



**“Baazar Style Retail Limited Q2 & H1 FY26 Earnings
Conference Call”**

November 11, 2025



**MANAGEMENT: MR. SHREYANS SURANA – MANAGING DIRECTOR,
BAAZAR STYLE RETAIL LIMITED
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BAAZAR STYLE RETAIL LIMITED**

**MODERATOR: MR. RUTU CHAVAN – PHILLIPCAPITAL (INDIA) PRIVATE
LIMITED**



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Moderator: Ladies and Gentlemen, Good Day, and Welcome to Baazar Style Retail Limited Q2 & H1 FY26 Earnings Conference Call, hosted by PhillipCapital (India) Pvt. Ltd.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rutu Chavan from PhillipCapital (India) Pvt. Ltd. Thank you and over to you, sir.

Rutu Chavan: Good afternoon everyone. On behalf of PhillipCapital (India) Pvt. Ltd., I welcome all of you to the Q2 & H1 FY26 Earnings Conference Call of Baazar Style Retail Limited.

Today, from the Management, we have Mr. Shreyans Surana – Managing Director; Mr. Nitin Singhania, Chief Financial Officer.

The Management will be Sharing the Key Operating and Financial Highlights for the Quarter and Half-Year ended 30th September 2025, followed by a Question-and-Answer Session.

Please note, this call may contain some of the forward-looking statements which are completely based upon company’s beliefs, opinions, and expectations as of today. These statements are not the guarantee of company’s future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after a statement is made.

I now hand over the conference call to “Mr. Shreyans Surana for his Opening Remarks.” Over to you, sir.

Shreyans Surana: Thank you. Good afternoon, everyone and thank you for joining us today.

Our “Investor Presentation” has been uploaded on stock exchange and on our website and I hope you had a chance to review it.

Let me take you through the key highlights of our business performance, the initiatives driving our growth and the broader retail environment that continues to support our journey. The second quarter saw a strong demand uptick, aided by the early arrival of festival season, which is a key consumption period in our core market. Our regional leadership in the under-penetrated eastern region continues to strengthen as our customers increasingly gravitate towards branded value fashion.



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Our wide product portfolio serves the entire family, driving higher footfalls and improved basket sizes. While festival timing can create some quarterly variation given our geographical mix, as we expand into newer clusters and states, this impact will gradually even out, providing a more balanced growth trajectory throughout the year.

I am pleased to share that we have delivered another quarter of strong performance, continuing our healthy growth momentum. Q2 FY26 marked a milestone period for us with our highest ever quarterly and half yearly revenue and operating metrics across key parameters along with profit growth.

Starting with the “Financial Performance”:

In Q2 FY26, revenue from operational grew 71% year-on-year to INR 532 crores, supported by strong growth across both our core and focus markets.

EBITDA rose 184% year-on-year to INR 69 crores, reflecting improved operational efficiency and disciplined cost management.

Coming to “Some Noteworthy Operating Metrics”:

During the quarter, our core market grew 70% year-on-year, while focus markets recorded 77% growth, underscoring the broad-based strength of our brand and execution strategy.

We are well on track to meet our new store opening guidance, having achieved 72% of our FY26 target with 36 net stores added in the first half, we are in guidance with the growth of 40-50 stores for this fiscal year.

Our total retail area now stands at 2.3 million square feet, a 38% increase over last year, reinforcing our growth trajectory in the retail landscape. The growth traction continued in our private label sales, which grew 119% year-on-year in Q2 FY26 and contributed to 58% of overall sales. Our sales per square feet saw a strong 22% uptick to 865 in Q2 FY26 from 708 in the previous quarter.

Importantly, our inventory days saw a decline from 108 days in Q2 FY25 to 86 days in Q2 FY26, underscoring our decision to invest in technology to streamline our operations.

On the back of this visibility and a strong H1 FY26, we are revising our top-line growth guidance for FY26 from 25% 30%.



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Our pre-IndAS EBITDA margin is guided at 7-8% and pre-IndAS PAT margin at 3-4%. IndAS EBITDA is guided at 14-15% and IndAS PAT margin without exceptional gain will be between 2-3%, reflecting continued operational discipline and improving cost absorption.

We are on track with our expansion plan. We reaffirm our target of opening 40-50 stores this year, reinforcing our confidence in the scalability and profitability of our model.

Before we move to the discussion on the operational aspect of the business, we would like to highlight that we have undertaken a strategic reassessment of our lease term under IndAS 116 to better align with our evolving store portfolio and expansion strategy. As a result, we recognize a one-time exceptional gain of INR 55 crores which has been disclosed separately in the financials. Going forward, this will help in reducing the gap between the pre-IndAS and IndAS profitability. We have provided detailed information on this adjustment in the investor presentation, including the pre-IndAS financials.

In the interest of time, we will be happy to take up any specific queries relating to this separately on a one-on-one basis after this call. Please get in touch with our IR team for this.

