesh (6.7K) together account for ~37K gated communities, creating concentrated residential catchments and high-density urban clusters that support organised and neighbourhood retail formats across key consumption corridors
	Value-conscious aspirational consumers	Consumers exhibit a combination of price sensitivity and aspirational consumption, supporting demand for value retail formats offering affordability, assortment, and branded access
	Favourable store expansion economics	Relatively lower real estate costs and improving store-level profitability support scalable store expansion across metro and Tier-2 markets

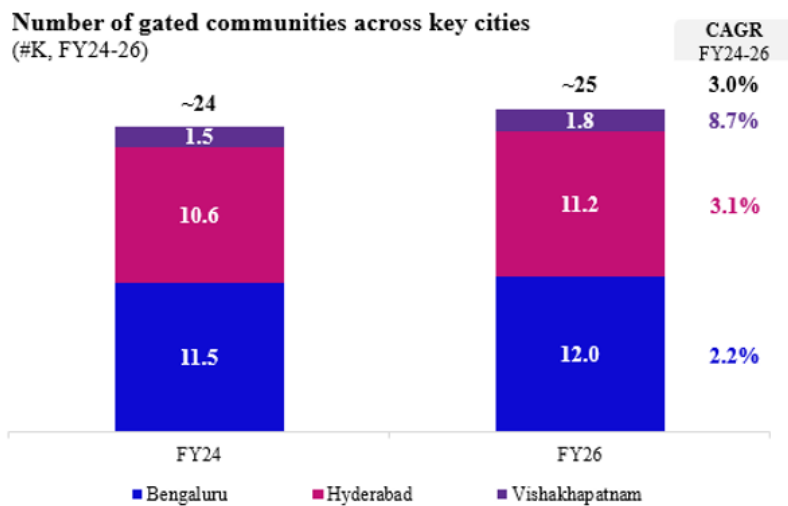
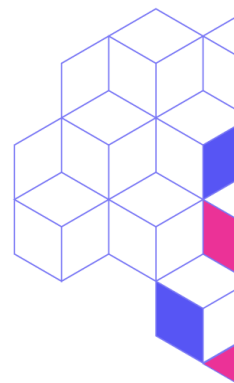
3.1.2 Gated communities across Karnataka, Telangana, and Andhra Pradesh are establishing dense residential catchments that anchor organised neighbourhood retail demand

Gated communities across Karnataka, Telangana, and Andhra Pradesh have scaled from ~34K communities in FY24 to ~37K in FY26, registering a CAGR of 4.5% and reflecting sustained urbanisation and a structural shift toward organised residential formats. Karnataka accounted for 17.1K communities, followed by Telangana at 13.2K and Andhra Pradesh at 6.7K, with Andhra Pradesh recording the highest growth at 8.5% CAGR during the period. Bengaluru and Hyderabad represent the largest residential cluster markets within Karnataka and Telangana, while Visakhapatnam, Vijayawada, and Guntur are scaling as urban residential catchments within Andhra Pradesh, collectively forming a concentrated base for organised retail demand.







Source(s): 1Lattice analysis

Gated residential developments are concentrated within the primary urban centres of these states. Bengaluru, Hyderabad, and Visakhapatnam together expanded from ~24K gated communities in FY24 to ~25K in FY26 at a CAGR of 3.0%, accounting for nearly two-thirds of the total gated communities across the three states. These catchments are driving diverse consumption patterns across both value-led and aspirational categories.



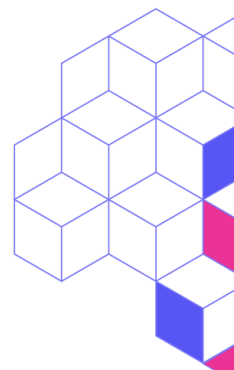
Gated community expansion is supporting organised neighbourhood retail growth across food & grocery, essentials, fashion, and convenience-led categories. Concentrated catchments, dual-income households, and aspirational consumption are collectively strengthening recurring demand and improving the viability of neighbourhood retail formats across these markets.

Key retail expansion trends due to gated communities

 <p>Multi-category household spending</p>	<ul style="list-style-type: none"> Gated communities create concentrated residential catchments where households drive recurring spending across grocery, essentials, fashion, and daily-use categories These ecosystems support higher customer retention and stronger monetisation opportunities for neighbourhood retail formats through repeat household consumption 	 <p>Dual-income consumption clusters</p>	<ul style="list-style-type: none"> Higher concentration of salaried and dual-income households, particularly across Bengaluru and Hyderabad, supports stronger household purchasing power and frequent retail spending Time-constrained working households increasingly prefer organised retail formats that offer convenience, trusted quality, and one-stop access across essential and discretionary categories
 <p>Dense residential clusters supporting retail scalability</p>	<ul style="list-style-type: none"> Gated communities create high-density residential catchments that improve store-level scalability, operating efficiency, and viability for neighbourhood retail expansion Expansion of planned residential developments beyond metropolitan centres is creating new organised retail opportunities across emerging urban markets and underpenetrated catchments 	 <p>Aspirational & branded consumption behaviour</p>	<ul style="list-style-type: none"> Consumers within gated communities demonstrate increasing preference for branded, quality-led, and trend-driven products across both essential and discretionary categories Rising aspiration levels and greater exposure to modern lifestyles are supporting higher spending on fashion, personal care, packaged foods, and lifestyle-oriented categories

3.1.3 Retail formats across South India serve distinct consumption use case across convenience, experience, and accessibility

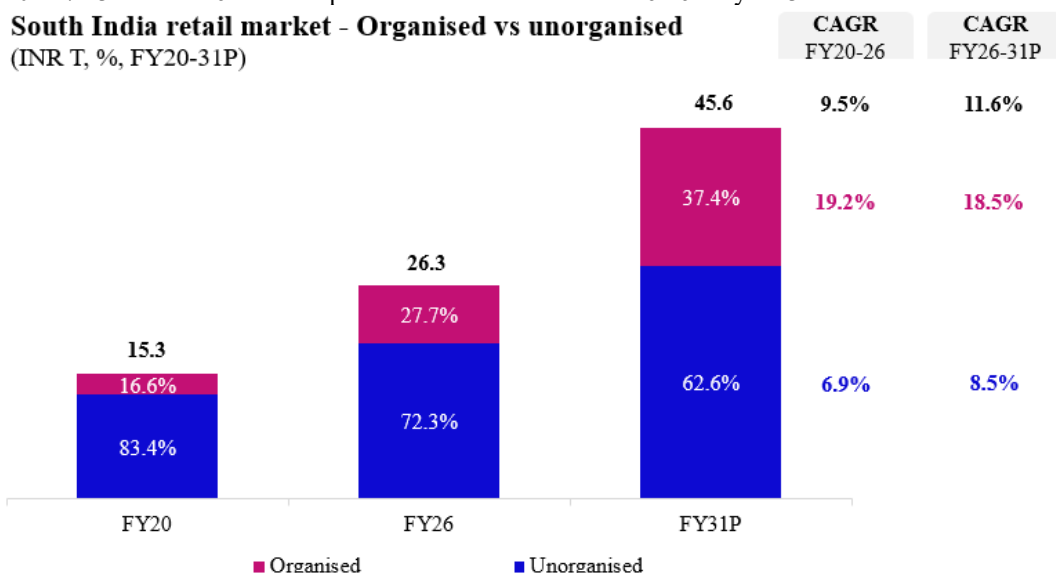
Retail formats across South India are evolving to cater to distinct consumption occasions and shopping behaviours, resulting in distinct roles for gated communities, malls, and high streets within the broader retail ecosystem. Convenience-led and high-frequency consumption continues to support neighbourhood retail formats, while malls remain focused on discretionary and experience-led spending. High streets serve a hybrid role, combining accessibility with broad category presence across urban markets.



	Gated communities	Malls	High streets
Convenience-led retail	Drive high-frequency grocery and essential purchases within residential clusters	Focus on planned, destination-led visits with limited role in daily consumption	Support proximity-led daily purchases through accessibility and walkability
Experience-led consumption	Remain focused on functional and need-based purchases	Driven by F&B, entertainment, and curated retail environments	Combine utility retail with cafés, dining, and social interaction
Retail visibility and accessibility	Operate within defined residential catchments with targeted access	Provide concentrated brand visibility through anchor tenants and mall footfall	Benefit from open access and sustained pedestrian traffic
Category mix	Dominated by grocery, essentials, and service-led retail	Focus on fashion, lifestyle, electronics, and F&B	Offer broad category mix across value and premium segments
Demand concentration	Generate repeat consumption within dense residential clusters	Aggregate city-wide demand through destination traffic	Capture demand from adjacent residential and commercial hubs
Organised retail evolution	Emerging as structured neighbourhood retail ecosystems	Represent organised, brand-led retail environments	Gradually formalising with increasing branded retail presence

3.1.4 Organised retail penetration in South India is projected to reach 37.4% by FY31P, reflecting a sustained structural shift toward formal retail channels

South India’s retail market is witnessing increasing formalisation, with the organised retail growing faster than both the overall South India retail market and the unorganised segment. The organised segment increased its share from 16.6% in FY20 to 27.7% in FY26, reaching INR 7.3T and registering a CAGR of 19.2% during FY20-26. The segment is projected to reach INR 17.1T by FY31P at a CAGR of 18.5% over FY26-31P, lifting its share to 37.4%, reflecting a sustained structural shift towards formal retail channels across the region. The shift toward organised formats is improving availability of standardised assortments and structured pricing across emerging markets. The unorganised retail segment increased from INR 12.8T in FY20 to INR 19.0T in FY26 and is projected to reach INR 28.5T by FY31P. Its share of the overall retail market declined from 83.4% in FY20 to 72.3% in FY26 and is expected to moderate further to 62.6% by FY31P.



Source(s): 1Lattice analysis

3.1.5 Karnataka led retail market size across the three states in FY26, while Telangana is projected to remain the fastest-growing market over FY26-31P

Retail market sizes across Karnataka, Telangana, and Andhra Pradesh reflect variations in consumption scale, urban concentration, and organised retail penetration. Karnataka remained the largest market among the three states, increasing from INR 3.5T in FY20 to INR 6.1T in FY26, and is projected to reach INR 10.7T by FY31P. Andhra Pradesh and Telangana also



witnessed steady expansion, with Andhra Pradesh increasing from INR 2.8T in FY20 to INR 4.7T in FY26 and projected to reach INR 8.2T by FY31P, while Telangana grew from INR 2.3T to INR 4.2T over the same period and is expected to reach INR 7.5T by FY31P.

Among the three states, Telangana recorded the highest CAGR of 10.4% during FY20-26 and is projected to continue leading growth with a CAGR of 12.4% over FY26-31P, supported by strong urban consumption and organised retail expansion. Overall, the combined retail market across the three states increased from INR 8.6T in FY20 to INR 15.0T in FY26 and is projected to reach INR 26.4T by FY31P, registering CAGRs of 9.9% during FY20-26 and 11.9% during FY26-31P.

Table 1: Retail market split across three states

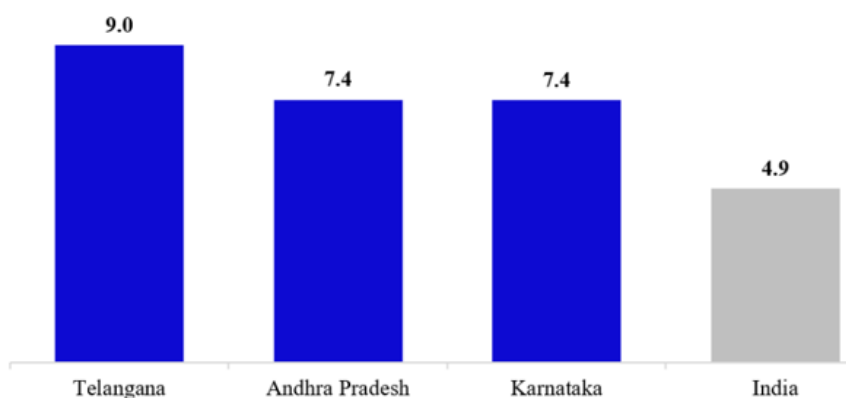
	Market size (INR T)			CAGR (%)		Share (%)		
	FY20	FY26	FY31P	FY20-26	FY26-31P	FY20	FY26	FY31P
Karnataka	3.5	6.1	10.7	9.8%	11.9%	40.8%	40.7%	40.6%
Andhra Pradesh	2.8	4.7	8.2	9.5%	11.6%	32.3%	31.7%	31.2%
Telangana	2.3	4.2	7.5	10.4%	12.4%	26.9%	27.6%	28.2%
Total	8.6	15.0	26.4	9.9%	11.9%	-	-	-

Source(s): 1Lattice analysis

3.1.6 Retail spends per capita varied across Karnataka, Andhra Pradesh, and Telangana in FY26, with Telangana recording the highest at INR 9.0K per month

Retail spending patterns across the three states reflect differences in consumption intensity, household expenditure, and category mix across markets. Telangana recorded the highest retail spend per capita per month at INR 9.0K in FY26, followed by Andhra Pradesh at INR 7.4K and Karnataka at INR 7.4 K.

Retail spending per capita across three states & India
(INR K per capita per month, FY26)



Source(s): 1Lattice analysis

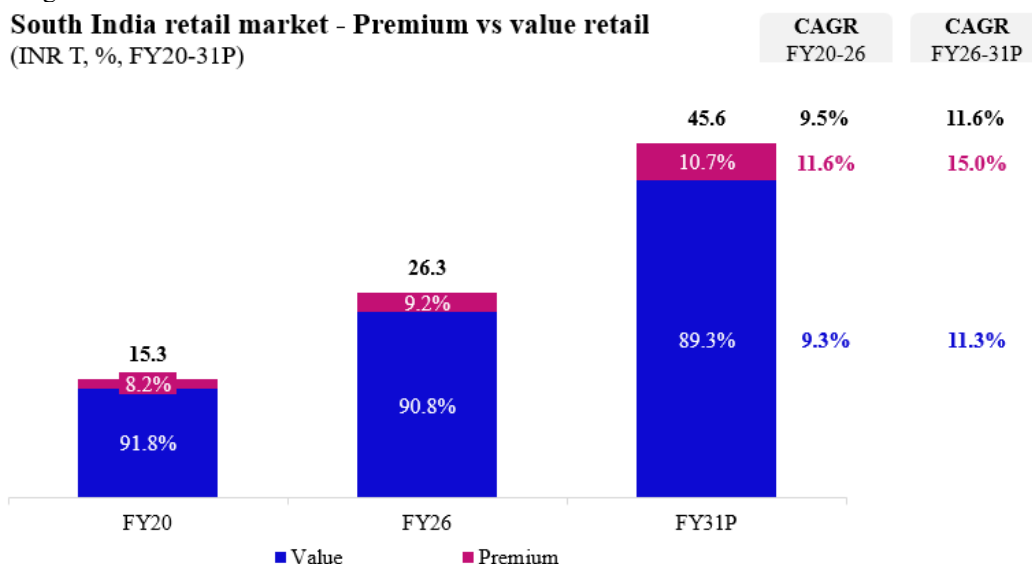
All three states remained above the India average retail spend per capita of INR 4.9K per month, indicating relatively stronger consumption intensity across South Indian markets. Higher per capita per month spending across Telangana reflects relatively stronger household consumption across essential and discretionary categories, supported by concentrated urban demand and increasing organised retail penetration. Karnataka and Andhra Pradesh also demonstrate relatively high retail spending, supported by large urban consumption centres such as Bengaluru and Hyderabad. Overall, consumption intensity across three states (Karnataka, Andhra Pradesh and Telangana) remains relatively strong, supporting continued expansion of organised retail formats.



