

**Date: 8<sup>th</sup> August, 2025**

**BSE Limited,**  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001

**National Stock Exchange of India Limited,**  
Exchange Plaza, Plot No. C-1, G Block, Bandra-Kurla  
Complex, Bandra (East), Mumbai - 400 051

Scrip Code: **544243**

Trading Symbol: **STYLEBAAZA**

**Dear Sir/Madam,**

**Subject: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This is further to our letter dated August 04, 2025, whereby the Company had submitted the link to the audio recording of the conference call with Investors/Analysts, held post announcement of Unaudited Financial Results for the quarter ended June 30, 2025.

Pursuant to Regulation 30 read with Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed herewith the Transcript of the said conference call, for your information and records.

The transcript of the conference call is also available on the Company's website at:

<https://stylebaazar.in/wp-content/uploads/2025/08/Transcript-1.pdf>

We request you to kindly take the aforesaid information on record.

**For Baazar Style Retail Limited**

**Abinash Singh**  
**Chief Compliance Officer,**  
**Company Secretary and**  
**Head - Legal & Compliance**

**Baazar Style Retail Limited**

*(Formerly known as Baazar Style Retail Pvt. Ltd.)*

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CIN No: L18109WB2013PLC194160



**“Baazar Style Retail Limited  
Q1 FY '26 Earnings Conference Call”  
August 04, 2025**



**MANAGEMENT: MR. SHREYANS SURANA – MANAGING DIRECTOR –  
BAAZAR STYLE RETAIL LIMITED  
MR. NITIN SINGHANIA – CHIEF FINANCIAL OFFICER –  
BAAZAR STYLE RETAIL LIMITED**

**MODERATOR: MR. SUYASH SAMANT – STELLAR ADVISORS**



**Moderator:** Ladies and gentlemen, good day and welcome to Bazaar Style Retail Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participants lined will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this 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 over the conference over to Mr. Suyash Samant from Stellar IR Advisors. Thank you and over to you sir.

**Suyash Samant:** Thank you. Good afternoon everyone and thank you for joining us today. I have with us today the senior management team of Bazaar Style Retail Limited, Mr. Shreyans Surana, Managing Director and Mr. Nitin Singhania, Chief Financial Officer who will represent Bazaar Style Retail Limited on the call. The management will be sharing operating and financial highlights for the quarter ended June 30, 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 the company's beliefs, opinions and expectations as of today. These statements are not a guarantee of the 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. Thank you and over to you sir.

**Shreyans Surana:** Good afternoon everyone. Welcome to our Q1 FY '26 Earnings Call. Our presentation has been uploaded to Stock Exchange and the company's website and I hope you had a chance to go through it.

We are pleased to report that our strong growth trajectory has continued in Q1 FY '26 with revenue reaching INR378 crores, an increase of 37% year-on-year and 9% quarter-on-quarter. Gross profit also demonstrated healthy traction rising to INR136 crores reflecting a 49% growth year-on-year and 19% sequentially with healthy margin at 36%. I would like to provide an overview of the current trajectory of our performance and share our outlook for the upcoming quarters. We remain on track to achieve our FY '26 guidance and are confident of delivering a revenue growth of 25%.

While we prefer to wait and assess the performance of the Q2, especially given the significance of the Durga Puja Festival in East India, before considering any revision to our guidance. It is important to note that the underlying demand on the ground continues to remain strong. A revised outlook, if any, will be shared post completion of H1.



We expect to deliver SSG growth of 7%-8%. Pre-Ind AS EBITDA margin is projected to be at 7%-8% while Pre-Ind AS PAT margin is expected to be 3%-4%. Additionally, we reaffirm our guidance of opening 40-50 new stores during FY '26.

We anticipate a meaningful uptick in demand during Q2 and Q3 driven by the festival season including Raksha Bandhan, Durga Puja, Diwali and the wedding period which traditionally spur consumption and reinforce our confidence in the outlook. The company's strong execution capabilities, established regional leadership and focused long-term growth strategy continue to underpin its robust growth trajectory driven by the following key factors:

1. Our focused business strategy on value fashion in the under-penetrated eastern region has enabled us to benefit from the shift from unorganized to organized retail, supporting our steady growth.
2. Our product offering across categories remains a key strength. By providing a one-stop shopping experience for the entire family, we are increasing customer convenience, footfall and basket size.
3. Our cluster-based expansion approach supports operational efficiency by enabling better site selection, improved understanding of the catchment area and faster ramp-up of new stores leading to quicker economies of scale.
4. Our continued focus on private labels is yielding strong results. In Q1 FY '26, our portfolio of private labels has contributed 61% to the revenue, amounting to INR229 crores reflecting a 59% year-on-year growth. Notably, our brand Square app records highest-ever quarterly revenue, contributing approximately INR99 crores. Our expansion journey continues with the total store count in Q1 FY '26 reaching 232, a 40% year-on-year increase and the total retail area now stands at 2.11 million square feet reflecting a 41% growth over the previous years.

Now, before coming to the profitability, I would like to take a moment to provide you with a brief overview of how our business operates. As a value retailer with a strategic presence in Eastern India, our demand pattern is inherently seasonal driven by regional-specific festivals that occur at various times throughout the year. Accordingly, our performance is most appropriately assessed on a full-year basis.

For instance, in Q1 FY '26, SSG appeared muted as each sales were advanced and captured in Q4 FY '25. However, after adjusting for the 15-day shift, the normalized SSG for Q1 FY '26 stood at a robust 11%. Therefore, evaluating SSG on a year-to-date basis provides a more accurate and meaningful representation of performance.

The company remains in a strong expansion phase, strategically investing in scaling operations to increase store count with net addition of 18 stores in Q1 FY '26 and enhanced technology integration. While growth-related investments may temporarily impact operating margins, the company continues to deliver healthy absolute financial growth. Now, coming to the Q1 FY '26 financial and operational highlights, as mentioned earlier, we believe that a pre-Ind AS view provides a clearer reflection of our underlying expenses and profitability.