On the “Business Update,” let me begin with our progress on some of our key pillars that will have identified to propel our future growth:

On “digital transformation”:

We are making significant headway in our digital and warehouse transformation journey with a planned investment of INR 20-25 crores this year towards building an integrated and intelligent technology backbone.

The implementation of SAP for enterprise resource planning is expected to go live in the next six months, enabling real-time, data-driven decision-making across functions. Alongside this, we are deploying Infor for warehouse management, integrating the Goldratt best advanced replenishment solution and Domo for business Intelligence and analytics. Together, this system will streamline processes, enhance supply chain visibility, and optimize inventory turnaround, laying the foundation for a future-ready scalable organization.

Moving to the “Merchandising,” which continues to remain one of the strongest pillars of our business:



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Over the past few quarters, we have significantly strengthened our team by bringing in experienced professionals from leading retail and apparel companies. This infusion of talent, the overall retail environment in India remains highly supportive of our growth strategy.

Tier 2 and Tier-3 markets continue to lead the consumption momentum driven by rising disposable income, aspirational lifestyle, and a clear shift from unorganized to organized retail. Simultaneously, Tier 1 markets are witnessing strong participation from younger value-conscious consumers who seek both affordability and style. Despite global macro uncertainties, domestic consumption remains resilient with customers increasingly prioritizing the quality, experience and value, a space where Baazar Style is naturally positioned as a leader.

When we look at the broader retail landscape, the value segment in India is still at the nascent stage with enormous untapped potential. Unlike developed markets such as the US or Europe, where one or two large players dominate the space, India currently lacks a single national value retail leader. This creates a wide and open opportunity and Baazar Style aims to fill this wide space. We believe India's consumption story will be value retailer-driven and our proposition style for the entire day is INR 1,000 captures that essence perfectly. It is an offering that combines aspiration with affordability, and this positioning has connected powerfully with the consumer across our market.

Now, coming to the “Operational Parameter”:

Same-store sale growth stood at 22% in Q2 FY26 and 10% in H1 FY26, private label contribution was 58% in Q2 FY26 versus 45% in Q2 FY25 and 59% in H1 FY26 versus 48% in H1 FY25.

Total store count reached 250 in Q2 FY26 up 36% year-on-year, retail area now stands at 2.3 million square feet, a 38% increase from last year.

Focus market performed well with Q2 FY26 revenue at INR 71 crores up 77% year-on-year and H1 FY26 revenue stood at INR 144 crores up 75% from last year. Average transaction value for Q2 FY26 stands at INR 1005 and INR 958 in H1 FY26.

Number of bills grew 69% year-on-year to 5.63 million in Q2 FY26 and 58% year-on-year to 10.11 million in H1 FY26.

Quantity sold increased 63% to 19.5 million units in Q2 FY26 and increased 55% to 34.57 million units in H1 FY26.



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Sales per square feet stood at 865 in Q2 FY26, up 22% year-on-year and 768 in H1 FY26, up 12% from last year.

Inventory days for the quarter reduced to 86 from 108 days while trade payable days stood at 70 compared to 81 for the same period last year.

As a value retailer with strong presence in Eastern India, our demand is seasonal and influenced by regional festivities, hence, our performance is best viewed on a full-year basis. We remain in an expansion phase, investing in new stores and digital capabilities. While this investment may temporarily affect operating margins, absolute growth continues to be strong.

Revenue for Q2 FY26 stood at INR 532 crores, reflecting a strong 70% year-on-year and 41% quarter-on-quarter.

Gross profit for the quarter increased to INR 162 crores, representing a robust rise of 76% year-on-year and 20% sequentially. Gross margin remains healthy at 31%, expanding by nearly 90 bps on a year-on-year basis.

For the first half of FY26, our revenue stood at INR 910 crores, reflecting a strong growth of 55% over the previous year.

Gross profit for the period increased to INR 298 crores, registering a healthy year-on-year growth of 63%.

On the expenses front, manpower costs increased by 40% year-on-year, primarily driven by our ongoing expansion initiatives and the addition of senior leadership talent.

Moving on, our IndAS EBITDA for Q2 FY26 stood at INR 69 crores, reflecting a robust growth of 184% year-on-year and 19% quarter-on-quarter. On a half-yearly basis, EBITDA rose by 92% year-on-year to INR 127 crores. On pre-IndAS EBITDA for Q2 FY26 stood at INR 33 crores, reflecting a robust growth of 933% year-on-year and 33% quarter-on-quarter. On a half-yearly basis, EBITDA rose by 132% year-on-year to 58 crores.

To sum up:

Baazar Style is firing on all cylinders, our differentiated value proposition, disciplined expansion model, accelerating digital transformation and strong operating leverage. We are building a future-ready, scalable, and profitable retail business, positioned at the heart of India's consumption story. Thank you for your continued trust and support.