3.2 South India Value Retail Market Perspective

3.2.1 Value retail accounted for 90.8% of the South India retail market in FY26, projected to hold a broadly share of 89.3% by FY31P while growing at a CAGR of 11.3% over FY26-31P

Value retail has remained the dominant segment within South India retail market, accounting for 91.8% in FY20 and 90.8% in FY26. The segment expanded from INR 14.0T in FY20 to INR 23.9T in FY26 and registered a CAGR of 9.3% during the period, supported by broad-based demand across essential and discretionary categories in both metro and emerging markets. The market is projected to reach INR 40.7T by FY31P, growing at a CAGR of 11.3% over FY26-31P, supported by continued expansion of organised value retail formats and deeper penetration across Tier-2 and non-metro markets. In comparison, the premium retail segment expanded from INR 1.3T in FY20 to INR 2.4T in FY26, with its share of the market rising from 8.2% to 9.2%. The segment is projected to reach INR 4.9T by FY31P, with market share increasing further to 10.7%. Premium retail registered a CAGR of 11.6% during FY20-26 and is projected to grow at a CAGR of 15.0% over FY26-31P, reflecting gradual premiumisation across urban consumption markets. Despite increasing premium penetration, value retail is expected to continue dominating the broader retail ecosystem due to its wider consumer reach and higher share of high-frequency consumption categories.



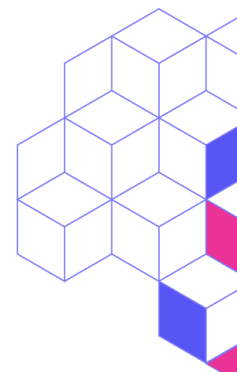
3.2.2 Tamil Nadu and Karnataka represented the largest value retail markets in south India in FY26, while Telangana is projected to remain the fastest-growing market over FY26-31P

Value retail formats continue to expand across Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, and Kerala, supported by broad-based demand across essential and discretionary categories in both metro and emerging markets. The combined value retail market across these states increased from INR 14.0T in FY20 to INR 23.9T in FY26 and registered a CAGR of 9.3% during FY20-26, reflecting demand for affordable apparel and general merchandise across both urban and non-urban markets. Tamil Nadu remained the largest market at INR 7.1T in FY26, followed by Karnataka at INR 5.6T, together accounting for over half of the region's value retail opportunity.

The combined market is projected to reach INR 40.8T by FY31P, supported by rising disposable incomes, increasing penetration of organised retail, and continued consumer preference for value-led offerings. While Tamil Nadu and Karnataka are expected to remain the largest markets, Telangana is projected to continue outpacing peers, with a CAGR of 12.0% during FY26-31P, highlighting its strong consumption growth and expanding organised retail presence. This growth trajectory is expected to further strengthen South India's position as a key market for value-focused retail expansion.

Table 2: South India value retail market split across states

	Market size (INR T)			CAGR (%)		Share (%)		
	FY20	FY26	FY31P	FY20-26	FY26-31P	FY20	FY26	FY31P
Value	14.0	23.9	40.7	9.3%	11.3%	91.8%	90.8%	89.3%
Premium	1.3	2.4	4.9	11.6%	15.0%	8.2%	9.2%	10.7%



Tamil Nadu	4.0	7.1	12.4	9.8%	11.7%	28.8%	29.7%	30.4%
Karnataka	3.3	5.6	9.7	9.6%	11.5%	23.2%	23.5%	23.8%
Andhra Pradesh	2.6	4.4	7.5	9.3%	11.2%	18.4%	18.4%	18.4%
Telangana	2.1	3.8	6.7	10.1%	12.0%	15.1%	15.8%	16.4%
Kerala	2.0	3.0	4.5	6.6%	8.5%	14.5%	12.5%	11.1%
Total	14.0	23.9	40.8	9.3%	11.3%	-	-	-

Source(s): 1Lattice analysis

3.2.3 South India demonstrates relatively stronger value retail growth than the national average, supported by Tier-2 expansion and rising value-retail demand

Value retail across India is witnessing increasing formalisation, supported by the expansion of organised retail formats across apparel, grocery, and essential categories. South India is demonstrating relatively stronger momentum within this shift, with value retail in the region growing at 9.3% over FY20-26 and projected to accelerate to 11.3% over FY26-31P, ahead of the national value retail growth of 8.9% and 10.5%, respectively. This is supported by dense consumption catchments, expanding Tier-2 presence, and scalable store economics enabling organised value retailers to expand across both metro and emerging markets in the Southern states.

Growth trends: South India

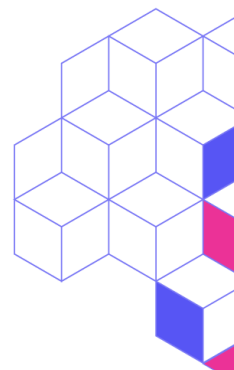
- **Expansion of organised value retail:** Organised value retailers such as Ratnadeep, DMart, and Zudio are scaling across South India, supported by higher urbanisation, favourable store economics, dense residential catchments, and consumption ecosystems in cities such as Bengaluru and Hyderabad.
- **Expansion across Tier-2 and emerging markets:** South India demonstrates increasing adoption of organised value retail across Tier-2 cities, supported by improving retail infrastructure and growing accessibility beyond metropolitan centres.
- **Value-conscious consumption with branded preference:** Consumers across South India exhibit a combination of price sensitivity and preference for branded and trend-led products, supporting organised value retail formats across apparel and essential categories.
- **Strong traction in value fashion and essentials:** Value fashion and daily-use categories continue to witness strong demand across South India, supporting expansion of organised value fashion players such as Zudio and Max Fashion, driven by high demand for affordable, trend-led apparel and consistent consumption frequency.

3.2.4 Value-conscious and branded consumption preferences continue to support organised value retail growth across South India

Consumers across South India demonstrate a combination of price sensitivity and preference for branded and trend-aligned products, supporting demand for organised value retail formats across categories such as apparel, lifestyle, and general merchandise. While affordability remains an important purchase consideration, consumers are increasingly seeking improved assortment, product quality, and branded access across both metro and emerging markets. Price sensitivity remains elevated across Tier-2 and smaller cities, where consumers actively prioritise affordability and value-for-money. At the same time, organised retail formats are benefiting from increasing transition towards structured retail channels, supported by wider assortment availability, standardised pricing, product quality and greater accessibility. In addition, increasing digital exposure and trend awareness are influencing product discovery and purchase behaviour, particularly among younger consumers. Collectively, value orientation and branded consumption preferences continue to underpin organised value retail expansion across South India.

3.2.5 Tier-2 and Tier-3 cities across South India present attractive expansion opportunities for organised value retail

Expansion across Tier-2 and Tier-3 cities in Karnataka, Andhra Pradesh, and Telangana is supported by increasing organised retail penetration, improving retail infrastructure, and favourable operating economics. Cities such as Mysuru, Mangaluru, Visakhapatnam, Vijayawada, and Warangal are emerging as important regional consumption centres with increasing organised retail activity.



Key expansion opportunities:

- **Headroom in Tier-2 and Tier-3 markets:** Organised value retail presence remains concentrated in larger urban centres, while Tier-2 and Tier-3 cities continue to see rising consumption alongside relatively limited organised retail presence.
- **Strong alignment with value retail formats:** Consumers across smaller cities demonstrate high price sensitivity alongside preference for branded and affordable products, supporting organised value retail adoption.
- **Emergence of regional consumption centres:** Cities such as Mysuru, Mangaluru, Visakhapatnam, and Vijayawada are witnessing increasing residential and commercial expansion, enabling retailers to serve both urban and surrounding catchment demand.
- **Improving retail infrastructure:** Expansion of malls, high streets, and mixed-use developments is improving availability of organised retail spaces across emerging cities.
- **Favourable operating economics:** Lower lease rentals and operating costs compared with metropolitan markets combined with flexible store formats and faster payback periods support relatively efficient store expansion across Tier-2 and Tier-3 cities.
- **Rising Tier-2 consumer sophistication:** Consumers beyond the top metros are becoming increasingly informed and brand-aware. This evolving demand profile supports the expansion of organised value retail into Tier-2 and smaller markets, where consumers now seek the assortment, pricing, and quality consistency previously available only in metros.

Key underpenetrated markets across Karnataka, Andhra Pradesh, and Telangana:

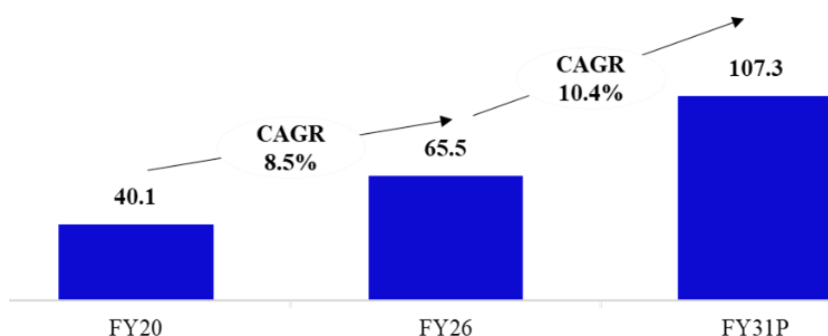
- **Karnataka:** Cities such as Mysuru (population ~3.0M), Mangaluru (~2.0M), Shivamogga (~1.6M), and Udupi (~1.1M) are witnessing improving retail infrastructure and growing organised retail activity, supporting expansion into emerging markets.
- **Andhra Pradesh:** Cities including Guntur (~5.3M), Vijayawada (~4.9M), Visakhapatnam (~4.8M), Kurnool (~4.6M), Anantapur (~4.6M), and Tirupati (~4.6M) demonstrate broad expansion opportunities across both established and underpenetrated retail markets.
- **Telangana:** Expansion beyond Hyderabad into cities such as Karimnagar (~3.9M), Warangal (~3.7M), Khammam (~2.9M), and Nizamabad (~2.7M) reflects increasing organised retail activity, supported by improving infrastructure and consumption growth.

4. India food and grocery retail market

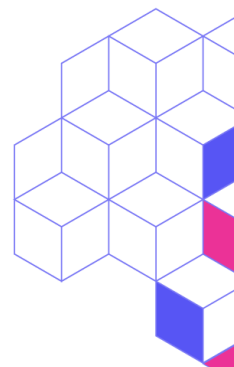
4.1 The food and grocery is the largest retail segment at 64.2% share, growing from INR 40.1T in FY20 to INR 65.5T in FY26

Food and grocery is the largest segment within India’s retail market, accounting for 64.2% of total retail consumption, with the market growing from INR 40.1T in FY20 to INR 65.5T in FY26 at a CAGR of 8.5%, and further projected to reach INR 107.3T by FY31P at a CAGR of 10.4%, reflecting continued growth driven by the essential and high-frequency nature of consumption. Growth in the segment is driven by increasing consumption of packaged, branded, and value-added food products, alongside gradual shifts towards organised retail formats. In parallel, organised players, including modern trade, e-commerce, and quick commerce platforms, are increasing their share, supported by improved assortment, expansion of neighbourhood supermarket formats, and supply chain efficiencies driven by direct sourcing and procurement scale.

India food & grocery market size
(INR T, FY20-31P)

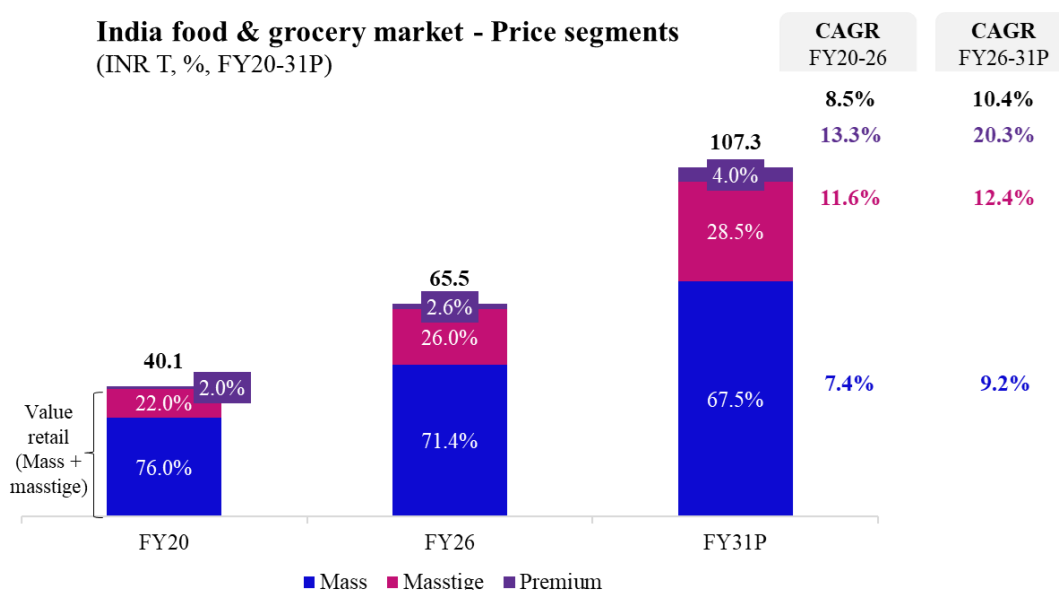


Source(s): 1Lattice analysis



4.1.1. Value driven consumption dominates India’s food and grocery market, with mass and masstige segments accounting for 97.4% share in FY26

India’s food and grocery market is characterised by a high share of mass and masstige segments, which together account for 97.4% of the market in FY26. These segments are concentrated in staples, fresh produce, and mass FMCG categories, where affordability and high purchase frequency anchor overall consumption. Within value retail, the share of masstige segments is increasing, supported by rising consumer preference for improved quality, packaging, and brand assurance at accessible price points, which in turn favours organised retail formats. While premium segments, accounting for 2.6% of the market in FY26, are expected to grow faster through FY31P, their overall share remains limited. Despite this, overall market growth remains anchored in value-led consumption, with consumers prioritising price–value across core categories, particularly in high-frequency purchase segments.