For this discussion, we will be referring to the financials on a pre-Ind AS basis for greater clarity. In Q1 FY '26, EBITDA for the quarter was INR25 crores, up 14% year-on-year and 114% quarter-on-quarter. Profit after tax came in at INR9 crore, representing a year-on-year growth of 531%.

However, it is not comparable on a Q-on-Q basis due to a low base in Q4 FY '25. In terms of key operational metrics, pleased to share that our focus market states have performed well. In Q1 FY '26, we achieved a growth of 73% year-on-year and 24% quarter-on-quarter, with revenue reaching INR72.6 crores. Average store size stood at 9123 sq. ft. vs 9037 sq. ft. in Q1 FY '25. Average transaction value stood at 900 vs 955.

Number of bills stood at INR4.48 million, up 45%. Quantities sold at 15.06 million, up 46%. Sales per square feet at 663 versus 661 in Q1 FY '25. SSG stood at minus 3%, whereas normalized SSG stood at 11% due to the preponement of Eid, as explained earlier. Additionally, inventory days were reduced to 116 days in Q1 FY '26 compared to 120 days in Q1 FY '25.

Trade payable days stood at 111 days in Q1 FY '26 from 163 days in Q1 FY '25. In summary, we are strengthening our market position by expanding our store network in core and focus regions, investing in supply chain and talent to enhance efficiency, and growing our private labels to build differentiation and trust. Operational improvements through technology, data analytics, and our omni-channel models are progressing well.

With the anticipated festival tailwinds in the upcoming quarters, including Raksha Bandhan, Durga Puja, Diwali and the wedding seasons, we remain confident in delivering a strong performance and achieving robust growth in the quarters ahead. With that, I would like to conclude my opening remarks and request the moderator to open the floor for questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gaurav Jogani from JMFL.

**Gaurav Jogani:** So, my first question is with regards to the other expenses increase. Now, even if we look at on the pre-India basis, there is a sharp increase in the other expenses. So, can you please help us out how these other expenses should be looked into going ahead? And if there is any one-off in the other expenses line item?

**Shreyans Surana:** Thank you, Gaurav. As we continued in our expansion phase, several costs have been strategically front-loaded to support future growth, and this increase in costs is aligned with our growth strategy, we have added more stores, invested in hiring, upgrading our warehouse infra and increasing our customer engagement program to drive footfalls.

With revenue projected to rise, particularly during the festival season, their proportion relative to top-line will decline, driven by operational leverage and economies of scale. This means incremental gains will fully drive EBITDA improvement, fueling our margin expansion and operating leverage.



In terms of number, in FY '25, our average operating cost stood at around INR180 per square feet, which in Q1 FY '26 stood at INR183 per square feet. We expect this average operating cost of around INR180 per square feet to hold during the entire financial year. And as I have said that with the strong quarters ahead, we expect a good sale per square feet. So, the entire thing will translate to EBITDA only in terms of margins.

**Gaurav Jogani:** So, just one clarification. When you say INR180 per square feet, that is for the quarter, or the monthly basis?

**Shreyans Surana:** Yes, on the monthly basis. It's the average cost of INR180 per square feet.

**Gaurav Jogani:** Okay, and this would be including staff costs and other expenses?

**Shreyans Surana:** Everything.

**Gaurav Jogani:** Okay, so you said that is expected to remain in this INR185 per square feet kind of a range, right?

**Shreyans Surana:** Yes, for the year.

**Gaurav Jogani:** Okay. And on the gross margin side, the gross margin has seen a very healthy expansion this quarter of around INR300 plus bps. So, what is the guidance, if any, that you can provide on the gross margin front?

**Shreyans Surana:** So, the gross margin was higher largely because of the full price sale-through that we have achieved. But I think the things will get normalized in the upcoming quarter as there will be a festival season, promotions, rollouts along with the EOSS in the month of July. So, I believe after all the seasonal adjustments, we anticipate a margin of up to 50 basis point increase because of the inventory efficiency and because of the private label for the entire year.

**Gaurav Jogani:** Okay, so would that mean that in the remaining three quarters, the gross margin would decline? So, if you are saying for the 50 bps for the entire year?

**Shreyans Surana:** So, it will not decline quarter-to-quarter, but the sales would be higher. And maybe for the Q2 and Q3, the margins which we have achieved last year, so it will be on the similar lines or on a little bit of increase. So, the increase that Q1 saw, it will not be the similar increase which Q2 and Q3 will see. So, because of the higher revenue contribution over there, as a percentage, it will reduce. But again from last year, it will be higher by 50 bps.

**Gaurav Jogani:** No. So that is the thing. I mean if you look at the Q1 margin, Q1 gross margin is expanded by 300 bps, okay. Now, if I take for the entire year only a 50 bps gross margin expansion, so would that mean that for the remaining nine months from Q2 to Q4, there would be a decline in the gross margin because only then would a 50 bps margin justify for the entire year?

**Nitin Singhania:** During the EOSS, the margin will decline. But during festive and other quarters, it will be in similar lines to last year.



- Shreyans Surana:** So, Gaurav, what is happening is that for Q2 and Q3, if you see the numbers are very high in terms of revenue. So, what will happen for the Q2, Q3, maybe the margin will be similar to the last year only. So, for the full nine months, on an average, this 3% may become 1% higher for the first nine months. And for the last quarter again, there will be an EOSS on the January. So, when the quarter 4 ends, it will be typically higher by 0.50 bps. This is what our assumption has been around this thing.
- Moderator:** The next question is from the line of Palash Kawale from Nuvama Wealth.
- Palash Kawale:** Congratulations on good set of numbers. Sir, what was the rental for Q1?
- Nitin Singhania:** Rental cost is INR56 per square feet.
- Palash Kawale:** Okay. And what do you expect it to be for the full year?
- Nitin Singhania:** It will be in similar lines only. It will be hovering around INR56 to INR57 only.
- Palash Kawale:** And sir, what was it for the Q1 last year?
- Nitin Singhania:** It was INR53.
- Palash Kawale:** And sir, any update on the insurance payment that you are supposed to receive?
- Shreyans Surana:** See, in terms of insurance payment, we have received an amount of INR3.48 crores including salvage value against the total asset loss of INR4.24 crores. For the inventory thing, we are actively and consistently engaging with the insurance company to expedite the claim processing. We have submitted all the documents to the full extent of the inventory loss.
- I think given the complexity of the assessment and settlement process, our resolution timeline is still under progress. And we remain optimistic because we have submitted all the requisite documents as discussed with the insurance company. And we expect the matter to be settled in the upcoming quarters and will continue to keep you informed of any significant development regarding the inventory claim.
- Palash Kawale:** Okay sir. Thank you so much. That's it for my side.
- Moderator:** Thank you. The next question is from the line of Rehan Saiyyed from Trinetra Asset Managers. Please go ahead.
- Rehan Saiyyed:** Good afternoon to the team and thanks for the opportunity. Sir, I have a question regarding the technology and supply chain side. With the recent appointment of a new AVP for supply chain, what structure or digital improvements are being planned for backend efficiency or inventory optimization and how are you leveraging tech for improving inventory turns and the existing stocks across Tier 3 and Tier 4 locations?
- Shreyans Surana:** Sorry, I just missed the first part of your question. Can you just come again with your question?