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With that, I will conclude my opening remarks and request the moderator to open the floor for questions. Thank you.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Hi, thank you for taking my question and congratulations on a strong set of revenue growth numbers. My first question is with regards to your guidance of revising it to 25% to 30% for the year. Now, even if I take the higher end of the guidance at 30%, that would mean that H2 revenue growth would be somewhere in the range of around 16% only. So, just wanted to have your thoughts on the same that do we expect significant deceleration in H2 to have the guidance of 30%?

Shreyans Surana: So, yes, obviously the Q3, though I think Durga Puja is a significant cultural and commercial event in the Eastern India, but I think our business model is not reliant on it, but again, Durga Puja plays a very important role for us. So, Q2 becomes a bigger quarter across all the quarters. But while saying that, I think we have grown at 55% year-on-year, and the guidance that we have revised from 25-30% is again, as I said, we have a conservative approach towards the revenue. We target more but try to achieve the numbers that we say. So, 30% is the guidance. I think mathematically what you are saying is correct. But I hope we will be able to achieve 30% revenue.

Gaurav Jogani: Okay. And sorry, I missed out on the guidance that you also revised for the pre-IndAS margins, both the pre-IndAS EBITDA and the PAT margins for the year, if you can just reiterate that.

Shreyans Surana: So, we have not revised the guidance. We have said that on the IndAS because the PAT with the exceptional gain, it will be more. So, without exceptional gain, the PAT for IndAS is between 2-3% only. So, we have not revised the guidance for PAT or EBITDA, but the guidance has been revised only for the revenue.

Gaurav Jogani: Okay. Okay. And have you given the number for the EBITDA also, the reported EBITDA margin what you are looking out? The reason for asking this is, if you look at your gross margins also, your gross margins for H1 has expanded by 150 bps. So, how should one look at the gross margins here?

Nitin Singhania: So, the gross margin for the entire year, as we have already communicated in the earlier call, it will be 50 bps only. Because in Q4, there will be another USS of winter. So, the margin will be around 34% overall.

Shreyans Surana: So, for the full financial year, it will be 50 bps increase.



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- Gaurav Jogani:** 50, right? Okay. Okay. Okay. And apart from this, we have seen this rent per square feet increasing sharply, approximately 20% for H1. And I think you have also highlighted that, you will be spending INR 20-25 crores towards tech and all. So, two parts to this; one, the tech cost would be capitalized or would it be taken to the P&L and also on the rent per square feet?
- Shreyans Surana:** So, in terms of rent per square feet, as I have already mentioned in the earlier calls, it depends on the tier that you are opening the stores in. So, for us, INR 56 to 57 is the annual rental per square feet for this entire year in terms of per square feet rental that we are going to charge on the P&L. And in terms of capital expenditure on the tech, so, again, it is divided into two parts. So, for example, SAP will be implemented and will be live by next year. So, the cost of SAP will be capitalized. But Infor will be live, I believe, by 1st January. So, the cost will be heading to the P&L. So, it will depend. Domo will be live by December 1st week itself. So, the cost will be on the P&L. So, it will depend on the tech-to-tech and when is the implementation and will it get live in which period.
- Gaurav Jogani:** So, would it be hitting, because your CAPEX for H1 has already been, I think, around INR 80 crores-odd. So, does this increase your CAPEX for the year, how much CAPEX are you anticipating for the year?
- Shreyans Surana:** So, our plan is to have around INR 100 crores as our total CAPEX throughout the year. And as we have already opened more than 36 stores in the first half, I think our target is to open between 40 to 50 stores. So, for the balance 6 months, the INR 20 crores is the planned CAPEX that we have in our mind.
- Gaurav Jogani:** Okay. So, I will come back into the queue for more questions.
- Moderator:** The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.
- Palash Kawale:** So, sir, my first question is on inventory. So, inventory came down. Do you expect this trend to go further and inventory to come down in terms of number of days?
- Shreyans Surana:** So, for the September, the plan that we have in our mind, we have been able to execute, and as a result, you can see that the inventory per square feet is reduced by INR 246 from last year. And I believe that the ARS system and the thing that we are implementing on the tech side, we are working on reduce further. So, you will see that in expecting the 31st of March also.
- Palash Kawale:** Okay. And, sir, what can we expect on the quoted PAT side for next year, FY27 - do you expect it to go towards 4 to 5%?