Note(s): Mass refers to low-priced items often including unbranded products, masstige represents a blend of "mass" and "prestige," consisting of low-to-mid priced products that provide a sense of brand prestige and trendiness at an accessible price point, and premium Comprises mid-to-high priced items (including luxury and prestige categories)
Source(s): 1Lattice analysis

4.1.2. Organised retail channels are gaining share, with modern trade and e-commerce penetration projected to expand from 10.7% in FY26 to 16.9% by FY31P

India’s food and grocery market continues to be predominantly offline-led, with general trade and modern trade together accounting for the majority share of the market. The market is led by general trade, which accounted for 89.3% of the market in FY26. The share of modern trade and e-commerce (organised retail channel) together has increased from 6.7% in FY20 to 10.7% in FY26 and is projected to reach 16.9% by FY31P, reflecting the gradual formalisation of the market. Modern trade expansion is driven by store network growth, cluster-based expansion, and wider assortment across fresh, staples, and packaged categories. These factors enable higher basket sizes and repeat footfall. These formats combine fresh-led offerings with branded and private label products, supporting structured retail experiences across urban and semi-urban markets. General trade continues to account for the majority share, enabled by proximity, high-frequency purchasing, credit availability, flexible assortments, and deep distribution reach. Online channels are expanding alongside offline retail, enabled by convenience and improving fulfilment capabilities, and are expected to complement existing retail formats.



4.1.5. Distinct retail formats cater to varied shopping needs, with value-led models gaining share

India's organised food and grocery retail market spans three key formats, each aligned to distinct consumer missions and operating models.

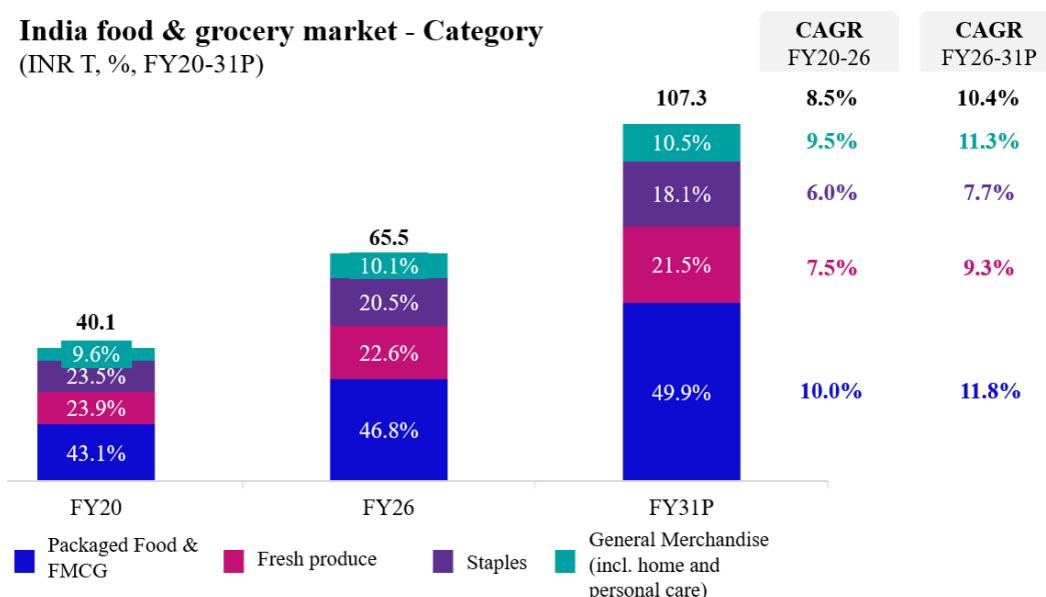


4.2 India food & grocery market- Category level analysis

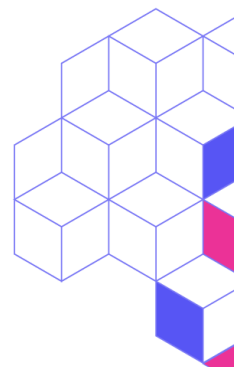
4.2.1. Packaged food & beverages and fresh produce dominate the food & grocery market (69.4% share in FY26), while general merchandise drives incremental growth

The food and grocery market is segmented into packaged food & FMCG, fresh produce, staples, and general merchandise. Packaged food & FMCG (46.8%) and fresh produce (22.6%) together account for 69.4% of the market in FY26, reflecting their essential and high-frequency consumption nature. Staples contributes 20.5%, while general merchandise accounts for 10.1%, contributing to incremental basket expansion. From a growth perspective, packaged food and FMCG and general merchandise are expected to grow at relatively higher CAGRs of 11.8% and 11.3%, respectively, supported by increasing organised retail penetration and broader assortment. Fresh produce and staples are expected to grow at 9.3% and 7.7%, respectively, supporting steady value expansion.

India food & grocery market - Category
(INR T, %, FY20-31P)



Note(s): Packaged food & beverages include processed and branded products such as dairy, dry fruits, spices, and beverages. Staples comprise essential commodity-based items such as cereals, pulses, and edible oils. Fresh produce includes vegetables, fruits, and animal proteins. General merchandise includes home and personal care products such as soaps, detergents, and cleaning agents
Source(s): 1Lattice analysis



4.2.2. India's food and grocery market growth is driven by strong value-led consumption and increasing formalisation

Growth in the India food and grocery market is anchored in value consumption, supported by structural demand across essential categories and gradual formalisation.

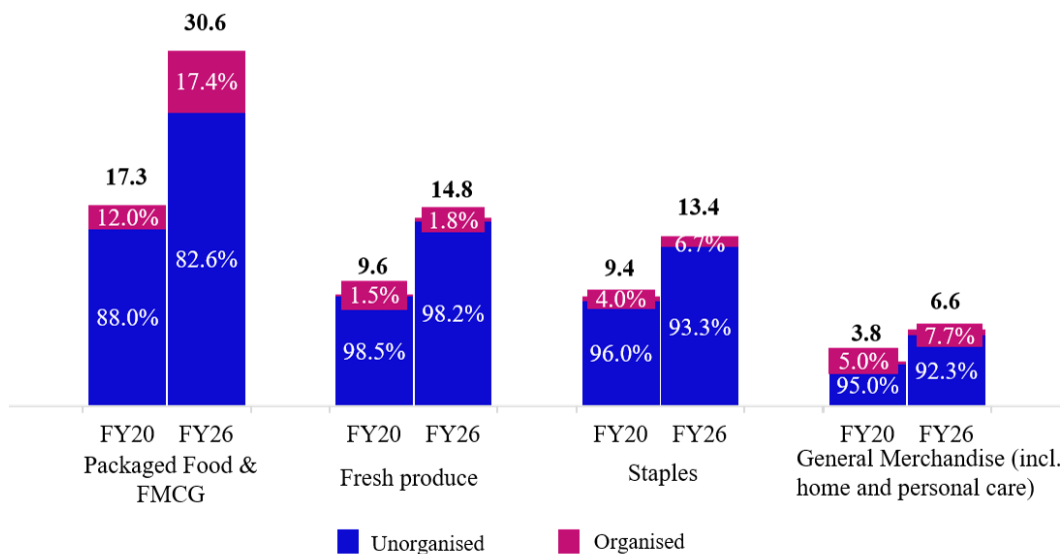
Key growth drivers:

- **High share of essential consumption-** Fresh produce and staples account for a large share of household spend, driven by high-frequency, non-discretionary demand, while also supporting adjacent value-added categories.
- **Shift towards organised retail-** Expansion of modern trade and direct sourcing models is improving pricing efficiency, product availability, and enabling wider access to branded and differentiated offerings.
- **Expansion of private labels in core categories-** Increasing private label penetration in staples and essentials supports competitive pricing and improved retailer margins, while also expanding into adjacent value-added segments.
- **Wider retail access across markets-** Expansion of organised retail formats into Tier II and emerging markets is improving accessibility and supporting broader category adoption beyond basic consumption.
- **Transition towards packaged essentials-** Increasing adoption of packaged staples and daily-use products, along with growth in processed and convenience-oriented categories, reflects preference for standardisation and convenience.
- **General merchandise supporting basket expansion-** Affordable home and personal care products are contributing to higher ticket sizes and cross-category purchasing.

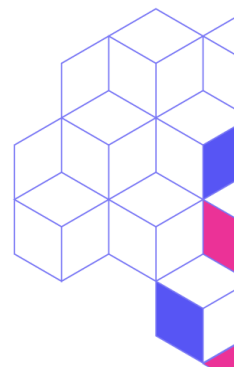
4.2.3. Organised retail penetration has increased across categories, although core food segments continue to remain predominantly unorganised

Organised retail penetration has increased across all food and grocery categories between FY20 and FY26, reflecting the gradual formalisation of the market. Despite this growth, core food categories continue to exhibit relatively low organised penetration, with fresh produce increasing from 1.5% in FY20 to 1.8% in FY26 and staples from 4.0% to 6.7%, indicating the continued dominance of traditional trade. In contrast, packaged food and FMCG recorded higher organised penetration, increasing from 12.0% in FY20 to 17.4% in FY26, while general merchandise increased from 5.0% to 7.7% over the same period. The higher penetration levels in packaged food and general merchandise reflect stronger brand presence, standardised assortments, and greater suitability for organised retail formats.

India food & grocery category - Channel
(INR T, %, FY26)



Source(s): 1Lattice analysis



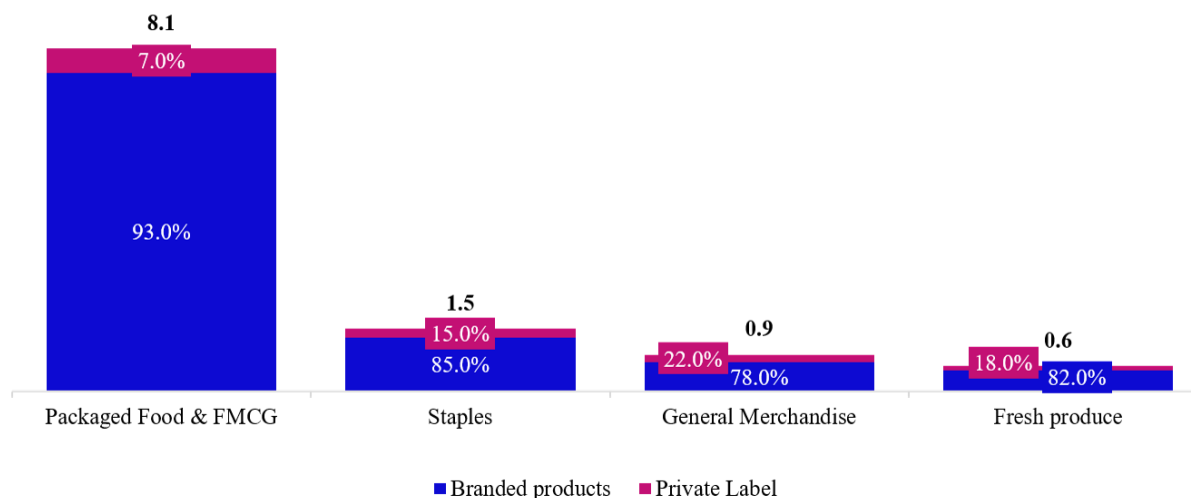
4.2.4. Margins are higher in branded FMCG and general merchandise, compared to low-margin fresh produce and staples

Margin profiles across food and grocery sub-categories vary based on value addition, branding, and perishability. Fresh produce operates at the lowest margin levels, with gross margins in the low single digits to ~8%, as pricing remains largely commodity-linked and subject to wastage. Staples (such as rice, wheat, pulses, and edible oils) also exhibit relatively low margins of ~5–10%, reflecting high price sensitivity and limited differentiation, although branded staples can command relatively higher spreads. In contrast, packaged food and FMCG categories benefit from higher gross margins of ~12–20%, anchored to branding and product differentiation, translating into mid-single digit net margins. General merchandise, including home and personal care, commands the highest margins within the grocery basket, with gross margins of ~20–25%, supported by stronger pricing power and lower perishability. Despite lower margin profiles, staples and fresh produce categories remain critical to the overall profit pool due to their significantly higher sales volumes and frequent purchase cycles, anchoring store traffic and driving overall revenue scale.

4.2.5. Private labels remain limited across food categories, with higher penetration in general merchandise and fresh produce

Private label penetration in the food and grocery market remains limited across most subcategories in FY26, with branded products continuing to dominate. Packaged food & FMCG exhibits the lowest private label share at 7.0%, reflecting strong brand presence and consumer preference for established products. Staples follows at 15.0%, constrained by fragmented sourcing and the predominance of fresh and loose purchases. In comparison, fresh produce (18.0%) and general merchandise (22.0%) demonstrate relatively higher private label penetration, enabled by greater retailer control over assortment, sourcing, and pricing, as well as higher scope for standardisation in select categories.

India food & grocery - Category split by share of private label vs branded products
(INR T, %, FY26)

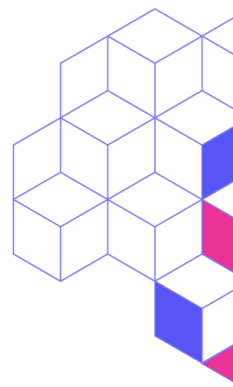


Source(s): 1Lattice analysis

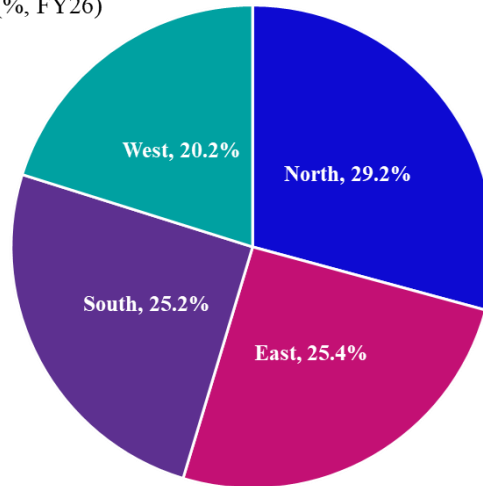
4.3 South India Food and Grocery Market

4.3.1. South India accounts for 25.2% of the food and grocery market in FY26, with higher consumption intensity and organised retail penetration

India’s food and grocery market exhibits regional variation, with South India accounting for a 25.2% share in FY26, supported by relatively higher consumption intensity and organised retail presence. North India accounts for 29.2%, driven by its large population base, while East India contributes 25.4%, reflecting a sizeable but relatively less penetrated market. The regional distribution suggests a relatively balanced consumption pattern across the country. However, South India stands out, exhibiting higher levels of formalisation and greater per capita spending compared to other regions.