- Rehan Saiyyed:** Sure sir. With the recent appointment of a new AVP for supply chain, what structure or digital improvements are being planned for backend efficiency or inventory optimization?
- Shreyans Surana:** I have told in the last call also that this year has been a year of tech for us what we have taken. So in terms of supply chain, we are just on the phase where we will be implementing the Infor warehouse management solution which will be live by the month of November if everything goes smooth.
- On the inventory side, we are working on an ARS called Goldratt which works on the theory of constraint. And I think their implementation has also started which will lead to a faster supply chain structuring which will again increase the inventory turn. And we expect the numbers to look visible by this year financial year itself. We will be able to see the technological benefit that will be derived from the implementation of these softwares.
- Apart from that, the entire backend ERP, we are planning to shift it from Genesis to SAP HANA Retail. I think all these measures will help us to improve our supply chain.
- Rehan Saiyyed:** Okay, sir. I just want some more clarification regarding that. What is the average payback period for new stores opened in the last 12 months to 18 months especially in the interpellated geography?
- Shreyans Surana:** More or less the geography, for example, core and focus, I will say in that way. So on an average on the capex side it takes around 18 months to recover and for the entire industry, it takes around 31 months to 33 months for the recovery.
- In terms of focus market, the focus market performance has been good, but still if you compare to core market, it will take additional two months, three months maybe extra. Because that is the states where we are developing our market, but I think gradually maybe a year later when that focus also shifts to core, it will come to similar numbers.
- Rehan Saiyyed:** Okay, thank you for clarification. If I have more questions, I will come again.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik:** Hi sir, congrats on the good set of numbers and thanks for taking the question. My first question is if you could give us the debt on the books as on date and cash flow from operations that we have generated after paying lease during the quarter?
- Nitin Singhania:** So total bank borrowings as on date for the Q1 is INR157.43 which we have already stated in the last earning call that it will be gradually reduced and will be around INR120 crores.
- Shreyans Surana:** At the end of the financial year.
- Naitik:** And what will be the cash flow generated post lease for the quarter?
- Nitin Singhania:** Cash?
- Naitik:** Cash flow generated from operations post payment of lease?





- Nitin Singhania:** It is around INR26 crores after adjustment of lease payment.
- Naitik:** Right, got it sir. Sir my second question is the 183 per square feet, the cost you mentioned that includes rental cost also?
- Shreyans Surana:** Both rental employee cost and all the other expenses excluding depreciation and interest.
- Naitik:** Right, got it. And sir, my last question is what is the corporate expense as a percentage of sale for us?
- Nitin Singhania:** It stands at 6.15% for this quarter.
- Naitik:** Got it. That's it from us sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Chirag from Keynote Capital. Please go ahead.
- Chirag:** Yes, thank you for the opportunity. Congratulations Shreyans and Nitin ji for the great set of numbers. My first question is that you have mentioned that in Q1 our full price sales was better. Could you just give me a number, what was the percentage of full price sales for Q1 FY '26 and FY '25?
- Shreyans Surana:** So 92% was the full price sales in Q1 FY '26 against 89% in Q1 FY '25.
- Chirag:** Second thing I would like to know that our payable days is around 4 months, if I am not wrong. Could you just let me know, is this one reason if we improve our payable days to like 90 or 60 days going forward, can it become incremental on our gross margins? If that is the strategy or not, if you could just highlight that too?
- Shreyans Surana:** You can say there will be a benefit in the gross margin once we reduce it. But yes, I think with the growth that we are aiming, we want to reduce it to 90 days just so that the sourcing becomes easier for the manufacturers also. And whatever if they are able to earn on their sourcing, they will transfer it to us and we would like to transfer it to the consumer. So that the entire chain is on the value side only. We don't have to increase their prices. And there will be a little bit impact on the gross margin also with that.
- Chirag:** So can I expect that with improvement in tech that we are working on, this number is expected to gradually go down to 90 days by FY '27 or FY '28?
- Shreyans Surana:** Yes, you can expect by FY '26 and FY '27, you will see the numbers gradually going down. And it will be around 90 days as you said.
- Chirag:** Perfect. So my second question is related to store level warehouse size as a percentage of entire store size?
- Nitin Singhania:** We generally don't have the back-end warehouse as such. So it is generally 200-300 square feet of back-end space for keeping the material.
- Shreyans Surana:** At the store level.