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- Shreyans Surana:** So, the target for FY27 is between 4 to 5%, the PAT on the pre-IndAS.
- Palash Kawale:** But, sir, now that you have reassessed your leases, would not that difference between pre-IndAS and post-IndAS, which used to be very large, would come down?
- Shreyans Surana:** So, yes, it will reduce, but the impact of IndAS adjustment will persist. It will be substantially lower. But, yes, you can say that I believe from the next year, it will be only 10% of the difference between both pre and post as a profitability difference.
- Palash Kawale:** Okay, sir. That is really helpful. And, sir, just one more question. How many stores are in pipeline? Again, same question as last participant, are we being very conservative in terms of growth, because, even if I look at your inventory levels year-on-year, that have grown by 25%, so, would not even at least a 20% growth be possible for H2?
- Shreyans Surana:** See, again, I am reiterating myself that as a plan, we have taken 30% for the entire year, out of which I think the first six months we have achieved 55%. So, from 25%, already revised guidance is 30%. And, because this quarter will be the big season for us, because it has got all the winter, wedding, Chhat. So, I think after going this quarter only, I will be able to give that answer to your question. I do not want to comment. I do not know, but I think this is a big quarter for us. So, let this quarter go. Next call, I will tell you the answer for this question.
- Palash Kawale:** Okay, sir. And, how many stores are in pipeline right now?
- Shreyans Surana:** As I said, 40 to 50 is the target for this year and we have already opened 36 stores and two has been opened in this quarter. So, 38 technically. I think another 10 stores will be in pipeline for this financial year.
- Palash Kawale:** Okay. That is it from my side. Thank you. Thank you for your answers.
- Moderator:** The next question is from the line of Shreyans Jain from Svan Investments. Please go ahead.
- Shreyans Jain:** So, my first question is, typically when you open new stores, how is the SPSF of that store, can you explain the ramp up time a new store takes to reach the matured store, I mean, I am just trying to understand when you open a new store, what is the typical cycle, how does the SPSF work?
- Shreyans Surana:** So, in terms of SPSF, it again depends on the tier that you are opening. What we have seen in the last two years, because as a strategy, we have taken two approaches - One is to open more stores in metro and Tier 1 also, because that cities give us higher SPSF; and, second, to open in the same cities where we are located. So, that is also giving us a good profitability. In terms of a simple business model, if



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I say, so typically when a store gets opened, so the financial year that it gets opened, it delivers a EBITDA of 5-6% on an average. And when it completes one full year, it gives you EBITDA of 8-10%. And on the maturity, which is the L2L stage, it gives you EBITDA of 13-15% if you are in Tier 2, Tier-3, Tier 4. And if you are in Metro and Tier 1, it gives you around 12% of EBITDA when it gets matured, all at pre-IndAS at store level EBITDA.

Shreyans Jain: How is it compared with the revenues, how much revenue does typically a new store do versus an old matured store per month or per annum, can I understand?

Shreyans Surana: So, I think as of now, we are at 9,200 SPSF. And if I talk about the newer stores, it has yielded this year more than 9,000 per square feet to us because of more stores getting opened in Metro and Tier 1 for this financial year. So, it is in line with the older stores that way you can say in terms of SPSF.

Shreyans Jain: Okay. And is there also a sufficient or a possibility where, say, you are opening newer stores in Metro and Tier 1, so, newer stores tend to do higher revenues versus the other older stores that we would have had?

Shreyans Surana: Excuse me, can you just come again with the question? Can you be a little loud because I am unable to hear you properly?

Shreyans Jain: I am saying, have we come across a situation where, say, you are opening newer stores in Tier 1 and Metro City, so, is there a possibility that newer stores tend to do higher revenues versus the older matured stores which were in Tier 2?

Shreyans Surana: So, Metro stores typically gives you a SPSF of more than INR 10,000 per square feet, whereas, Tier 2, Tier-3 gives you a SPSF of around INR 8,000 to INR 8,500 typically. So, the SPSF will always be higher on the Metro and Tier 1. Again, the rental will also be higher on Tier 1 in metro cities.

Shreyans Jain: Also, in the last one year, how many stores out of the 36 that we have opened or 38 that we have opened would be in the metro, can you help us with the break-up?

Shreyans Surana: So, I can take this question offline in terms of the break-up. But overall, as I said, the average SPSF for all the stores that have been opened this year on the annual basis is more than 9,000 square feet which is in line with the number that we have achieved for the overall company level sales.

Moderator: The next question is from the line of Chirag from Keynote Capitals. Please go ahead.