India food & grocery market - Region
(%, FY26)

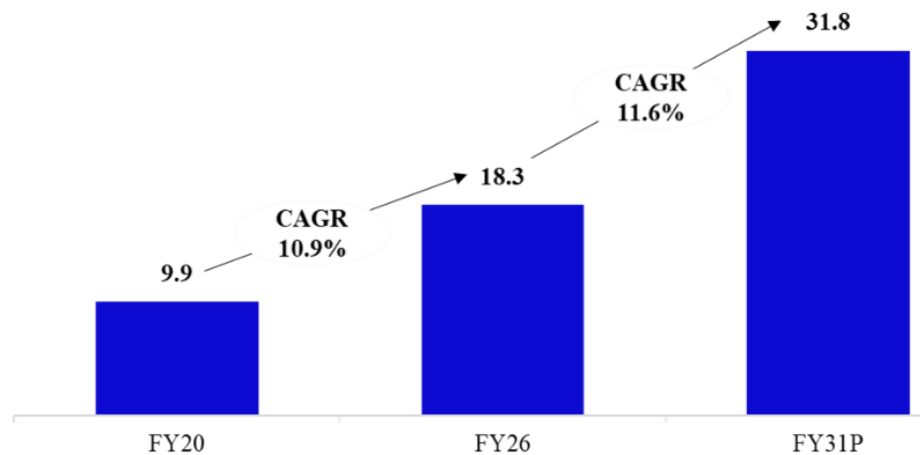


Source(s): 1Lattice analysis

4.3.2. South India food & grocery market at INR 18.3T in FY26, growing at a CAGR of 11.6% through FY31P, driven by higher consumption and urbanisation

South India’s food and grocery market is estimated at INR 18.3T in FY26, up from INR 9.9T in FY20, and is projected to reach INR 31.8T by FY31P. The region has grown at a CAGR of 10.9% over FY20–FY26 and is expected to grow at 11.6% over FY26–31P, outpacing the overall India market. Growth in the region is facilitated by higher consumption intensity and a greater share of urban demand across states such as Karnataka, Tamil Nadu, and Telangana. The region also benefits from relatively higher penetration of organised retail and a strong presence of supermarket-led retail ecosystems, improving accessibility and assortment across categories.

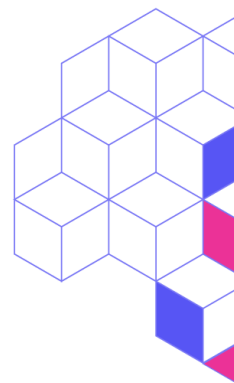
South India food & grocery market size
(INR T, FY20-31P)



Source(s): 1Lattice analysis

4.3.2 South India food & grocery market growth is supported by higher organised retail presence and expansion across urban and emerging markets

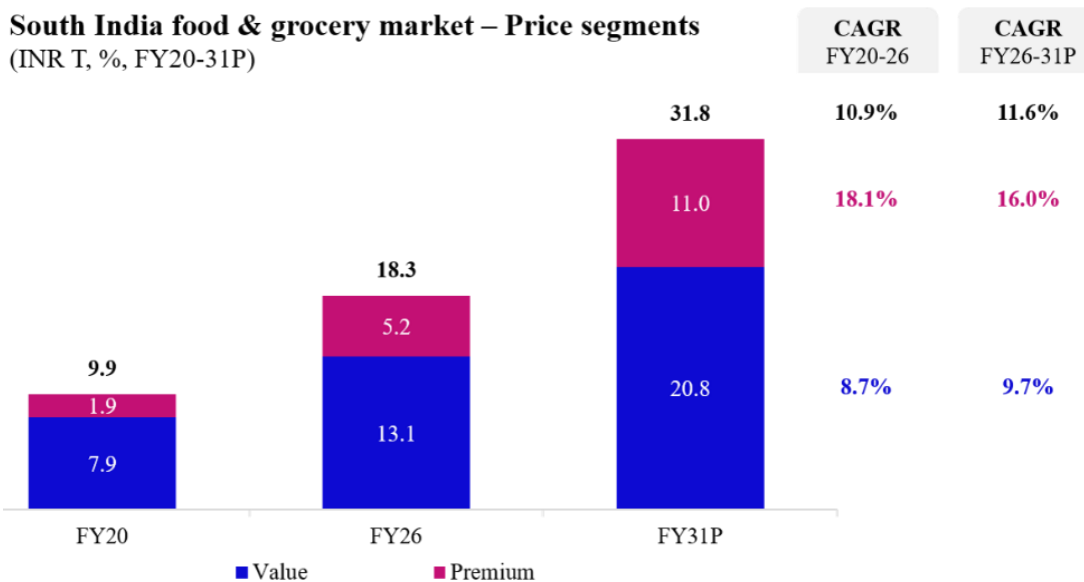
Growth in the South India food and grocery market is backed by structural demand across essential categories, alongside relatively higher penetration of organised retail formats compared to other regions.



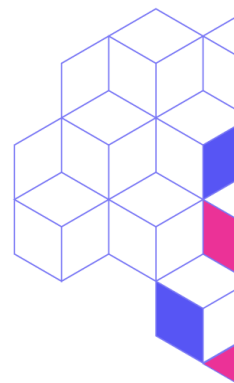
- **Dense residential catchments supporting neighbourhood formats-** South India exhibits higher store density within urban clusters, and a well-established neighbourhood retail ecosystem enables the viability of neighbourhood supermarket formats, driving frequent store visits and consistent demand.
- **Concentration of urban consumption-** A higher share of consumption is concentrated in urban centres, supporting consistent demand across categories.
- **Expansion across residential clusters-** Growth of organised retail formats in residential catchments is supporting accessibility and repeat purchases.
- **Increasing adoption of packaged and branded products-** Greater uptake of packaged staples and FMCG is supporting organised retail growth.
- **Integration of regional sourcing with organised supply chains-** Strong local sourcing ecosystems for fresh and staples are increasingly integrated with organised retail supply chains, improving consistency, availability, and cost efficiency.
- **Urban exposure driving premium and health-oriented consumption-** Rising affluence and exposure to global consumption trends, particularly in metro and Tier 1 cities such as Bengaluru, Chennai, and Hyderabad, are driving increased adoption of premium, organic, and protein-rich products
- **Emergence of niche consumption segments** – Growth of specialised consumption segments is supporting premiumisation, particularly within urban markets.

4.3.3 Value segment accounted for INR 13.1T of the INR 18.3T South India food and grocery market in FY26, constituting the majority of consumption

The South India food and grocery market remains predominantly value-led, with value segments accounting for the majority share across the region in FY26 and expected to continue dominating through FY31P. The value segment is projected to increase from INR 13.1T in FY26 to INR 20.8T by FY31P, supported by sustained demand across staples, fresh produce, and mass FMCG categories. Overall demand remains anchored in value-led consumption across core categories, particularly staples, fresh produce and mass FMCG.

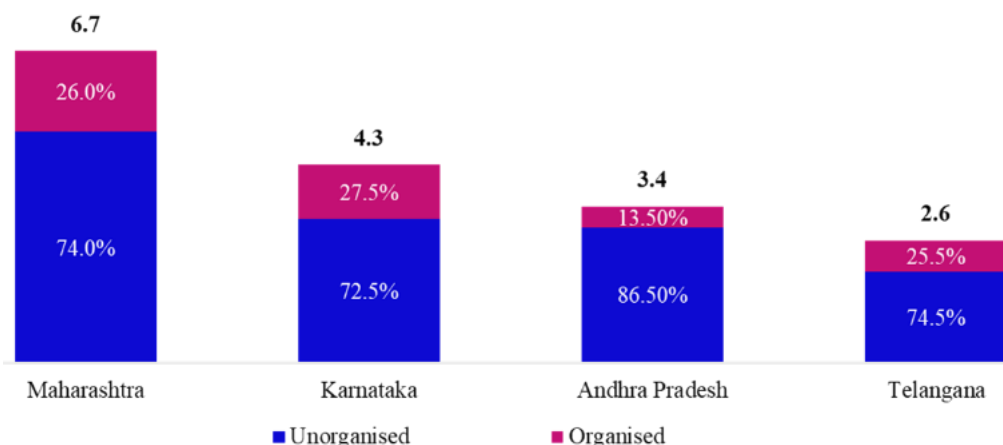


Source(s): 1Lattice analysis



4.3.4 Maharashtra and Karnataka anchor regional consumption in FY26, supported by high urbanisation and increasing organised retail penetration

Food & grocery market split by channel across key states
(INR T, %, FY26)

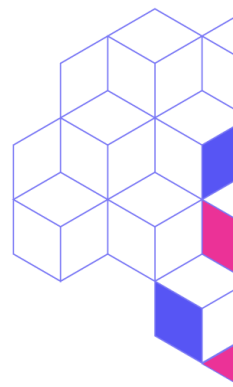


Source(s): 1Lattice analysis

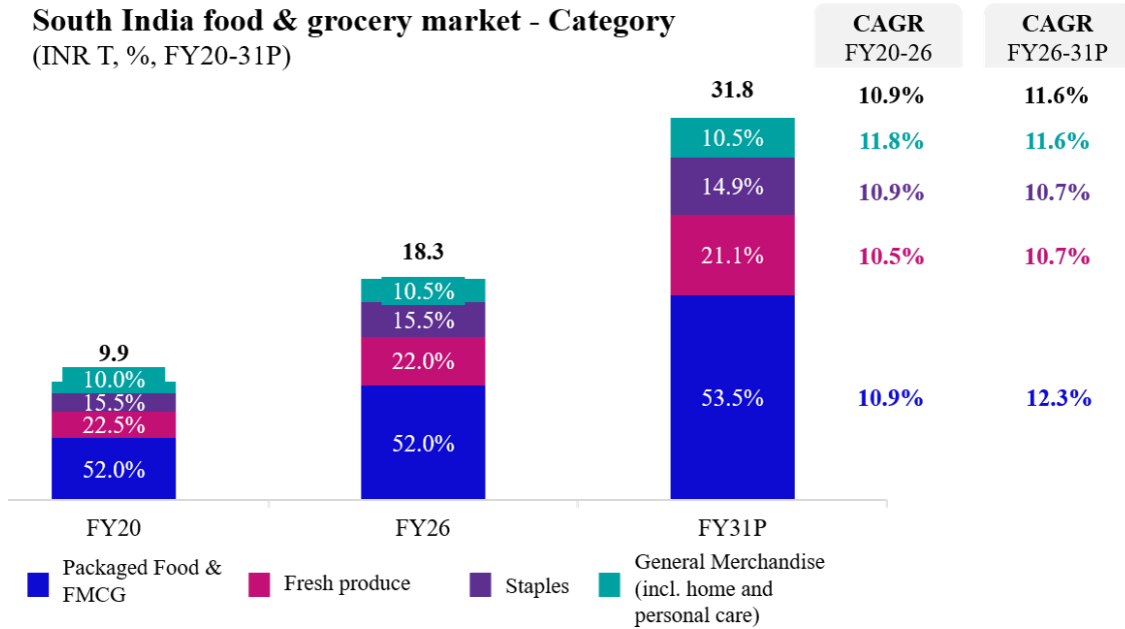
The food and grocery market across these states forms a significant part of the South and West India consumption landscape, driven by large urban centres, population density, and established retail ecosystems. Maharashtra and Karnataka lead in market size, anchored to urban hubs such as Mumbai, Pune, and Bengaluru, while Telangana and Andhra Pradesh continue to scale with improving urbanisation and supply chains. Organised retail penetration in South India stands at 21.9% in FY26, enabled by urban consumption and the adoption of modern trade. At a state level, penetration varies, with Maharashtra (26.0%) and Karnataka (27.5%) exhibiting higher organised retail presence, followed by Telangana (25.5%), while Andhra Pradesh (13.5%) remains relatively underpenetrated.

4.3.5 Packaged food & FMCG (52.0%) and fresh produce (22.0%) drive South India food & grocery market in FY26, with a stable mix and steady growth across categories

The South India food and grocery market is led by packaged food and FMCG, accounting for a 52.0% share in FY26, followed by fresh produce at 22.0%. Staples contribute 15.5%, while general merchandise accounts for 10.5%. The category mix has remained broadly stable over time, with packaged food and FMCG continuing to dominate (52.0% in FY20 to 53.5% in FY31P), driven by demand for branded and packaged products. Fresh produce has seen a marginal decline in share (22.5% to 21.1%), while staples have moderated slightly (15.5% to 14.9%). General merchandise has remained stable at ~10.5%, contributing to incremental basket expansion. From a growth perspective, packaged food and FMCG are expected to grow at a CAGR of 12.3% over FY26–31P, followed by general merchandise at 11.6%, while staples and fresh produce are projected to grow at 10.7% each.



South India food & grocery market - Category
(INR T, %, FY20-31P)

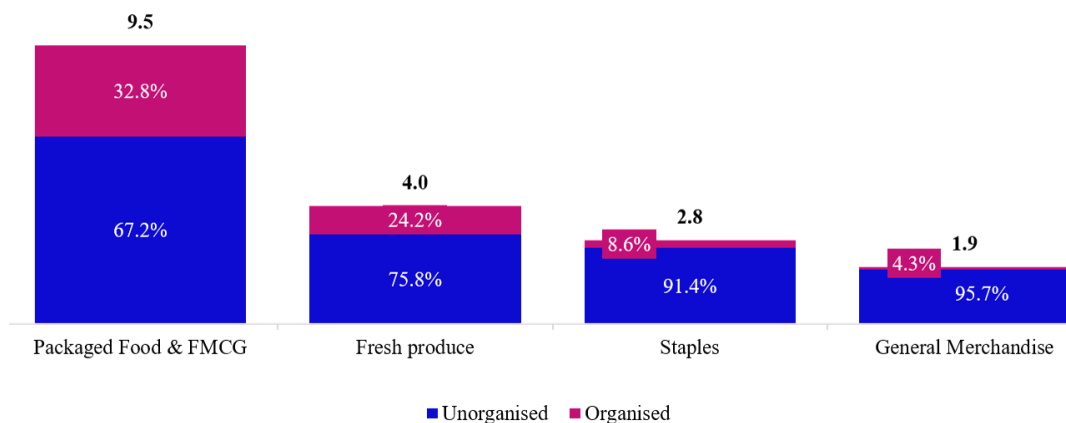


Source(s): 1Lattice analysis

4.3.6 Organised retail penetration in South India food & grocery market varies across sub-categories, led by packaged food, while staples and general merchandise remain largely unorganised

Organised retail penetration across South India food and grocery sub-categories in FY26 remains uneven, with higher penetration in packaged segments and continued dominance of unorganised channels in core consumption categories. Packaged food and FMCG exhibit the highest organised penetration at 32.8%, enabled by brand presence, product standardisation, and established distribution through modern trade. Fresh produce follows with a 24.2% organised share, bolstered by improving supply chains and preference for quality and graded produce. In contrast, staples and general merchandise remain largely unorganised, with organised penetration at 8.6% and 4.3%, respectively. These categories are characterised by fragmented sourcing, high price sensitivity, and reliance on traditional retail channels.