- Chirag:** And the number of days inventory that we keep in warehouse?
- Shreyans Surana:** So it totally depends on season to season. So for example, because we are majorly our revenue comes from the festival driven seasons. So as I have told in the previous calls also, the inventory looks higher before any festival starts. And it looks lower when the festival or the season ends.
- So maybe when the festival is on the full run, the inventory per square feet at the store level goes up to INR2500 also. And at the end of the season, the store inventory comes down to around INR1700. So that is the volatility before and post any festival season.
- Chirag:** You mean per square feet for you talking about?
- Shreyans Surana:** Yes, per square feet inventory. So I will just tell you for example, on 31st March, our inventory was at around INR2700 per square feet. Which has come down to again INR2092 at June end.
- Chirag:** Perfect. So my next question is that, as you said that our corporate expense as a percentage of sales is around 6% yesterday. What kind of stable EBITDA margin pre-index basis we can expect down the line 3 years? Because this expense is going to showcase some operating leverage of course. But could you just highlight at current SSSG what we have around 7%, 8%? What kind of EBITDA margin on pre-IndAs level we can do?
- Shreyans Surana:** See, this year as I said the guidance is 7%, 8%. Last year the entire year corporate overhead was around 5.7%. And typically I think there will be an operating leverage. And in next 3 years, with the operating leverage kicking in, with the gross margin and the full price through, with all this tech thing that we have done is going to improve, will help us to achieve EBITDA of 9%, 10% by FY '28. So 7%, 8% this year, 8%, 9% next year, 9%, 10% may be the FY '28 numbers.
- Chirag:** And keeping SSSG in mind of 7%, 8% only, right?
- Shreyans Surana:** Yes.
- Chirag:** Perfect. That is it from my side. I will join back the queue. Thank you so much.
- Shreyans Surana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gaurav Jogani from JMFL. Please go ahead.
- Gaurav Jogani:** Hi. Thank you for taking my question again. So my question again is with regards to the other expenses per square feet share. So if I look at the base quarter, the base quarter the other expenses per square feet was around INR154. And this quarter it is around INR183 as you mentioned.
- Now if I look at for the remaining 9 months, the expenses have only increased from there on. So what will drive, given that the festive is also coming, that you will also have higher activity levels? So do you think that it can remain at this INR183 levels?
- Shreyans Surana:** If you see the last 3 quarters, Q2, Q3 and Q4 of FY '25 also, it was around INR187, INR188 and INR184. And this quarter it is around INR182. So technically what has happened, all the costs that has been front loaded last year, and with the growth in revenue, it will not be increasing that



much, it will be at the same tune. Because all the expenses that has been increased, we have taken that hit last year itself. So the INR180 base has been created and that base is only going for the quarters.

**Gaurav Jogani:** Okay, got it. So it is largely the leverage now kicking in these line items, right? That will benefit?

**Shreyans Surana:** Correct, correct.

**Gaurav Jogani:** Okay. And on the rental also, I mean, while optically it seems that the rental, as sir mentioned, Nitin ji that it has been around, so that will be including the rental on the pre-IndAs number, what will be the total rental actually on the pre-IndAs number, if you can give us that number, that will be helpful?

**Shreyans Surana:** INR56 per square foot will be the numbers which will be around for the FY '26 also. And for Q1 it is around INR54, so on the similar lines.

**Gaurav Jogani:** Okay, and has this gone up because we are opening higher square footed stores or any other reason for that?

**Shreyans Surana:** First thing is, see the rental is a by-product of where you open the stores, because in the last financial year, there are a lot of stores which has opened in Tier 1 and Metro cities, which has a higher rental as a cost. I think the mix of all these things has impacted the rent per square foot that way.

Because a larger chunk of stores have been opened in Metro and Tier 1 in the last financial year. As a result, the rentals are showing at INR54 for this quarter 1, which is not very high, if you see from Q1 FY '25, it was around INR45, which has increased to INR54 for the stores, and that is majorly because of the stores opening in Metro and Tier 1.

**Gaurav Jogani:** Okay, and Sir, given that this time around the festive season is in Q2, and last year I think it was a mix of Q2 and Q3, so do you see some benefit accruing in Q2 itself this year?

**Shreyans Surana:** Yes, we will have an uptick in demand because of the early festivals. So 11 days shift from Durga Puja from Q3 will happen into Q2, which will have an impact on higher sales from Q2.

**Gaurav Jogani:** Okay, and lastly on the capex front, what is the capex guidance for this year and the next year?

**Nitin Singhania:** INR1390-INR1400 per square feet.

**Shreyans Surana:** For the store openings.

**Gaurav Jogani:** Okay, so can you give me the total, I mean the maintenance capex and everything? What kind of...

**Shreyans Surana:** For everything, it will be around INR90 crores to INR100 crores for this year.

**Gaurav Jogani:** INR90 crores to INR100 crores for this year?



- Shreyans Surana:** Yes, with all the tech and everything, the warehouse infra, backend operations, everything put together.
- Gaurav Jogani:** Sure, because there will be a good savings in terms of our inventory also, I mean we don't expect the incremental drag from the inventory, so would that mean that that could help in better cash position this year versus last year, given that there will also be better profitability and lower outflow in terms of the working capital?
- Shreyans Surana:** Yes, apart from that, because I think this year we will also be having the insurance receivable as one of the cash flows in flow for this year, so I think with that plus internal accruals will give us a better cash flow from last year.
- Moderator:** Thank you. The next question is from the line of Raj from Fident, please go ahead.
- Raj:** Hi, thank you for the opportunity. A couple of questions from my side. Firstly, again on rent, so rent, quarter-on-quarter saw close to around 18% growth. I wanted to understand the reason for this, is it only because of the new stores or in the existing stores as well, are we seeing some increase in the rental cost mainly because of competition? So how is the competition panning out in this industry right now, because everyone is quite aggressive in store openings?
- Shreyans Surana:** So see, in terms of rental, with the existing stores, because we are having an agreement with them, so as a part of the agreement, every three years there is an incremental clause, 12% to 15% depending on landlord-to-landlord, so that is taking place, there is no extra rental.
- As I said, because lot of store openings have happened in metro and Tier 1, which typically has a higher rental compared to Tier 3, Tier 4 cities, so that is one of the reasons. As far as the back-end, last year versus this year, in last year in Q1, the warehouse that we were having was only 86,000 square feet, whereas this year in Q1, the warehouse that we had was around 1.86 lakhs square feet.
- Similarly, on the office space, there was lot of expenditure at the back-end also, which has increased for supporting the future growth. I think that is why the per square feet, the percentage as you can see, the rentals have increased, but as I said, this will be the trend for the entire year, and in Tier 2, Tier 3, because of our expertise in the zone, as we follow the cluster-based approach, is better than any other players, as a result, we are able to check out the areas where we want to open the stores, at the similar rentals that I said. That is why I said the entire year average will be around 56 only.
- Raj:** You said there was some 12%-15% of rental cost increase in the agreements each year, what is that number?
- Shreyans Surana:** Every 3 years, it is around 12%-15%. This is the standard agreement with every retail player, between 12% to 15%. 15% is the standard for tier 2, tier 3, and there are some agreements, which is only 5% to 10%, which has 12% increment every 3 years.
- Raj:** Okay, understood. Secondly, the other players were also mentioning that in West Bengal, there is some pressure in terms of demand, mainly because the influx of people from the neighboring

countries has completely stopped. How are you seeing the situation on ground in terms of West Bengal?