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- Chirag:** Thank you for the opportunity. Congratulations, Shreyans ji for the good set of numbers. One thing I would like to know is the update on the insurance money which we are expected to receive due to the fire incident. Is there any update on that?
- Shreyans Surana:** Thank you, Chirag. So, on the insurance claim, as we said in the last call also that we have received already the asset part, which is INR 3.48 crores. And in relation to the inventory, the company has submitted all the documents related to the insurance claim and the assessment process by the insurance is in progress. We are in continuous communication with the insurer to ensure timely completion. The company is following up on the matter and any further development will be communicated as and when they occur. We expect the registration very soon, but I do not have a fixed timeline on my hand. I think the first part of the insurance has already been resolved and this is the inventory part in which the discussion is going on.
- Chirag:** As inventory part is a bigger chunk of the money, once it is received, can I expect that the current run rate of stores that we have about 40-50 stores, we are going to utilize this money to increase the additional stores or could you just let me know what are your thoughts if this money gets received and where it is going to be used?
- Shreyans Surana:** The guidance will remain largely intact. We will be opening 40-50 stores and the plan has been made in such a way that with the insurance money coming in, it will be used for the working capital efficiency. Because on the CAPEX front, we are already doing internal accruals and the banking limits. So, the plan will be intact between 40-50 stores. We will not be increasing the speed of store count.
- Chirag:** Fair enough. Generally, Q3 are the strongest because of the Durga Puja right, so based on month down the line, are we seeing the same traction of growth which has been going forward?
- Shreyans Surana:** For us, because the festival of Durga Puja came in September, so obviously there has been a preponement of festival which led to a higher growth in Q2. But while saying that, Q3 remains a very strong quarter for us both in terms of revenue and profitability, because in our total count of 250 stores, still more than 120 stores are such which relies purely on Diwali and Chhat. And I think all the stores including the Bengal, Assam, every store in terms of winter, in terms of wedding, so all these things are celebrated in a manner in every state. So, I think there is a good sales. In terms of winter, we are seeing a good traction. This time winter is looking good and it started well. So, we are seeing a good sales coming from winter stocks largely from across the zone. So, I am expecting upcoming quarter to be a good quarter considering all the festivals line up in this quarter.
- Chirag:** Fair enough. I will join back the queue. Thank you.



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- Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** Thank you very much for this opportunity. So, just first up, clarification, I mean, next year, PAT margin you said on pre-IndAS, 4 to 5%. On IndAS, what is the expectation?
- Shreyans Surana:** 3% to 4% percent.
- Deepak Poddar:** And out of this 250 stores we have, how much would be mature, and how much would be new stores?
- Shreyans Surana:** So, for our collection, 152 stores are mature, which is coming into L2L collection and balance are new and below 18 months of aging.
- Deepak Poddar:** Okay. And in terms of depreciation, I was just reading through because of this reassessment of lease terms, we are expecting 10% increase in depreciation expressed quarter-on-quarter, I mean, can you throw some more light on that?
- Nitin Singhania:** Yes. Because of the reassessment, our leasehold improvement depreciation will increase, right, and that will be a 10% increment quarter-on-quarter going forward.
- Deepak Poddar:** So, INR 42 crores is what we did in second quarter. So, we expect 10% increase -?
- Nitin Singhania:** No, sir. You are taking into consideration the IndAS. I am talking about the pre-IndAS depreciation, which will increase by 10%, right, so it is INR 10 crores quarterly, so it will increase to INR 11 crores.
- Deepak Poddar:** Okay. And what about IndAS?
- Nitin Singhania:** So, IndAS, there will be a benefit of depreciation and interest put together, there will be a benefit of INR 5 crores quarter-on-quarter.
- Deepak Poddar:** Okay. Okay. So, if we take this quarter as a reference, I mean, depreciation plus interest was around close to INR 60 crores, right? So, some reference point over that, I mean, how should one look at INR 60 crores on an IndAS basis going forward?
- Nitin Singhania:** Yes, yes, yes. So, out of that, INR 41 crores was the interest and depreciation under IndAS, right, and INR 20 crores was the depreciation and interest under the pre-IndAS. So, if you put together, it was INR 61 crores. So, the benefit will be INR 5 crores towards the depreciation and interest under IndAS and INR 1 crore for expenses towards the depreciation on leasable improvement. So, ultimate benefit will be INR 4 crores quarter-on-quarter.



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- Deepak Poddar:** Understood. And just one last small thing in terms of private labels, currently we are at about 59%, any aspiration we have, I mean, over the next three years, where we want to take this private label? And what is the private label margin differential versus the other brands?
- Shreyans Surana:** So, I have said in my earlier call also, our aspiration is to reach 65% of the sales coming from private label by FY27. In terms of margin, right now, we want to scale our private labels rather one of our private labels - Square Up has already touched INR 227 crores of revenue for the first six months this year itself, and the idea is to scale these labels. In terms of margin differentiation, as of now, we have a difference in different private labels between 0.75 to 1.5%. But going forward, once the labels are settled in the market and people are coming to the store asking for those labels, that is a time we will again go back to the whiteboard and plan the strategy around that. As of now, the idea is to reach 65% of revenue by FY27 through private label sales, expand the private label. Every person who is coming, we want one article or two articles of private label in his or her hand so that they can understand the quality that we are working on. And next time, we can increase the quantity of those labels in the repeat purchaser's hand.
- Deepak Poddar:** That is very helpful, sir. That would be it from my side. Wish you all the very best.
- Shreyans Surana:** Thank you so much.
- Moderator:** The next question is from the line of Akash Jain from Money Curves Analytics. Please go ahead.
- Akash Jain:** Thank you so much. I have one very basic question, sir. I have been following the company only very recently. So, as I understand, Q2 and Q4 gross margins are lower because of the end-of-season sale, and Q1 and Q3, there is no end-of-season sale, so the gross margins are higher, but when I compare to some other players in the industry, they do not show this kind of variation in quarterly gross margins. So, can you help me understand why we have such higher gross margin variation for us as compared to some of the other larger players in the industry who have quite stable gross margins across quarters?
- Shreyans Surana:** So, the main reason is the concentration that we are having in Bengal and Assam zone. So, typically, entire India, the Q3 is the biggest quarter for any retailer in the garment space. But because of our presence in Bengal and Assam, in terms of the concentration that we are having, so the fluctuation in Durga Puja leads to a variation in the sales in both Q2 and Q3. So, if a sale of Puja is in Q3 only, so that time you will see the numbers matching with all the national retailers, Q2 will have a lower margin because of July and August being the end-of-season sale, but because the Puja shifted to September and September then becomes a festival month for us, as a result, festival buying happens, and as a result, the gross margin on the festival buying is more compared to non-festival. So, as a



