



**“Baazar Style Retail Limited  
Q3 and 9-Months FY26 Earnings Conference Call”  
February 13, 2026**



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**MODERATOR: MR. RUTU CHAVAN – PHILLIPCAPITAL PRIVATE  
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**Moderator:** Ladies and gentlemen, good day and welcome to Baazar Style Retail Limited Q3 FY '26 Earnings Conference Call hosted by PhillipCapital Private Client Group. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rutu Chavan from PhillipCapital. Thank you and over to you, sir.

**Rutu Chavan:** Good evening everyone. On behalf of PhillipCapital Private Client Group, I welcome all of you to the Q3 9M FY '26 earnings conference call of Baazar Style Retail Limited. Today from the management, we have Mr. Shreyans Surana, Managing Director, and Mr. Nitin Singhania, Chief Financial Officer.

The management will be sharing key operating and financial highlights for the quarter and nine months ended 31st December, 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 belief, opinions, and expectations as of today. These statements are not a 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 to Mr. Shreyans Surana. Over to you, sir.

**Shreyans Surana:** Good evening everyone and thank you for joining us today. Our investor presentation has been uploaded on the Stock Exchange and on our website, and I hope you had an opportunity to review it. Let me begin with a very important strategic development for our company Baazar Style Retail Limited. We have secured a strategic investment of INR331.53 crores from Cupid Limited through a preferential issue of up to 1.01 crores equity warrants at an issue price of INR328.25 per warrant, convertible into equity shares within 18 months.

This partnership is closely aligned with our long-term growth plans. The proceeds from this transaction will be utilized towards phased store expansion and business growth initiatives, including network expansion, supply chain integration, and improved customer reach. A portion of the proceeds will also be used for repayment and prepayment of borrowings, which will result in reduction in debt and a stronger balance sheet for the company.

Equally important, this partnership brings strong operational and product synergies by leveraging Cupid's trusted and scaled manufacturing capabilities. Baazar Style will expand its offering in the personal care and wellness category, thereby enhancing our product mix, increasing customer frequency, improving store productivity, and diversifying revenue beyond fashion.

We operate 252 stores as of December '25 and we have a clear roadmap to scale to 500 plus stores over the next three years through a disciplined cluster-based approach. Earlier, our plan was to open 40 to 50 stores annually. With the capital now in place, we have the opportunity to accelerate this growth to 60 to 80 stores per year, giving us a greater headroom and flexibility for growth.

We believe this strategic association meaningfully strengthens our value proposition and supports sustainable long-term growth. If there are additional questions on this, we can take them on a separate call. For today's discussion, we would prefer to focus specifically on the Q3 and 9-month FY '26 performance given the one-hour time constraint.

Now let me take you through the key highlights of our 9-month FY '26 business performance, which clearly reflects momentum firing on all fronts. Driven by our cluster-based expansion strategy, we have consistently scaled our store network from 199 stores in 9-month FY '25 to 252 stores in 9-month FY '26, delivering a strong 27% growth in store count.

This expansion has been complimented by a steady increase in our retail footprint with a total rental area rising to 2.35 million square feet, a robust 31% year-on-year growth. Alongside expansion, we have strengthened our focus on brand building. The share of private label in overall revenue has increased significantly from 44% in 9-month FY '25 to 54% in 9-month FY '26, translating into a revenue of INR740 crores, an impressive 68% year-on-year growth, highlighting the growth strength and acceptance of our brand portfolio.

Further reinforcing our growth strategy, our focus states delivered a robust 61% year-on-year increase in revenue to INR238 crores in 9-month FY '26. As a result, their contribution to the revenue improved from 15% in 9-month FY '25 to 17% in 9-month FY '26, demonstrating stronger regional penetration and customer traction.

Building on this robust performance, accelerated store expansion and strategic initiatives, we revised our full-year revenue guidance to 35% year-on-year. Our pre-Ind AS EBITDA margin is guided at 7 to 8% and pre-Ind AS PAT margin is guided at 3% to 4%. On Ind AS basis, EBITDA is guided at 14% to 15% and PAT margin is expected between 2% to 3%, reflecting continued operational discipline and improving cost absorption.

On strategic approach of cluster-based store expansion, influenced SSG performance, as a result incremental stores were added within established clusters. However, the rapid ramp-up of new stores significantly enhanced overall cluster productivity, enabling higher throughput and improved operating leverage. During 9-month FY '26, the company opened 25 new stores within the existing clusters, resulting in a decline of 8% in SSG of mature stores in these clusters.

Heavy rainfall in Bengal and unrest in parts of Assam and Tripura during peak festivals impacted SSG in 9-month FY '26. States other than West Bengal, Assam, and Tripura continue to deliver healthy growth with SSG remaining resilient at 8% in 9-month FY '26. Hence, the SSG guidance for FY '26 is being revised to 4% to 5%.

Let me now briefly touch upon the key pillars that will drive our future growth. Our cluster-led expansion remaining the foundation of our strategy, we are pursuing a focused rollout that

enables superior site selection, deeper understanding of catchments, faster store ramp-up, and quicker realization of operating leverage and economies of scale.

In parallel, we are accelerating digital transformation. We are investing INR7 to INR10 crores in FY '26 to build an integrated and intelligent technology backbone with SAP ERP expected to go live within six months. Along with the deployment of Infor WMS, Goldratt replenishment, and Domo Analytics, we aim to enhance supply chain visibility, optimize inventory turn, and enable scalable data-driven operations.