**Shreyans Surana:** See, in terms of number target that we have taken, we have been able to achieve that number. I think the numbers would have been better, if the flow from the neighboring country was there, because there are some pockets in Bengal, where the sales are very good, when they come during the festival seasons, but this year, because of the government policy, and whatever the reason, they have not been able to come into shop.

So, I think these numbers are without there, and we expect as the things between both the neighboring countries get good, I think in the upcoming quarters, with the strong festival quarters that we have, if their inflow starts again coming back, we will be having higher numbers. As a target, we are meeting the target that we have set. So, for us, we have met the targets in Bengal, whatever we have taken. Yes, we could have done better if their inflows were there.

**Moderator:** Thank you. The next question is from the line of Devesh Adwani from Bajaj. Please go ahead.

**Devesh Adwani** Congratulations on good set of numbers. So, what sort of numbers do you see going forward in Q2? And also, what is your guidance going forward as far as top-line and bottom-line is concerned for FY'26?

**Shreyans Surana:** So, we anticipate a stronger upcoming quarter, with our guidance of revenue will be around 25% only, till the time Q2 concludes. I think post that only we will see if we want to revise the guidance or not. And in terms of EBITDA, at pre-IndAs it's around 7% to 8%, and at PAT, it's around 3% to 4% as a guidance.

**Moderator:** Thank you. The next question is from the line of Videesha Sheth from Ambit Capitals. Please go ahead.

**Videesha Sheth:** Hi, good afternoon. I just have one small question, and I'm not sure if it's repetitive in nature. But can you help us understand the differential between the sales per square feet in Metro and Tier 1 cities versus Tier 2 and Tier 3 cities?

**Shreyans Surana:** We have a higher per square feet sale. So, on an average, if I tell you, the Metro and Tier 1 cities on an average would give us an SPSF of more than 12,000 per square feet, whereas maybe Tier 2, Tier 3, Tier 4 average will be around 8,000 or 8,500. Exact numbers I think we can take offline, but Yes, that is the numbers that we are generating from Metro Tier 1 and Tier 2, Tier 3.

**Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** Thank you very much, sir, for this opportunity. So, first up, I just wanted to understand, what's the gross margin difference between private label versus other brands?

**Shreyans Surana:** It's majorly around 1.5% as a difference.

**Deepak Poddar:** I mean, it's not much then. I mean, gross margin difference is only 1.5%. That's what you're saying.



- Shreyans Surana:** So, basically, see, right now, our aim is not to increase margins. Our aim is to stabilize our brand because it has been post-COVID only that we started this journey and we are at 61% sales as of now for this quarter. Our objective is that higher will be the sales in private label, more will be good -- the better will be the experience of customers with the private levels.
- Higher will be sales in the future where we can work on improving the margins over there also. So, right now, we are just seeing that the margins should be in the similar lines with the other labels so that the private label gets a competitive advantage over other labels.
- Deepak Poddar:** Okay, I understood. And, sir, you mentioned about this year's pre-IndAs pack margin of 3%-4%. Now, can you suggest something on the post-IndAs as well? What sort of range are you looking at?
- Shreyans Surana:** So, 14%-15% will be the EBITDA margin and PAT margin will be between 2%-3%.
- Deepak Poddar:** Okay, but given the run rate of interest and depreciation we are currently having because of all these leased liabilities, at 14%-15% EBITDA margin, it will be difficult to achieve 2%-3% of PAT margin, right? At 25%-26% kind of a tax rate.
- Shreyans Surana:** No, I think we will be able to achieve between 2%-3% with the numbers that we have prepared. And, I think with all the assessment and working that is going on, we will be able to achieve this number of 2%-3%.
- Deepak Poddar:** Yes, 2% to 3%. And when we said 4%-5%, I think PAT margin in FY '27 in the previous call, so, we meant pre-IndAs or what?
- Shreyans Surana:** Yes, so for the discussion purpose, we only talked about pre-IndAs because that is I think the most accurate way to look at the numbers. So, Yes, it was pre-IndAs only.
- Deepak Poddar:** Pre-IndAs. And, just one final small thing. I mean, given the kind of store growth we are seeing and even the SSG is quite good. So, a 25% CAGR, I mean over next 2-3 years is what one should look at, at a company level perhaps?
- Shreyans Surana:** Yes, 100%. 25% is the number. I think it's a balanced growth approach which will help you in achieving, sustaining the margins also and having a healthy profit bottom line.
- Moderator:** The next question is from the line of Arvind Arora from A Square Capital.
- Arvind Arora:** Hi, congratulations on good set of numbers. My questions are mainly you are saying your revenue guidance would be same for the current year, like 25%. So, could you please give us a break up on SSG growth, what you are expecting?
- Shreyans Surana:** Quarter 1, we have grown by 37% as a revenue growth. For the full year, it is around 25%. The revised -- if anything we have to revise, we will take this call after the first half of this financial year. In terms of SSG, it is around 7%-8% as a guidance for this year.
- Arvind Arora:** Okay. Same like what you alluded on quarter 4, correct?