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result, the overall gross margin increases for that quarter. So, this Puja shift is actually, because of that, the variation for our company is there. But as we are opening more stores in the focus market and as the concentration between Assam, Bengal and other regions will be growing, I will say that when the focus will grow, the balance will come in terms of revenue that we are generating from all the states, that time, I think the numbers will look similar to the national player. But as of now, till that time, we have a higher concentration in these geographies, so, the number will look little skewed compared to the other retailers.

Akash Jain: So, sorry sir, if Durga Puja is in Q3, so our Q2 gross margin would have been even lower than what we have reported, is that correct?

Shreyans Surana: Yes, yes, yes, that is what I am saying. Because if, for example, in the September month, maybe we would not have sold the festival stock resulting in the higher margins, we would have sold or maybe some discount would have been going on in the month of September itself if Durga Puja was in October.

Akash Jain: Understood sir. Thank you so much.

Moderator: The next question is from the line of Hitendra Pradhan from Maximal Capital. Please go ahead.

Hitendra Pradhan: Hi, sir. Thanks for the opportunity. So, my first question is regarding your corporate expenses this quarter. If you can give us the bifurcation like of your store-level EBITDA margin and your corporate expenses or just a color on the corporate expenses? What part was due to the employees that you are hiring and the other cost, tech cost that you are bearing this quarter?

Shreyans Surana: So, at the company level, our total EBITDA stands at 6.8% on pre-IndAS, out of which the store stands at 12.83% and 6% is the HO cost for the first half of this year.

Hitendra Pradhan: Okay. And that is like your employee, like for the corporate, like I assume, like the hiring that you are doing for the supply chain and your ops, they are under the corporate expenses?

Shreyans Surana: Yes, they are under corporate expenses.

Hitendra Pradhan: I just want to understand, sir, like, your store-level like employee expenses, that seen a material pickup or it is more due to your hiring under the corporate umbrella?

Shreyans Surana: I think our employee cost overall has increased more on the corporate side comparatively than the store side. As I said that the overall store matrix looks good only because we have been able to achieve 12.83% at the store-level EBITDA on pre-IndAS. And if I talk about the mature stores, it has



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given us EBITDA of around 14% for the first six months. So, that is well in the range that we have planned on the store side. The corporate, as we are hiring a lot of people from the stalwarts from the industry and considering the future plan that we have in mind, so we are just front-loading the expenditure on the manpower side at the corporate level.

Hitaindra Pradhan: Got it, sir. Got it. Understood. And so my second question is related to the reassessment of the lease assets. Can you just elaborate, like, what was the rationale again, because -

Shreyans Surana: Can you just come again with the question?

Hitaindra Pradhan: On the reassessment of the lease assets and the INR 55 crores gains that you are taking on to your P&L, can you just elaborate on what was the rationale behind it, and why did you, what exactly changed in terms of the lease terms, is it to do more with the renewal or why did you take this accounting change this quarter?

Shreyans Surana: I think that there were multiple reasons to it. First thing, most important thing is that there is a huge variation between IndAS and pre-IndAS because of the lease handling that we were doing. And we came to understand the correct approach while talking to Big Four and everyone and then understood. And in this particular method, we are assessing each lease individually after considering the business needs, store performance and market changes that are having on that store. And I think that is a very detailed list that they have prepared. And as I have mentioned earlier also, we will be happy to address specific queries regarding this, but it will take a lot of time. I think in the interest of time, I will suggest you to have a prior appointment with our IR and the CFO and he will explain you that in detail.

Hitaindra Pradhan: Got it. Thank you. I will join back the queue.

Moderator: The next question is from the line of Prasenjit Paul from 129 Wealth. Please go ahead.

Prasenjit Paul: Thank you for the opportunity and good afternoon, sir. My first question is, can you help me to understand what is the percentage of revenue comes from the products or apparels priced above INR 1,000, any rough idea?

Shreyans Surana: See, as a company, we do not have a very large assortment. Maybe 12% to 15% of the assortment is above INR 1,000 range. So, the percentage of sales is very lower on the INR 1,000 and above side on the garment side.