We are also strengthening our merchandising capabilities. We have reinforced our leadership with experienced retail talent in a supportive consumption environment. We are seeing strong traction in Tier 2 and Tier 3 markets driven by rising disposable incomes and a shift from unorganized to organized retail. At the same time, Tier 1 cities are witnessing strong participation from value-conscious youth.

Our proposition, Style for the Entire Day at 1000, positions Baazar Style strongly to address India's large and underpenetrated value retail opportunity by blending aspiration with affordability. Aligned with this, we are steadily increasing private label penetration. Private label now contributes 54% of the revenue and we aim to scale this to around 65% over the next two years. While these products are currently priced competitively to drive brand recognition and customer adoption, we see meaningful headroom for strategic price optimization, which should support margin expansion over time.

I am pleased to report that we have delivered another quarter of strong performance, sustaining our positive growth trajectory. The first 9-months of FY '26 represents a milestone period for the company as we achieved our highest ever 9-month revenue and operating metrics across key parameters alongside healthy profit growth.

Coming to our financial performance in 9-month FY '26, revenue from operations grew 38% year-on-year to INR1,376 crores supported by strong growth across both core and focus markets. Gross profit stood at INR475 crores, up 40% year-on-year with gross margin as 34.5%, up 65 bps. EBITDA rose 45% year-on-year to INR217 crores with EBITDA margin at 15.8%, up 76 bps, reflecting improved operational efficiency and disciplined cost management.

On operating metrics in 9-month FY '26, our core market grew 34% year-on-year while focus market grew 61%, underscoring the broad-based strength of our business. Total retail area now stands at 2.35 million square feet, up 31% year-on-year. Importantly, our inventory days have also reduced from 111 days to 102 days.

On operational performance, SSG stood at 5% in calendar year '25 which captures all major festivals and provides a more holistic view. Store count reached 252, a growth of 27% year-on-year in 9-month FY '26. Retail area stands at 2.35 million square feet, a growth of 31% year-on-year in 9-month FY '26. Sale per square feet stood at 743 for 9-month FY '26 and for the calendar year '25 it stood at 731, up by 4%.

The monthly average transactional value stood at INR969 in 9-month FY '26. Number of bills stood at INR15.1 million, up 42% year-on-year in 9-month FY '26. Quantity sold increased 40%

to 49.49 million units in 9-month FY '26. Inventory days on revenue reduced from 111 days in 9-month FY '25 to 102 days as of 9-month FY '26. Focus market revenue was INR238 crores, up 61% year-on-year in 9-month FY '26.

In conclusion, Baazar Style is well-positioned on a strong growth trajectory supported by our differentiated value proposition, disciplined expansion approach, accelerating digital transformation and improving operating leverage. As we scale, we are steadily building a future-ready, resilient, and profitable retail platform aligned with India's expanding consumption story.

The recent fundraise has further strengthened our financial foundation, providing us with a greater flexibility to execute our growth strategy with confidence and agility. Thank you for continued trust and support. With that, I conclude my opening remarks and request the moderator to open the floor for questions.

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

**Gaurav Jogani:** Hi. Thank you for taking my question. My first question, Shreyans, to you is with regards to the store expansion. Now, you know, you have mentioned that opening the stores in the existing areas has kind of cannibalized your SSG leading to, you know, kind of flattish SSG for the 9 months that you've been reporting. So in this context, how do you look at the store expansion? Where should we consider the incremental stores to come into the future?

**Shreyans Surana:** So in that scenario, as you rightly said that the existing cluster, there was a cannibalization of sales by 8% in the existing cluster. But while that -- I think the strategy on the EBITDA has been good for us. If you see the first nine months performance, even without Eid, the store EBITDA, overall store EBITDA for the company has increased by 30 bps. That is that the new stores are performing equivalent to a mature store category because of opening of same stores in same cities.

Because we know the catchment and there is still a huge room of getting the revenue. So you can say that, yeah, while I have cannibalized my sale only in that area, but because of the understanding about that catchment, we have been able to achieve a higher EBITDA in the same geography where you open the newer stores.

**Gaurav Jogani:** Sure. So Shreyans, my question was largely on account of the incremental store openings that you would do going ahead, you know, so as to avoid this cannibalization or would the strategy would be the same of how would you divide the new store opening between the existing cluster and the newer clusters, if I can ask the other way around?

**Shreyans Surana:** I think it will be blend of both. So while we are opening in focus states also, where still the cannibalization has not happened that much, and as we are seeing a good -- I think there is a huge room to grow in the existing cluster also, so it will be a mixed blend of both of them. But while we are opening 60 to 80 stores, I think the larger part will be opened in the focus states, resulting in, I think, sales coming from the non-cannibalized area that way.

And I think till the time we are getting good margins on the EBITDA side, I think if any store comes in the existing cluster, we will be happy to open the store in that cluster if we find the EBITDA is good. Because as I said that this year the new stores performance has been exceptionally well and it is equivalent to a mature store EBITDA performance. So as a company, we are seeing at a bottom line also. And if EBITDA is good, so we'll be opening stores across, but yeah, largely in the focus states.

**Gaurav Jogani:**

Sure. And my second question is with regards to the competitive intensity that we are seeing in the value retail space. We are seeing many different players kind of expanding or accelerating their store expansion. So how do you look at the overall competitive scenario? Does this bode any risk for future growth for us? If you can highlight something on this front.