- Shreyans Surana:** Correct.
- Arvind Arora:** Okay, And current quarter, despite the SSG growth is in negative, we still are pat positive. So, can we assume same for the remaining period as well?
- Shreyans Surana:** Yes, for all the remaining quarters, we can expect the same.
- Moderator:** The next question is from the line of Ashwin Kedia from Alchemy Capital Management Pvt. Ltd.
- Ashwin Kedia:** Hi, congratulations on the superlative growth. I have two questions. One was, how many of your focus markets will move to core markets? That was the one. And second, we have hired somebody to supply chain. So, how do we see our warehouse capacity and supply chain growing and technology?
- Shreyans Surana:** So, coming to your first question, in terms of focus markets, generally it is the number of stores and the time that we spend in the market on which we take a call whether it has shifted from focus to core. For us, UP and Jharkhand are the two states where we are focusing very much.
- And I think in upcoming 2 years, they will shift from focus to core as a state, because with the larger number of stores opening in those areas and with the better knowledge about the catchment, we are able to achieve good margins and I think there is a huge potential also. So, that will be the focus areas for us.
- In terms of warehouse, we have hired a lot of good people from big national chains on the supply chain. And with the technology, upgrading our infrastructure in the warehouse with the Infor coming as a warehouse management solution by November, I think by this year end itself, the warehouse will be very highly upgraded by this year's calendar year itself. And maybe in the next year, the entire benefit of the supply chain will start passing on to the stores, which again will be showing in the bottom line.
- Ashwin Kedia:** That's great news. I have one more question. Any numbers you had in mind for UP, Jharkhand, how many stores you have mapped, and how many they will grow to in the next 2-3 years, UP and Jharkhand?
- Shreyans Surana:** See, in terms of, not directly as a number, but what I can say is that 30% of the stores are opening in the focus market. So, for example, in 22 stores that we have opened in Q1, around 7 stores have been opened in the mix of UP, Jharkhand and other focus states. So, that will be the ratio for this year. And post this year, again we will have an analysis on where to open the stores. Maybe in the next year, the numbers may look higher for UP.
- Moderator:** The next question is from the line of Subhanu from Three Head Capital.
- Subhanu:** Hello. What is the ASP in Q1 FY '26?
- Nitin Singhania:** Pardon?
- Subhanu:** What was the ASP in Q1 FY '26?



- Shreyans Surana:** Hello. I think there is some disturbance on the voice side. I am not able to get your question. Can you come again?
- Subhanu:** What is the ASP in Q1 FY '26?
- Shreyans Surana:** Okay. ASP? Average Selling Price for Q1 FY '26. So, it is around Rs. 267 for Q1 FY '26.
- Subhanu:** In FY '25?
- Nitin Singhania:** It was Rs. 286.
- Subhanu:** Great. great. Okay. My question -- my other question is, one of your peer, called V2, they are also similar in line. But they are the same-store sales growth. Sorry, they are -- Hello. Am I audible?
- Shreyans Surana:** Yes, yes. You are audible, but your voice is not clear. There is some disturbance coming in. So, the question is not very clear. If you can just be little clear and loud. So, we can answer your question.
- Subhanu:** What is your guidance in sales per sq ft going forward?
- Shreyans Surana:** So, on an average with 7%-8% as a SSG guidance, I think we expect overall revenue to grow by 5% every year. And in next 2 years, we expect our numbers to reach around Rs. 10,000 of SPSF.
- Subhanu:** Rs. 10,000. Next 2 years? Next 2 years? Hello?
- Shreyans Surana:** Yes, next 2 years. So, Rs. 8654 was the FY '25. And with 7%-8% SSG and with the stores that we are opening, we expect in FY '27, we will be somewhere between Rs. 9800-Rs. 10,000 of SPSF.
- Subhanu:** Okay. Thank you.
- Moderator:** The next question is from the line of Yash Tawani from Aamara Capital.
- Yash Tawani:** Yes. Hi. So, just wanted to understand like what levers are we working on to increase the sales per square feet? Like in terms of like what is the target that we are seeing over the next 2 years? What is the strategy and the levers that we are working on to increase the sales per square feet in our business model?
- Shreyans Surana:** I think first thing is on the product side. We are working a lot on the product and I think we want to maintain the name value. So, I think we are doing everything that the average Indian wants. So, they want a high perceived value item at an unbeatable price point and we are working on that. So, the product is the, I will say, the most important lever that we are working on.
- Apart from that, the assortment. So, what we need to keep in which stores, we are working on that also with lots of technology that we are building at the backend which will help us to have a clear understanding about the catchment and so that we can create an assortment in a manner which that particular zone wants.



For example, the athleisure category has been very popular post-COVID. The sales of the track pants and the t-shirts of athleisure wear has increased. But metro and Tier 1 has a higher contribution compared to maybe Tier 2, Tier 3. So, what kind of assortment that you want, what kind of product category that you want to add, that is on which we are working. And I think with that, we will be able to achieve this SPSF.

**Yash Tawani:** Okay. And are the gross margins similar in all the categories like the sportswear and compared to the casual wear or the ethnic wear? Is it similar across the category or is it differ?

**Shreyans Surana:** So, it is a little bit different but not a very high difference between all of them. It depends on the price point also. So, maybe the first price point which we call entry price point may have a little lower margin compared to popular and premium price points for any category.

**Yash Tawani:** Okay. Okay. And anything on the data management side like what consumers are sensing in the stores and how we can give more of what they are looking at in terms of data management tools used to leverage the data and get it converted into monetized into sales. Anything on that sort of thing are we working on?

**Shreyans Surana:** Yes. So, the second thing was the consumer. I just missed on that. First was the product, second was the consumer side. So, we are working on that also. So, we have got more than 1.2 million database and on which the entire team, there is a separate team which is working on that data sets which works on what is the agency, how many times the customer has visited to your stores, why they have not been visiting to your stores to create that couponing offers for those people and to make sure that they come again back to the store. So, there is a lot of work going on that also at the back end.

**Moderator:** The next question is from the line of Ashish from DEO Capital.

**Ashish:** Yes. So, I had one question. The question was how much is the inventory per store and what percentage of our inventory is more than one year?

**Shreyans Surana:** We generally follow more than 2-year system. So, we have a 2-year cycle that we follow as a policy and more than 2 years is around 2% which we get liquidated maybe in next 3-4 months only. So, that is the structure that we follow. So, more than 2 years is around 2% only.