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- Prasenjit Paul:** Okay. Second question is, as we all know, from 22nd September, the GST reduced from 12% to 5% for the products priced within INR 1,000 to INR 2,500, but for the garments, those are priced above INR 2,500. So, their GST rate increased from 12% to 18%. However, while I visited many of your Baazar Style store in and around Kolkata, so I noticed a good banner, “GST Bachat Utsav.” So, on that banner, while I am checking that you are offering the discount of this 6.5% even for the products, those are priced above INR 2,500, like there are products INR 3,000, INR 3,500, I can understand there are very few products on those price range. But even for those products, INR 3,000, INR 3,500, you are offering this 6.5% sort of discount, but actually on those price range, GST increased from 12% to 18%. So, can you help me to understand your strategy here? And is it like you are observing the GST hike or what is your strategy regarding this GST thing?
- Nitin Singhania:** So, pre-GST scenario, so above INR 1,000 sale price, we were charging 12% from the customer, and post-GST revision, the increase happened from INR 1,000 to INR 2,500. So, the GST rate reduced from 12% to 5% for this range, INR 1,000 to INR 2,500. So, on that article, we are offering discount of 6.25% and rest we are not charging anything from the customer.
- Shreyans Surana:** So, we thought of passing the benefit to everyone, any MRP of INR 1,000 in our portfolio to the consumer.
- Prasenjit Paul:** But in all of your stores, like in Kolkata, be it in Axis Mall or whatever, on the promotional banner, we can see that even for the products, those are priced at INR 3,000, they are also offering this -?
- Shreyans Surana:** We have passed on because that is a very negligible quantity that we have in the store. So, we have passed on the entire 6.25% benefit to the consumer or across all the MRPs above INR 1,000.
- Prasenjit Paul:** Okay. And on the GST front itself, there is also a change of the GST in the value chain, like in fabric, I mean all the raw material, I mean this entire value chain. So, do you think that would be beneficial for the company or not?
- Shreyans Surana:** So, in the broader sense, you can say, obviously, as the GST reduces, the people will have more disposable income in their hand, which will ultimately flow to the consumer section only. But it is not that it will immediately get into the supply chain. In terms of product, as we speak, it is not that the fabric, there has been a tax change in the fabric side. So, I do not think that each and every fabric, there is a lot of variation in the fabric structure also, where the GST rate has reduced and where there has not been any reduction or an increase of GST. So, I think as of now, we have not seen any reduction in the fabric price for at least this summer season buying that we are doing. Going forward, because of any GST rate reduction on the fabric side, if any pass on that we get from the fabric



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manufacturers, we will be able to pass in again to the consumer because we do not want to increase the price, we just want to have a fair pricing for the consumer.

Prasenjit Paul: Okay, thank you. That is all from my side.

Moderator: The next question is from the line of Vijay Chauhan from RHPMS. Please go ahead.

Vijay Chauhan: So, my first question is on the consumer sentiment for the October month in terms of footfalls. So, can you just elaborate and throw some light like how we are seeing for the October month or post Q2, what is the consumer trend and sentiment? So, that is my first question.

Shreyans Surana: So, in terms of consumer sentiment, I think we have witnessed a positive sentiment across the zone. The only challenge was I think with the rain this time, the rain effect was from end of September till 15th of October. So, the rain was there. But apart from that, the footfall looks good to us. As I said, the winter uptick in sales has been good as of now. We were just discussing yesterday only about the entire team. The winter is good to us. And with the way the sales are happening, we are expecting a good quarter this time.

Vijay Chauhan: So, is it fair to assume the SSSG that we have reported in Q2 will be able to replicate in Q3 or somewhere it will be on the lower side then because of the festival shift?

Shreyans Surana: I think obviously it will be subdued because of the festival shift in terms of SSSG. And moreover, just to give everyone this reference, the SSSG also does not give a clear view of any store mix because there are a lot of stores which are not under SSSG category but are under the new focus market which has got good sales coming in the month of October, November, December, and because our starting concentration zone was more on Bengal, Assam, so I think SSSG will be reflecting the picture of Bengal and Assam at the corporate level. So, just for example, in the first 6 months if you see, the focus states have given us SSSG of 13%, whereas the focus states have given SSSG of 10%. So, focus states are doing very well this year across the zones. So, I think in terms of numbers that we have planned, we are on track to achieve that number.

Vijay Chauhan: And what will be the guidance for the next two years in terms of sales per square feet in terms of percentage growth if we are any targeting and what is the normal SSSG that you would like to target for next three to four years?

Shreyans Surana: In terms of revenue, I have told on my previous call also that I would like to start the year with a 25% revenue structure. And as the year goes, if there is an increase, we would change the guidance. But the business plan will be created on the 25% revenue growth with the SSSG of again 6-7%. So, that



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will be the structure planned way to go ahead for the next two years at least. Post that, it depends on the strategies that the company adopts to open more stores.