**Shreyans Surana:**

I think competition intensity is growing and I think it's good for the market only. And as I have told in previous call also, there is a huge opportunity in this market because of the under-penetration in Tier 2, Tier 3 and the unorganized penetration is very, very high compared to the organized penetration. Still on an average every smaller city has got only 2 to 3 organized players. So I think there is a huge headroom to grow in these cities.

I think while saying that, because the intensity is increasing, I think we have to be good on our backend infra. That's why we are continuously investing in our infrastructure, our IT structure, our manpower thing, and we are building that cost also on the backend HO cost so that we are able to compete with all the big players coming in this industry.

**Gaurav Jogani:**

Okay, sure. And just last question from my end is in terms of the bookkeeping one, actually, is on the rental space. If you can help us out, we are also adding stores which are of higher square feet. I think this quarter if we look at it, 2 of the stores that we have added, that seems to be at a higher square feet in terms of size, leading to also higher rental. So if you can give some sense on how the future store sizes would be and how should we break in the rentals here as well?

**Shreyans Surana:**

So, see, in terms of store size, I think generally it ranges around 9,000 square feet only, 8,000 to 10,000 square feet. Yeah, some stores may come as a flagship store, so in this quarter there were 2 stores opened which were relatively larger in the size. In terms of rental, I think Nitin-ji will give you the numbers.

**Nitin Singhania:**

So rental per square foot for this quarter was INR58, right? And for the last quarter, it was INR57. So there will be not a much increase in the rental per square feet, it will be hovering around INR58 to INR60 per square feet.

**Gaurav Jogani:**

Okay. Thank you. That's all from me.

**Moderator:**

Our next question comes from the line of Chirag from Keynote Capitals. Please go ahead.

**Chirag:**

Yeah, thank you for the opportunity. Shreyans, my first question is related to the insurance money that we were expected to receive. Any update or clarity on that?

**Shreyans Surana:**

Yeah, as we have mentioned earlier also, and I think in last call also, I think we have told that the claim of around INR3.48 crores against the total capital asset loss of INR4.24 crores has

been received on the asset side. On the inventory side, I think approximately INR43 crores claim has been filed with the insurance company and the matter is currently under the review and we are still in the discussion stage. We have submitted the documents also and the assessment is also going on and we are regularly in contact with the insurer to speed up the process.

I think we are optimistic that -- I cannot give you a timeline right now but I am expecting it, the conclusion of the entire claim thing to get settled in a few months. And I think then once we receive the update, we will update to the exchange and I think everyone you will get the understanding on the insurance part. Right now, it's still on the discussion stage.

**Chirag:**

Got it. The second question was related to strategic investment. So before the strategic investment came into picture, our expected store addition per year was around 45-50 and our thought process related to that was that having more than 45-50 stores addition can have a negative consequences also, that there can be store closure not selecting the right place to open the store?

And now there is -- after the money coming into picture or the strategic investment coming into picture, our assessment looks into right direction that we are now opening 70-80 stores. But just wanted your thoughts on the same that has that earlier thought process changed?

**Shreyans Surana:**

No. So there's a little bit of gap in our understanding structure for that. If you see, that time when we said 40 to 50 stores, with the capital that we are having and with the internal accrual that we were having. So we said that with the current internal accrual, we will be able to open 40 to 50 stores. And if we stretch beyond that, then it will be a negative on the balance sheet. Because if you see as on 9-month also, we are having a debt of around INR267 crores, out of which INR152 crores is for bank and INR115 crores for the bill discounting, with a trade payable of around INR249 crores.

So idea was that if we want to open 40 to 50 stores, we will open only through the internal accrual with the limitation of our balance sheet. It was never that we cannot open or there will be a close of store. With now having a fund in our bank, I think we can go for the faster expansion of 60 to 80 stores at the same time making meaningful investments in technology and infrastructure to support the scale and operational efficiency.

And I think second thing the most important thing is that if you have a balance in your bank and if you are growing for 60 to 80 stores, it will help you to have a better profitability on the I think interest side also, because higher as you see the object the primary object of the fund is also to reduce the debt, which will in return help you with the interest expense, which will enhance your strengthen your balance sheet.

Okay. Second thing, I think the 60 to 80 stores the growth that we were chasing, I have said previous in previous call also that 25% was the number that we were looking with the internal accruals, 20% to 25%. But now with this fund coming in, we will be able to sustainably grow at 30% while not taking too much hit on our balance sheet in terms of any expenditures or a wrong selection of stores or anything like that.

Because we are opening in the same cluster only and if you see our closure rate, I have told in previous calls also, has been only 34 stores since inception, which is around 1.75% to 2% every year. So when we are opening the stores in the same cluster, I don't think that there is a huge risk about store opening. It was always about the working capital management and the fund flow.

**Chirag:**

Fair enough, fair enough. Just last one question from my side. So roughly about if I am not wrong about INR50 to INR60 crores is expected to be spent on tech. Has that capex been concluded or we still require any more funds for that? Second, 45 to 50 stores would have required us INR1 crore plus per store plus INR1 crore of inventory per store.

So about INR2 crores of capex amount. So will it be fair to assume that around INR100 crores of debt is expected to get reduced from the books and rest would be used for the capex purpose? So INR150 crores of debt to be reduced and about INR100 crores to be used for capex purpose.