South India food & grocery - Category split by channel
(INR T, %, FY26)



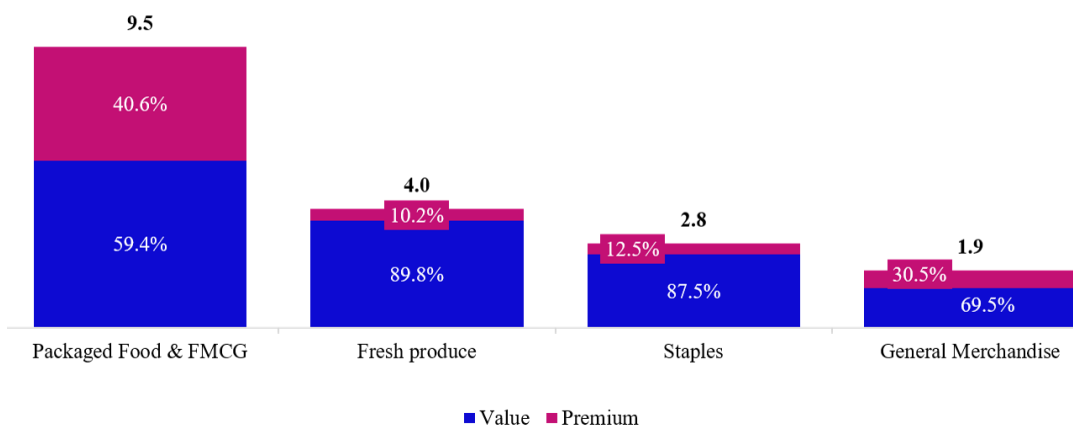
Source(s): 1Lattice analysis



4.3.7 Value segments dominate core food categories, while premium segments are more prominent in packaged food and general merchandise in South India

The South India food and grocery market is predominantly value-driven across sub-categories, with premium consumption concentrated in packaged food and general merchandise segments. Packaged food and FMCG exhibit the highest premium share at 40.6% in FY26, supported by product differentiation and brand-led consumption. General merchandise also shows a relatively higher premium share at 30.5%, reflecting discretionary spending across home and personal care categories. In contrast, core food categories remain largely value-driven, with fresh produce and staples having premium shares of 10.2% and 12.5%, respectively. These categories are characterised by high price sensitivity and frequent purchase cycles, supporting continued dominance of value-led consumption.

South India food & grocery - Category split by price segments
(INR T, %, FY26)



Source(s): 1Lattice analysis

4.3.8 Operating excellence and cost optimisation as key enablers of margin expansion in food and grocery retail

India’s food and grocery market faces structural challenges that impact profitability and operational efficiency, requiring ongoing adjustments in sourcing, pricing, and operating models.

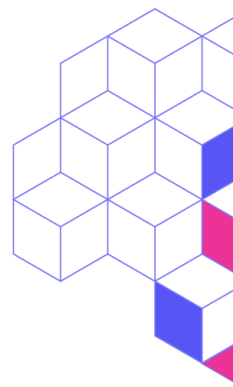
Key challenges in India’s food and grocery retail market

- **Fragmented supply chains and sourcing inefficiencies-** Limited integration across procurement and logistics results in inconsistent sourcing, higher intermediaries, and elevated supply chain costs.
- **Margin pressure from inflation and price sensitivity-** Volatility in input costs and high consumer price sensitivity constrain pricing flexibility and impact margins.
- **High fragmentation and competitive intensity-** The presence of general trade, organised retail, and online players results in sustained price competition across categories.
- **Rising fixed costs in organised retail-** Increasing rentals, manpower, and investments in store expansion and backend infrastructure weigh on operating leverage, particularly in early-stage store networks.
- **Perishability and wastage in fresh categories-** Inadequate cold chain infrastructure and handling inefficiencies lead to higher wastage, impacting gross margins, particularly in fresh-led assortments.

5. Overview of India apparel retail market

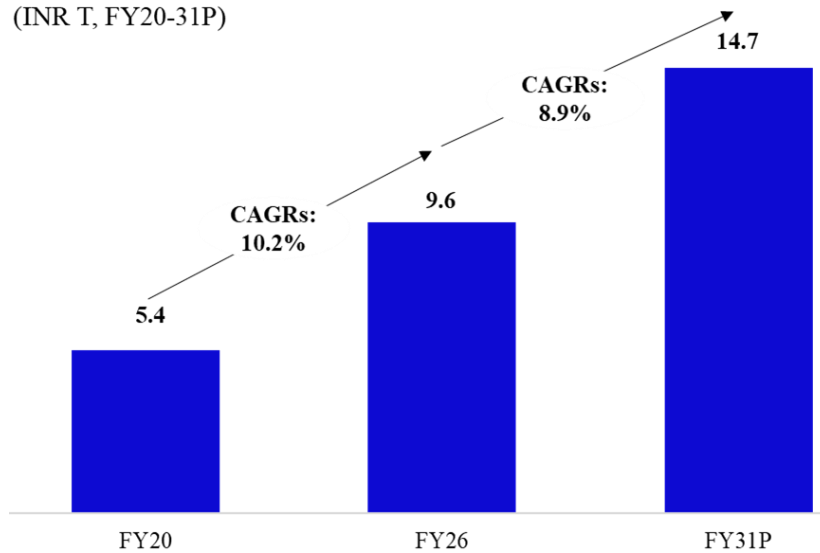
5.1 India’s apparel market is projected to grow from INR 9.6T in FY26 to INR 14.7T by FY31P, reflecting a 8.9% CAGR over FY26-31P, supported by value-led demand and increasing penetration of organised retail

India’s apparel market has grown from INR 5.4T in FY20 to INR 9.6T in FY26 and is projected to reach INR 14.7T by FY31P, representing a CAGR of 8.9% over FY26-31P. Growth is supported by increasing discretionary consumption, shorter replacement cycles, and evolving fashion preferences, particularly among younger consumers. Expansion of organised retail, increasing penetration of branded apparel, and improved product accessibility across Tier 1 as well as Tier 2 and Tier 3 markets



are supporting broader consumption across price segments. Demand remains anchored in value apparel with high purchase frequency, while premium segments are expanding gradually in urban markets.

India apparel market size
(INR T, FY20-31P)

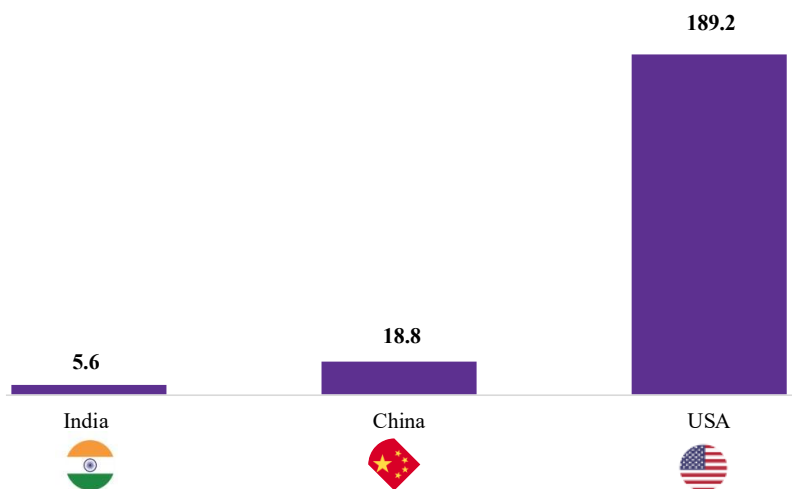


Source(s): 1Lattice analysis

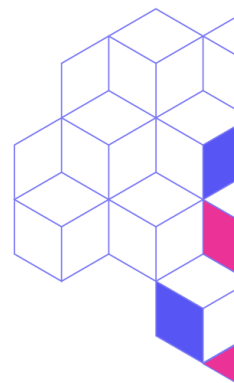
5.1.1 India’s per capita apparel spend remains significantly below China and the US, indicating structural headroom for growth, with consumption remaining value-driven

Per capita apparel spending in India remains significantly lower than global benchmarks, at INR 5.6K (US\$ 65.4) compared to INR 18.8K (US\$ 218.9) in China and INR 189.2K (US\$ 2,198) in the US, reflecting lower income levels and penetration of branded apparel. The gap indicates structural headroom for growth as consumption scales with increasing income levels and improving access to organised retail. Consumption continues to remain skewed towards value apparel, with consumers prioritising affordability and price-quality balance. Growth is expected to be supported by higher purchase frequency and gradual premiumisation, particularly in urban markets.

Per capita apparel spending – India vs key countries
(INR K per capita, CY25)



Source(s): 1Lattice analysis

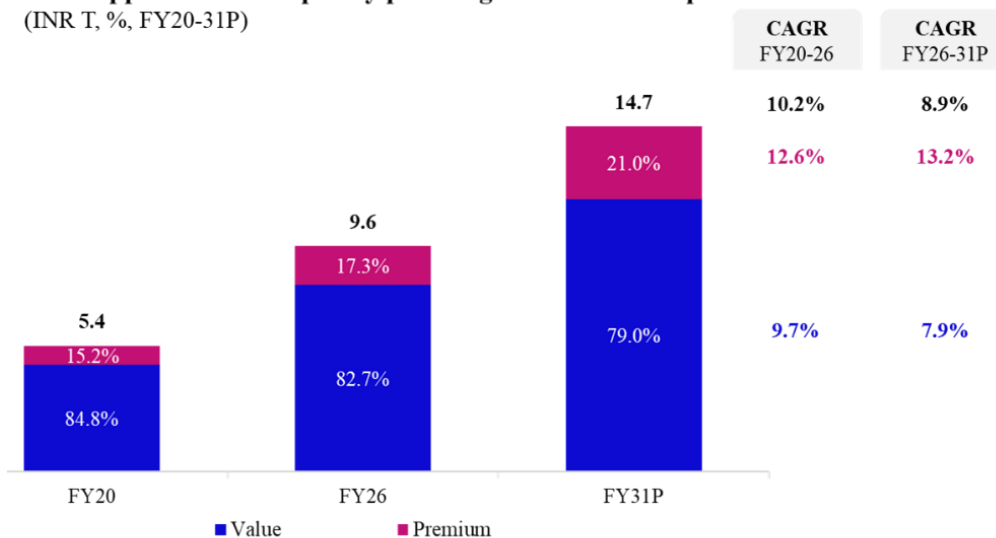


5.1.2 India’s apparel market is witnessing gradual premiumisation, with value apparel continuing to dominate

India’s apparel market is segmented across value and premium categories, with value apparel accounting for 84.8% of the market in FY20, moderating to 82.7% in FY26 and further to 79.0% by FY31P, reflecting a gradual shift in market mix. The shift is supported by increasing penetration of branded apparel and expansion of organised retail formats. However, demand remains anchored in value apparel, driven by affordability and higher volume-led consumption across income cohorts, while premium segments continue to expand gradually, primarily in urban markets.

India apparel market split by price segment – value vs premium

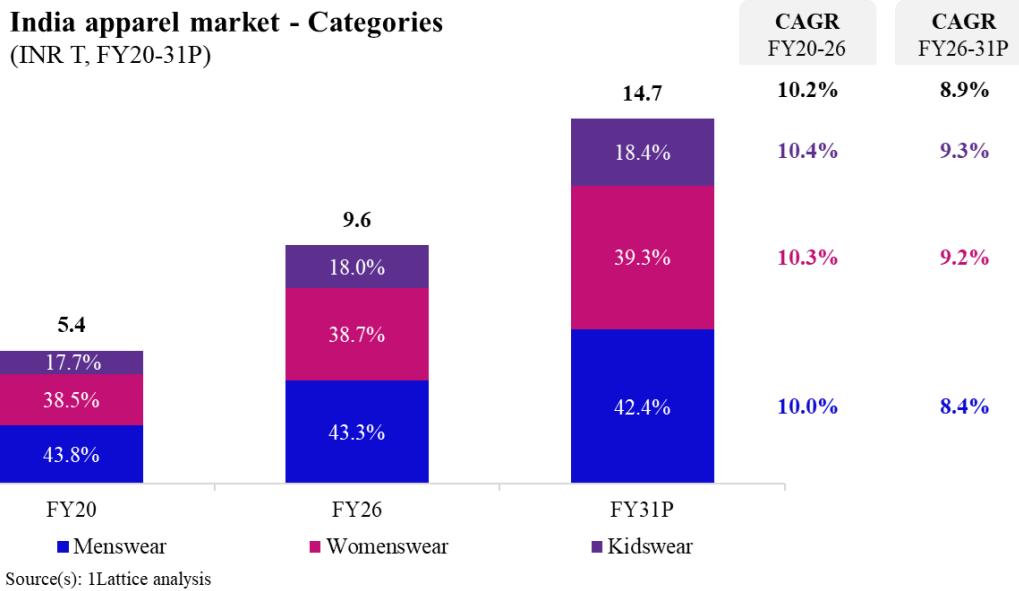
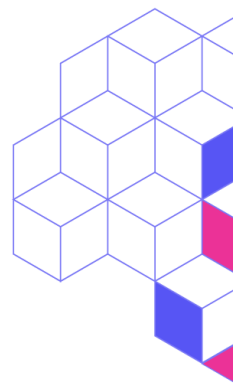
(INR T, %, FY20-31P)



Source(s): 1Lattice analysis

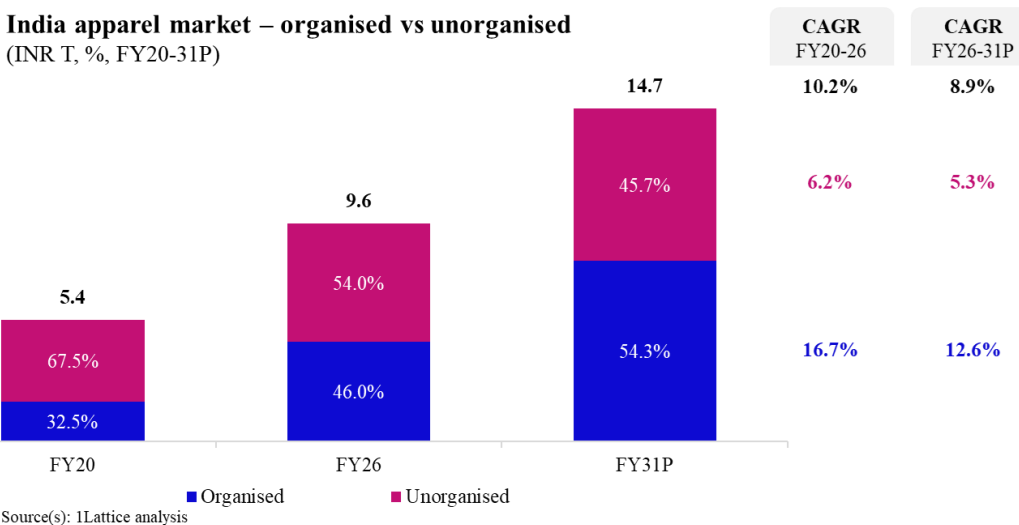
5.1.3 India’s apparel market composition in FY26 is led by menswear (43.3%), followed by womenswear (38.7%) and kidswear (18.0%), with womenswear and kidswear expected to grow relatively faster

India’s apparel market is segmented into menswear, womenswear, and kidswear, with menswear accounting for INR 4.2T (43.3%), followed by womenswear at INR 3.7T (38.7%) and kidswear at INR 1.7T (18.0%) in FY26. Menswear demand is supported by increasing adoption of casual and comfort-led clothing across occasions, along with steady ethnic wear consumption linked to weddings and festivals, with the category remaining relatively value-driven due to higher average selling prices. Womenswear is witnessing relatively faster growth, supported by increasing workforce participation and demand for versatile apparel across work and lifestyle needs, with traction in categories such as athleisure and Indo-western wear. Kidswear demand is driven by higher replacement frequency due to shorter usage cycles, supported by comfort-led preferences and seasonal purchases. The segments are projected to reach INR 6.2T (menswear), INR 5.8T (womenswear), and INR 2.7T (kidswear) by FY31P, registering CAGRs of 8.4%, 9.2%, and 9.3%, respectively, with womenswear and kidswear expected to grow relatively faster.