Vijay Chauhan:

Thank you for the clarification. Thank you and good luck.

Moderator:

Next question is from Arman from Blue Sky Fintech. Please go ahead.

Arman:

First of all, congratulations on a good set of the results. Just reiterating on the guidance part, because if we take into account 30%, that means for H2 we are targeting around 10% of growth and already we are seeing October month getting good traction. Are we really very conservative over here, just on that front, I want to have an understanding from you.

Shreyans Surana:

I think as a business, we plan quarter-on-quarter. As I said that this quarter looks good to us, and with the winter being the biggest product portfolio that sells in the month of November and December, but the winter is very unpredictable, now it looks good, and we have seen over the years, sometimes the climate changes suddenly which leads to a drop of sale also. So, I think the way we see this 30% guidance is more on the current structure. And I think with this quarter going on, how this quarter spans up after December, then again we will be able to take a call. But on interest of everyone, whether it is a stakeholder or the company, we believe in conservative approach. So, we would like to right now stick with 30% guidance only. And I think after seeing this quarter, then we can come again in next call.

Arman:

Okay. I think my second question is like we have already told that we have a little bit of comparatively more concentration on West Bengal and Assam and that is why our numbers are bit skewed compared to the other players. So, when are we going to see that going to stabilize, I mean in which financial year we are going to see that we will be on par there?

Shreyans Surana:

To be very frank, I don't have an answer right now on that question, reason is that though we are opening stores in all the geographies, Bengal has a very high concentration of sales coming right now because of lot of stores opening in metro and Tier 1. So, I don't find that a challenge, if I am able to achieve good profitability, so that is good for company. In terms of revenue, yes. As we are growing more on the focus states, so the balance will come, but not before I think FY27 or by end of FY28, because that many number of stores has to be opened in those geographies which are more focused on UP, Bihar and Jharkhand to cover up the sales of Bengal, because Bengal as a state also has a higher sales per square feet for us, because there are a lot of stores in cities, Kolkata itself. So, we have already high PSF from Bengal coming in. So, I think it will take at least FY28 I would say things to get settled in terms of revenue contribution coming from both Bengal, Assam and other states put together.



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Arman: Okay. Thanks a lot. That is all from my side.

Moderator: The next question is from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Hi. Thank you for taking my question again. I just have one question. If we add up the depreciation number only for the H1 and assuming that the Q2 number kind of thing, the depreciation for the entire year could be somewhere around INR 160 crores versus INR 100 crores last year. So, the depreciation, the reported term will see a sharp jump. Is that a right understanding?

Nitin Singhania: Gaurav, to discuss this, we will take this offline.

Gaurav Jogani: Yes. No issue. That is all from me.

Moderator: The next question is from the line of Palash Kavale from Nuvama Wealth. Please go ahead.

Palash Kavale: Thank you for the opportunity again, sir. Sir, despite of a large chunk of your stores being in West Bengal and Puja being pre-poned, your difference between your actual SSSG and normalized SSSG is very low. So, what could be the reason for this?

Shreyans Surana: Because this word of normalized SSSG just started from this April itself, if you believe me, we never used to report this. The only idea is the way we calculate the normal SSSG is that the period which is going in both the quarters. So, for example, this year, 11 days has been shift from last year October to this year, September. So, in terms of further calculation of normalized SSSG, we have taken a period from 1st July to maybe 19th of September of the last year also. So, that is a normal period without that festival shift that we have given in terms of SSSG.

Palash Kavale: So, even despite of that, the growth in SSSG was 19%. So, that is encouraging. Okay. Thank you, sir. That is it from my side.

Moderator: The next question is from the line of Achyut Prabhat, an individual investor. Please go ahead.

Achyut Prabhat: I just wanted to know what is the growth guidance for FY27?

Shreyans Surana: So, see, as of now, as I said, we aspire to grow by 25% every year. That is our aspiration. I have told in previous calls also. So, that will be the number that will benchmark for the growth purpose.

Achyut Prabhat: Okay. One more question. Like the profit after tax guidance of 3% to 4% is excluding the exceptional income we got in this quarter, right?



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- Shreyans Surana:** Can you just come again? Your voice is not audible.
- Achyut Prabhat:** I mean, we got exceptional income of INR 50 crores this quarter, right? So, the PAT guidance of 3% to 4%, it is excluding the INR 50 crores income we got in this quarter, right?
- Shreyans Surana:** So, PAT guidance for pre-IndAS is 3% to 4% and without its exceptional gain, which happens to be on the IndAS side, is 2% to 3% without exceptional gain.
- Achyut Prabhat:** Okay. Thank you.
- Moderator:** Ladies and gentlemen, this is the last question for today. I now hand the conference over to Mr. Shreyans Surana for closing comments. Thank you and over to you, sir.
- Shreyans Surana:** So, thank you for joining this call. We would love to see you in our next call. Thank you.
- Moderator:** Thank you, sir. On behalf of Baazar Style Retail Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.