**Shreyans Surana:**

Yeah, around INR180 crores would be for the reduction of borrowings and the only thing that I would like to say is that on the capex front, there has been a lot of capex, but not INR50 to 60 crores, but yeah, around INR7 to INR10 crores on the tech side and around INR20-INR25 crores on the warehouse side, warehouse infra. The only thing that we have changed in our strategy right now is that we are opening a lot of collection centers. We have started creating hub and spoke model.

So right now initially we were only having one warehouse in West Bengal, but now we have opening smaller-smaller warehouses, like in Assam we have opened in month of December. We have just opened a collection center in Bihar. So going forward, I think the idea is in next one-and-a-half year, we will have a two big regional distribution center, one in Bengal and one in maybe in the Central India and there will be five to seven smaller collection centers which will enhance the supply chain in terms of the delivery.

So right now after the collection center has opened, it has been only one month, the Assam delivery time which used to take around 10 days to reach store has come down to around five to six days. So the idea is to improve the supply chain efficiency while opening few warehouse in different-different states.

**Chirag:**

So fair to assume that cash flow, the cash flow that we are receiving in the year would be used for this supply chain and warehouses and the warrant money that would be coming into picture would first be used for store expansion and the rest of the money would be used to reduce the debt down the line.

**Shreyans Surana:**

Yeah, INR182 crores will be used for the reduction of bank borrowing and the balance could be fairly used in the store expansion and the infrastructure development both on the tech side and on the warehouse side.

**Chirag:**

And priority would be expansion over debt, right?

**Shreyans Surana:**

Yes.

**Moderator:**

Our next question comes from the line of Rehan Syed from Trinetra Asset Managers.

**Rehan Syed:** Good evening team and thanks for giving me the opportunity.

**Moderator:** Sorry to interrupt, Rehan sir your voice is sounding muffled. If you are using any other mode maybe request you to use handset.

**Rehan Syed:** Okay. Just give me a minute. Is it clear now?

**Moderator:** Slightly better sir, please go ahead.

**Rehan Syed:** Sure. So, sir, I just want some understanding on your presentation that you have mentioned that shift from attractive pricing to fair pricing for private label. So once brand Recall is established given that your leading brand Square Up achieved 3,158 million revenue for nine-month FY '26. So are you already initiating this price transition for this brand?

**Shreyans Surana:** Sorry Rehan, but I think your voice is not clear to me. If I have correctly understood your question, it's on the Square Up private label?

**Rehan Syed:** Yeah, yeah.

**Shreyans Surana:** Okay, can you just come again with the question on the private label?

**Rehan Syed:** Sure, like I repeat my question again, like you have mentioned in your presentation regarding the shift from attractive pricing to fair pricing for private label. So once brand Recall is established, so given that your leading brand Square Up achieved 3,158 million in revenue for nine-month FY '26. So are you already initiating this price transition for this brand?

**Shreyans Surana:** See in terms of private label has started doing very well for us and I think that we can see in numbers also. So the growth trajectory from last year from the almost 45% we have grown to 54% and Square Up is becoming INR300 plus crores revenue brand. I think the acceptance of label has started coming in, I think in the common public structure I can say wherever our stores are present.

So people have been able to understand even the gross margins are doing fairly well on the private label side, though we have not increased a lot on the MRP side, but we have kept the MRP same. But yeah, we are getting good traction around the private labels. Is that was your question?

**Rehan Syed:** Yeah, yeah. That's what my question. Thank you. Like I have one more question if I can ask?

**Shreyans Surana:** Hello. Yeah,

**Moderator:** Yeah, you can go ahead but your audio is not coming clearly. If you are using any other mode maybe requesting you to use handset to ask a question.

**Rehan Syed:** I am on a handset only, wait I will check once. Now it's clear?

**Moderator:** It is slightly better.

**Rehan Syed:** Yeah, so sir like my second and last question is around your on logistics side that the contribution from focus market outside the core instance states grew 68% Y-o-Y in nine-month FY '26, now making up 17% of total revenue. So as you scale further into states like Uttar Pradesh and Andhra Pradesh, so do you expect the logistic and supply chain cost per store to increase comparatively to your core West Bengal market?

**Shreyans Surana:** I think it will not increase, it will reduce only because as compared to obviously the states which are nearer to the core warehouse, right now our warehouse is Bengal, the logistic cost will be lower for them compared to the states like UP and Bihar. But as I have said that the strategy that we are applying for the future is that we will have two big regional distribution centers going forward, one from Bengal and one from Central India and there will be smaller-smaller collection centers in different parts like Guwahati, Bihar, then we will be in Lucknow also.

So I think that will help us to reduce the cost of logistic and increase the -- I think the speed of supply chain. We will be taking lower time to transfer goods from main warehouse to the store, which will result in, I think, better revenue per square foot for the stores. So I think on the costing front as we grow more stores in the focus states, it will help us in economies of scale only. So the costing will lower only.

**Moderator:** Our next question comes from the line of Himanshu Dugar from Stylus Holdings.

**Himanshu Dugar:** Yeah, thanks Shreyans for the opportunity. Two questions. The first question here is on the general merchandise and also how general merchandise forms a part of private label. So if you just share like out of total private label sales, how much is general merchandise and within general merchandise, how are you seeing the sales moving?