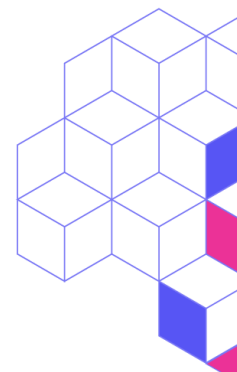
5.1.4 Organised retail share in India’s apparel market expected to increase from 46.0% in FY26 to 54.3% by FY31P, reflecting gradual formalisation of the apparel retail landscape

India’s apparel market remains fragmented, with unorganised retail accounting for 67.5% of the market in FY20 and organised retail contributing 32.5%. Organised retail, which includes all modern retail formats such as exclusive brand outlets, large-format stores, department stores, and e-commerce platforms, as opposed to traditional mom-and-pop stores in the unorganised sector, increased to 46.0% in FY26 and is projected to reach 54.3% by FY31P, reflecting gradual formalisation. This shift is supported by increasing preference for branded apparel, improved retail experience, and greater trust in quality and consistency offered by organised players. Organised retailers also benefit from scale advantages, including stronger sourcing capabilities, faster inventory turns, and more efficient supply chains, enabling improved price competitiveness and assortment. Unorganised retail continues to operate through fragmented networks with limited standardisation, while organised retail is expected to drive incremental growth supported by scale efficiencies and expansion across markets.

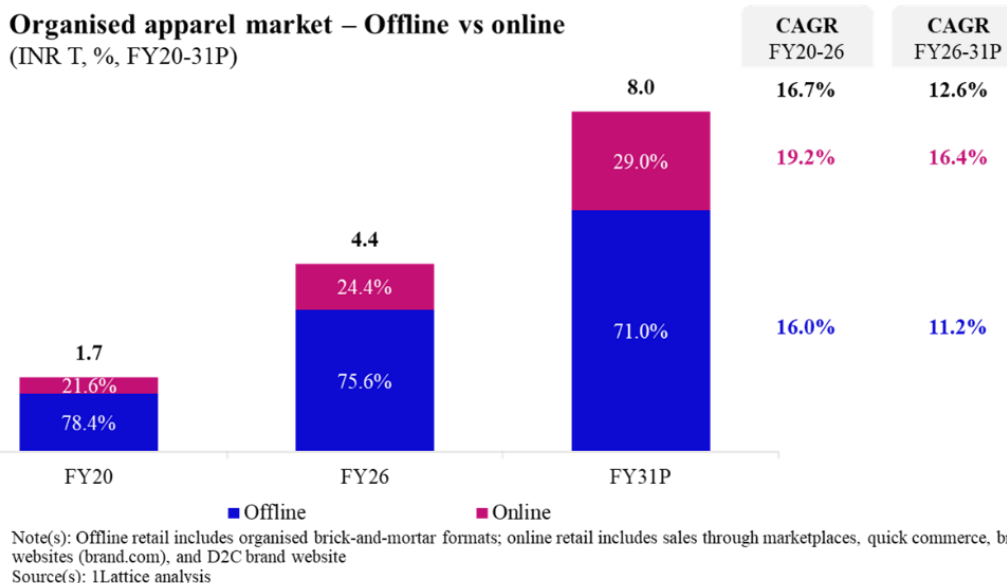


5.1.5 India’s organised apparel market continues to be anchored by offline retail, which is expected to remain the largest channel through FY31P

India’s organised apparel retail market remains predominantly offline, accounting for 75.6% of sales in FY26 and projected to retain a majority share at 71.0% by FY31P, despite gradual increase in online penetration from 24.4% to 29.0% (from ~21.6%



in FY20). Offline channels continue to play a critical role in apparel purchases due to the importance of fit, fabric, and in-store experience, particularly for planned and family-oriented shopping. While online channels are expanding faster, supported by convenience, assortment access, and improving fulfilment, they remain complementary, with physical retail continuing to anchor overall consumption within organised apparel retail.



5.1.6 India’s apparel market is characterised by evolving consumer preferences, faster fashion cycles, and increasing integration of digital and physical retail channels

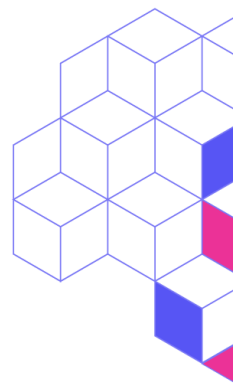
India’s apparel market is characterised by evolving consumer preferences, shorter fashion cycles, and increasing integration of digital and physical retail channels.

Key trends in India’s apparel market include:

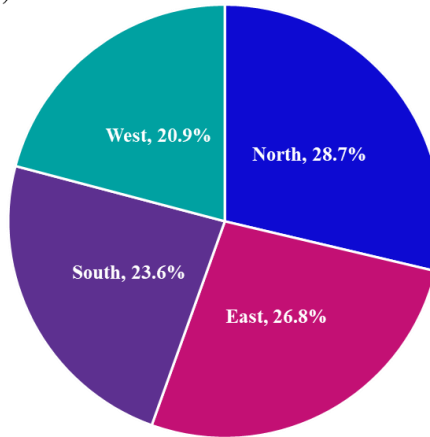
- **Value-led consumption with high purchase frequency:** Demand remains anchored in affordability across everyday categories, supporting repeat purchases and volume-led growth.
- **Shorter fashion cycles:** Faster trend adoption is driving more frequent assortment refresh and shorter product lifecycles.
- **Online-offline purchase journey:** Consumers use digital platforms for discovery and comparison, while physical stores remain critical for evaluation and final purchase decisions.
- **Growth in lifestyle-led categories:** Increasing traction in casual wear, athleisure, and occasion-driven apparel reflects evolving usage patterns and preference for versatile clothing.

5.1.7 India’s apparel market is led by North (28.7%) and East (26.8%), with South (23.6%) representing an attractive and organised retail-led market

India’s apparel market is geographically distributed across North, South, East, and West regions, with North (28.7%) and East (26.8%) together accounting for 55.5% of the market in FY26, followed by South (23.6%) and West (20.9%). North and East India are supported by larger population bases and higher share of family-led consumption, while South India reflects strong consumption driven by established retail networks and cultural demand. West India benefits from concentration of urban consumption centres and higher penetration of organised retail. Overall, regional distribution reflects variation in consumption patterns across geographies, with demand supported by both urban and non-metro markets.



India apparel market share by region
(%, FY26)



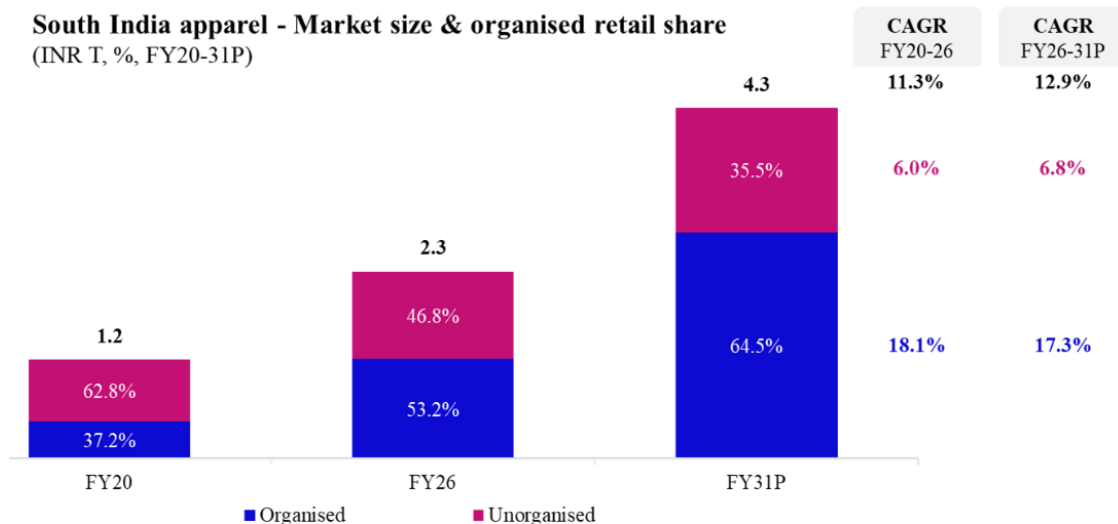
Source(s): 1Lattice analysis

5.2 South India apparel market perspective

5.2.1 South India apparel market is projected to grow from INR 2.3T in FY26 to INR 4.3T by FY31P at ~12.9% CAGR, supported by urban consumption and increasing organised retail penetration

The South India apparel market has grown from INR 1.2T in FY20 to INR 2.3T in FY26 and is projected to reach INR 4.3T by FY31P, reflecting a CAGR of 12.9% over FY26-31P. Growth in the region is supported by higher urbanisation, income levels, and established retail presence across urban centres such as Bengaluru, Hyderabad, and Chennai. Demand is driven by a young consumer base, increasing workforce participation, and higher adoption of branded apparel, supporting consumption across everyday and occasion-led categories. The region is also witnessing a shift in retail mix, with organised retail share increasing to ~53.2% in FY26 and projected to reach ~64.5% by FY31P. This is supported by the expansion of large-format stores, the presence of regional and national brands, and improved retail access beyond metro markets. Organised retail is expected to drive incremental growth, supported by scale efficiencies and stronger supply chains.

South India apparel - Market size & organised retail share
(INR T, %, FY20-31P)



Source(s): 1Lattice analysis

5.2.2 South India apparel market growth is supported by manufacturing scale, ethnic demand, organised retail presence, and expansion across Tier 2 and below markets



Key growth drivers of the South India apparel market

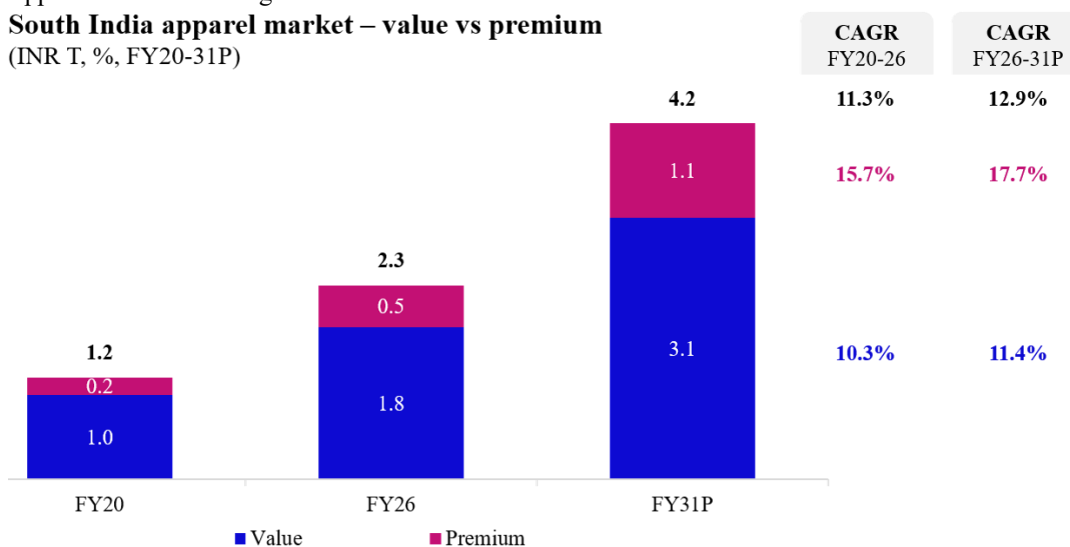
	Integrated textile ecosystem and manufacturing scale	<ul style="list-style-type: none"> South India, led by Tamil Nadu's textile clusters (Tiruppur, Coimbatore, Erode), benefits from integrated and cost-efficient manufacturing, complemented by strong garmenting hubs in Bengaluru, Chennai, and Visakhapatnam, supporting supply consistency and scale
	Strong ethnic and wedding-led consumption	<ul style="list-style-type: none"> Cultural affinity towards sarees and ethnic wear, combined with high wedding volumes and frequent festivals, drives high-ticket, recurring demand, particularly in occasion-led categories
	High organised retail penetration & regional chains	<ul style="list-style-type: none"> Strong presence of organised retail and regional players improves accessibility, standardisation, and assortment availability, supporting higher conversion and faster formalisation
	Urban consumption driven by working population	<ul style="list-style-type: none"> Cities such as Bengaluru, Hyderabad, and Chennai drive apparel demand through higher disposable incomes and a large working population, supporting growth in casual, western, and athleisure categories
	Growth driven by emerging tier 2 and beyond markets	<ul style="list-style-type: none"> Expansion across Tier II and emerging markets such as Vizag, Kochi, and Coimbatore supports incremental demand, driven by rising incomes, improving infrastructure, and increasing organised retail penetration

Source(s): 1Lattice analysis

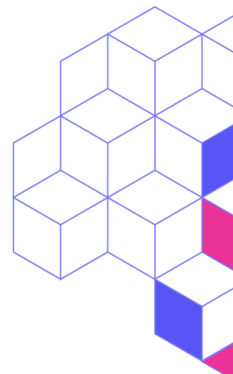
5.2.3 Value apparel is expected to remain the largest segment within South India's apparel market, at INR 3.1T of the market by FY31P and growing at an 11.4% CAGR over FY26–31P

South India's apparel market is predominantly value-led, with value apparel being INR 1.8T in FY26 and increasing to INR 3.1T by FY31P, indicating a gradual shift in market mix. Despite this moderation in share, value apparel continues to expand in absolute terms and remains the primary growth driver, supported by high purchase frequency across everyday categories, with the segment projected to grow at a CAGR of 11.4% during FY26-31P. Growth is supported by sustained price-quality consciousness across both metro and non-metro markets, along with the expansion of organised value retail formats offering consistent pricing and structured assortments. Demand is further supported by repeat purchases in daily wear categories driven by shorter replacement cycles, while both improving retail access and increasing digital exposure are supporting faster adoption of trend-led apparel within value segments.