**Ashish:** But sir, can you give the number for 1-year only also?

**Shreyans Surana:** So, as per policy we follow this number only. So, I can share that number with you right now. And the second question that in terms of store and total inventory mix, it depends on season to season. As I said that total inventory for 31st March before the festival season, it was around 2,700 which came down to 2092 as on 30th June. So, similarly 80-20 ratio is between stores and warehouse in terms of inventory.

**Moderator:** The next question is from the line of Aastha from Pkeday Advisors.

**Aastha:** Thank you, sir for, giving me the opportunity. Sir, my first question was related to the competition. So, we are seeing our competitors also increasing the number of stores like their



target is 100 or 100+, plus they are expanding in the same region. So, how are we seeing us versus the competition?

**Shreyans Surana:**

So, I will want to give you this answer in the two parts. First thing, if you see at the macro level, everyone is doing well. Even the competition is doing well. Okay. So, market is good enough for everyone. And the major reason behind is that as we have told in previous call also, the organized penetration is very less in Tier 2, Tier 3, Tier 4. Rather only maybe 3 stores of organized players are only there in a particular small district or town as of now also.

So, there is a huge room. Now, coming to us, we are working on tech, we are working on product, we are working on store ambience, we are hiring good talent just to ensure that the customer experience is best among all the retailers who are in our competition. So, we are trying to work on all this stuff to have an additional advantage over our competition.

And even if you see the numbers, whatever numbers that we are targeting, we are able to achieve that number. And as I said, the major reason is unorganized to organized shift. Second thing is the product. In couple of years, post-COVID, the product quality has improved significantly with the higher MOQ that we have received, minimum order quantity that we are able to give to the vendors.

And with all the designing team and the good merchandiser coming into the system, we have been able to create lot of fashion which we were not able to do it before COVID. But now, I think there is lot of under-trading also happening. So, people who want to look good, but they want a reasonable price are shifting from mid-segment brands to us that we have seen in metros and Tier 1 also.

**Aastha:**

Right. Right. So, my second question is what is the SSG of the oldest stores that have been active like older than 2 years?

**Shreyans Surana:**

So, for us, 18 months is the criteria that we follow for L2L growth. And for more than 18 months, as I said, last year we have done 12.79% for the full year. This first quarter, it is around minus 3% mainly because of pre-ponement of Eid. But for the full year, we will be able to do 7% - 8% of SSG.

**Aastha:**

Okay. And sir, considering that now the festival season is going to come, shouldn't our gross margins should improve rather than giving the full year guidance of 50 bps points? Like for Q1, it improved by 300 bps even though there was no festival season or anything. And now in Q2 and Q3, we will be seeing the festival season. So, there will be scale of operations and everything.

**Shreyans Surana:**

So what happened in Q2 and Q3 is effective, we will not be having a lower margins from last year quarter-on-quarter, but it will be on the similar lines within the festival taking place there are a lot of offers and promos that goes on ticket size offers and there are a lot of which directly have an impact on gross margin itself.

So there will be no rise in gross margin for Q2, Q3, but for the 3% advantage that is in Q1 will translate at the year end to 0.5 50 bits only. That is the reason I am saying that Q2, Q3 will not



have a lower margins, but it will not be a very -- it will not be having a higher margin compared to last year of Q2 and Q3 because we will be passing on to a lot of that margin to the consumer just to retain all my customers.

**Moderator:** The next question is from the line of Hitendra Pradhan from Maximal Capital.

**Hitendra Pradhan:** Hello, sir. Thanks for the opportunity. Sir, my question is with regards to the inventory management system. So what do you do with your older inventory like your 2% of inventory which are more than two years old. So do you keep it in the like the -- your backend warehouse or do you transport it to central warehouse and you like distribute it. What is your strategy around that?

**Shreyans Surana:** Generally, the entire inventory, the how the life cycle work is that for the first two years, it is sold through stores. Post the two years, the -- if there is any leftover which is 1% or 2% that comes to the central warehouse and from where the scrap sale happens at a very low cost.

**Hitendra Pradhan:** Do you keep any provisions around the older inventories?

**Shreyans Surana:** Yes. We have a provisioning policy around older inventory and we maintain that.

**Hitendra Pradhan:** Okay, sir. And sir, the second question is with regards to your mature to new store mix. So what is your like current mature store count?

**Shreyans Surana:** For the L2L growth, I will just update you how many stores are there. 145 stores are L2L stores, SSG stores which we speak, sir. Which is mature, you can say.

**Hitendra Pradhan:** Okay, sir. And sir, on the mature store like as per your guidance and the numbers if I may calculate, the EBITDA margin at a store level comes around more than 15%. So...

**Shreyans Surana:** Yes.

**Hitendra Pradhan:** Would that be a fair assessment or am I overestimating?

**Shreyans Surana:** No. So your estimation is correct. The mature stores gives typically between 14% to 16%. And for the full year, on an average, it gives around 15%.

**Hitendra Pradhan:** Okay, sir.

**Shreyans Surana:** At pre-IndAs EBITDA.

**Moderator:** The next question is from the line of Armaan from Blue Sky Fintech.

**Armaan:** Yes, sir. First of all, thanks for the opportunity and congratulations for good set of numbers. My question is generally on a strategy because like we said, a rental increased because we opened in areas of Tier 1 and metro. And at the same time, we also told that there is an under-penetrated market in Tier 2 and Tier 3. So what's the strategy of going forward? How many stores will be opened in Tier 1 and metro? And how many stores will be opened in Tier 2 and beyond? Also, currently of the 232 stores, how many are in Tier 1 and metro? And similarly, Tier 2 and beyond?