**Shreyans Surana:** See total 13% of revenue comes from general merchandise. On the private label side, we only have one private label that is Home Focus, which is under GM category for the private label side. And I think one more is Miss 19, which also have some private labels in general merchandise category. I think on the general merchandise side, the category is good, the category is growing, and I think it is really complementing the fashion part.

Lot of time people are coming from the GM also and while coming for the general merchandise, they are buying the apparels also. So I think it is acting as a footfall driver for us. In terms of private label, we are not doing too much on the general merchandise side because mostly on lot of things like personal care or maybe the plastic ware.

So there are lots of big brands which are already available. So we are just buying from them. So we are not very much strategically looking as a private label to create a something on a private label to a very large extent on those general merchandise category. The private label focus largely remains on the garment side.

**Himanshu Dugar:** So just like the follow-up on the percentage, what is the percentage of general merchandise which is your private label?

**Shreyans Surana:** In terms of number, the private label sales coming from GM side would be, right now I don't have the number exactly available with me, but total private label sales contribution is of around

54% for the company. I think I can take it separately on the call and I can tell you that number. The CFO can tell you the number, exact number for the GM private label.

**Himanshu Dugar:** The second question was that there has been an overall decline in ASP for your products because when we look at volume growth as well as on and I'm looking 9-month numbers only, I'm not even looking at Q3, I understand the seasonality. So 9-month to 9-month, there seems to be a material decline, almost like a 3% dip in ASP, which should ideally be increasing, right because of inflation etcetera. So if you could just explain on that?

**Shreyans Surana:** So sir there are two reasons for the decline in ASP. One, when you are seeing this 9-month as the last 9-month. So last year 9-month had Eid in that. So festival always helps you to create a higher ASP. This year the Eid shifted to 31st March, as a result the first 9-month had only had Eid as a festival in the month of April. So that is one of the reason.

Second thing, this year largely because on the focus states, we have also focused a lot on the entry price point product. As a result the assortment mix had a higher entry price point product, resulting into a lower comparatively ASP. But if you see the unit per piece, it is almost on the similar side as last year. So the UPT remains similar to last year while the ASP reduced on these two accounts.

**Himanshu Dugar:** Got it. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Anand Mundra from Soar Wealth. Please go ahead.

**Anand Mundra:** Good evening sir. Sir just wanted to check any changes in growth outlook as we have done large fundraise for FY '27?

**Shreyans Surana:** I think in terms of growth outlook, maybe as I said that 25% was the number that we were looking every year. Now we will go for 30% as a growth outlook and in terms of store expansion as I have already mentioned that from 40 to 50 stores we are targeting 60 to 80 stores. So the growth momentum will increase and in coming years, in next three years the target is to reach 500 stores. So with this infusion, I think we are set to open around 500 to reach 500 stores in next coming two years to three years.

**Anand Mundra:** Thank you sir. Thanks a lot.

**Moderator:** Thank you. Our next question comes from the line of Rutu Chavan. Please go ahead.

**Rutu Chavan:** Hi sir, thank you for the opportunity. Sir, I wanted to know how many more stores are we expected to add in this last quarter of FY '26?

**Nitin Singhania:** So it is around 11 stores.

**Rutu Chavan:** Okay, 11 more stores. And okay and I wanted to know since our partnership with Cupid for the FMCG products, what sort of gross profit margins do we expect to see on those FMCG products and by when will that be live?

**Shreyans Surana:** I think the personal care category as a whole gives you a gross margin of around 25% to 28% on different products have different RGMs, but I am talking as a whole that we see. In terms of the revenue that we will be generating from the Cupid, I think maybe you will see the numbers started coming from the first Q1.

So there are some products which we are placing in Q1 itself. It will in the maybe at the end of March or maybe in the first week of April, we will be able to put some articles of Cupid in different stores. In terms of product mix, I think largely the product mix will remain similar to the numbers that we are having right now, which is 87% and 13% in terms of sales coming and as and when gradually the personal care, wellness and FMCG categories scales up then only I will be able to tell you the specific percentage increase.

But intent is very simple, we want to complement fashion, not replace it with the high frequency categories. So the idea is that the Cupid portfolio will be there across the stores, around 250 stores, which will help us in increasing the revenue on the personal care, wellness and FMCG category which will acting as a booster to increase footfall also and the sales also in the Style Bazaar stores, while doing that we'll ensure that the mix of apparels remains healthy, which is around 87%.

**Rutu Chavan:** Okay, thank you sir. And in terms of target from these specific products, is there any target that we have set internally for the revenue to reach let's say in the next couple of years, FY '27, FY '28?

**Shreyans Surana:** So I think it's very premature to specifically tell the revenue coming from these products. I think we will try to put it in the stores and then we will see the performance and then only maybe in the coming few quarters I will be able to tell you the numbers. Right now I don't have a number in my mind.

**Rutu Chavan:** Fair enough. Thank you sir. If I have any question I will come back, I'll join the queue.

**Shreyans Surana:** Thank you.

**Moderator:** Thank you. The next follow-up question comes from the line of Himanshu Dugar from Stylus Holdings. Please go ahead.

**Himanshu Dugar:** Yeah, hi. Thanks for the opportunity again. So first question here is on the competition. So in our home market like we see that lot of the other competitive players really coming up and there is a crowding up in most of the high street areas that we could look at. If you could just kind of point out on because you are mentioning on that you are continuing to expand in areas where you are already present and you are seeing improving margins?