South India apparel market – value vs premium
(INR T, %, FY20-31P)



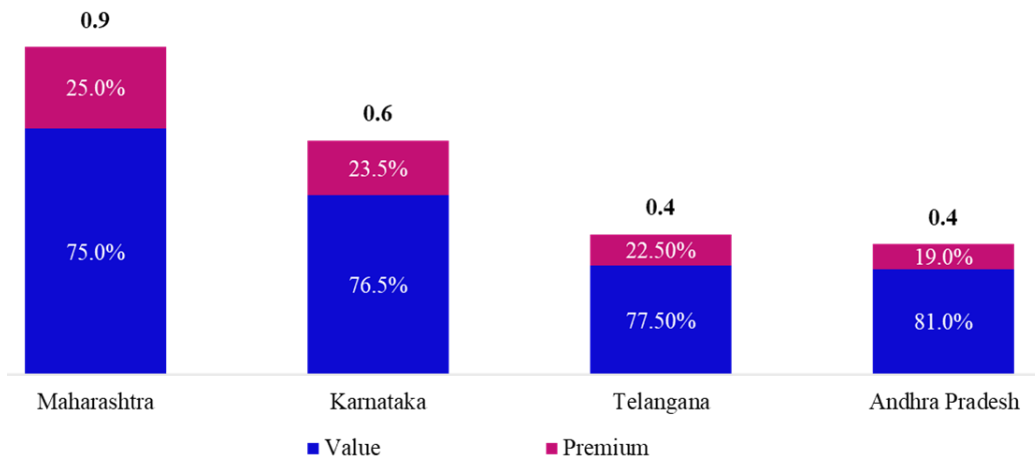
Source(s): 1Lattice analysis



5.2.4 State-wise apparel market in FY26 is led by Maharashtra (INR 0.9T) and Karnataka (INR 0.6T), with value apparel holding a share of ~75-81% across Maharashtra, Karnataka, Telangana, and Andhra Pradesh

State-level apparel markets across Maharashtra, Karnataka, Telangana, and Andhra Pradesh reflect variation in market size driven by differences in urban concentration, income levels, and consumption intensity. Maharashtra represents the largest market at INR 0.9T in FY26, supported by strong urban consumption in cities such as Mumbai and Pune. Karnataka follows at INR 0.6T, driven by Bengaluru as a key consumption hub. Telangana and Andhra Pradesh account for INR 0.4T and INR 0.4T, respectively, reflecting relatively smaller but growing markets supported by improving retail access. Overall, apparel demand remains concentrated in more urbanised states, alongside steady growth across emerging markets. Value apparel continues to dominate across these states, with shares ranging from ~75% to ~81% in FY26. Andhra Pradesh (81%) and Telangana (77.5%) exhibit relatively higher value orientation, reflecting greater price sensitivity and mass-market demand. In contrast, Karnataka (23.5%) and Maharashtra (25.0%) show relatively higher premium apparel share, supported by stronger urban consumption and higher disposable incomes.

Apparel market - Price segment across key states
(INR T, %, FY26)



Source(s): 1Lattice analysis

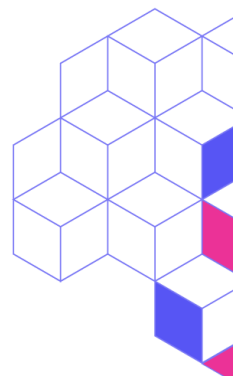
5.2.5 Consumer behaviour across Maharashtra, Karnataka, Telangana, and Andhra Pradesh varies by income levels and urbanisation, with premium adoption in urban centres and value-led demand in non-metro markets

Consumer behaviour across Telangana, Karnataka, Andhra Pradesh, and Maharashtra varies based on income levels, urbanisation and purchasing preferences. Urban centres such as Hyderabad, Bengaluru, Mumbai and Pune exhibit relatively higher adoption of branded, premium and occasion-led apparel, supported by higher disposable incomes and greater exposure to organised retail. Demand in these markets is driven by a combination of everyday wear, workwear, fashion-oriented purchases and festive spending. Key consumption periods include Sankranti and Ugadi in Telangana and Andhra Pradesh, Deepavali in Karnataka, and Ganesh Chaturthi and other festive occasions in Maharashtra.

In contrast, non-metro markets remain predominantly value-driven, with purchase decisions influenced by affordability, product durability and family-led buying behaviour. These markets continue to represent a significant consumption base, supported by rising incomes and increasing penetration of organised retail formats. Across the region, digital platforms are playing a growing role in product discovery and price comparison; however, physical retail remains an important channel, particularly for apparel categories where consumers value product evaluation, fit and comfort prior to purchase.

5.2.6 Higher income levels in South India support relatively stronger online adoption alongside continued reliance on physical stores

South India exhibits relatively higher online adoption compared to national averages, supported by higher income levels and stronger digital engagement. As of CY24, India's per capita GDP stands at INR 2.2L, while southern states such as Karnataka (INR 2.6L) and Telangana (INR 2.4L) are above the national average, enabling higher discretionary spending.



This trend is particularly evident in mature metro markets such as Bengaluru and Hyderabad, where over 70% of internet users already shop online, indicating a higher level of e-commerce adoption than seen across many other parts of the country. Similar trends are increasingly visible across Tier 1 and Tier 2 cities such as Coimbatore, Kochi, and Visakhapatnam, supporting digital engagement and omnichannel consumption behaviour. While online channels play an increasing role in product discovery and transactions, apparel consumption in South India remains integrated across both online and offline channels, with physical stores continuing to anchor purchase decisions. As a result, higher online adoption in the region has complemented rather than replaced offline retail, supporting the coexistence of both channels within the apparel purchase journey.

5.2.7 India's apparel market presents operational challenges for retailers, driven by inventory complexity, cost pressures, and competitive intensity

The apparel retail market operates within a complex merchandising and supply environment, where inventory management, cost variability, logistics and replenishment complexity impact margins and operational efficiency. These dynamics require strong coordination across sourcing, merchandising, and store operations to ensure consistent availability, optimise inventory, and maintain profitability.

- **Inventory management and discounting pressures:** High SKU proliferation and seasonal demand cycles require efficient inventory planning, with excess stock often leading to markdowns and margin pressure.
- **High competition intensity:** Presence of multiple organised and unorganised players leads to pricing pressure and increased promotional activity.
- **Logistics and replenishment complexity:** Distributed store networks and multi-stage sourcing can impact lead times, product availability, and shelf optimisation.
- **Store-related cost pressures:** Large store formats, fitting requirements, and high real estate costs increase operating expenses and impact store-level profitability.
- **Evolving sustainability and technology requirements:** Increasing focus on sustainable sourcing, traceability, and technology adoption (such as automation and digital inventory systems) requires ongoing investments and operational alignment.

6. Peer benchmarking

Ratnadeep Retail Limited was established in 1987 as a single-store operation and has since evolved into a large-format retail supermarket chain with a network of over 190 stores across India. The company derives ~13.12% of its revenue from fresh produce, indicative of its strong positioning in high-frequency daily grocery categories, while also providing relative insulation from online grocery and quick-commerce competition as consumers continue to prefer purchasing fruits, vegetables and other perishables physically in-store due to the importance of quality and freshness assessment. Its focused regional cluster-based store expansion strategy has translated into efficient store economics, as reflected in robust sales per sq. ft. while its strong capabilities in identifying strategic locations and structuring long-tenure lease agreements provide a scalable foundation for network expansion, enabling accelerated store roll-out while maintaining favourable rental economics and enhancing long-term operating stability. The company's demand-led product assortment and category optimisation strategy enables it to closely align its offerings with local consumer preferences, driving higher customer footfall, increasing average bill values and improving overall wallet share across its markets. Ratnadeep is a market-leading organised retailer focused on food, grocery and fashion consumption, catering to the daily needs of customers across South India, with a presence across the states of Andhra Pradesh, Telangana and Karnataka, in terms of gross margins in Fiscal 2026, which is the highest among organised peers primarily anchored in the food and grocery segment in India. Ratnadeep is well-positioned within a large and underpenetrated organised food and grocery retail market in South India.

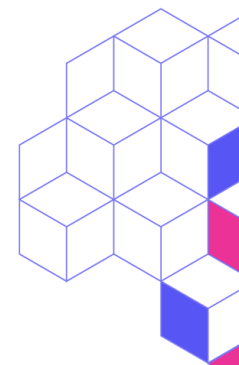
It further leverages data-driven merchandising and localised store customisation during regional occasions and festive periods to align inventory and layouts with evolving consumption trends, enabling stronger customer engagement and superior sales monetisation during peak demand cycles, while its strategic in-store product placement and category adjacencies are designed to encourage impulse-led and complementary purchases, supporting higher average basket sizes. The company's multi-format presence through Ratnadeep Mindful Living, Ratnadeep Select, National Mart and Style Mart enables it to cater to diverse consumer cohorts across income segments, shopping missions and catchment profiles, significantly expanding its addressable market while strengthening regional brand visibility and customer recall. Under its National Mart value-retail format, it combines everyday deep-discount pricing across a wide SKU assortment with customer-centric convenience features such as ample parking infrastructure, enhancing accessibility and enabling a more seamless bulk-shopping experience.

6.1 Operational benchmarking

Ratnadeep Retail Limited operates 190 number of stores, with 173 stores in Tier-1 city.



Parameters	Company	FY26	FY25	FY24
Total number of stores (#)	Ratnadeep Retail Limited	190	181	173
	Avenue Supermarts Limited	500	415	365
	Spencer's Retail Limited	120	121	167
	Vishal Mega Mart Limited	795	696	611
	Trent Limited	1,286	1,043	882
Number of stores added during the year (#)	Ratnadeep Retail Limited	10	19	44
	Avenue Supermarts Limited	85	50	41
	Spencer's Retail Limited	NA	5	9
	Vishal Mega Mart Limited	105	85	NA
	Trent Limited	289	295	NA
Presence in number of cities (#)	Ratnadeep Retail Limited	20	18	11
	Avenue Supermarts Limited	18	25	NA
	Spencer's Retail Limited	23	23	42
	Vishal Mega Mart Limited	535	458	NA
	Trent Limited	321	242	178
Total retail business area (sq. ft. in M)	Ratnadeep Retail Limited	1.21	1.10	0.83
	Avenue Supermarts Limited	20.60	17.20	15.10
	Spencer's Retail Limited	0.87	0.89	1.37
	Vishal Mega Mart Limited	13.45	12.16	11.01
	Trent Limited	17.70	14.90	10.00
Average revenue per retail business area square foot (INR M)	Ratnadeep Retail Limited	18,373.08	18,070.20	20,241.40
	Avenue Supermarts Limited	33,422.00 ^b	33,896.00 ^b	32,941.00 ^b
	Spencer's Retail Limited	NA	1,411.00 ^a	N.A
	Vishal Mega Mart Limited	NA	NA	NA
	Trent Limited	14,000.00 ^c	16,378.00 ^c	15,776.00 ^c
Average revenue per store (in INR)	Ratnadeep Retail Limited	117.01	109.82	97.11
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	NA	NA
	Vishal Mega Mart Limited	NA	NA	NA
	Trent Limited	NA	NA	NA
Stores by format type (#)	Ratnadeep Retail Limited	Ratnadeep: 173 National Mart: 17	Ratnadeep: 167 National Mart: 14	Ratnadeep: 167 National Mart: 6
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	NA	NA
	Vishal Mega Mart Limited	NA	NA	NA
	Trent Limited	NA	NA	NA
Stores by city tier (#)	Ratnadeep Retail Limited	T1: 173 T2: 14 T3: 3	T1: 166 T2: 13 T3: 2	T1: 165 T2: 7 T3: 1
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	NA	NA
	Vishal Mega Mart Limited	T1: 205 T2: 189 T3: 401	T1: 192 T2: 180 T3: 324	T1: 187 T2 & beyond: 424



	Trent Limited	NA	NA	NA
Revenue from private labels (INR M)	Ratnadeep Retail Limited	6,275.79	5,721.93	4,548.51
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	2,780.00	NA
	Vishal Mega Mart Limited	NA	78,385.79	63,993.42
	Trent Limited	NA	NA	NA
Revenue from private labels as a percentage of revenue from operations (%)	Ratnadeep Retail Limited	28.23%	28.79%	27.07%
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	9.50%	11.00%
	Vishal Mega Mart Limited	74.10%	73.15%	71.81%
	Trent Limited	73.00%	72.00%	69.00%
Average bill value (INR)	Ratnadeep Retail Limited	482.18	448.13	430.61
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	760.00	NA
	Vishal Mega Mart Limited	NA	NA	NA
	Trent Limited	NA	NA	NA

Note(s):

- For Spencer's Retail Limited, its sales per sq. ft. is on consolidated basis for the financial years ended March 31, 2024, March 31, 2025 and March 31, 2026.
- For Avenue Supermarts Limited, sales per sq. ft. is taken as annualised revenue from sales calculated on the basis of 365 days in a year on standalone basis For Spencer's Retail Limited, its sales per sq. ft. is on consolidated basis for the financial years ended March 31, 2024, March 31, 2025 and March 31, 2026.
- For Trent Limited, sales per sq. ft. is calculated on contracted area for fashion and lifestyle segment for the financial years ended March 31, 2024, March 31, 2025 and March 31, 2026.
- For Ratnadeep Retail Limited:
 - Total retail business area is calculated as the total built-up area of a stores less parking space.
 - Average revenue per retail business area square foot is calculated as revenue from operations divided by total retail business area.
 - Average revenue per store is calculated as revenue from operations divided by number of total stores operating at the end of the fiscal year.
 - Average bill value is calculated as revenue from sale of goods divided by number of bills generated.

Revenue split by categories (INR M)

Company	Category	FY26	FY25	FY24
Ratnadeep Retail Limited	FMCG	11,671.65	10,847.07	9,768.04
	Staples	5,719.04	4,643.08	3,680.77
	Fresh produce	2,916.69	2,937.40	2,443.83
	GM & Apparel	1,924.05	1,449.67	907.73
Avenue Supermarts Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA
Spencer's Retail Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA
Vishal Mega Mart Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA



	GM & Apparel	NA	NA	NA
Trent Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA

Note(s): Avenue Supermarts, Spencer's Retail, Vishal Mega Mart, and Trent do not disclose revenue by categories that are directly comparable to Ratnadeep Retail's product categories and differences in product classification and reporting methodologies limit meaningful comparison. Accordingly, comparable peer data is not available (NA).

Revenue split by categories (%)

Company	Category	FY26	FY25	FY24
Ratnadeep Retail Limited	FMCG	52.50%	54.57%	58.14%
	Staples	25.73%	23.36%	21.91%
	Fresh produce	13.12%	14.78%	14.55%
	GM & Apparel	8.65%	7.29%	5.40%
Avenue Supermarts Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA
Spencer's Retail Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA
Vishal Mega Mart Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA
Trent Limited	FMCG	NA	NA	NA
	Staples	NA	NA	NA
	Fresh produce	NA	NA	NA
	GM & Apparel	NA	NA	NA

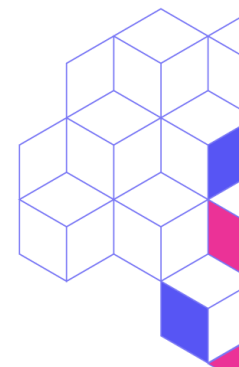
Note(s): Avenue Supermarts, Spencer's Retail, Vishal Mega Mart, and Trent do not disclose revenue by categories that are directly comparable to Ratnadeep Retail's product categories and differences in product classification and reporting methodologies limit meaningful comparison. Accordingly, comparable peer data is not available (NA).