- Shreyans Surana:** So in terms of strategy, as -- what we are doing is a cluster-based thing. So when we say cluster, it's a state that we are clustering. So metro and Tier 1 are opening only in those states where we want to form that cluster. For example, Bengal is a state. So that will have higher metro and Tier 1 count going in because we have got a good experience in the State of Bengal, and we are opening a lot of stores.
- We want to capture the entire market of Bengal because that was the thing that we have seen in the last two years. Even metro and Tier 1 is giving us a phenomenal growth and -- both in terms of revenue and profitability. So we want to stick to that structure. We are not going across India. We will be going by state-by-state approach. Wherever we want to have a higher number of store count, we will go in metro and Tier 1. So it's a mix.
- Now coming to the assortment mix, how to decide? So in that scenario, it's not a decision. For example, the 40th store that I'm going to open, last year, luckily, we got a lot of stores in metro and Tier 1. So the mix of metro and Tier 1 was higher compared to any other year. Maybe this year, I think, the ratio will be again 75% to 80% are Tier 2, Tier 3, Tier 4 only. Metro and Tier 1 typically is around 20% only. Last year was the only year where we got a lot of store expansion, particularly in the region of Bengal. As a result, we were able to open more stores in metro and Tier 1.
- Armaan:** Okay.
- Shreyans Surana:** The strategy would be to go with the state.
- Armaan:** Yes. Yes. So we can assume that 75% to 80% of the stores now we are going to open in this year or maybe next year will be in most likely in Tier 2 and beyond. So what's the current status of 232 stores?
- Nitin Singhania:** So 51 stores is in metro and Tier 1.
- Armaan:** Okay. Okay. And is there a payback period difference between Tier 1 and metro and Tier 2 and beyond? Because our average revenue, like, is different, right? INR12,000 and INR8,000, definitely rental cost will be also different. So is there any payback period difference?
- Shreyans Surana:** It's almost on the similar range because the SPSF is higher, but again, rental is also higher in those areas. So typically...
- Armaan:** Yes. Yes. Exactly.
- Shreyans Surana:** In terms of EBITDA, if I say, so when the stores get mature, the metro and Tier 1 gives you EBITDA of 13%, whereas Tier 2, Tier 3, Tier 4 gives you EBITDA of 15%. But again, the SPSF of metros are higher compared to that.
- Armaan:** Yes.
- Shreyans Surana:** So in absolute value, more or less similar numbers only, 15 months to 18 months, maybe two months, three months up and down.



- Moderator:** Next question is from the line of Chirag from Keynote Capital.
- Chirag:** Sir, you have mentioned that we would be opening 45-50 stores in this FY '26, right? And our capex per store is around INR2.5 crores. So as you said that capex for FY '26 would be INR90 crores to INR100 crores. Just wanted to understand how much are we spending separately for tech, warehouse and store addition if you could provide these numbers?
- Shreyans Surana:** So, INR2.25 crores is not the capex. It is including inventory. It is the cash flow that goes in. And in terms of...
- Chirag:** Right.
- Shreyans Surana:** Capex, it is around INR1 crores to INR1.25 crores. In terms of tech expenditures, we are planning to have INR20 crores to INR25 crores investment going in the technology side this year, which includes the upgradation of our warehouse also.
- Chirag:** So if we add 48 to 50 stores, still it would be requiring more than INR20 crores, INR25 crores of the amount that you are telling about capex guidance for INR90 crores to INR100 crores. So just wanted to understand, what can be our CFO expectation after lease expenses for FY '26 then?
- Shreyans Surana:** In terms of expenditure, yes, INR50 crores to INR55 crores will be in the new store opening, INR25 crores to INR30 crores will be in the warehouse, infra and technology upgradation. And INR10 crores to INR15 crores will be on the renovation of the older stores. So typically that is the breakup of this entire INR90 crores to INR100 crores.
- Chirag:** Right. But we would also require for inventory, right?
- Shreyans Surana:** So, in terms of inventory, whatever measures that we are taking, I think, the way we see the inventory moving around, I think the inventory part will not be a very high, I would say, investment that we have to do, because we are optimizing inventory and that is helping us to grow. For example, on 31st March, the absolute value of inventory was around INR521 crores, which has come down in the June to over INR442 crores.
- And I think the way we are seeing the inventory in coming FY '27, we expect the inventory to remain anything between INR550 crores to INR560 crores only. As a result, only INR30 crores of inventory will increase in one-year time, whereas 45 stores will open. So that is because of the inventory optimization, which is happening because of all the tech things that we are doing and all the manpower that we are hiring. So we are able to improve efficiency on the supply chain on the inventory side.
- Chirag:** Wonderful to hear this. Great expectations to be built on. Second thing I wanted to know that when you are talking about 7% to 8% as SSSG, are we talking about on a normalized basis or we are thinking -- we are talking about after Q1, negative 3% SSSG?
- Shreyans Surana:** On -- after Q1 negative 3%. It's nothing normalized. It's just an annual level. So after considering minus 3%, it will be for the entire year, we will be at 7% to 8%.



**Chirag:** Fair enough. Last thing from my side, could you just provide me if we have a size of design team in-house, what would be the size?

**Shreyans Surana:** Yes.

**Chirag:** Hello. Hello.

**Shreyans Surana:** Hello. Can you come again with a question?

**Chirag:** I'm asking, if we have any design team in-house, what would be the size?

**Shreyans Surana:** So for the entire, see, our buying and merchandising team comprises of designers, merchandiser, sourcing guys, and all together as a collective team they work, the total team strength of them is around 70 to 75 people as of now.

**Moderator:** The last question is from the line of Naitik from NV Alpha Fund.

**Naitik:** Hi, sir. So my question is, when did the warehouse cost or the warehouse rental started kicking in for us when we moved from 80 lakh square feet to 1.6 lakh square feet? And is all of this in Kolkata itself?

**Shreyans Surana:** Yes. It -- all of them are in Kolkata itself and it started from July last year. So till Q1, it was 86,000 warehouse that we were operating and from July it was 1.86 lakh square feet of warehouse which we were operating.

**Naitik:** Right. Right. And so my second question is, any plans to open warehousing space apart from West Bengal also as we are expanding into the North more now, sir?

**Shreyans Surana:** Yes. So in terms of planning, not right now, but, Yes, as we open more stores in the North and the clusters, so we will also have this type of model where there will be regional distribution centers going ahead when the number of store count increases on any particular zone.

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

**Shreyans Surana:** Thank you all for making it to our quarterly earnings call for Q1 FY '26. If there is any further queries, please feel free to reach out to Stellar IR Advisors. Thank you, one and all. Have a nice day.

**Moderator:** On behalf of Baazar Style Retail Limited concludes this conference. Thank you for joining us and you may now disconnect your lines.