But then there seems to be this disconnect where there's too much of crowding in the same high street. So if you could just point out like are these some specific like only in West Bengal you are seeing these kind of issues or even in the other markets you are seeing a similar kind of situation happening up?

**Shreyans Surana:**

See if you see it's not the competition is just coming this year. If you see last three financial years from I think last three financial years, everyone in the value retail has grown and they have grown at a good rate of around 25% to 30%. But while growing, we have been able to successfully maintain the EBITDA of 7 to 8% on the pre-IndAS and 14 to 15% on the IndAS side.

So there's clear -- it clearly shows that you have been able to achieve revenue also and while achieving the revenue you have been able to sustain the profitability also. Now coming to the current I think the competition is we are seeing everywhere and in the entire Eastern part. It's just that when this year the strategic approach that we have taken is that when we saw that there is an opportunity in the existing cluster.

And if we are we are not opening the store someone else is opening and if we know about the catchment, so why to not open the same stores. So we started it with as an experiment, but when we started opening stores, we saw that there is a huge profitability coming from the newer stores.

So just for example, generally the newer store was giving 5% to 6% as a pre-IndAS EBITDA on the year one in which it was opening. This year has been exceptional and they have given a EBITDA of around 13% to 14%, which is matching the mature store EBITDA. So we saw okay that if 7% to 8% of the revenue has been cannibalized also from our existing store, but 92% of the revenue has come from the market, the remaining market.

And it is giving us a profitable growth. Then why not to open stores in the same cities where there is a still a potential. And I think see in terms of store expansion everywhere there is a competition. So I cannot say it's Bengal only. So maybe the Bengal have a lot of regional player here. But again UP and Bihar also have a lot of big players from Central India.

**Himanshu Dugar:**

Got it. The second question is around your current net debt and balance sheet position. Why I'm coming to this is because so one you mentioned in the slides that there is almost 10 days improvement in inventory as well as 5 days improvement in the trade payables. So broadly we should be seeing a 15 days kind of an improvement overall at net working capital level?

And you are also, I mean, I think the net debt as of September was in control, INR150 crores, INR160 odd crores. And the capex plan that you mentioned kind of seems reasonable to fund. So how do you kind of elaborate on the fundraise that you've done currently. And just one more point we wanted to touch up on is because this has happened in dilution to the IPO price. I think IPO was around INR390 and the current dilution is happening only at INR330. So if you could just kind of explain to us on why current fundraise makes sense and on your current balance sheet position as well?

**Shreyans Surana:**

So coming to question on the balance sheet, I think the bank borrowing is at INR152 crores on the bank directly from the bank and the bill acceptance is around INR115 crores. And for the first 9 months. And I think on the September also, as I said that I the growing 40 to 50 stores with the same balance sheet we will be able to grow, but if we want to accelerate to 60 to 80 stores, we required the fund.

Now coming to the pricing of the fund, the option that we chose was warrants. And I think the idea was that when we planned to do that, that time the if I correctly remember the prices was in the range of INR250 to INR300. And I think with the calculation or whatever the this the formula that have for the warrant, with that we decided to go with INR331 crores, which ensures that if you want to have a future growth of 60 to 80 stores, we can do that.

And as I said that most of the part is going to still going to the debt side to reduce the debt side, which will help us in improving the, I will say, financial position of the company by having a higher profitability because of the lower interest cost reduction. So that was the idea and the rationale behind taking funds.

**Himanshu Dugar:** Sorry to interrupt here Shreyans, but you mentioned INR150 crores of debt in hand and the current capex also. So if even if you're say adding 60 stores in a year, the overall capex is going to be INR200-odd crores. INR120 crores-INR150-odd crores, again which could be payable by your operating cash flows. So by raising INR330 crores how does it serve the growth purpose?

**Shreyans Surana:** But I am opening 80 stores and while doing that I am also investing in lot of warehouse infrastructure and technology. And I think while doing that, without debt in our books it helps you a clearly on the financial side. Even if a store expansion for any reason goes wrong, there is always a leverage on the balance sheet that you have the cash in the balance sheet and there is any interest cost if there's a lower interest cost which can offset the -- any wrong selection if you have any.

But in our model the best part is that because we are in the cluster-based approach, the closure of store historically has been very low. So that is the reason that we chose to take money and take this risk because we are opening in the existing cluster only and the past data suggests that the risk of selecting a wrong location in our scenario has been lower compared to other retailers. As a result we chose to do go ahead with this fund planning.

**Himanshu Dugar:** So you are saying that currently so you added like some 200 stores to 250 stores in the last 1-year. And from here you want to grow at 80 stores and for that 80 stores your investment is still going to be INR4 crores, right? INR2 crores for fixed assets and INR2 crores for inventory or that is also going to increase?

**Shreyans Surana:** Quite similar. INR1 crores asset and INR1 crores inventory, around INR2 crores.

**Himanshu Dugar:** Yeah, so in that case, can't you just add on like 150 stores in the next year itself? Is that something that you're thinking about?

**Shreyans Surana:** No sir, I think as I said 60 to 80 stores every year, in next 3 years 500 stores will be the target.