Revenue split by store format (INR M)

Company	Store format	FY26	FY25	FY24
Ratnadeep Retail Limited	Ratnadeep	15,065.12	15,628.77	15,095.39
	National Mart	7,166.31	4,248.45	1,704.98
Avenue Supermarts Limited	Ratnadeep	NA	NA	NA
	National Mart	NA	NA	NA
Spencer's Retail Limited	Ratnadeep	NA	NA	NA
	National Mart	NA	NA	NA
Vishal Mega Mart Limited	Ratnadeep	NA	NA	NA
	National Mart	NA	NA	NA
Trent Limited	Ratnadeep	NA	NA	NA
	National Mart	NA	NA	NA

Note(s): Avenue Supermarts, Spencer's Retail, Vishal Mega Mart, and Trent do not disclose revenue by categories that are directly comparable to Ratnadeep Retail's store format classification and reporting methodologies limit meaningful comparison. Accordingly, comparable peer data is not available (NA).

Same store sales growth (%)



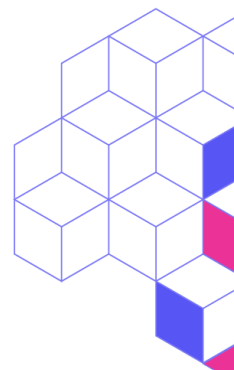
Company	Store format	FY26	FY25	FY24
Ratnadeep Retail Limited	Ratnadeep	-7.92%	-5.74%	0.91%
	National Mart	12.26%	21.68%	22.97%
Avenue Supermarts Limited	Consolidated	8.10%	8.40%	9.90%
Spencer's Retail Limited	NA	NA	NA	NA
Vishal Mega Mart	NA	NA	NA	NA
Trent Limited	NA	NA	NA	NA

Note(s): Avenue Supermarts, Spencer's Retail, Vishal Mega Mart, and Trent do not disclose revenue by categories that are directly comparable to Ratnadeep Retail's store format classification and reporting methodologies limit meaningful comparison. Accordingly, comparable peer data is not available (NA).

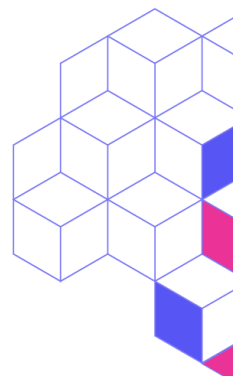
6.2 Financial benchmarking

Ratnadeep Retail Limited's revenue from operations grew at a CAGR of 15.03% from INR 16,800.37M in FY24 to INR 22,231.43 in FY26. It witnessed the second highest inventory turnover ratio amongst its peers in FY26. The value retail industry is characterised by structurally low operating margins, which are offset by high inventory turns and efficient working capital management. Players operating in the industry have demonstrated that scale-led procurement, faster inventory rotation, and disciplined cost structures support healthy ROCE despite thin margins. The sector's focus on essential and high-frequency consumption categories also enables resilient cash flows and steady store-level profitability.

Parameters	Company	FY26	FY25	FY24
Revenue from operations (INR M)	Ratnadeep Retail Limited	22,231.43	19,877.22	16,800.37
	Avenue Supermarts Limited	6,88,207.40	5,93,580.50	5,07,888.30
	Spencer's Retail Limited	17,999.98	19,952.00	23,450.25
	Vishal Mega Mart Limited	1,29,063.21	1,07,163.45	89,119.46
	Trent Limited	2,00,742.10	1,71,346.10	1,23,751.10
Growth in revenue from operations (%)	Ratnadeep Retail Limited	11.84%	18.31%	NA
	Avenue Supermarts Limited	NA	16.87%	18.56%
	Spencer's Retail Limited	-9.80%	-15.00%	-4.40%
	Vishal Mega Mart Limited	20.40%	20.20%	NA
	Trent Limited	17.16%	38.46%	50.15%
Gross profit (INR M)	Ratnadeep Retail Limited	5,180.65	4,483.35	4,090.45
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	3,687.00	3,904.00	4,730.00
	Vishal Mega Mart Limited	36,681.00	30,527.24	24,658.93
	Trent Limited	NA	NA	NA
Gross profit margin (%)	Ratnadeep Retail Limited	23.30%	22.56%	24.35%
	Avenue Supermarts Limited	NA	14.84%	14.80%
	Spencer's Retail Limited	20.50%	19.60%	20.20%
	Vishal Mega Mart Limited	28.40%	28.49%	27.67%
	Trent Limited	NA	NA	NA
EBITDA (INR M)	Ratnadeep Retail Limited	1,113.34	418.93	587.09
	Avenue Supermarts Limited	52,550.00	44,870.00	41,040.00
	Spencer's Retail Limited	152.00	603.00	140.00
	Vishal Mega Mart Limited	18,836.00	15,301.80	12,486.01
	Trent Limited	NA	30,635.10	29,110.40
EBITDA margin	Ratnadeep Retail Limited	5.01%	2.11%	3.49%



(%)	Avenue Supermarts Limited	7.80%	7.56%	8.08%
	Spencer's Retail Limited	0.80%	3.00%	0.60%
	Vishal Mega Mart Limited	14.60%	14.28%	14.01%
	Trent Limited	13.64%	NA	NA
Profit after tax (INR M)	Ratnadeep Retail Limited	367.01	-266.92	158.38
	Avenue Supermarts Limited	29,698.60	27,074.50	25,356.10
	Spencer's Retail Limited	-2,493.32	-2,463.62	-2,661.51
	Vishal Mega Mart Limited	8,392.27	6,319.67	4,619.35
	Trent Limited	17,213.30	15,344.10	14,774.60
PAT margin (%)	Ratnadeep Retail Limited	1.65%	-1.34%	0.94%
	Avenue Supermarts Limited	4.32%	4.56%	4.98%
	Spencer's Retail Limited	NA	-12.35%	-11.35%
	Vishal Mega Mart Limited	6.50%	5.90%	5.18%
	Trent Limited	NA	9.65%	8.75%
Return on equity (%)	Ratnadeep Retail Limited	30.80%	-23.52%	13.35%
	Avenue Supermarts Limited	13.50%	14.10%	15.06%
	Spencer's Retail Limited	NA	NA	NA
	Vishal Mega Mart Limited	NA	8.03%	5.87%
	Trent Limited	29.19%	30.59%	27.35%
Return on capital employed (%)	Ratnadeep Retail Limited	17.82%	-3.43%	8.57%
	Avenue Supermarts Limited	17.10%	19.72%	20.66%
	Spencer's Retail Limited	NA	-14.12%	-21.41%
	Vishal Mega Mart Limited	NA	53.23%	68.76%
	Trent Limited	29.40%	30.85%	24.14%
Net cash flow from operations (INR M)	Ratnadeep Retail Limited	1,074.38	305.57	268.52
	Avenue Supermarts Limited	34,667.40	24,629.70	27,458.40
	Spencer's Retail Limited	-602.24	374.14	350.83
	Vishal Mega Mart Limited	16,212.66	13,990.68	8,296.70
	Trent Limited	26,676.20	16,609.00	13,489.80
Net working capital days	Ratnadeep Retail Limited	16.60	17.01	17.77
	Avenue Supermarts Limited	NA	NA	NA
	Spencer's Retail Limited	NA	-24	-14
	Vishal Mega Mart Limited	NA	15	11
	Trent Limited	NA	NA	NA
Fixed asset turnover ratio	Ratnadeep Retail Limited	13.80	12.65	14.03
	Avenue Supermarts Limited	NA	3.40	3.60
	Spencer's Retail Limited	NA	NA	NA
	Vishal Mega Mart Limited	NA	NA	NA
	Trent Limited	NA	NA	NA
Inventory turnover ratio	Ratnadeep Retail Limited	9.56	9.43	9.71
	Avenue Supermarts Limited	10.68	14.10	14.60
	Spencer's Retail Limited	NA	39.98	41.39
	Vishal Mega Mart Limited	NA	16.45	16.63
	Trent Limited	5.20	5.34	4.73



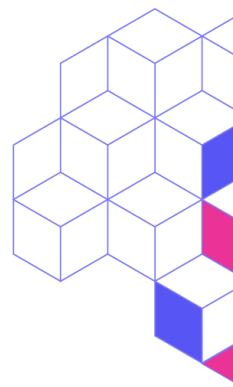
Note(s):

1. For Ratnadeep Retail Limited,
 - a) Revenue from Operations means the revenue from operations as appearing in the Restated Consolidated Financial Statements.
 - b) Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant year minus revenue from operations of the preceding year, divided by revenue from operations of the preceding year.
 - c) Gross profit is calculated as revenue from operations less cost of goods sold which is calculated as purchase of stock in trade plus changes in inventory.
 - d) Gross margin is calculated as gross profit divided by revenue from operations.
 - e) EBITDA is calculated as profit/(loss) before tax for the year plus finance costs and depreciation and amortisation expense, less other income.
 - f) EBITDA margin is calculated as EBITDA divided Revenue from operations.
 - g) Profit/(loss) after tax is defined as profit/(loss) for the year as reported in the Restated Consolidated Financial Statements.
 - h) Profit/(loss) after tax margin is calculated as profit/(loss) after tax divided by sum of revenue from operations and other income.
 - i) Return on Equity is calculated as profit/(loss) for the year divided by the average total equity of the Company, where average total equity is the average of the opening and closing total equity.
 - j) Return on Capital Employed is calculated as EBIT divided by capital employed, where EBIT is profit/(loss) before tax for the year plus finance costs, less other income, and capital employed is the sum of total equity, non-current borrowings and current borrowings.
 - k) Net cash flow from operating activities means the net cashflows from operating activities as appearing in the Restated Financial Statement.
 - l) Net Working Capital Days are calculated as net working capital divided by revenue from operations, multiplied by 365, where net working capital is closing inventory plus closing trade receivables, less closing trade payables.
 - m) Fixed Assets Turnover Ratio is calculated as revenue from operations divided by closing property, plant and equipment, net.
 - n) Inventory Turnover Ratio is calculated as cost of goods sold divided by average inventories, where average inventories is the average of the opening and closing inventories.
2. For peers, all the numbers presented are based on reported consolidated (unless specified otherwise) figures sourced from respective company filings including annual reports, investor presentations, and company prospectuses.
3. Revenue CAGRs have been calculated basis the reported revenue from operations.
4. For Avenue Supermarts Limited, the inventory turnover ratio for FY24 are based on standalone figures.
5. For Avenue Supermarts Limited, EBITDA & EBITDA margin for FY26 are based on standalone figures.
6. For Avenue Supermarts Limited, the ROE, ROCE, net working capital days and gross fixed asset turnover ratio are based on standalone figures for the financial years ended March 31, 2024, March 31,2025 and March 31, 2026.
7. For Spencer's Retail Limited, the ROCE for FY24, FY25 is based on standalone figures.
8. For Spencer's Retail Limited, the net working capital days is based on standalone figures for the financial years ended March 31, 2024, March 31,2025 and March 31, 2026.
9. For Vishal Mega Mart Limited, net working capital days, inventory turnover ratio and ROE are based on standalone figures for the financial years ended March 31, 2024, March 31,2025 and March 31, 2026.
10. For Trent Limited, Pat Margin, ROE and ROCE are based on standalone numbers for the financial years ended March 31, 2024, March 31,2025 and March 31, 2026.

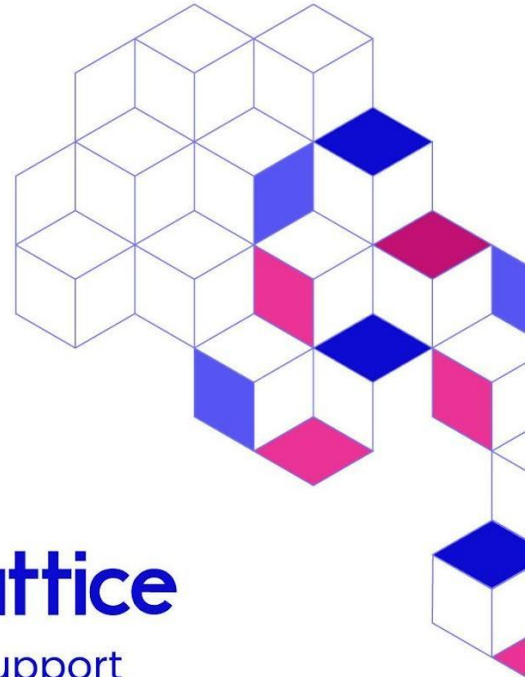
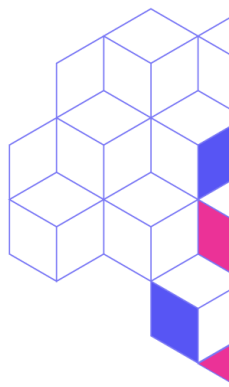
7. **Key threats and challenges to the value retail industry and company**

The key threats and challenges to the value retail industry and company are:

- **Intense competitive pressure and margin constraints:** The value retail industry operates in a highly competitive environment with the presence of organised retailers, local kirana stores, discount chains, and value-focused e-commerce platforms. Since consumers in this segment are highly price-sensitive, retailers have limited ability to pass on cost increases, resulting in continued pressure on margins.
- **Supply chain and inventory management challenges:** Value retail relies heavily on efficient sourcing, procurement, and inventory turnover to maintain affordability. However, fragmented supplier networks, logistics inefficiencies, and inconsistent product availability can impact operational efficiency, especially while scaling across multiple geographies and categories.
- **Rising operating and real estate costs:** Store profitability in value retail is highly dependent on high sales throughput and efficient utilisation of retail space. Rising rental costs, employee expenses, and expansion-related investments can impact margins, particularly in urban markets where real estate costs remain elevated.



- **Disruption from e-commerce and quick commerce:** The increasing penetration of value-focused e-commerce and quick commerce platforms is intensifying competition within the value retail segment. Digital platforms are attracting consumers through aggressive pricing, wider assortments, and convenience-led delivery models, particularly in urban and semi-urban markets. The growing density of dark stores is enabling faster fulfilment and deeper market penetration, thereby increasing competitive pressure on traditional value retail formats.
- **Execution complexity in scaling operations:** Value retail is a high-volume and execution-intensive business where operational gaps can directly impact profitability. Managing assortment planning, replenishment cycles, inventory turnover, and standardised store operations across a wide network remains a key challenge for retailers.
- **Evolving consumer preferences and technology requirements:** Demand in the value retail industry is closely linked to affordability and household spending patterns. Any pressure on disposable incomes, inflation in essential categories, or slowdown in consumption can impact purchase frequency and basket sizes, particularly among middle- and lower-income consumer segments.



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