**Himanshu Dugar:** So this 500 stores is the target for FY '28 or FY '29?

**Moderator:** Sorry to interrupt.

**Shreyans Surana:** 80 stores every year, right now we are at 252 stores and if 260 stores will be the 31st March and if I add 80 stores every year, so by FY '29 it will be 500 stores.

**Himanshu Dugar:** Okay. Thank you.

**Moderator:** Thank you. Our next question comes from the line of Subhanu from 3Head Capital. Please go ahead.

**Subhanu:** Yeah, hope I am audible. Sir, my first question is, as you mentioned your current GM mix around 13%. What was -- how is the margin from GM segment?

**Nitin Singhania:** It is around 32% to 33% GM.

**Subhanu:** Yeah, because I asked this question because Cupid personal care, hello?

**Shreyans Surana:** Yeah, please go ahead.

**Subhanu:** Yeah Cupid personal care products fall in GM segment. If our if personal care product mix increasing, means our GM segment mix will increase going further?

**Shreyans Surana:** No, it doesn't mean that. So as I said that there is a 13% sales coming from GM. And I think there is a lot of within the category changes that we are going to do because again the target is to maintain the fashion quotient in the store. So while maintaining that, the Cupid will help us to attract more footfall because I think the personal care category in India is growing.

And I think it will with their brand portfolio, it will only enhance the revenue for Style Baazar, maybe the category of personal care may grow higher and there may be some categories which will be replaced by the personal care category. It is not that the fashion will be replaced by the personal care category.

**Subhanu:** But what will be your target going forward?

**Shreyans Surana:** So I think, it's -- as I said, it's premature to say numbers on that, but ideally the product mix right now stands at 87% of revenue coming from apparels and 13% from GM. And as we evolve, I think then only I will be able to give, but largely 87% focus on the apparels will be higher. So 87% of the revenue will be coming from apparels in going forward -- in future also. And 13%, I think there now there may be a mix changing in under the 13% structure only.

**Subhanu:** Okay. Okay. Okay. Got it. My second question is, as you mentioned out of this INR330 crores warrant issue, INR180 crores will be used for reduce bank borrowing and rest will be store expansion. Then how will our free cash flow be used?

**Shreyans Surana:** What are you saying, please say it again?

**Subhanu:** Out of this INR330 crores warrant issue, you said INR180 crores will be used for bank borrowing reduction -- reduce and rest will be used for store expansion?

**Shreyans Surana:** Yeah and warehouse infra and tech investment together, yeah on the capex side. Correct.

**Subhanu:** Okay. Then our cash flow...

- Moderator:** Sorry to interrupt Subhanu sir, may we request you to return to the queue for any follow-up questions.
- Subhanu:** My second question. This was my second question.
- Shreyans Surana:** Yeah, please go ahead. Please tell.
- Subhanu:** Okay. Where will our operating cash flow be used?
- Shreyans Surana:** Sir our operating cash flow is coming, our free cash flow is coming very less because ultimately our internal accrual is going there. And this INR300 crores funds will come in 18 months as we grow higher. So I think FCFs will increase and as of now you can see the debt is around INR267 crores, out of which INR152 crores is bank borrowing, INR115 crores is bill discounting.
- So going forward we will use it for working capital reduction the sooner you will pay the creditor, the sooner you will move the creditor cycle, the better your gross margin will be in the future. The better your operating leverage will be in your balance sheet the more benefit you will get to sustain your profitable growth.
- Subhanu:** Okay. Thank you, sir. Thank you.
- Shreyans Surana:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Pranav Shrimal from PINC Wealth Advisory. Please go ahead.
- Pranav Shrimal:** Yeah, hi sir. I just had a couple of small questions. What is the interest payment we can expect going forward?
- Shreyans Surana:** Interest payment for the next years onwards. It will reduce.
- Nitin Singhania:** So this year it all depends when the fund comes in. So most probably this year it is around 1% of the total revenue, next year it might be 0.7% and gradually it goes decreasing.
- Pranav Shrimal:** Okay, understood. Any rough idea when we can estimate the funds to come in?
- Shreyans Surana:** See I think today I think it takes generally a month's time from the we are just have just submitted the documents to the Exchange and I think we are just awaiting their approval. Generally, it takes around 20-25 days. We are expecting the fund to flow by end of third to fourth week of March. But again it totally depends on the when we get the approval from Exchanges.
- Pranav Shrimal:** Understood. Secondly, with Cupid what sort of a partnership or strategic expansion we are expecting. So will we use their facilities? Will they use our facilities? Will there be some know-how that both the companies will be sharing with each other?
- Shreyans Surana:** I think, see in terms of Cupid I think as this partnership as I said because as I said also that the synergy is more beyond financial investment also. It's more on the operational side. I think we will be giving them that 252 stores the marketplace in which they can put their product as a

display and I think with the know-how of their in personal care category and as I said that this category is also one of the growing categories in India and it purely complements the fashion side also.

So I think we both will be helping each other in that way. So I will not say we will be using their manufacturing plan, but we will be using their expertise in the manufacturing plan and I think they can use the retail experience expertise that we have got and together we are creating this synergy for each other.

**Pranav Shrimal:** And is this an exclusive deal? Or are they allowed to venture to other states also? Because from what I understand, you are mainly focused on the East side and now expanding towards Central India. So in the future if they plan to expand are yeah...

**Shreyans Surana:** So no, it's not an exclusive deal that we are talking about. It is not like that that they will only be selling in our stores. It's a national brand, they can sell in any stores. Yeah, but yeah we are giving them this 252 stores as a marketplace which will always help them to promote their product in our stores.

So there is nothing called this fixed deal that they will have to only sell in our stores, they can sell in anywhere. And I think that is the best way also because higher is the presence of a brand in different stores, more is the visibility and more is the sales. Customers are aware about that brand.

**Pranav Shrimal:** Understood. And just lastly one question. So in terms of the revenue sharing is there anything that we have decided? Or will they pay us any certain cost for shelf space?

**Shreyans Surana:** I think, see as of now we have not decided on any numbers yet. I think it's a gradual process. I think as I said that we have 252 stores which have a lot of space which is available for GM. I think once we are through with the strategy that how many how much space we needs to give it to the personal care, right now we already have some space, which will be shared which will be shared with them also in terms of their brand promotion.

But in terms of number, I don't have a number yet. I think it at least take a quarter or maybe 3 to 4 months in order to understand how the product behaves, then only I will be able to tell you a number.

**Pranav Shrimal:** Okay, understood sir. Thank you so much. Just lastly one confirmation. Sir we said going forward we can expect around INR58 to INR60 per square feet rental cost. Is that correct?

**Shreyans Surana:** Yeah, INR57 is the right now the cost. I think INR57 to INR60 is the largely the cost which will be on the rental side.

**Pranav Shrimal:** For next year. For the next year, right?

**Shreyans Surana:** Yeah, yeah.

**Pranav Shrimal:** Okay understood sir. Thank you so much.

- Moderator:** Thank you. Our next follow-up question comes from the line of Anand Mundra from Soar Wealth. Please go ahead.
- Anand Mundra:** Sir are we planning to convert our existing stores in double height gondola and if yes, how long it will take sir?
- Shreyans Surana:** Yeah, we have already started doing that and I think that strategy has really is working well for us and I think currently we have already -- I think did around 50 stores have been in the double height gondola, we have changed that, and going forward we expect near about in by next 1 year, we are expecting almost 80% of the stores having double height gondola.
- Nitin Singhania:** So to add on to Shreyans ji point, all the new stores what we are opening where we have the space, so we are opening with a double height gondola. And the like-to-like stores which are not in double height gondola, we are converting to double height gondola and 20 to 30 stores of that has been converted.
- Shreyans Surana:** And one more thing just for everyone who is listening this call, I think the double height gondola, allows you to display more quantity of articles freely to the consumer, which helps in increasing the impulsive buying from the customer end and that we are seeing in terms of SPSF also in lot of stores where the double height gondola are present. So that is the reason that we have taken this strategy and we will be rolling out as I said that almost 80% of the stores in next 1 year will have double height gondola.
- Anand Mundra:** Sir 80% of the existing stores will convert or 80% of the expanded store you are saying sir?
- Shreyans Surana:** 80% of the existing stores will have double height gondola in next 12 to 14 months.
- Anand Mundra:** Okay, to 200 out of this 250 will get converted?
- Shreyans Surana:** Yes.
- Anand Mundra:** Okay. And sir how much revenue throughput you are seeing more as compared to earlier version of without double height gondola?
- Shreyans Surana:** So I think in terms of number still at a very nascent stage, but what we are seeing the double height gondola stores is giving us a per square feet sale of around INR11,000 that we have seen which have been opened in this year. But I think it's at a very early stage compared to the non-height gondola stores which are giving a sales of around INR9,000.
- If I compare that way apple to apple. But it's a very small sample that we have taken. I think by coming two quarters I will be in the better position to tell you the exact numbers. But yeah, right now the double height gondolas are giving more sales than a single height gondola stores on an average.
- Anand Mundra:** Okay. Sir thank you sir. Thanks for this. One more question sir. When are the funds expected to come?

**Shreyans Surana:** So see in terms of warrant, it's purely driven by the Exchange. So we have submitted the documents and I think the document submission, the Company Secretary is still discussing with the Exchange. It generally takes around 25 to 30 days. We are expecting by maybe the first week or second week of March we will be able to achieve we will be able to get the approval from the Exchange and maybe then from there up maybe 7 days.

So we're expecting from 15th March to 25th of March we are expecting the fund flow coming in the company. But it's subject to the approval from the Exchange, how much time they are going to take to approve. That is the main thing.

**Anand Mundra:** And sir, the investor has got the shareholder approval?

**Shreyans Surana:** So for them our EOGM happened today. We have got and I think their EOGM is on the their board has approved and their EOGM is in the next week, 25th of this month. I think they are also expected to have the approval and post that the deal can be concluded after once we get the note from Exchange.

**Anand Mundra:** Okay. Thank you sir. Thanks a lot sir.

**Shreyans Surana:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for today. I now hand the conference over to the management for closing comments.

**Shreyans Surana:** Thank you so much to everyone. Baazar Style, continues to deliver strong momentum driven by our differentiated value proposition, disciplined expansion strategy, accelerating digital initiatives and strengthening operating leverage. We are building a future-ready, scalable and profitable retail platform.

Thank you all for joining us today and for your continued support. As always, we remain available to address any follow-up questions. Please feel free to reach out to us directly or through our investor relation partner, Stellar IR Advisors. Thank you so much.

**Moderator:** Thank you. On behalf of PhillipCapital Private Client Group, that concludes this conference. Thank you all for joining us and you may now disconnect your lines. Thank you.